

# HOUSE BILL No. 5620

February 26, 2004, Introduced by Rep. Whitmer and referred to the Committee on Appropriations.

## EXECUTIVE BUDGET BILL

A bill to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2005; to provide for the expenditures of those appropriations; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

### PART 1

### LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this bill, the

1 amounts listed in this part are appropriated for higher education for  
 2 the fiscal year ending September 30, 2005, from the funds indicated in  
 3 this part. The following is a summary of the appropriations in this  
 4 part:

5 **HIGHER EDUCATION**

6 APPROPRIATIONS SUMMARY:

7	Full-time equated classified position .....	1.0	
8	GROSS APPROPRIATION .....		\$1,631,964,400
9	Interdepartmental grant revenues:		
10	Total interdepartmental grants and intradepartmental		
11	transfers .....		0
12	ADJUSTED GROSS APPROPRIATION.....		\$1,631,964,400
13	Federal revenues:		
14	Total federal revenues .....		4,500,000
15	Special revenue funds:		
16	Total local revenues .....		0
17	Total private revenues .....		0
18	Total other state restricted revenues.....		90,750,000
19	State general fund/general purpose.....		\$1,536,714,400
20	<b>Sec. 102. CENTRAL MICHIGAN UNIVERSITY</b>		
21	Operations .....		\$ 75,018,300
22	Tuition restraint incentive.....		<u>4,892,600</u>
23	GROSS APPROPRIATION .....		\$ 79,910,900
24	Appropriated from:		
25	Special revenue funds:		
26	Michigan merit award trust fund.....		538,440
27	State general fund/general purpose.....		\$ 79,372,460

1	<b>Sec. 103. EASTERN MICHIGAN UNIVERSITY</b>	
2	Operations .....	\$ 72,563,400
3	Tuition restraint incentive.....	<u>4,732,400</u>
4	GROSS APPROPRIATION .....	\$ 77,295,800
5	Appropriated from:	
6	Special revenue funds:	
7	State general fund/general purpose.....	\$ 77,295,800
8	<b>Sec. 104. FERRIS STATE UNIVERSITY</b>	
9	Operations .....	\$ 45,970,800
10	Tuition restraint incentive.....	<u>2,998,000</u>
11	GROSS APPROPRIATION .....	\$ 48,968,800
12	Appropriated from:	
13	Special revenue funds:	
14	State general fund/general purpose.....	\$ 48,968,800
15	<b>Sec. 105. GRAND VALLEY STATE UNIVERSITY</b>	
16	Operations .....	\$ 54,358,900
17	Tuition restraint incentive.....	<u>3,545,200</u>
18	GROSS APPROPRIATION .....	\$ 57,904,100
19	Appropriated from:	
20	Special revenue funds:	
21	Michigan merit award trust fund.....	5,000,000
22	State general fund/general purpose.....	\$ 52,904,100
23	<b>Sec. 106. LAKE SUPERIOR STATE UNIVERSITY</b>	
24	Operations .....	\$ 11,814,400
25	Tuition restraint incentive.....	<u>770,600</u>
26	GROSS APPROPRIATION .....	\$ 12,585,000
27	Appropriated from:	

1	Special revenue funds:		
2	State general fund/general purpose.....	\$	12,585,000
3	<b>Sec. 107. MICHIGAN STATE UNIVERSITY</b>		
4	Operations .....	\$	269,913,000
5	Tuition restraint incentive.....		17,603,000
6	Agricultural experiment station.....		32,168,900
7	Cooperative extension service.....		<u>27,746,200</u>
8	GROSS APPROPRIATION .....	\$	347,431,100
9	Appropriated from:		
10	Special revenue funds:		
11	State general fund/general purpose.....	\$	347,431,100
12	<b>Sec. 108. MICHIGAN TECHNOLOGICAL UNIVERSITY</b>		
13	Operations .....	\$	45,740,000
14	Tuition restraint incentive.....		<u>2,983,000</u>
15	GROSS APPROPRIATION .....	\$	48,723,000
16	Appropriated from:		
17	Special revenue funds:		
18	State general fund/general purpose.....	\$	48,723,000
19	<b>Sec. 109. NORTHERN MICHIGAN UNIVERSITY</b>		
20	Operations .....	\$	43,066,600
21	Tuition restraint incentive.....		<u>2,808,600</u>
22	GROSS APPROPRIATION .....	\$	45,875,200
23	Appropriated from:		
24	Special revenue funds:		
25	State general fund/general purpose.....	\$	45,875,200
26	<b>Sec. 110. OAKLAND UNIVERSITY</b>		
27	Operations .....	\$	45,160,900

