

Act No. 110
Public Acts of 1991
Approved by the Governor
October 11, 1991
Filed with the Secretary of State
October 11, 1991

**STATE OF MICHIGAN
86TH LEGISLATURE
REGULAR SESSION OF 1991**

Introduced by Reps. Ostling, Oxender, Johnson and Knight

ENROLLED HOUSE BILL No. 4574

AN ACT to make appropriations for community colleges for the fiscal year ending September 30, 1992; to provide for the expenditure of the appropriations; to establish or continue certain funds, programs, and categories; and to prescribe the powers and duties of certain state departments, officers, and employees.

The People of the State of Michigan enact:

Sec. 101. There is appropriated for community colleges and certain other state purposes relating to education, subject to the conditions set forth in this act, for the fiscal year ending September 30, 1992, the following amounts:

SUMMARY UNIT FOR COMMUNITY COLLEGES

APPROPRIATIONS SUMMARY:

GROSS APPROPRIATION	\$	241,100,000
ADJUSTED GROSS APPROPRIATION	\$	241,100,000
State general fund/general purpose	\$	241,100,000

COMMUNITY COLLEGES

Alpena Community College	\$	3,499,600
Bay de Noc Community College		2,946,800
C.S. Mott Community College		11,134,400
Delta College		10,273,500
Glen Oaks Community College		1,456,700
Gogebic Community College		3,185,100
Grand Rapids Community College		14,222,300
Henry Ford Community College		15,808,900
Highland Park College		5,513,300
Jackson Community College		9,634,100
Kalamazoo Valley Community College		6,902,600
Kellogg Community College		6,210,600
Kirtland Community College		2,318,200
Lake Michigan College		3,392,900
Lansing Community College		22,745,500
Macomb Community College		24,594,500
Mid Michigan Community College		2,695,100

	For Fiscal Year Ending Sept. 30, 1992
Monroe County Community College	\$ 2,518,600
Montcalm Community College	2,310,200
Muskegon Community College	6,492,600
North Central Michigan College	2,061,000
Northwestern Michigan College	6,049,500
Oakland Community College	16,474,600
St. Clair Community College	5,116,800
Schoolcraft College	8,315,000
Southwestern Michigan College	3,805,100
Washtenaw Community College	7,757,100
Wayne County Community College	13,461,500
WC3 Tax Credit	9,324,400
West Shore Community College	1,539,500
Job Training and Retraining Investment Fund	3,120,000
At risk student success program	3,120,000
Tuition Incentive Program	3,100,000
GROSS APPROPRIATION	\$ 241,100,000
Appropriated from:	
State general fund/general purpose	\$ 241,100,000

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending in this act is \$241,100,000.00, and state appropriations to be paid to local units of government in section 101 total \$241,100,000.00.

Sec. 202. (1) For community colleges with fiscal years ending June 30, 1992, the sums appropriated in this act are appropriated for their fiscal years ending June 30, 1992 and shall be paid out of the state treasury and distributed by the state treasurer to the respective community colleges in 9 equal monthly installments for the period October 1, 1991 to June 30, 1992. However, in case of the failure of a community college to submit all verified Michigan Community College Activity Classification Structure data for school year 1990-91 to the department of education by November 1, 1991, the monthly installments shall be withheld until these data are submitted. The amount included in section 101 designated under this act for job training and retraining under section 401 shall be paid in full by the state treasurer within 30 days after notification by the chairs of the house and senate appropriations subcommittees on community colleges that the formula allocation has been approved. The amount from the funds appropriated in section 101 for special programs that is allocated under section 405 to address the special needs of at-risk students shall be paid in full by the state treasurer within 30 days after the house and senate appropriations subcommittees on community colleges recommend allocation of the funding. The amount distributed to a community college or department shall not exceed the net state allocation authorized by this act.

(2) Except as otherwise provided by law, each of the amounts appropriated shall be used solely for the respective purposes stated in this act. The funds appropriated by this act may be used to match the cost of any available programs under the vocational education act of 1963, Public Law 88-210, 98 Stat. 2435, including local administration. A community college shall not pay an employer's contribution to more than 1 retirement fund providing benefits for an employee.

