

# HOUSE BILL No. 4378

## EXECUTIVE BUDGET BILL

February 23, 2005, Introduced by Rep. Whitmer and referred to the Committee on Appropriations.

A bill to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2006, to provide for the expenditure of those appropriations; to establish or continue certain funds, programs, and categories; 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 amounts listed in this part are appropriated for community colleges

and certain other state purposes relating to education for the  
 fiscal year ending September 30, 2006, from the funds indicated in  
 this part. The following is a summary of the appropriations in  
 this part:

**COMMUNITY COLLEGES**

APPROPRIATION SUMMARY:

GROSS APPROPRIATION.....	\$	281,327,400
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers .....	\$	0
ADJUSTED GROSS APPROPRIATION.....	\$	281,327,400
Total federal revenues.....		0
Total local revenues.....		0
Total private revenues.....		0
Total state restricted revenues.....		0
State general fund/general purpose.....	\$	281,327,400
<b>Sec. 102. OPERATIONS</b>		
Alpena Community College.....	\$	4,777,100
Bay de Noc Community College.....		4,618,500
Delta College.....		12,917,100
Glen Oaks Community College.....		2,167,100
Gogebic Community College.....		3,951,500
Grand Rapids Community College.....		16,247,500
Henry Ford Community College.....		19,800,700
Jackson Community College.....		10,960,800
Kalamazoo Valley Community College.....		11,183,600
Kellogg Community College.....		8,786,700

1	Kirtland Community College.....	2,666,800
2	Lake Michigan College.....	4,728,900
3	Lansing Community College.....	28,097,100
4	Macomb Community College.....	29,978,600
5	Mid Michigan Community College.....	3,999,100
6	Monroe County Community College.....	3,890,800
7	Montcalm Community College.....	2,814,300
8	C.S. Mott Community College.....	14,205,400
9	Muskegon Community College.....	8,083,900
10	North Central Michigan College.....	2,738,100
11	Northwestern Michigan College.....	8,248,900
12	Oakland Community College.....	18,910,900
13	St. Clair County Community College.....	6,334,300
14	Schoolcraft College.....	11,098,900
15	Southwestern Michigan College.....	5,958,000
16	Washtenaw Community College.....	11,280,600
17	Wayne County Community College.....	14,582,200
18	West Shore Community College.....	<u>2,077,300</u>
19	GROSS APPROPRIATION.....	\$ 275,104,700
20	Appropriated from:	
21	State general fund/general purpose.....	\$ 275,104,700
22	<b>Sec. 103. GRANTS</b>	
23	At-risk student success program.....	\$ 3,322,700
24	Renaissance zone tax reimbursement funding.....	<u>2,900,000</u>
25	GROSS APPROPRIATION.....	\$ 6,222,700
26	Appropriated from:	
27	State general fund/general purpose.....	\$ 6,222,700

## PART 2

## PROVISIONS CONCERNING APPROPRIATIONS

**GENERAL SECTIONS**

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2005-2006 is \$281,327,400.00 and state spending from state resources to be paid to local units of government for fiscal year 2005-2006 is \$281,327,400.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

Operations .....	\$	275,104,700
At-risk student success program.....		3,322,700
Renaissance zone tax reimbursement program.....		<u>2,900,000</u>
TOTAL .....	\$	281,327,400

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

Sec. 203. Unless otherwise specified, a community college receiving appropriations in part 1 and the department of labor and economic growth shall use the Internet to fulfill the reporting requirements of this bill. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

Sec. 208. The department of labor and economic growth shall work

1 collaboratively with community colleges to develop an accelerated  
2 entrepreneurship curriculum, including an associate degree, to  
3 provide students with the skills and knowledge needed for creating  
4 their own businesses.

5 Sec. 209. Funds appropriated in part 1 shall not be used for the  
6 purchase of foreign goods or services, or both, if competitively  
7 priced and comparable quality American goods or services, or both,  
8 are available. Preference should be given to goods or services, or  
9 both, manufactured or provided by Michigan businesses if they are  
10 competitively priced and of comparable quality.

11 Sec. 210. The principal executive officer of each community  
12 college receiving appropriations in part 1 shall take all  
13 reasonable steps to ensure businesses in deprived and depressed  
14 communities compete for and perform contracts to provide services  
15 or supplies, or both. Each principal executive officer shall  
16 strongly encourage firms with which the community college contracts  
17 to subcontract with certified businesses in depressed and deprived  
18 communities for services or supplies, or both.