1	Tuition restraint incentive.....	<u>2,945,200</u>
2	GROSS APPROPRIATION .....	\$ 48,106,100
3	Appropriated from:	
4	Special revenue funds:	
5	Michigan merit award trust fund.....	1,941,768
6	State general fund/general purpose.....	\$ 46,164,332
7	<b>Sec. 111. SAGINAW VALLEY STATE UNIVERSITY</b>	
8	Operations .....	\$ 24,539,800
9	Tuition restraint incentive.....	<u>1,600,400</u>
10	GROSS APPROPRIATION .....	\$ 26,140,200
11	Appropriated from:	
12	Special revenue funds:	
13	Michigan merit award trust fund.....	2,019,792
14	State general fund/general purpose.....	\$ 24,120,408
15	<b>Sec. 112. UNIVERSITY OF MICHIGAN - ANN ARBOR</b>	
16	Operations .....	\$ 301,029,600
17	Tuition restraint incentive.....	<u>19,632,400</u>
18	GROSS APPROPRIATION .....	\$ 320,662,000
19	Appropriated from:	
20	Special revenue funds:	
21	State general fund/general purpose.....	\$ 320,662,000
22	<b>Sec. 113. UNIVERSITY OF MICHIGAN - DEARBORN</b>	
23	Operations .....	\$ 23,178,400
24	Tuition restraint incentive.....	<u>1,511,600</u>
25	GROSS APPROPRIATION .....	\$ 24,690,000
26	Appropriated from:	
27	Special revenue funds:	

1	State general fund/general purpose.....	\$	24,690,000
2	<b>Sec. 114. UNIVERSITY OF MICHIGAN - FLINT</b>		
3	Operations .....	\$	19,928,400
4	Tuition restraint incentive.....		<u>1,299,600</u>
5	GROSS APPROPRIATION .....	\$	21,228,000
6	Appropriated from:		
7	Special revenue funds:		
8	State general fund/general purpose.....	\$	21,228,000
9	<b>Sec. 115. WAYNE STATE UNIVERSITY</b>		
10	Operations .....	\$	210,017,500
11	Tuition restraint incentive.....		<u>13,696,800</u>
12	GROSS APPROPRIATION .....	\$	223,714,300
13	Appropriated from:		
14	Special revenue funds:		
15	State general fund/general purpose.....	\$	223,714,300
16	<b>Sec. 116. WESTERN MICHIGAN UNIVERSITY</b>		
17	Operations .....	\$	104,060,500
18	Tuition restraint incentive.....		<u>6,786,600</u>
19	GROSS APPROPRIATION .....	\$	110,847,100
20	Appropriated from:		
21	Special revenue funds:		
22	State general fund/general purpose.....	\$	110,847,100
23	<b>Sec. 132. HIGHER EDUCATION DATABASE</b>		
24	Full-time equated position .....		1.0
25	Higher education database modernization and		
26	conversion--1.0 FTE position .....	\$	<u>200,000</u>
27	GROSS APPROPRIATION .....	\$	200,000

1	Appropriated from:	
2	Special revenue funds:	
3	State general fund/general purpose.....	\$ 200,000
4	<b>Sec. 133. MARTIN LUTHER KING, JR. - CESAR CHAVEZ</b>	
5	<b>ROSA PARKS PROGRAM</b>	
6	Select student supportive services.....	\$ 1,956,100
7	Michigan college/university partnership program.....	586,800
8	Morris Hood, Jr. educator development program.....	<u>148,600</u>
9	GROSS APPROPRIATION .....	\$ 2,691,500
10	Appropriated from:	
11	Special revenue funds:	
12	State general fund/general purpose.....	\$ 2,691,500
13	<b>Sec. 134. GRANTS AND FINANCIAL AID</b>	
14	State competitive scholarships.....	\$ 35,630,500
15	Michigan work-study program.....	7,326,300
16	Part-time independent student program.....	2,653,300
17	Dental clinics grant .....	4,547,000
18	Michigan education opportunity grants.....	2,084,200
19	Robert C. Byrd honors scholarship program.....	1,500,000
20	Nursing scholarship program.....	4,000,000
21	Michigan merit award program.....	67,000,000
22	Tuition incentive program.....	<u>10,250,000</u>
23	GROSS APPROPRIATION .....	\$ 134,991,300
24	Appropriated from:	
25	Federal revenues:	
26	Higher education act of 1965, title IV, 20 U.S.C.....	3,000,000
27	Higher education act of 1965, title IV, part A.....	1,500,000

