

**SUBSTITUTE FOR  
SENATE BILL NO. 1093**

A bill to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2009; 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:**

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, 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, 2009, from the funds indicated in

1 this part. The following is a summary of the appropriations in this  
 2 part:

3 **COMMUNITY COLLEGES**

4 APPROPRIATION SUMMARY:

5	GROSS APPROPRIATION.....	\$	302,228,800
6	Interdepartmental grant revenues:		
7	Total interdepartmental grants and intradepartmental		
8	transfers .....		0
9	ADJUSTED GROSS APPROPRIATION.....	\$	302,228,800
10	Federal revenues:		
11	Total federal revenues.....		0
12	Special revenue funds:		
13	Total local revenues.....		0
14	Total private revenues.....		0
15	Total other state restricted revenues.....		0
16	State general fund/general purpose.....	\$	302,228,800
17	<b>Sec. 102. OPERATIONS</b>		
18	Alpena Community College.....	\$	5,171,900
19	Bay de Noc Community College.....		5,225,400
20	Delta College.....		13,898,200
21	Glen Oaks Community College.....		2,327,600
22	Gogebic Community College.....		4,308,900
23	Grand Rapids Community College.....		17,390,300
24	Henry Ford Community College.....		21,086,400
25	Jackson Community College.....		11,644,000
26	Kalamazoo Valley Community College.....		12,011,300
27	Kellogg Community College.....		9,402,800

1	Kirtland Community College.....	2,873,700
2	Lake Michigan College.....	5,058,200
3	Lansing Community College.....	30,051,900
4	Macomb Community College.....	32,081,400
5	Mid Michigan Community College.....	4,332,800
6	Monroe County Community College.....	4,187,100
7	Montcalm Community College.....	3,012,600
8	C.S. Mott Community College.....	15,159,600
9	Muskegon Community College.....	8,593,400
10	North Central Michigan College.....	2,921,400
11	Northwestern Michigan College.....	8,757,200
12	Oakland Community College.....	20,351,400
13	St. Clair County Community College.....	6,794,500
14	Schoolcraft College.....	11,892,400
15	Southwestern Michigan College.....	6,328,500
16	Washtenaw Community College.....	12,302,700
17	Wayne County Community College.....	16,041,400
18	West Shore Community College.....	<u>2,219,100</u>
19	GROSS APPROPRIATION.....	\$ 295,426,100
20	Appropriated from:	
21	State general fund/general purpose.....	\$ 295,426,100
22	<b>Sec. 103. GRANTS</b>	
23	At-risk student success program.....	\$ 3,322,700
24	Renaissance zone tax reimbursement funding.....	3,479,900
25	Nursing programs.....	<u>100</u>
26	GROSS APPROPRIATION.....	\$ 6,802,700
27	Appropriated from:	

1 State general fund/general purpose..... \$ 6,802,700

2 PART 2

3 PROVISIONS CONCERNING APPROPRIATIONS

4 GENERAL SECTIONS

5 Sec. 201. Pursuant to section 30 of article IX of the state  
6 constitution of 1963, total state spending from state resources  
7 under part 1 for fiscal year 2008-2009 is \$302,228,800.00 and state  
8 spending from state resources to be paid to local units of  
9 government for fiscal year 2008-2009 is \$302,228,800.00. The  
10 itemized statement below identifies appropriations from which  
11 spending to local units of government will occur:

12	Operations.....	\$	295,426,100
13	At-risk student success program.....		3,322,700
14	Renaissance zone tax reimbursement program.....		3,479,900
15	Nursing programs.....		<u>100</u>
16	TOTAL.....	\$	302,228,800

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

20 Sec. 203. Unless otherwise specified, a community college  
21 receiving appropriations in part 1 and the department of labor and  
22 economic growth shall use the Internet to fulfill the reporting  
23 requirements of this act. This requirement may include transmission  
24 of reports via electronic mail to the recipients identified for  
25 each reporting requirement or it may include placement of reports

1 on an Internet or Intranet site.