Sec. 203. (1) The auditor general or an independent public accounting firm appointed by the auditor general shall audit data for the fiscal year ending on June 30, 1991 as submitted on the department of education request forms of 7 randomly selected community colleges. A community college shall maintain and provide those records necessary for the auditor general or certified public accountant appointed by the auditor general to determine the accuracy of the reported data. The audits shall be based upon the definitions and requirements contained in the Michigan Public Community Colleges Manual for Uniform Financial Reporting, 1981, as revised, and the Michigan Community Colleges Activities Classification Structure, 1981, as revised. Before the submission of a final audit report, an appeals process shall be established by which a community college may

appeal the findings of the preliminary report, and by which the auditor general shall consult legislative and executive authorities concerning an interpretation of the manual if necessary. The auditor general shall submit a report of the findings to the house and senate appropriations committees, the department of education, and the department of management and budget before June 1, 1992.

(2) The auditor general or a certified public accountant appointed by the auditor general shall conduct not less than 3 performance audits of community colleges but may conduct more if the auditor general considers it necessary.

(3) The principal executive officer of a community college that is audited shall submit to the house and senate appropriations committees, the house and senate fiscal agencies, the department of education, the auditor general, and the department of management and budget a plan to comply with audit recommendations after an audit report is released by the office of the auditor general. The plan shall be prepared and submitted within 60 days after the audit is released. The plan shall contain projected dates and resources required, if any, to achieve compliance with the audit recommendations, or a documented explanation of the college's noncompliance with the audit recommendations concerning the matters on which the audited community college and office of the auditor general disagree.

(4) It is the intent of the legislature to adjust state aid in the fiscal year ending September 30, 1992 for any community college whose audited activities classification structure data is significantly different than the data used to determine state aid under this act.

Sec. 204. The department of education shall periodically revise and update the taxonomy pursuant to the Michigan Community Colleges Activities Classification Structure, 1981, as revised.

Sec. 205. (1) A community college shall retain certified class summaries, class lists, registration documents, and student transcripts that are consistent with the taxonomy of courses. For each enrollment period during the fiscal year, these certified documents shall identify clearly by course the number of in-district and out-of-district student credit and contact hours. The class summaries and class lists shall be consistent with each other and shall include the course prefix and numbers, course title, course credit and contact hours, credit and contact hours generated by each student, and activity classifications consistent with the taxonomy. An auditable process shall be used by the community college to determine the unduplicated head count for in-district students, out-of-district students, and prisoners for each enrollment period during the fiscal year.

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

Sec. 206. Each community college shall furnish an annual audited accounting of all income and expenditures to the legislature, the senate and house fiscal agencies, the auditor general, the department of education, and the department of management and budget before December 1, 1991. All reporting shall conform to the requirements set forth in the Michigan Public Community Colleges Manual for Uniform Financial Reporting, 1981, as revised.

Sec. 207. (1) Appropriations under this act shall not be expended in contemplation of matching federal or other matching funds until federal or other matching funds are available. The acceptance of matching federal or other matching funds does not obligate this state to continue programs after those funds are no longer available.

(2) A community college shall not establish special programs or expand existing programs beyond the scope of the programs of the community college already established and recognized by the legislature, including programs that may develop as a result of gifts or money received or available from the federal government, if that acceptance will require an obligation or expenditure of state funds.

(3) A community college shall pay the employer's contributions to the Michigan public school employees' retirement system created by the public school employees retirement act of 1979, Act No. 300 of the Public Acts of 1980, being sections 38.1301 to 38.1407 of the Michigan Compiled Laws, as a condition of receiving funds appropriated under this act. The executive office shall include contributions to the Michigan public school employees' retirement system by community colleges in the executive budget recommendation for each community college. For the fiscal year ending June 30, 1992, the Michigan public school employees' retirement system contribution is 4.0% of salaries for retirement, plus 5.0% for the share formerly paid by employees.

(4) An appropriation contained in this act shall not be used for the construction of buildings for or operations of a community college not expressly authorized in section 101. Funds appropriated in section 101 shall not be used to pay for the construction or maintenance of any self-liquidating project.

