



HOUSE BILL No. 5596

February 14, 1996, Introduced by Reps. LeTarte, McBryde, Middleton, Oxender, Geiger, Jellema, Gilmer, Bobier, Dolan, McNutt and Johnson and referred to the Committee on Appropriations.

EXECUTIVE BUDGET BILL

A bill to make appropriations for community colleges for the fiscal year ending September 30, 1997; 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:

1 Sec. 101. There is appropriated for community colleges and certain
2 other state purposes relating to education, subject to the conditions set
3 forth in this act, for the fiscal year ending September 30, 1997, the
4 following amounts:

5 **COMMUNITY COLLEGES**

6 **APPROPRIATIONS SUMMARY:**

1	GROSS APPROPRIATION	\$	261,250,215
2	Total interdepartmental grants and intradepartmental		
3	transfers		0
4	ADJUSTED GROSS APPROPRIATION	\$	261,250,215
5	Federal revenues:		
6	Total federal revenues		0
7	Special revenue funds:		
8	Total local revenues		0
9	Total private revenues		0
10	Total local and private revenues		0
11	Total other state restricted revenues		0
12	State general fund/general purpose	\$	261,250,215
13	OPERATIONS		
14	Alpena Community College	\$	4,222,830
15	Bay de Noc Community College		3,728,806
16	Delta College		12,232,914
17	Glen Oaks Community College		1,821,804
18	Gogebic Community College		3,738,348
19	Grand Rapids Community College		16,561,262
20	Henry Ford Community College		18,359,709
21	Jackson Community College		11,030,652
22	Kalamazoo Valley Community College		8,873,930
23	Kellogg Community College		7,545,467
24	Kirtland Community College		2,721,018
25	Lake Michigan College		4,225,094
26	Lansing Community College		26,602,661
27	Macomb Community College		29,029,149
28	Mid Michigan Community College		3,362,316
29	Monroe County Community College		3,277,246

1	Montcalm Community College	2,795,953
2	Mott Community College	13,402,406
3	Muskegon Community College	7,641,975
4	North Central Michigan College	2,528,141
5	Northwestern Michigan College	7,286,471
6	Oakland Community College	19,121,843
7	St. Clair County Community College	6,047,381
8	Schoolcraft College	10,037,240
9	Southwestern Michigan College	4,741,884
10	Washtenaw Community College	9,504,805
11	Wayne County Community College	15,381,919
12	West Shore Community College	<u>1,929,853</u>
13	GROSS APPROPRIATION	\$ 257,753,077

Appropriated from:

14		
15	State general fund/general purpose	\$ 257,753,077

GRANTS

17	At risk student success program	\$ <u>3,497,138</u>
18	GROSS APPROPRIATION	\$ 3,497,138

Appropriated from:

20	State general fund/general purpose	\$ 3,497,138
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GENERAL SECTIONS

22 Sec. 201. (1) Pursuant to section 30 of article IX of the state
 23 constitution of 1963, total state spending from state sources for fiscal
 24 year 1996-97 is estimated at \$261,250,215.00 in this bill and state
 25 spending from state sources paid to local units of government for fiscal
 26 year 1996-97 is estimated at \$261,250,215.00. The itemized statement
 27 below identifies appropriations from which spending to units of local
 28 government will occur:

29	Community colleges operations	\$ 257,753,077
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1 Community colleges grants \$ 3,497,138

2 (2) If it appears to the principal executive officer of a department
3 or branch that state spending to local units of government will be less
4 than the amount that was projected to be expended under subsection (1),
5 the principal executive officer shall immediately give notice of the
6 approximate shortfall to the department of management and budget.

7 Sec. 202. The expenditures and funding sources authorized under this
8 bill are subject to the management and budget act, Act no. 431 of the
9 Public Acts of 1984, being sections 18.1101 to 18.1594 of the Michigan
10 Compiled Laws.