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

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

20       Sec. 211. (1) The money appropriated in this act is  
21 appropriated for community colleges with fiscal years ending June  
22 30, 2009 and shall be paid out of the state treasury and  
23 distributed by the state treasurer to the respective community  
24 colleges in 11 monthly installments on the sixteenth of each month,  
25 or the next succeeding business day, beginning with October 16,  
26 2008. Each community college shall accrue its July and August 2009  
27 payments to its institutional fiscal year ending June 30, 2009.

1 However, if a community college fails to submit all verified  
2 Michigan community colleges activities classification structure  
3 data for school year 2007-2008 to the department of labor and  
4 economic growth by November 1, 2008, the monthly installments shall  
5 be withheld from that community college until those data are  
6 submitted. The amount from the money appropriated in part 1 that is  
7 allocated to address the special needs of at-risk students shall be  
8 paid in full by the state treasurer by November 1, 2008. The amount  
9 distributed to a community college or department shall not exceed  
10 the net state allocation authorized by this act.

11 (2) Except as otherwise provided by law, each of the amounts  
12 appropriated shall be used solely for the respective purposes  
13 stated in this act. The money appropriated in this act may be used  
14 to match the cost of any available programs under the Carl D.  
15 Perkins vocational and applied technology education act of 1998, 20  
16 USC 2301 to 2415, including local administration.

17 Sec. 216. (1) A community college shall pay the employer's  
18 contributions to the Michigan public school employees' retirement  
19 system created by the public school employees retirement act of  
20 1979, 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of  
21 receiving money appropriated under this act.

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

25 Sec. 217. Money appropriated in part 1 shall not be used to  
26 pay for the construction or maintenance of a self-liquidating  
27 project. A community college shall comply with the current use and

1 finance requirements of the joint capital outlay subcommittee  
2 (JCOS) for any construction, renovation, or other capital outlay  
3 projects pursuant to JCOS policy.

4       Sec. 224. (1) Recognizing the critical importance of education  
5 in strengthening Michigan's workforce, the legislature encourages  
6 the state's public community colleges to explore ways of increasing  
7 collaboration and cooperation with 4-year universities,  
8 particularly in the areas related to training, instruction, and  
9 program articulation.

10       (2) Recognizing the central role of community colleges in  
11 responding to local employment needs and challenges, community  
12 colleges shall develop and continue efforts to collaborate with  
13 local employers and students to identify local employment needs and  
14 strategies to meet them.

15       (3) Community colleges are encouraged to collaborate with each  
16 other on innovations to identify and meet local employment needs.

17       (4) Community colleges are encouraged to organize and  
18 participate in a legislative summit on a strategy for meeting the  
19 employment needs of the entire state. The community colleges shall  
20 report the results of the summit to the senate and house  
21 appropriations subcommittees on community colleges.

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

23       (a) Undertake active measures to promote equal opportunities,  
24 eliminate discrimination, and foster a diverse student body and  
25 administration among all people including, but not limited to,  
26 women, minorities, seniors, veterans, and people with disabilities.

27       (b) Review, analyze, and eradicate activities that may tend to

1 discriminate.

2       Sec. 239. The legislature intends that any executive or  
3 legislative proposal or action, subsequent to the adoption of a  
4 recommendation for appropriations for community colleges for the  
5 fiscal year ending September 30, 2009, to increase appropriations  
6 to state-supported 4-year universities in excess of the governor's  
7 original recommendation for the fiscal year ending September 30,  
8 2009, will be accompanied by a similar action or proposal for  
9 state-supported community colleges.

10       Sec. 241. (1) It is the intent of the legislature that  
11 community colleges expand their current nursing education programs  
12 and increase nursing education program enrollments. This expansion  
13 may include, but is not limited to, creating partnerships with  
14 hospitals and other health care providers, expanding the focus and  
15 utilization of the nursing scholarship program, and redirecting  
16 existing institutional resources toward nursing education programs.