1 Special revenue funds:

2	Michigan merit award trust fund.....	81,250,000
3	State general fund/general purpose.....	\$ 49,241,300

4 PART 2

5 PROVISIONS CONCERNING APPROPRIATIONS

6 **GENERAL SECTIONS**

7 Sec. 201. Pursuant to section 30 of article IX of the state  
 8 constitution of 1963, total state spending from state resources under  
 9 part 1 for fiscal year 2004-2005 is \$1,627,464,400.00 and state  
 10 spending from state resources to be paid to local units of government  
 11 for fiscal year 2004-2005 is \$3,759,100.00. The itemized statement  
 12 below identifies the estimated appropriations from which spending to  
 13 units of local government will occur:

14	Part-time independent student program.....	\$ 1,255,700
15	Michigan education opportunity grant.....	932,900
16	Michigan work-study .....	<u>1,570,500</u>
17	TOTAL .....	\$ 3,759,100

18 Sec. 202. The appropriations authorized under this bill are subject  
 19 to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

20 Sec. 208. Unless otherwise specified, the institutions of higher  
 21 education receiving appropriations in part 1 shall use the Internet to  
 22 fulfill the reporting requirements of this bill. This requirement may  
 23 include transmission of reports via electronic mail to the recipients  
 24 identified for each reporting requirement, or it may include placement  
 25 of reports on an Internet or Intranet site.

26 Sec. 212. (1) The funds appropriated in part 1 to state  
 27 institutions of higher education shall be paid out of the state



1 treasury and distributed by the state treasurer to the respective  
2 institutions in 11 equal monthly installments on the sixteenth of each  
3 month, or the next succeeding business day, beginning with October 16,  
4 2004. Except for Wayne State University, each institution shall accrue  
5 its July and August 2005 payments to its institutional fiscal year  
6 ending June 30, 2005.

7 (2) All universities shall submit higher education institutional  
8 data inventory (HEIDI) data and associated financial and program  
9 information requested by and in a manner prescribed by the state budget  
10 director. For universities with fiscal years ending June 30, 2004,  
11 these data shall be submitted to the state budget director by October  
12 15, 2004. Universities with a fiscal year ending September 30, 2004  
13 shall submit preliminary HEIDI data by November 15, 2004 and final data  
14 by December 15, 2004. If a university fails to submit HEIDI data and  
15 associated financial aid program information in accordance with this  
16 reporting schedule, the state treasurer shall withhold the monthly  
17 installments under subsection (1) to the university until those data  
18 are submitted.

19 Sec. 213. Funds received by the state from the federal government  
20 or private sources for the use of a college or university are  
21 appropriated for the purposes for which they are provided. The  
22 acceptance and use of federal or private funds do not place an  
23 obligation upon the legislature to continue the purposes for which the  
24 funds are made available.

25 Sec. 214. If section 274 of the income tax act of 1967, 1967 PA  
26 281, MCL 206.274, is not repealed and if a state institution of higher  
27 education that receives funds under this bill notifies the department

1 of treasury regarding its tuition and fee rates in order to qualify as  
2 an eligible institution for the Michigan tuition tax credit under  
3 section 274 of the income tax act of 1967, 1967 PA 281, MCL 206.274,  
4 the institution shall also submit the notification and applicable  
5 documentation of tuition and fee changes to the house and senate fiscal  
6 agencies.

7       Sec. 215. A state institution of higher education that receives  
8 funds under this bill shall furnish all program and financial  
9 information that is required by and in a manner prescribed by the state  
10 budget director or the house or senate appropriations committee.

11       Sec. 216. Funds appropriated in part 1 shall not be used for the  
12 purchase of foreign goods or services, or both, if competitively priced  
13 and comparable quality American goods or services, or both, are  
14 available. Preference should be given to goods and services or both,  
15 manufactured or provided by Michigan businesses if they are  
16 competitively priced and of comparable value.

17 **GRANTS AND FINANCIAL AID**

18       Sec. 301. (1) Payments of the amounts included in part 1 for the  
19 state competitive scholarship program shall be distributed pursuant to  
20 1964 PA 208, MCL 390.971 to 390.981.

21       (2) The Michigan higher education assistance authority shall  
22 implement a proportional competitive scholarship maximum award level  
23 for recipients enrolled less than full-time in a given semester or  
24 term.

25       (3) If a student who receives an award under this section has his  
26 or her tuition and fees paid under the Michigan educational trust  
27 program, pursuant to the Michigan education trust act, 1986 PA 316, MCL

1 390.1421 to 390.1444, and still has financial need, the funds awarded  
2 under this section may be used for educational expenses other than  
3 tuition and fees.

4 (4) If the Michigan higher education assistance authority  
5 increases the maximum award per eligible student from that provided in  
6 the previous fiscal year, it shall not have the effect of reducing the  
7 number of eligible students receiving awards in relation to the total  
8 number of eligible applicants. Any increase in the maximum grant shall  
9 be proportional for all eligible students receiving awards.