11 Sec. 203. (1) For community colleges with fiscal years ending June
12 30, 1997, the sums appropriated in this act are appropriated for their
13 fiscal years ending June 30, 1997, and shall be paid out of the state
14 treasury and distributed by the state treasurer to the respective
15 community colleges in 9 equal monthly installments for the period October
16 1, 1996 to June 30, 1997. However, if a community college fails to submit
17 all verified Michigan Community Colleges Activities Classification
18 Structure data for school year 1995-96 to the department of education by
19 November 1, 1996, the monthly installments shall be withheld from that
20 community college until those data are submitted. The department of
21 education shall publish the activity classification structure data book
22 on or before March 1, 1997 for use by the legislature during budget
23 development for the fiscal year ending September 30, 1998. The amount
24 distributed to a community college or department shall not exceed the net
25 state allocation authorized by this act.

26 (2) Except as otherwise provided by law, each of the amounts
27 appropriated shall be used solely for the respective purposes stated in
28 this act. The funds appropriated by this act may be used to match the
29 cost of any available programs under the Carl D. Perkins vocational and
30 applied technology education act, Public Law 88-210, 98 Stat. 2435,

1 including local administration.

2 Sec. 204. (1) The auditor general or an independent public accounting
3 firm appointed by the auditor general shall audit data for the fiscal year
4 ending on June 30, 1996, as submitted on the department of education
5 request forms of 7 randomly selected community colleges. A community
6 college shall maintain and provide those records necessary for the auditor
7 general or certified public accountant appointed by the auditor general
8 to determine the accuracy of the reported data. The audits shall be based
9 upon the definitions and requirements contained in the Michigan Public
10 Community Colleges Manual for Uniform Financial Reporting, 1981, as
11 revised, and the Michigan Community Colleges Activities Classification
12 Structure, 1981, as revised. Before the submission of a final audit
13 report, a community college may appeal the findings of the preliminary
14 report, and the auditor general shall consult legislative and executive
15 authorities concerning an interpretation of the manual if necessary,
16 pursuant to an appeal process to be established by the auditor general.
17 The auditor general shall submit a report of the findings to the house and
18 senate appropriations committees, the department of education, and the
19 department of management and budget before June 1, 1997.

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

24 (3) Not more than 60 days after an audit report is released by the
25 office of the auditor general, the principal executive officer of the
26 community college that was audited shall submit to the house and senate
27 appropriations committees, the house and senate fiscal agencies, the
28 department of education, the auditor general, and the department of
29 management and budget a plan to comply with audit recommendations. The
30 plan shall contain projected dates and resources required, if any, to

1 achieve compliance with the audit recommendations, or a documented
2 explanation of the college's noncompliance with the audit recommendations
3 concerning the matters on which the audited community college and office
4 of the auditor general disagree.

5 (4) Any community college whose audited activities classification
6 structure data is significantly different than the data used to determine
7 state aid under this act shall return overappropriated funds as provided
8 in this section. The department of education shall compare formula
9 computations for the audited colleges using pre and post audit data. If
10 the state allocation is 2% more than the post-audit allocation amount, the
11 college shall return the excess funds.

12 Sec. 205. The department of education shall revise and update the
13 taxonomy of the 7 community colleges selected for audit under section
14 203(1) pursuant to the Michigan Community Colleges Activities
15 Classification Structure, 1981, as revised.

16 Sec. 206. (1) A community college shall retain certified class
17 summaries, class lists, registration documents, and student transcripts
18 that are consistent with the taxonomy of courses. For each enrollment
19 period during the fiscal year, these certified documents shall identify
20 clearly by course the number of in-district and out-of-district student
21 credit and contact hours. The class summaries and class lists shall be
22 consistent with each other and shall include the course prefix and
23 numbers, course title, course credit and contact hours, credit and contact
24 hours generated by each student, and activity classifications consistent
25 with the taxonomy. An auditable process shall be used by the community
26 college to determine the unduplicated head count for in-district students,
27 out-of-district students, and prisoners, for each enrollment period during
28 the fiscal year.

29 (2) Contracts between the community college and agencies that
30 reimburse the community college for the costs of instruction shall be

1 retained for audit purposes.

2 Sec. 207. (1) Each community college shall have an annual audit of
3 all income and expenditures performed by an independent auditor and shall
4 furnish the independent auditor's management letter and an annual audited
5 accounting of all general and current funds income and expenditures
6 including audits of college foundations to the legislature, the senate and
7 house fiscal agencies, the auditor general, the department of education,
8 and the department of management and budget before December 1, 1996. If
9 a community college fails to furnish the audit materials, the monthly
10 state aid installments shall be withheld from that college until the
11 information is submitted. All reporting shall conform to the requirements
12 set forth in the Michigan Public Community Colleges Manual for Uniform
13 Financial Reporting, 1981, as revised.