17       (2) Community college nursing programs are part of a  
18 comprehensive solution to Michigan's nursing shortage. Community  
19 college students are eligible to apply for financial assistance  
20 through the Michigan nursing scholarship program established in the  
21 Michigan nursing scholarship act, 2002 PA 591, MCL 390.1181 to  
22 390.1189. The Michigan nursing corps grants described in section  
23 431 of 2007 PA 118 and administered by the department of labor and  
24 economic growth provide funding to address the shortage of  
25 qualified nursing faculty. Community colleges are encouraged to  
26 coordinate with the chief nurse executive in the department of  
27 community health and with 4-year universities to improve access to

1 nursing programs and to assist students to successfully enter the  
2 nursing workforce.

3       Sec. 242. It is the intent of the legislature that the  
4 Michigan community college association, the legislature, and other  
5 interested parties continue the discussion regarding payments in  
6 lieu of taxes, especially for those community college districts  
7 that contain significant portions of nontaxable land.

8       Sec. 243. It is the intent of the legislature to develop and  
9 pass enact legislation that would authorize community colleges to  
10 issue debt to fund customized workforce development training. This  
11 program would be known as the Michigan new jobs training program.  
12 The principal and interest payments on any debt issued under the  
13 program would be paid by capturing the incremental increase in the  
14 state income tax associated with the wages of new employees and  
15 redirecting it to the community college instead of the state. The  
16 program would offer an incentive for employers creating new jobs or  
17 expanding operations in Michigan. This program has the potential to  
18 be a cornerstone of Michigan's workforce and economic development  
19 efforts, with the state's community colleges collaboratively  
20 partnering with state and local economic development, the Michigan  
21 works agencies, and the private sector to implement unified  
22 strategies for regional growth.

23       Sec. 244. It is the intent of the legislature that each  
24 community college receiving an appropriation in part 1 limit any  
25 annual salary increase for its college president or chancellor to  
26 the annual average percentage increase in the Detroit consumer  
27 price index in the immediately preceding state fiscal year, unless

1 complying with that limit is inconsistent with the college's need  
2 to maintain qualified leadership for the institution. As used in  
3 this subsection, "Detroit consumer price index" means the most  
4 comprehensive index of consumer prices available for the Detroit  
5 area from the bureau of labor statistics of the United States  
6 department of labor.

7 **STATE AID - OPERATIONS**

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

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

22 Sec. 304. (1) The appropriations in part 1 for community  
23 college operations include an aggregate 3% increase distributed  
24 pursuant to the funding formula developed by the performance  
25 indicators task force formed pursuant to section 242 of 2005 PA  
26 154.

1           (2) It is the intent of the legislature that the  
2 recommendations and performance measures developed by the  
3 performance indicators task force formed pursuant to section 242 of  
4 2005 PA 154 be reviewed and more fully implemented for distribution  
5 of state funding to community colleges in future years.

6           GRANTS

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

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

25           (3) For the fiscal year ending September 30, 2009, the at-risk  
26 student success program money is allocated as follows:

1	Alpena Community College.....	\$	80,200
2	Bay de Noc Community College.....		62,800
3	Delta College.....		104,500
4	Glen Oaks Community College.....		112,500
5	Gogebic Community College.....		58,600
6	Grand Rapids Community College.....		132,300
7	Henry Ford Community College.....		161,900
8	Jackson Community College.....		120,900
9	Kalamazoo Valley Community College.....		92,000
10	Kellogg Community College.....		163,600
11	Kirtland Community College.....		125,400
12	Lake Michigan College.....		157,200
13	Lansing Community College.....		153,500
14	Macomb Community College.....		84,400
15	Mid Michigan Community College.....		141,400
16	Monroe County Community College.....		105,400
17	Montcalm Community College.....		75,000
18	C.S. Mott Community College.....		106,300
19	Muskegon Community College.....		78,700
20	North Central Michigan College.....		111,100
21	Northwestern Michigan College.....		122,400
22	Oakland Community College.....		148,900
23	St. Clair Community College.....		124,800
24	Schoolcraft College.....		127,300
25	Southwestern Michigan College.....		150,700
26	Washtenaw Community College.....		140,300
27	Wayne County Community College.....		132,600