(5) The governing body of a community college shall reduce expenditures authorized by appropriations when it appears that actual revenues for a fiscal period will fall below the revenue estimates on which appropriations for that period were based.

(6) Except as otherwise provided in this subsection, funds appropriated in section 101 shall not be used for travel outside the United States. This subsection does not apply to expenses of students, administrators, faculty, or college trustees necessarily incurred for involvement in a foreign study program offered by a community college, for travel to fulfill a reciprocal education program with a postsecondary educational institution, or for program-specific curriculum, educational, or exchange policy discussions with a foreign postsecondary institution or government.

Sec. 208. Each community college shall report to the house and senate fiscal agencies, the department of education, and the department of management and budget a modification in tuition and student fees not later than 30 days after the modification is established by the college governing board.

Sec. 209. The appropriations in this act are subject to section 391 of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1391 of the Michigan Compiled Laws.

Sec. 210. A community college shall develop a plan to increase the number of minority students in meeting the continuing educational needs of all Michigan citizens. The department of education shall coordinate efforts to provide an annual report identifying the number of minority students recruited and retained by racial and ethnic category. The department of education shall not require community colleges to submit data by racial and ethnic category that is duplicative of data currently submitted.

Sec. 211. Each community college shall report to the department of education, the house and senate appropriations committees, and the house and senate fiscal agencies the numbers and type of associate degrees and other certificates awarded during the previous fiscal year. The report shall be made not later than October 15, 1991.

Sec. 212. The department of education shall submit the following statistical data and reports relating to each community college to the civil rights commission and the house and senate appropriations subcommittees on community colleges in a format established by the department of civil rights and the community colleges that incorporates the requirements of state and federal law, and that includes all of the following:

(a) An affirmative action plan for employment of minorities, women, and handicappers, including the plan requirements set forth in executive directive 1979-4.

(b) A statistical report for minorities and women employees for the 1991-92 school year as submitted to the federal government on the EEO-6 form.

(c) A statistical report for the 1991-92 school year that includes enrollment statistics for minorities and women as submitted to the department of education.

Sec. 213. It is the intent of the house and senate appropriations subcommittees on community colleges to study the fiscal impact of tax abatement programs upon the community colleges listed in section 101 and make recommendations as to appropriate relief measures in the appropriations act for the fiscal year ending September 30, 1993.

STATE AID - OPERATIONS

Sec. 301. Unless otherwise stated, all data items used in determining state aid in this act are as defined in the Michigan Public Community Colleges Manual for Uniform Financial Reporting, 1981, as revised, and the Michigan Community Colleges Activities Classification Structure, 1981, as revised.

Sec. 302. The Michigan Community Colleges Activities Classification Structure, 1981, as revised, shall be used to document financial needs of the community colleges. The Michigan Public Community Colleges Manual for Uniform Financial Reporting, 1981, as revised, shall be the basis for reporting.

Sec. 303. A community college shall not include in the enrollment report any student credit hours or student contact hours for students taking college courses to complete high school graduation requirements. Exclusion of these students is intended to avoid the payment of state aid under this act for the same individuals already reimbursed under the state school aid act of 1979, Act No. 94 of the Public Acts of 1979, being sections 388.1601 to 388.1772 of the Michigan Compiled Laws, for completion of high school requirements.

Sec. 304. It is legislative and executive intent to utilize a formula approach in determining the state aid recommendations for each community college for the state fiscal year ending September 30, 1992.

Sec. 305. Any supplemental state appropriations made for community colleges shall be added to the base appropriation for each community college for the ensuing fiscal year. The governor shall use the revised base appropriation for each community college when making budget recommendations to the legislature for subsequent fiscal years.

Sec. 306. (1) In the determination of state aid appropriations contained in section 101, no outputs collected under the Michigan community colleges activities classification structure reporting system generated by students incarcerated in Michigan penal institutions were recognized.

(2) Participation of a community college in a prisoner education program is at the discretion of the community college and does not represent a financial obligation of this state under this act.

(3) In recognition of the 2-year formula funding lag in community college appropriations, it is the intent of the legislature that total community college appropriations not be reduced because of the nonparticipation of any or all community colleges in a prisoner education program for the fiscal year ending September 30, 1991.