10 Sec. 303. (1) Included in the appropriation in part 1 is funding  
11 for the Michigan work-study program established under 1986 PA 288, MCL  
12 390.1371 to 390.1382, and 1986 PA 303, MCL 390.1321 to 390.1332. An  
13 effort should be made by each institution participating in the Michigan  
14 work-study program to assure that not less than 10% of those  
15 undergraduate, graduate, and professional students eligible to  
16 participate in the program are placed with for-profit employers no  
17 later than December 31 of each year for which funding is provided under  
18 this bill.

19 (2) The Michigan higher education assistance authority shall  
20 allocate funds to institutions eligible for work-study money based upon  
21 each institution's specific Pell grant index and each institution's  
22 utilization rate of work-study funds for the prior year.

23 (3) The Michigan higher education assistance authority shall set  
24 aside not more than 5% of the total work-study appropriation to process  
25 requests from participating institutions for allocation adjustments.  
26 Allocation adjustments shall be based on criteria set by the authority  
27 prior to making the allocations under subsection (2).

1       Sec. 307. The auditor general may audit selected enrollments,  
2 degrees, and awards at selected independent colleges and universities  
3 receiving awards administered by the department of treasury. The  
4 audits shall be based upon definitions and requirements established by  
5 the Michigan higher education assistance authority, the state budget  
6 director, and the senate and house fiscal agencies. The auditor  
7 general shall accept the Free Application for Federal Student Aid  
8 (FAFSA) form as the standard of residency documentation. The auditor  
9 general shall submit a report of findings to the senate and house  
10 appropriations committees and state budget director by May 1, 2005.

11       Sec. 308. The sums appropriated in part 1 for the student financial  
12 aid programs shall be paid out of the state treasury and shall be  
13 distributed to the respective institutions under a quarterly payment  
14 system as follows:

15           (a) For the state competitive scholarship, nursing scholarship,  
16 tuition incentive, part-time independent student, Michigan education  
17 opportunity grant, and dental clinic grant programs, 25% shall be paid  
18 at the beginning of the state's first fiscal quarter, 25% at the  
19 beginning of the state's second fiscal quarter, 25% at the beginning of  
20 the state's third fiscal quarter, and 25% at the beginning of the  
21 state's fourth fiscal quarter.

22           (b) For the work-study program, payments shall be made in 11  
23 monthly installments from October 1 to August 31 of any year.

24           (c) For the Robert C. Byrd honors scholarship program, 50% shall  
25 be paid at the beginning of the state's first fiscal quarter and 50% at  
26 the beginning of the state's second fiscal quarter.

27       Sec. 309. The Michigan higher education assistance authority shall

1 determine the needs analysis criteria for students to qualify for the  
2 competitive scholarship program. To be consistent with federal  
3 requirements, student wages may be taken into consideration when  
4 determining the amount of the award.

5 Sec. 310. (1) The funds appropriated in part 1 for the tuition  
6 incentive program/high school completion program shall be distributed  
7 as provided in this section and pursuant to the administrative  
8 procedures for the tuition incentive program/high school completion  
9 program established by the department of treasury.

10 (2) As used in this section:

11 (a) "Phase I" means the first part of the tuition incentive  
12 assistance program defined as the academic period of 80 semester or 120  
13 term credits, or less, leading to an associate degree or certificate.

14 (b) "Phase II" means the second part of the tuition incentive  
15 assistance program which provides assistance in the third and fourth  
16 year of 4-year degree programs.

17 (c) "Department" means the department of treasury.

18 (3) A person shall meet the following basic criteria and  
19 financial thresholds to be eligible for tuition incentive benefits:

20 (a) To be eligible for phase I, a person shall meet all of the  
21 following criteria:

22 (i) Apply for certification to the department before graduating  
23 from high school or completing the general education development (GED)  
24 certificate.

25 (ii) Be less than 20 years of age at the time of high school  
26 graduation or GED completion.

27 (iii) Be a United States citizen and a resident of Michigan

1 according to institutional criteria.

2 (iv) Be at least a half-time student, earning less than 80  
3 semester or 120 term credits at a participating educational institution  
4 within 4 years of high school graduation or GED certificate completion.

5 (b) To be eligible for phase II, a person shall meet either of  
6 the following criteria in addition to the criteria in subdivision (a):

7 (i) Complete at least 56 transferable semester or 84 transferable  
8 term credits.

9 (ii) Obtain an associate degree or certificate at a participating  
10 institution.