19 Sec. 211. (1) The money appropriated in this bill is appropriated  
20 for community colleges with fiscal years ending June 30, 2006, and  
21 shall be paid out of the state treasury and distributed by the  
22 state treasurer to the respective community colleges in 11 monthly  
23 installments on the sixteenth of each month, or the next succeeding  
24 business day, beginning with October 16, 2005. Each community  
25 college shall accrue its July and August 2006 payments to its  
26 institutional fiscal year ending June 30, 2006. However, if a  
27 community college fails to submit all verified Michigan community

1 colleges activities classification structure data for school year  
2 2004-2005 to the department of labor and economic growth by  
3 November 1, 2005, the monthly installments shall be withheld from  
4 that community college until those data are submitted. The amount  
5 distributed to a community college or department shall not exceed  
6 the net state allocation authorized by this bill.

7 (2) Except as otherwise provided by law, each of the amounts  
8 appropriated shall be used solely for the respective purposes  
9 stated in this bill. The money appropriated by this bill may be  
10 used to match the cost of any available programs under the Carl D.  
11 Perkins vocational and applied technology education act, 20 USC  
12 2301 to 2415, including local administration.

13 Sec. 216. (1) A community college shall pay the employer's  
14 contributions to the Michigan public school employees' retirement  
15 system created by the public school employees retirement act of  
16 1979, 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of  
17 receiving money appropriated under this bill.

18 (2) A community college shall not pay an employer's contribution  
19 to more than 1 retirement fund providing benefits for an employee.

20 Sec. 217. Money appropriated in part 1 shall not be used to pay  
21 for the construction or maintenance of a self-liquidating project.  
22 Any construction, renovation, or other capital outlay project that  
23 exceeds \$1,000,000.00 requires the approval of a use and finance  
24 statement by the joint capital outlay subcommittee (JCOS) pursuant  
25 to JCOS policy.

26 Sec. 234. Community colleges shall do the following:

27 (a) Undertake active measures to promote equal opportunities,

1 eliminate discrimination, and foster a diverse student body and  
2 administration among all people including, but not limited to,  
3 women, minorities, seniors, veterans, and people with disabilities.

4 (b) Review, analyze, and eradicate activities that may tend to  
5 discriminate.

6 **STATE AID - OPERATIONS**

7 Sec. 301. Unless otherwise stated, all data items used in  
8 determining state aid in this bill are as defined in the 2001  
9 Manual for Uniform Financial Reporting, Michigan Public Community  
10 Colleges, which shall be the basis for reporting data, and the 2003  
11 Activities Classification Structure Manual for Michigan Community  
12 Colleges, which shall be used to document financial needs of the  
13 community colleges.

14 Sec. 302. A community college shall not include in the  
15 enrollment data reported for determining state aid under this bill  
16 any student credit hours or student contact hours for a student  
17 incarcerated in a Michigan penal institution. Exclusion of these  
18 students is intended to avoid the payment of state aid under this  
19 bill for the same individuals for whom reimbursement is provided by  
20 the state correctional system.

21 Sec. 303. A community college selected for audit under section  
22 502 whose audited activities classification structure data is  
23 significantly different than the data used to determine state aid  
24 under this bill shall return any overappropriated money as provided  
25 in this subsection. The department of labor and economic growth  
26 shall compare formula computations for the audited colleges using  
27 pre- and post-audit data. If the state allocation is 2% or more

than the post-audit allocation amount, the college shall return the excess money. The returned money shall be redistributed to all 28 community colleges, prorated on the base appropriations contained in part 1.

# GRANTS

Sec. 401. (1) The community college at-risk student success program is continued. The funding shall be prorated among community colleges based on the number of student contact hours for developmental and preparatory instruction reported by each community college to the department of labor and economic growth pursuant to the 2003 Activities Classification Structure Manual for Michigan Community Colleges. Of the amount appropriated in part 1 for the at-risk student success program, \$1,120,000.00 is allocated for base grants of \$40,000.00 each, to address the special needs of at-risk students at community colleges.

(2) Of the amount appropriated in part 1 for the at-risk student success program, the balance of the appropriated money shall be distributed on a proration utilizing the sum of the most recent 3 years developmental/preparatory contact hours divided by the sum of the 3-year total contact hours at each college. Each community college's percentage shall be divided by the sum of all the percentages systemwide to obtain each community college's prorated grant amount.