14 Sec. 208. (1) Appropriations under this act shall not be expended in
15 contemplation of federal or other matching funds until federal or other
16 matching funds are available. The acceptance of federal or other matching
17 funds does not obligate this state to continue programs after those funds
18 are no longer available.

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

25 (3) A community college shall pay the employer's contributions to the
26 Michigan public school employees' retirement system created by the public
27 school employees retirement act of 1979, Act No. 300 of the Public Acts
28 of 1980, being sections 38.1301 to 38.1408 of the Michigan Compiled Laws,
29 as a condition of receiving funds appropriated under this act. A
30 community college shall not pay an employer's contribution to more than

1 1 retirement fund providing benefits for an employee.

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

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

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

20 Sec. 209. Each community college shall report to the house and senate
21 fiscal agencies, the department of education, and the department of
22 management and budget a modification in credit or contact hour tuition or
23 mandatory non-course-related student fees not later than 30 days after the
24 modification is established by the college governing board.

25 Sec. 210. The appropriations made and the expenditures authorized
26 under this act and the departments, agencies, commissions, boards,
27 offices, and programs for which an appropriation is made under this act
28 are subject to the management and budget act, Act No. 431 of the Public
29 Acts of 1984, being sections 18.1101 to 18.1594 of the Michigan Compiled
30 Laws.

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

6 Sec. 212. Each community college shall submit the following
7 information relating to the community college to the civil rights
8 commission and the house and senate appropriations subcommittees on
9 community colleges in a format established by the department of civil
10 rights and the community colleges that incorporates the requirements of
11 state and federal law:

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

15 (b) A statistical report for minorities and women employees for the
16 most recent school year as submitted to the federal government on the EEO-
17 6 form.

18 (c) A statistical report for the most recent school year that includes
19 enrollment statistics for minorities and women as submitted to the
20 department of education.

21 Sec. 213. (1) Guidelines and procedures developed by the Michigan
22 department of education, the Michigan commission on Indian affairs, and
23 each state supported community college shall be used to ensure accurate
24 and consistent reporting and auditing of North American Indian student
25 enrollments. Community college financial aid programs shall comply with
26 all of the guidelines and procedures developed pursuant to this section.

27 (2) As used in this section, "North American Indian" means a person
28 who is not less than 1/4 quantum blood Indian as certified by the person's
29 tribal association.

30 Sec. 214. For the fiscal year beginning October 1, 1996, community

1 colleges shall systematically inform Michigan high schools of the
2 aggregate academic status of students in a manner prescribed by the
3 Michigan community college association and in cooperation with the
4 Michigan association of secondary school principals.

5 **STATE AID-OPERATIONS**

6 Sec. 301. Unless otherwise stated, all data items used in determining
7 state aid in this act are as defined in the Michigan Public Community
8 Colleges Manual for Uniform Financial Reporting, 1981, as revised, which
9 shall be the basis for reporting data, and the Michigan Community Colleges
10 Activities Classification Structure, 1981, as revised, which shall be used
11 to document financial needs of the community colleges.

12 Sec. 302. A community college shall not include in the enrollment
13 report any student credit hours or student contact hours for a student
14 taking a college course to complete high school graduation requirements
15 or generated by a student incarcerated in Michigan penal institutions.
16 Exclusion of these students is intended to avoid the payment of state aid
17 under this act for the same individuals for whom a community college has
18 already been reimbursed under the state school aid act of 1979, Act No.
19 94 of the Public Acts of 1979, being sections 388.1601 to 388.1772 of the
20 Michigan Compiled Laws, for completion of high school requirements or for
21 whom reimbursement is provided by the state correctional system.

22 **GRANTS**

23 Sec. 401. (1) The community college at risk student success program
24 is continued. The funding shall be prorated among community colleges
25 based on the number of student contact hours for developmental and
26 preparatory instruction reported by each community college to the
27 department of education for use in the Michigan Community Colleges
28 Activities Classification Structure, 1981, as revised. Of the amount
29 appropriated in section 101 for the at risk student success program,
30 \$1,120,000.00 shall be allocated for base grants of \$40,000.00 each, to

1 address the special needs of at risk students at community colleges.