11 (c) To be eligible for phase I or phase II, a person must be  
12 financially eligible as determined by the department. A person is  
13 financially eligible for the tuition incentive program if that person  
14 was Medicaid eligible for 24 months within the 36 months before  
15 application. Certification of eligibility may begin in the sixth  
16 grade.

17 (4) For phase I, the department shall provide payment on behalf  
18 of a person eligible under subsection (3). The department shall reject  
19 billings that are excessive or outside the guidelines for the type of  
20 educational institution.

21 (5) For phase I, all of the following apply:

22 (a) Payments for associate degree or certificate programs shall  
23 not be made for more than 80 semester or 120 term credits for any  
24 individual student at any participating institution.

25 (b) For persons enrolled at a Michigan community college, the  
26 department shall pay the current in-district tuition and mandatory  
27 fees. For persons residing in an area that is not included in any

1 community college district, the out-of-district tuition rate may be  
2 authorized.

3 (c) For persons enrolled at a Michigan public university, the  
4 department shall pay lower level resident tuition and mandatory fees  
5 for the current year.

6 (d) For persons enrolled at a Michigan independent, nonprofit  
7 degree granting college or university, or a Michigan federal tribally  
8 controlled community college, or Focus: HOPE, the department shall pay  
9 mandatory fees for the current year and a per-credit payment that does  
10 not exceed the average community college in-district per-credit tuition  
11 rate as reported on August 1, for the immediately preceding academic  
12 year.

13 (6) A person participating in phase II may be eligible for  
14 additional funds not to exceed \$500.00 per semester or \$400.00 per term  
15 up to a maximum of \$2,000.00 subject to the following conditions:

16 (a) Credits are earned in a 4-year program at a Michigan degree  
17 granting 4-year college or university.

18 (b) The tuition reimbursement is for coursework completed within  
19 30 months of completion of the phase I requirements.

20 (7) The department shall work closely with participating  
21 institutions to develop an application and eligibility determination  
22 process that will provide the highest level of participation and ensure  
23 that all requirements of the program are met.

24 (8) Applications for the tuition incentive program may be  
25 approved at any time after the student begins the sixth grade. If a  
26 determination of financial eligibility is made, that determination is  
27 valid as long as the student meets all other program requirements and

1 conditions.

2 (9) Each institution shall ensure that all known available  
3 restricted grants for tuition and fees are used prior to billing the  
4 tuition incentive program for any portion of a student's tuition and  
5 fees.

6 (10) The department shall ensure that the tuition incentive  
7 program is well publicized and that potentially eligible Medicaid  
8 clients are provided information on the program. The department shall  
9 provide the necessary funding and staff to fully operate the program.

10 (11) Any unexpended and unencumbered funds remaining on September  
11 30, 2005 from the amounts appropriated in part 1 for the tuition  
12 incentive program shall not lapse on September 30, 2005, but shall  
13 continue to be available for expenditure for the tuition incentive  
14 program in the fiscal year ending September 30, 2006.

15 Sec. 311. To enable the legislature and the state budget director  
16 to evaluate the appropriation needs of higher education, each  
17 independent college and university shall make available to the  
18 legislature or state budget director, upon request, data regarding  
19 grants for the preceding, current, and ensuing fiscal years.

20 Sec. 312. From the funds appropriated in part 1, the Michigan  
21 higher education assistance authority shall administer the nursing  
22 scholarship program pursuant to 2002 PA 591, MCL 390.1181 to 390.1189.

23 Sec. 315. Included in part 1 is funding for the dental clinics  
24 grant. This appropriation is for the University of Detroit Mercy to  
25 support dental clinical services provided by its school of dentistry to  
26 low-income residents in southeastern Michigan.

27 **STATE UNIVERSITIES**



1       Sec. 401. (1) Included in part 1 is \$5,262,800.00 to Wayne State  
2 University for the Joseph F. Young, Sr. psychiatric research and  
3 training program. Wayne State University shall use these funds for  
4 psychiatric laboratory and clinical research, training, and treatment  
5 services. Within the available appropriation, services shall not be  
6 denied to any patient who meets established research guidelines for  
7 treatment on the basis of personal financial circumstances, age,  
8 geographic residence, or projected/actual length of treatment as  
9 medically warranted.

10       (2) Wayne State University shall report the following information  
11 to the department of community health by November 1, 2005:

12       (a) The number and type of psychiatric research projects funded  
13 by the appropriation described in subsection (1).

14       (b) The number and type of students trained and the location of  
15 training funded by the appropriation.

16       (c) Demographic data regarding the number and profile of patients  
17 to receive psychiatric services funded by the appropriation and a  
18 profile of the services provided.