(3) For the fiscal year ending September 30, 2006 the at-risk student success program money is allocated as follows:

Alpena Community College .....	\$ 76,300
Bay de Noc Community College .....	91,300



1	Delta College .....	97,100
2	Glen Oaks Community College .....	123,600
3	Gogebic Community College .....	66,200
4	Grand Rapids Community College .....	117,200
5	Henry Ford Community College .....	146,300
6	Jackson Community College .....	102,000
7	Kalamazoo Valley Community College .....	89,700
8	Kellogg Community College .....	155,100
9	Kirtland Community College .....	125,800
10	Lake Michigan College .....	154,900
11	Lansing Community College .....	139,800
12	Macomb Community College .....	83,600
13	Mid Michigan Community College .....	134,400
14	Monroe County Community College .....	94,000
15	Montcalm Community College .....	66,700
16	C.S. Mott Community College .....	102,600
17	Muskegon Community College .....	149,700
18	North Central Michigan College .....	115,900
19	Northwestern Michigan College .....	123,100
20	Oakland Community College .....	144,600
21	St. Clair Community College .....	93,400
22	Schoolcraft College .....	129,000
23	Southwestern Michigan College .....	134,800
24	Washtenaw Community College .....	161,700
25	Wayne County Community College .....	174,900
26	West Shore Community College .....	129,000
27	(4) As used in this bill, "at-risk students" means students who	

1 meet 1 or more of the following criteria:

2 (a) Are initially placed in 1 or more developmental courses as a  
3 result of standardized testing or as a result of failure to make  
4 satisfactory academic progress.

5 (b) Are diagnosed as learning disabled.

6 (c) Require English as a second language (ESL) assistance.

7 (5) Grant funding under this section shall be utilized to  
8 address the special needs of at-risk students. Activities related  
9 to services provided to at-risk students include, but are not  
10 limited to, pretesting for academic ability, counseling contacts,  
11 and special programs. Equipment or information technology hardware  
12 or software purchased under this section must be associated with  
13 the operation of a program designed to address the needs of at-risk  
14 students.

15 (6) Grant funding under this section shall not be used for  
16 indirect costs including, but not limited to, rent, utilities, or,  
17 except as provided in this section, college administration.

18 (7) Each community college shall report to the department of  
19 labor and economic growth a summary of all accomplishments under,  
20 expenditures for, and compliance with the intent of this program,  
21 including the number of at-risk students served. The report is  
22 subject to audit as provided for in section 502(1). The report  
23 shall be submitted not later than 90 days after the end of the  
24 state's fiscal year.

25 Sec. 404. The appropriation in part 1 for renaissance zone  
26 reimbursements shall be made to each eligible recipient no later  
27 than 60 days after the department of treasury certifies to the

1 state budget director that it has received all necessary  
2 information to properly determine the amounts due each eligible  
3 recipient under section 12 of the Michigan renaissance zone act,  
4 1996 PA 376, MCL 125.2692.

5 **REPORTS AND AUDITS**

6 Sec. 501. The department of labor and economic growth shall  
7 publish the activities classification structure data book for  
8 Michigan community colleges on or before March 1, 2006, for use by  
9 the legislature during budget development for the fiscal year  
10 ending September 30, 2007.

11 Sec. 502. (1) The auditor general or an independent public  
12 accounting firm appointed by the auditor general shall audit data  
13 for the fiscal year ending on June 30, 2005, as submitted to the  
14 department of labor and economic growth by 7 randomly selected  
15 community colleges. A community college shall maintain and provide  
16 those records necessary for the auditor general or certified public  
17 accountant appointed by the auditor general to determine the  
18 accuracy of the reported data. The audits shall be based upon the  
19 definitions and requirements contained in the 2001 Manual for  
20 Uniform Financial Reporting, Michigan Public Community Colleges and  
21 the 2003 Activities Classification Structure Manual for Michigan  
22 Community Colleges. Before the submission of a final audit report,  
23 a community college may appeal the findings of the preliminary  
24 report under an appeal process to be established by the auditor  
25 general. The auditor general shall submit a report of the findings  
26 to the house and senate appropriations committees, the department  
27 of labor and economic growth, and the state budget director before

1 June 1, 2006.

2 (2) The auditor general or a certified public accountant  
3 appointed by the auditor general may conduct performance audits of  
4 community colleges as the auditor general considers necessary.

5 (3) Not more than 60 days after an audit report is released by  
6 the office of the auditor general, the principal executive officer  
7 of the community college that was audited shall submit to the house  
8 and senate appropriations committees, the house and senate fiscal  
9 agencies, the department of labor and economic growth, the auditor  
10 general, and the state budget director a plan to comply with audit  
11 recommendations. The plan shall contain projected dates and  
12 resources required, if any, to achieve compliance with the audit  
13 recommendations, or a documented explanation of the college's  
14 noncompliance with the audit recommendations concerning the matters  
15 on which the audited community college and office of the auditor  
16 general disagree.

17 Sec. 503. The department of labor and economic growth shall  
18 review the taxonomy of the 7 community colleges selected for the  
19 audit under section 502 that is based on the 2003 Activities  
20 Classification Structure Manual for Michigan Community Colleges.