2 (2) Of the amount appropriated in section 101 for the at risk student
 3 success program, the balance of the appropriated funds shall be
 4 distributed on a prorated basis utilizing the sum of the most recent 3
 5 years developmental/preparatory contact hours divided by the sum of the
 6 3-year total contact hours at each college. Each community college's
 7 percentage shall be divided by the sum of all such percentages system wide
 8 to obtain each community college's prorated grant amount.

9 (3) For the fiscal year ending September 30, 1997, the at risk student
 10 success program funds shall be allocated as follows:

11	Alpena Community College	\$	123,629
12	Bay de Noc Community College		116,923
13	Delta College		106,535
14	Glen Oaks Community College		119,101
15	Gogebic Community College		71,090
16	Grand Rapids Community College		65,252
17	Henry Ford Community College		147,155
18	Jackson Community College		110,481
19	Kalamazoo Valley Community College		119,821
20	Kellogg Community College		133,863
21	Kirtland Community College		142,964
22	Lake Michigan College		179,622
23	Lansing Community College		108,792
24	Macomb Community College		84,175
25	Mid Michigan Community College		119,919
26	Monroe Community College		97,409
27	Montcalm Community College		78,126
28	Mott Community College		106,507
29	Muskegon Community College		183,462
30	North Central Michigan College		111,001

1	Northwestern Michigan College	130,573
2	Oakland Community College	162,405
3	St. Clair Community College	76,356
4	Schoolcraft College	169,917
5	Southwestern Michigan College	166,421
6	Washtenaw Community College	133,532
7	Wayne County Community College	203,992
8	West Shore Community College	128,111

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

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

14 (b) Are diagnosed as learning disabled.

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

16 (5) Grant funding under this section shall be used only for the
17 acquisition, enhancement, or upgrade of equipment and software related to
18 telecommunications, computers or computer systems, or other technologies
19 for use by students, faculty, or administrators or for activities related
20 to services provided to at risk students. Activities related to services
21 provided to at risk students include, but are not limited to, pretesting
22 for academic ability, counseling contacts, and special programs.

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

26 (7) Each community college shall report to the house and senate
27 appropriations subcommittees on community colleges, the house and senate
28 fiscal agencies, and the director of the department of management and
29 budget, a summary of all accomplishments under, expenditures for, and
30 compliance with the intent of this program, including the number of at

1 risk students served. The report is subject to audit as provided for in
2 section 204(1). The report shall be submitted not later than 90 days
3 after the end of the state's fiscal year.

4 (8) Each community college receiving grant funds under this section
5 shall, not more than 12 months after receipt of those funds, return to the
6 department of management and budget all the grant funds that are not
7 expended or encumbered. Those funds not expended or encumbered shall
8 lapse to the general fund.

9 Sec. 402. If the Michigan college tuition and fees credit, section
10 274 of Act No. 281 of the Public Acts of 1967, as added by Act No. 7 of
11 the Public Acts of 1995, being section 206.274 of the Michigan compiled
12 laws, is repealed effective for the 1996 tax year, an additional
13 \$5,635,588.00 is appropriated from general fund-general purpose revenues
14 to be allocated to public community colleges for the fiscal year ending
15 September 30, 1997, to be distributed as provided in sections 403 and 404.

16 Sec. 403. (1) An allocation of \$400,000.00 from the contingent
17 appropriation in section 402 shall be used for the continuous quality
18 improvement initiative to permit the state's public community colleges to
19 review quality management practices. The grant is appropriated to a
20 consortium of Michigan community colleges to be selected jointly by the
21 director of the department of management and budget and the superintendent
22 of public instruction, with the advice of the chairs of the house and
23 senate appropriation committees or their designees. The grants allocated
24 under this section shall be administered by a consortium of Michigan
25 community colleges.