19       (d) A summary budget outlining major expenditure categories and  
20 any first- and third-party reimbursements.

21       (3) Copies of these reports shall also be provided to the house  
22 and senate fiscal agencies and the state budget director.

23       Sec. 405. (1) There is created the higher education institutional  
24 data inventory advisory committee. The committee shall be appointed by  
25 the state budget director and shall consist of the following members:

26       (a) One representative from the house fiscal agency.

27       (b) One representative from the senate fiscal agency.

(c) One representative from the state budget director's office.

(d) Three representatives of the presidents council of state universities. The presidents council shall appoint 1 representative each from a masters, a doctoral, and a research university.

(2) The committee shall be responsible for maintaining and enhancing the state higher education database for which funding is included in part 1.

Sec. 421. (1) Central Michigan University shall report by September 30, 2005, to the state budget director, house and senate appropriations committees, and the house and senate fiscal agencies information on the activities and effectiveness of the national charter schools institute for which an appropriation is provided in part 1. Included in the report shall be an accounting of all revenues and expenditures of the institute, the names of the public school academies served, and the type of assistance provided to each public school academy.

(2) All funds received under part 1 for the national charter schools institute are intended to be expended on activities of that institute.

Sec. 433. (1) Included in part 1 is \$2,864,800.00 for the agricultural experiment station and \$2,540,400.00 for the cooperative extension service for project GREEN. Project GREEN is intended to address critical regulatory, food safety, economic, and environmental problems faced by this state's plant-based agriculture, forestry, and processing industries. "GREEN" is an acronym for generating research and extension to meet environmental and economic needs.

(2) The department of agriculture and Michigan State University, in consultation with agricultural commodity groups and other interested

1 parties, shall develop project GREEN and its program priorities.

2 (3) Not later than September 30, 2005, a report shall be  
3 submitted by Michigan State University to the state budget director,  
4 the house and senate appropriations subcommittees on agriculture and on  
5 higher education, and the house and senate fiscal agencies for the  
6 preceding fiscal year regarding project GREEN projects. The report  
7 shall include, but is not limited to, the dollar amount of each project  
8 and a review of each project's performance and accomplishments.

9 Sec. 436. (1) The amounts allocated in part 1 for state university  
10 tuition restraint incentives shall only be paid to a state university  
11 certifying to the state budget director by June 30, 2004, that it did  
12 not adopt an increase in tuition and fee rates for resident  
13 undergraduate students after December 1, 2003, for the 2003-2004  
14 academic year and that it will not adopt tuition and fee rate increases  
15 for resident undergraduate students for the 2004-2005 academic year  
16 that exceed the projected 2005 increase in the Detroit consumer price  
17 index as determined at the January 14, 2004, consensus revenue  
18 estimating conference.

19 (2) For the purposes of subsection 1 and section 451 of 2003 PA  
20 237, a state university that adopted an increase in tuition and fee  
21 rates for resident undergraduate students after December 1, 2003, for  
22 the 2003-2004 academic year, but subsequently rebated to its resident  
23 undergraduate students an amount equal to this increase prior to June  
24 30, 2004, shall be considered to have not adopted a tuition and fee  
25 increase for the 2003-2004 academic year.

26 (3) The state budget director shall implement a reporting  
27 requirement to ensure that a state university receiving an allocation

1 under sections 102 through 116 has satisfied the tuition restraint  
2 requirements of this section.

3       Sec. 440. All universities shall submit the amount of tuition  
4 and fees to be charged a full-time resident undergraduate student for  
5 academic year 2004-2005 as part of their higher education institutional  
6 data inventory (HEIDI) data by August 31, 2004. A university shall  
7 report any revisions to the reported academic year 2004-2005 tuition and  
8 fee charges to HEIDI within 15 days of being adopted.

9 **MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA PARKS PROGRAMS**

10       Sec. 501. (1) Included in the appropriation for each public  
11 university in part 1 is funding for the Martin Luther King, Jr. - Cesar  
12 Chavez - Rosa Parks future faculty program, that is intended to  
13 increase the pool of minority candidates pursuing faculty teaching  
14 careers in postsecondary education. Each university shall apply the  
15 percentage change applicable to every university in the calculation of  
16 appropriations in part 1 to the amount of funds allocated to the future  
17 faculty program.

18       (2) The program shall be administered by each university in a  
19 manner prescribed by the Michigan department of labor and economic  
20 growth. The Michigan department of labor and economic growth shall use  
21 a good faith effort standard to evaluate whether a fellowship is in  
22 default.

23       Sec. 502. (1) Included in the appropriation for each public  
24 university in part 1 is funding for the Martin Luther King, Jr. - Cesar  
25 Chavez - Rosa Parks college day program that is intended to introduce  
26 schoolchildren underrepresented in postsecondary education to the  
27 potential of a college education.