1 West Shore Community College..... 148,000

2 (4) As used in this act, "at-risk students" means students who  
3 meet 1 or more of the following criteria:

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

7 (b) Are diagnosed as learning disabled.

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

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

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

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

27 Sec. 404. The appropriation in part 1 for renaissance zone

1 reimbursements shall be made to each eligible recipient no later  
2 than 60 days after the department of treasury certifies to the  
3 state budget director that it has received all necessary  
4 information to properly determine the amounts due each eligible  
5 recipient under section 12 of the Michigan renaissance zone act,  
6 1996 PA 376, MCL 125.2692.

7 **REPORTS AND AUDITS**

8       Sec. 501. The department of labor and economic growth shall  
9 publish the activities classification structure data book for  
10 Michigan community colleges on or before March 1, 2009.

11       Sec. 502. (1) The auditor general or a certified public  
12 accountant appointed by the auditor general may conduct performance  
13 audits of community colleges as the auditor general considers  
14 necessary.

15       (2) Not more than 60 days after an audit report is released by  
16 the office of the auditor general, the principal executive officer  
17 of the community college that was audited shall submit to the house  
18 and senate appropriations committees, the house and senate fiscal  
19 agencies, the department of labor and economic growth, the auditor  
20 general, and the state budget director a plan to comply with audit  
21 recommendations. The plan shall contain projected dates and  
22 resources required, if any, to achieve compliance with the audit  
23 recommendations, or a documented explanation of the college's  
24 noncompliance with the audit recommendations concerning the matters  
25 on which the audited community college and office of the auditor  
26 general disagree.

1           Sec. 504. (1) A community college shall retain certified class  
2 summaries, class lists, registration documents, and student  
3 transcripts that are consistent with the taxonomy of courses. For  
4 each enrollment period during the fiscal year, these certified  
5 documents shall identify clearly by course the number of in-  
6 district and out-of-district student credit and contact hours. The  
7 class summaries and class lists shall be consistent with each other  
8 and shall include the course prefix and numbers, course title,  
9 course credit and contact hours, credit and contact hours generated  
10 by each student, and activity classifications consistent with the  
11 taxonomy. An auditable process shall be used by the community  
12 college to determine the unduplicated head count for in-district  
13 students, out-of-district students, and prisoners for each  
14 enrollment period during the fiscal year.

15           (2) Contracts between the community college and agencies that  
16 reimburse the community college for the costs of instruction shall  
17 be retained for audit purposes.

18           Sec. 505. Each community college shall have an annual audit of  
19 all income and expenditures performed by an independent auditor and  
20 shall furnish the independent auditor's management letter and an  
21 annual audited accounting of all general and current funds income  
22 and expenditures including audits of college foundations to the  
23 members of the senate and house appropriations subcommittees on  
24 community colleges, the senate and house fiscal agencies, the  
25 auditor general, the department of labor and economic growth, and  
26 the state budget director before November 15, 2008. If a community  
27 college fails to furnish the audit materials, the monthly state aid

1 installments shall be withheld from that college until the  
2 information is submitted. All reporting shall conform to the  
3 requirements set forth in the 2001 Manual for Uniform Financial  
4 Reporting, Michigan Public Community Colleges.

5       Sec. 506. (1) Each community college shall report the  
6 following to the department of labor and economic growth no later  
7 than November 1, 2008:

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

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

14       (2) Colleges shall use the criteria cited in 1976 PA 174, MCL  
15 390.1251 to 390.1253, to determine eligibility for tuition waivers,  
16 and shall grant those waivers to individuals who meet the criteria  
17 and request tuition waivers.