26 (2) Of the funding in section 402 for the continuous quality
27 improvement initiative, \$15,000.00 shall be allocated for an expert peer
28 review panel. The funding may be used for costs associated with the
29 panel's work including, but not limited to, travel and lodging expenses
30 for panel members. The funds may be used for per diem payments to panel

1 members at a rate determined appropriate by the department of management
2 and budget. This panel shall be composed of the following:

3 (a) Community college executives from outside Michigan who have
4 substantial practical experience initiating total quality management
5 practices.

6 (b) Private sector management executives who have substantial
7 practical experience initiating total quality management practices.

8 (3) The expert peer review panel shall review grant applications made
9 to the administering consortium under this section and recommend to the
10 consortium grants for experienced institutions, evolving institutions, and
11 staff development. The panel shall also evaluate the programs and
12 practices funded under this section and shall report to the department of
13 management and budget and the house and senate appropriations
14 subcommittees on community colleges its findings and recommendations.

15 (4) To receive a grant under this section, an experienced institution
16 shall apply to the administering consortium to expand its current
17 continuous quality management practices and to develop a mentoring
18 resource base for evolving institutions. No more than 3 grants, not to
19 exceed \$50,000.00 each, shall be made to experienced institutions under
20 this subsection. If less than 3 grants are awarded under this section,
21 the remaining funding shall be used to increase the number of evolving
22 institutions receiving grants under subsection (5).

23 (5) To receive a grant under this section, an evolving institution
24 shall apply to the administering consortium for a grant to initiate
25 continuous quality management practices. No more than 5 grants, not to
26 exceed \$40,000.00 each, shall be made to evolving institutions.

27 (6) Each institution receiving a grant under subsection (4) or (5) is
28 also eligible to receive a staff development grant. Total funding for
29 staff development grants shall not exceed \$25,000.00. Of this funding,
30 50% shall be used for cooperative staff development activities among the

1 experienced institutions and evolving institutions.

2 (7) Of the appropriation in section 101 for the continuous quality
3 improvement initiative, not more than \$10,000.00 may be used by the
4 consortium of community colleges to administer this program. The
5 administering consortium shall convene such meetings of the expert review
6 panel as necessary to carry out the requirements of this section and
7 coordinate the staff development efforts under subsection (6). This
8 funding may be used for costs associated with soliciting grant proposals,
9 the production of all relevant and required written materials, and the
10 meetings of the expert peer review panel. The administering consortium
11 shall not include general management costs in the administration of this
12 program and shall keep such records of activities and expenditures
13 associated with the administration of this grant program as required by
14 the department of management and budget.

15 (8) As used in this section:

16 (a) "Experienced institutions" means those colleges that demonstrate
17 to the expert review panel that they have had substantial experience with
18 a quality management program that is referred to in management literature
19 as "total quality management" or "continuous quality improvement"

20 (b) "Evolving institutions" means those colleges that demonstrate to
21 the expert review panel little or no experience with a quality management
22 program described in subdivision (a) but demonstrate an interest and
23 commitment to initiate a program.

24 Sec. 404. From the \$5,635,588.00 contingency appropriation in section
25 402, \$5,235,588.00 shall be allocated as provided in this section. The
26 allocations shall be computed on the basis of a distribution of 75% of the
27 funds on an across the board basis, and 25% by using the Gast-Mathieu
28 formula. The resulting allocations are as follows:

29	Alpena Community College	\$	86,196
30	Bay de Noc Community College		99,630

1	Delta College	252,928
2	Glen Oaks Community College	39,690
3	Gogebic Community College	62,587
4	Grand Rapids Community College	281,956
5	Henry Ford Community College	338,380
6	Jackson Community College	172,143
7	Kalamazoo Valley Community College	278,244
8	Kellogg Community College	174,558
9	Kirtland Community College	42,464
10	Lake Michigan College	106,551
11	Lansing Community College	502,237
12	Macomb Community College	590,206
13	Mid Michigan Community College	81,882
14	Monroe Community College	97,473
15	Montcalm Community College	54,623
16	Mott Community College	299,947
17	Muskegon Community College	141,829
18	North Central Michigan College	52,547
19	Northwestern Michigan College	161,196
20	Oakland Community College	333,952
21	St. Clair Community College	114,529
22	Schoolcraft College	229,714
23	Southwestern Michigan College	119,900
24	Washtenaw Community College	238,741
25	Wayne County Community College	240,048
26	West Shore Community College	41,437

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