(4) This section does not preclude a community college from entering into a contract with the department of corrections for the provision of postsecondary educational offerings.

Sec. 307. (1) It is the intent of the senate and house appropriations subcommittees on community colleges to proceed toward full funding of the Gast-Mathieu fairness in funding formula used in the determination of state aid for operations at community colleges. Full formula funding will be determined each fiscal year by the Gast-Mathieu fairness in funding formula and will reflect the difference between the formula target need and the enacted appropriations for the prior fiscal year as adjusted by any supplemental appropriations or reductions, excluding categorical grants or tax credits. For fiscal year 1991-92, the formula target need equals \$253,907,979.00 and the prior year formula distribution equals \$206,916,400.00.

(2) It is the intent of the legislature to phase in full funding of the Gast-Mathieu fairness in funding formula beginning in fiscal year 1991-92 and concluding in fiscal year 1994-95, when the difference between the formula target need and the enacted appropriations will equal zero. This process will be accomplished by adding an additional amount each fiscal year to the percent increase contained in section 101 for operating expenses during the fiscal years 1991-92 to 1994-95.

GRANTS

Sec. 401. (1) The community college job training and retraining investment fund is continued. The department of management and budget shall make grants to the community colleges for specific projects aimed at economic development and job training or retraining.

(2) Of the amount appropriated in section 101 for the job training and retraining investment fund, \$1,450,000.00 is provided for minimum grants of \$50,000.00 for each community college.

(3) Of the amount appropriated in section 101 for the job training and retraining investment fund, \$1,670,000.00 is available for community colleges. This amount shall be distributed by means of a formula equally weighted upon the number of student contact hours in the areas of business, trade, and health, as reported by the community colleges in the Michigan Community Colleges Activities Classification Structure, 1981, as revised, and the most recent published unemployment rate for the colleges' districts as reported by the Michigan employment security commission, as nearly as those districts may be determined by the house and senate fiscal agencies. The house and senate fiscal agencies shall prepare, certify, and submit the formula to the department of management and budget by October 31, 1991.

(4) Grant dollars distributed through the above formula shall not supplant existing financial support for a project and shall not be transferred to other parts of a community college's operation.

(5) Each community college receiving grant dollars under this section shall certify to the state treasurer, the department of management and budget, the house and senate fiscal agencies, and the auditor general that all the grant dollars are expended or encumbered within 12 months of receipt. Those funds not expended or encumbered will lapse to the general fund.

(6) The department of education, in cooperation with this state's public community colleges, shall submit a report within 60 days after the end of the fiscal year ending September 30, 1992, to the chairs of the senate and house appropriations committees of each grant released under the community college job training and retraining investment fund, and the accomplishments of the projects, including the number of students or businesses served, or both, the job skills acquired, and whether each student served was placed in new employment or was able to retain existing employment utilizing the job skills acquired. Each community college shall maintain documentation substantiating accomplishments. The documentation is subject to review by the auditor general.

Sec. 402. A community college that has not reported project completion and total expenditure of oil overcharge revenues shall submit an annual report by October 1, 1991, in a manner prescribed by the department of management and budget, describing each energy conservation project financed in whole or in part by oil overcharge revenues appropriated in fiscal year 1987 and fiscal year 1988. The report shall include a description of each energy conservation project and the actual expenditures and energy savings estimates. The information contained in the report shall be utilized to meet the annual reporting requirements to the United States district court and the United States secretary of energy regarding state use of oil overcharge refunds. The department of management and budget shall submit copies of the annual report to the house and senate appropriations committees and the house and senate fiscal agencies.

Sec. 403. A special grant of \$9,324,400.00 shall be made to Wayne county community college in recognition of the fact that the college levies only 0.25 mill for operations.