18       (3) The department of labor and economic growth shall compile  
19 the information received under subsection (1) and shall submit this  
20 compilation to the house and senate appropriations subcommittees on  
21 community colleges, the senate and house fiscal agencies, and the  
22 state budget director by January 7, 2009.

23       Sec. 507. Upon request, a community college shall inform  
24 interested Michigan high schools of the aggregate academic status  
25 of its students for the prior academic year, in a manner prescribed  
26 by the Michigan community college association and in cooperation  
27 with the Michigan association of secondary school principals.

1           Sec. 508. (1) Each community college shall report to the house  
2 and senate fiscal agencies, the state budget director, and the  
3 department of labor and economic growth by August 31, 2008, the  
4 tuition and mandatory fees paid by a full-time in-district student  
5 and a full-time out-of-district student as established by the  
6 college governing board for the 2008-2009 academic year. This  
7 report should also include the annual cost of attendance based on a  
8 full-time course load of 30 credits. Each community college shall  
9 also report any revisions to the reported 2008-2009 academic year  
10 tuition and mandatory fees adopted by the college governing board  
11 to the house and senate fiscal agencies, the state budget director,  
12 and the department of labor and economic growth within 15 days of  
13 being adopted.

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

17           Sec. 509. (1) Each community college shall report to the  
18 department of labor and economic growth the numbers and type of  
19 associate degrees and other certificates awarded during the  
20 previous fiscal year. The report shall be made not later than  
21 November 15, 2008.

22           (2) The department of labor and economic growth shall compile  
23 the information received under subsection (1) and shall submit this  
24 compilation to the house and senate appropriations subcommittees on  
25 community colleges, the senate and house fiscal agencies, and the  
26 state budget director by January 7, 2009.

27           Sec. 510. A community college receiving funding under this act

1 and also subject to the student right-to-know and campus security  
2 act, Public Law 101-542, 104 Stat. 2381, shall make a copy of all  
3 material prepared in accordance with the public information  
4 reporting requirements under the crime awareness and campus  
5 security act of 1990, title II of the student right-to-know and  
6 campus security act, Public Law 101-542, 104 Stat. 2384, available  
7 in hard copy and electronic format accessible through the Internet  
8 for school districts, parents, and students.

9       Sec. 511. (1) At least 30 days before submission of a new  
10 state plan to the United States department of education for  
11 approval under the Perkins act, the department of labor and  
12 economic growth shall provide copies of the proposed plan to the  
13 members of the senate and house appropriations subcommittees on  
14 community colleges for their review and comment. Copies of the  
15 proposed plan shall be provided to the senate and house fiscal  
16 agencies and the state budget director at the same time that they  
17 are provided to the senate and house subcommittees.

18       (2) The Perkins grant application process and content shall be  
19 streamlined to the extent possible.

20       (3) As used in this section, "Perkins act" means the Carl D.  
21 Perkins vocational and applied technology education act of 1998, 20  
22 USC 2301 to 2415.

23       Sec. 513. The department of treasury shall annually collect  
24 and compile data on the tax revenue losses to community colleges  
25 resulting from tax increment financing authorities (TIFA) and tax  
26 abatements. The department of treasury shall produce a report  
27 detailing the data. The report shall be completed and presented to

1 the house and senate appropriations subcommittees on community  
2 colleges, the department of labor and economic growth, and the  
3 department of management and budget not later than March 1, 2009.

4 The report shall include, but is not limited to, the following:

5 (a) Estimated revenue losses for each community college for  
6 the calendar year 2008.

7 (b) Confirmed revenue losses for each community college for  
8 the calendar years 2006 and 2007.

9 (c) Other requirements requested by the house and senate  
10 appropriations subcommittees on community colleges.