21 Sec. 504. (1) A community college shall retain certified class  
22 summaries, class lists, registration documents, and student  
23 transcripts that are consistent with the taxonomy of courses. For  
24 each enrollment period during the fiscal year, these certified  
25 documents shall identify clearly by course the number of in-  
26 district and out-of-district student credit and contact hours. The  
27 class summaries and class lists shall be consistent with each other

1 and shall include the course prefix and numbers, course title,  
2 course credit and contact hours, credit and contact hours generated  
3 by each student, and activity classifications consistent with the  
4 taxonomy. An auditable process shall be used by the community  
5 college to determine the unduplicated head count for in-district  
6 students, out-of-district students, and prisoners for each  
7 enrollment period during the fiscal year.

8 (2) Contracts between the community college and agencies that  
9 reimburse the community college for the costs of instruction shall  
10 be retained for audit purposes.

11 Sec. 505. Each community college shall have an annual audit of  
12 all income and expenditures performed by an independent auditor and  
13 shall furnish the independent auditor's management letter and an  
14 annual audited accounting of all general and current funds income  
15 and expenditures including audits of college foundations to the  
16 members of the senate and house appropriations subcommittees on  
17 community colleges, the senate and house fiscal agencies, the  
18 auditor general, the department of labor and economic growth, and  
19 the state budget director before November 15, 2005. If a community  
20 college fails to furnish the audit materials, the monthly state aid  
21 installments shall be withheld from that college until the  
22 information is submitted. All reporting shall conform to the  
23 requirements set forth in the 2001 Manual for Uniform Financial  
24 Reporting, Michigan Public Community Colleges.

25 Sec. 506. (1) Each community college shall report the following  
26 to the department of labor and economic growth no later than  
27 November 1, 2005:

1 (a) The number of North American Indian students enrolled each  
2 term for the previous fiscal year, using guidelines and procedures  
3 developed by the department of labor and economic growth and the  
4 Michigan commission on Indian affairs.

5 (b) The number of Indian tuition waivers granted each term, and  
6 the monetary value of the waivers for the previous fiscal year.

7 (2) Colleges shall use the criteria cited in 1976 PA 174, MCL  
8 390.1251 to 390.1253, to determine eligibility for tuition waivers,  
9 and shall grant those waivers to individuals who meet the criteria  
10 and request tuition waivers.

11 (3) The department of labor and economic growth shall compile  
12 the information received under subsection (1) and shall submit this  
13 compilation to the house and senate appropriations subcommittees on  
14 community colleges, the senate and house fiscal agencies, and the  
15 state budget director by January 7, 2006.

16 Sec. 507. Upon request, a community college shall inform  
17 interested Michigan high schools of the aggregate academic status  
18 of its students for the prior academic year, in a manner prescribed  
19 by the Michigan community college association and in cooperation  
20 with the Michigan association of secondary school principals.

21 Sec. 508. (1) Each community college shall report to the house  
22 and senate fiscal agencies, the state budget director, and the  
23 department of labor and economic growth by August 31, 2005, the  
24 tuition and mandatory fees paid by a full-time in-district student  
25 and a full-time out-of-district student as established by the  
26 college governing board for the 2005-2006 academic year. This  
27 report should also include the annual cost of attendance based on a

1 full-time course load of 30 credits. Each community college shall  
2 also report any revisions to the reported 2005-2006 academic year  
3 tuition and mandatory fees adopted by the college governing board  
4 to the house and senate fiscal agencies, the state budget director,  
5 and the department of labor and economic growth within 15 days of  
6 being adopted.

7 (2) The department of labor and economic growth shall prepare  
8 and provide to community colleges a standard format for reporting  
9 tuition and fees pursuant to subsection (1).

10 Sec. 509. (1) Each community college shall report to the  
11 department of labor and economic growth the numbers and type of  
12 associate degrees and other certificates awarded during the  
13 previous fiscal year. The report shall be made not later than  
14 November 15, 2005.

15 (2) The department of labor and economic growth shall compile  
16 the information received under subsection (1) and shall submit this  
17 compilation to the house and senate appropriations subcommittees on  
18 community colleges, the senate and house fiscal agencies, and the  
19 state budget director by January 7, 2006.

20 Sec. 510. A community college receiving funding under this bill  
21 and also subject to the student right-to-know and campus security  
22 act, Public Law 101-542, 104 Stat. 2381, shall make a copy of all  
23 material prepared in accordance with the public information  
24 reporting requirements under the crime awareness and campus  
25 security act of 1990, title II of the student right-to-know and  
26 campus security act, Public Law 101-542, 104 Stat. 2384, available  
27 in hard copy and electronic format accessible through the Internet

1 for school districts, parents, and students.