Sec. 404. It is the intent of the house and senate appropriations subcommittees on community colleges to systematically reduce the Wayne county community college tax credit in section 101 of this act and subsequent appropriation acts. The reduction of the Wayne county community college tax credit will commence in fiscal year 1991-92 with a reduction of \$1,000,000.00. Each subsequent fiscal year through fiscal year 1994-95, the reduction in the Wayne county community college tax credit shall be accelerated until the amount of the tax credit equals zero. Not later than April 1, 1992, the auditor general or a certified public accountant appointed by the auditor general shall return to Wayne county community college to determine whether appropriate corrective measures have been taken by Wayne county community college in response to audits performed in 1990 and 1991. Not later than April 1, 1992, Wayne county community college shall acquire with funds appropriated in section 101, through competitive bid or other appropriate process, the computer hardware and software necessary to establish the administrative and financial controls called for in the audits performed in 1990 and 1991. This state is not obligated to appropriate any additional funds, other than the funds appropriated in section 101, for the purchase or operation of the computer hardware and software required by this section.

Sec. 405. (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 education for use in the Michigan Community Colleges Activities Classification Structure, 1981, as revised. Of the funds appropriated, \$1,160,000.00 shall be allocated for base grants of \$40,000.00 each, to address the special needs of at-risk students at community colleges. The balance of the appropriated funds, \$1,960,000.00, shall be allocated based on a proration. The proration shall be calculated by determining the number of student contact hours generated at each community college for developmental and preparatory courses, as defined by the Michigan Community Colleges Activities Classification Structure, 1981, as revised, as a percentage of the total student contact hours, minus prisoner student contact hours, at each community college. The number of student contact hours for developmental and preparatory courses utilized for the at-risk student success program formula distribution in any given year shall not exceed 200% of the number of hours used in calculating the prior fiscal year formula allocations. For each community college, this percentage shall be divided by the sum of all such percentages systemwide to obtain the community college's prorated share. For fiscal year 1991-92, the at-risk student success program funds shall be allocated as follows:

Alpena community college.....	\$	108,700.00
Bay de Noc community college.....		78,000.00
C. S. Mott community college.....		105,000.00
Delta college.....		71,300.00
Glen Oaks community college.....		45,800.00
Gogebic community college.....		49,900.00
Grand Rapids community college.....		67,400.00
Henry Ford community college.....		51,400.00
Highland Park college.....		163,900.00
Jackson community college.....		104,900.00
Kalamazoo valley community college.....		129,600.00
Kellogg community college.....		73,500.00
Kirtland community college.....		139,600.00
Lake Michigan college.....		189,600.00
Lansing community college.....		140,500.00
Macomb community college.....		88,000.00
Mid Michigan community college.....		97,000.00
Monroe county community college.....		53,300.00

Montcalm community college.....	\$ 79,800.00
Muskegon community college.....	143,200.00
North Central Michigan college.....	48,300.00
Northwestern Michigan college.....	130,400.00
Oakland community college.....	105,300.00
St. Clair community college.....	81,400.00
Schoolcraft college.....	163,400.00
Southwestern Michigan college.....	175,400.00
Washtenaw community college.....	176,400.00
Wayne county community college.....	170,500.00
West Shore community college.....	88,500.00

Data utilized to calculate the allocation of at-risk student success program funds shall be taken from data reported through the Michigan Community Colleges Activities Classification Structure, 1981, as revised.

(2) For the purposes of this section, "at-risk students" means students who meet 1 or more of the following criteria:

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

(b) Is diagnosed as learning disabled.

(c) Requires English as a second language (ESL) assistance.

(3) Grant funding under this section shall be used only for activities related to services provided to at-risk students. This includes, but is not limited to, pretesting for academic ability, counseling contacts, and special programs.

(4) Grant funding under this section shall not be used for either of the following:

(a) The acquisition of equipment necessary for the implementation of the Michigan opportunity card.

(b) Indirect costs including, but not limited to, rent, utilities, or college administration.

(5) Each community college shall report to the house and senate appropriations subcommittees on community colleges, the house and senate fiscal agencies, and the director of the department of management and budget a summary of all accomplishments under, expenditures for, and compliance with the intent of this program, including the number of at-risk students served. The report is subject to audit by the auditor general as provided for in section 203(1). The report shall be submitted not later than 90 days after the end of the state's fiscal year.

Sec. 406. The funds appropriated in section 101 for the tuition incentive program/high school completion program shall be distributed pursuant to the administrative procedures for the tuition incentive program/high school completion program in the department of social services.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Governor.