1           (2) Individual program plans of each university shall include a  
2 budget of equal contributions from this program, the participating  
3 public university, the participating school district, and the  
4 participating independent degree granting college. College day funds  
5 shall not be expended to cover indirect costs. Not more than 20% of  
6 the university match shall be attributable to indirect costs. Each  
7 university shall apply the percentage change applicable to every  
8 university in the calculation of appropriations in part 1 to the amount  
9 of funds allocated to the college day program.

10           (3) The program shall be administered by each university in a  
11 manner prescribed by the Michigan department of labor and economic  
12 growth.

13       Sec. 503. (1) Included in part 1 is funding for the Martin Luther  
14 King, Jr. - Cesar Chavez - Rosa Parks select student support services  
15 program for developing academically and economically disadvantaged  
16 student retention programs for 4-year public and independent  
17 educational institutions in this state.

18           (2) An award made under this program to any 1 institution shall  
19 not be greater than \$150,000.00, and the amount awarded shall be  
20 matched on a 70% state, 30% college or university basis.

21           (3) The program shall be administered by the Michigan department  
22 of labor and economic growth.

23       Sec. 504. (1) Included in part 1 is funding for the Martin Luther  
24 King, Jr. - Cesar Chavez - Rosa Parks college/university partnership  
25 program between 4-year public and independent colleges and universities  
26 and public community colleges, which is intended to increase the number  
27 of academically and economically disadvantaged students who transfer

1 from community colleges into baccalaureate programs.

2 (2) The grants shall be made under this program to Michigan  
3 public and independent colleges and universities. An award to any 1  
4 institution shall not be greater than \$150,000.00, and the amount  
5 awarded shall be matched on a 70% state, 30% college or university  
6 basis.

7 (3) The program shall be administered by the Michigan department  
8 of labor and economic growth.

9 Sec. 505. (1) Included in the appropriation for each public  
10 university in part 1 is funding for the Martin Luther King, Jr. - Cesar  
11 Chavez - Rosa Parks visiting professors program which is intended to  
12 increase the number of underrepresented minority instructors in the  
13 classroom and provide role models for underrepresented minority  
14 students.

15 (2) The program shall be administered by the Michigan department  
16 of labor and economic growth.

17 Sec. 506. (1) Included in the appropriation in part 1 is funding  
18 under the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks  
19 initiative for the Morris Hood, Jr. educator development program which  
20 is intended to increase the number of minority students, especially  
21 males, who enroll in and complete K-12 teacher education programs at  
22 the baccalaureate level.

23 (2) The program shall be administered by each state-approved  
24 teacher education institution in a manner prescribed by the Michigan  
25 department of labor and economic growth.

26 (3) Approved teacher education institutions may and are  
27 encouraged to use student support services funding in coordination with

1 the Morris Hood, Jr. funding to achieve the goals of the program.

2 Sec. 507. Each state institution of higher education receiving  
3 funds under section 503, 504, or 506 shall notify the Michigan  
4 department of labor and economic growth by April 15, 2005 as to whether  
5 it will expend by the end of its fiscal year the funds received under  
6 section 503, 504, or 506. Notwithstanding the award limitations in  
7 sections 503 and 504, the amount of funding reported as not being  
8 expended will be reallocated to the institutions that intend to expend  
9 all funding received under section 503, 504, or 506.

10 **STUDENT PERFORMANCE REPORTING**

11 Sec. 601. (1) From the amount appropriated in part 1 for state  
12 universities, the state universities shall systematically inform  
13 Michigan high schools regarding the academic status of students from  
14 each high school in a manner prescribed by the presidents council,  
15 state universities of Michigan in cooperation with the Michigan  
16 association of secondary school principals.

17 (2) The Michigan high schools shall systematically inform the  
18 state universities about the use of information received under this  
19 section in a manner prescribed by the Michigan association of secondary  
20 school principals in cooperation with the presidents council, state  
21 universities of Michigan.

22 Sec. 602. From the amount appropriated in part 1 for state  
23 universities, the state universities shall inform Michigan community  
24 colleges regarding the academic status of community college transfer  
25 students in a manner prescribed by the presidents council, state  
26 universities of Michigan in cooperation with the Michigan community  
27 college association.

1 **GENERAL REPORTS AND AUDITS**

2       Sec. 701. (1) The auditor general shall review higher education  
3 institutional data inventory (HEIDI) enrollment data submitted by all  
4 public universities and may perform audits of selected public  
5 universities if determined necessary. The review and audits shall be  
6 based upon the definitions, requirements, and uniform reporting  
7 categories established by the state budget director and the senate and  
8 house fiscal agencies. The auditor general shall submit a report of  
9 findings to the house and senate appropriations committees and the  
10 state budget director no later than July 1, 2005.

11       (2) Student credit hours reports shall not include the following:

12       (a) Student credit hours generated through instructional activity  
13 by faculty or staff in classrooms located outside Michigan, with the  
14 exception of instructional activity related to study-abroad programs.

15       (b) Student credit hours generated through distance learning  
16 instruction for students not paying the institution's resident tuition  
17 rate.

18       (c) Student credit hours generated through credit by examination.

19       (d) Student credit hours generated through inmate prison programs  
20 regardless of teaching location.

21       (e) Student credit hours generated in new degree programs after  
22 January 1, 1975, that have not been specifically authorized for funding  
23 by the legislature, except spin-off programs converted from existing  
24 core programs that do all of the following:

25       (i) Represent new options, fields, or concentrations within  
26 existing programs.

27       (ii) Are consistent with the current institutional role and



1 mission.

2 (iii) Are accommodated within the continuing funding base of the  
3 institution.

4 (iv) Do not require a new degree level beyond that which the  
5 institution is currently authorized to grant within that discipline or  
6 field.

7 (v) Do not require funding from the state other than that  
8 provided by the student credit hours generated within the program,  
9 either before program initiation or within the first 3 years of program  
10 operation.

11 (3) "Distance learning instruction" as used in subsection (2)  
12 means instruction that occurs in other than a traditional classroom  
13 setting where the student and instructor are in the same physical  
14 location and for which a student receives course credits and is charged  
15 tuition and fees. Examples of distance learning are instruction  
16 delivered solely through the Internet, cable television,  
17 teleconference, or mail.

18 (4) The auditor general shall periodically audit higher education  
19 institutional data inventory (HEIDI) data as submitted by the state  
20 universities for compliance with the definitions approved by the HEIDI  
21 advisory committee for the HEIDI database.

22 Sec. 702. The principal executive officer of each institution of  
23 higher education receiving an appropriation under this act shall expend  
24 a portion of the funds appropriated to that institution to make a  
25 report to the auditor general, the house and senate fiscal agencies,  
26 and the state budget director within 60 days after the auditor general  
27 issues his or her report on the operation of the institution. The

1 institution's report shall specify all of the following:

2 (a) The recommendations of the auditor general implemented by the  
3 institution, including projected dates and resources required, if any,  
4 to achieve compliance.

5 (b) The recommendations of the auditor general not implemented by  
6 the institution or implemented by the institution as modified.

7 (c) The rationale for not implementing a recommendation of the  
8 auditor general or of implementing a recommendation as modified.

9 Sec. 708. The auditor general may conduct performance audits of  
10 state universities during the fiscal year ending September 30, 2005 as  
11 the auditor general considers necessary.

12 Sec. 709. An institution receiving funds under this bill and also  
13 subject to the student right-to-know and campus security act, Public  
14 Law 101-522, 104 Stat. 2381, shall make a copy of all material prepared  
15 pursuant to the public information reporting requirements under the  
16 crime awareness and campus security act of 1990, title II of the  
17 student right-to-know and campus security act, Public Law 101-542, 104  
18 Stat. 2381, available in electronic Internet format on their websites.

19 Sec. 711. (1) From the funds appropriated in part 1, state  
20 universities shall participate in a study to determine the extent of  
21 underutilized degree programs offered by the universities. The study  
22 is directed at determining the extent to which low degree-producing and  
23 potentially duplicative programs are operated by state universities,  
24 resulting in inefficiencies in the state's higher education system.

25 (2) Each state university shall provide a report to the state  
26 budget director and the house and senate fiscal agencies by December  
27 31, 2004, identifying, at a minimum, each bachelor's degree-granting

1 program that produced less than 25 degrees, each master's degree-  
2 granting program that produced less than 15 degrees, and each doctor's  
3 degree-granting program that produced less than 5 degrees in the 2003-  
4 2004 academic year. Programs shall be reported by program category as  
5 defined under the classification of instructional programs utilized for  
6 the integrated postsecondary education data system data collection.

7 (3) For each program reported pursuant to subsection (2), the  
8 university shall indicate if it intends to continue to offer the  
9 program. If the university expects to continue the program, the  
10 university's report shall document the rationale for this decision  
11 including an analysis that considers such factors as program cost,  
12 occupational supply and demand data, enrollment projections for the  
13 program, geographic access to similar programs at other institutions,  
14 student outcome measures, instructional and program quality, length of  
15 time the program has been offered, and consistency with the  
16 institution's role and mission.