

SUBSTITUTE FOR
SENATE BILL NO. 907

A bill to make appropriations for community colleges for the fiscal year ending September 30, 1999; 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 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. Subject to the conditions set forth in this act, the
4 amounts listed in this part are appropriated for community and certain
5 other state purposes relating to education for the fiscal year ending
6 September 30, 1999, from the funds indicated in this part. The following
7 is a summary of the appropriations in this part:

8 COMMUNITY COLLEGES

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For Fiscal Year Ending
September 30, 1999

1	GROSS APPROPRIATION.....	\$	283,375,236
2	Total interdepartmental grants and intradepartmental		
3	transfers.....	\$	0
4	ADJUSTED GROSS APPROPRIATION.....	\$	283,375,236
5	Total federal revenues.....		0
6	Total local revenues.....		0
7	Total private revenues.....		0
8	Total local and private revenues.....		0
9	Total other state restricted revenues.....		0
10	State general fund/general purpose.....	\$	283,375,236
11	Sec. 102. OPERATIONS		
12	Alpena Community College.....	\$	4,583,632
13	Bay de Noc Community College.....		4,250,685
14	Delta College.....		13,264,417
15	Glen Oaks Community College.....		2,025,594
16	Gogebic Community College.....		4,008,359
17	Grand Rapids Community College.....		17,425,324
18	Henry Ford Community College.....		19,735,783
19	Jackson Community College.....		11,599,601
20	Kalamazoo Valley Community College.....		10,199,061
21	Kellogg Community College.....		8,454,531
22	Kirtland Community College.....		2,855,821
23	Lake Michigan College.....		4,613,742
24	Lansing Community College.....		28,633,716
25	Macomb Community College.....		31,249,334
26	Mid-Michigan Community College.....		3,762,124

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For Fiscal Year Ending
September 30, 1999

1	Monroe County Community College.....	3,691,484
2	Montcalm Community College.....	2,965,180
3	C.S. Mott Community College.....	14,697,097
4	Muskegon Community College.....	8,248,915
5	North Central Michigan College.....	2,749,351
6	Northwestern Michigan College.....	8,099,717
7	Oakland Community College.....	20,309,746
8	St. Clair County Community College.....	6,493,192
9	Schoolcraft College.....	11,051,873
10	Southwestern Michigan College.....	5,400,089
11	Washtenaw Community College.....	10,631,218
12	Wayne County Community College.....	16,107,057
13	West Shore Community College.....	<u>2,131,027</u>
14	GROSS APPROPRIATION..... \$	279,237,670
15	Appropriated from:	
16	State general fund/general purpose..... \$	279,237,670
17	Sec. 103. GRANTS	
18	At risk student success program..... \$	3,584,566
19	Renaissance zone tax reimbursement funding.....	<u>553,000</u>
20	GROSS APPROPRIATION..... \$	4,137,566
21	Appropriated from:	
22	State general fund/general purpose..... \$	4,137,566

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PART 2

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PROVISIONS CONCERNING APPROPRIATIONS

3 GENERAL SECTIONS

4

5 Sec. 201. (1) Pursuant to section 30 of article IX of the state
6 constitution of 1963, total state spending from state sources for fiscal
7 year 1998-99 is estimated at \$283,375,236.00 in this bill and state
8 spending from state sources paid to local units of government for fiscal
9 year 1998-99 is estimated at \$283,375,236.00.

9

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

14

15 Sec. 202. The appropriations made and the expenditures authorized
16 under this act and the departments, agencies, commissions, boards,
17 offices, and programs for which an appropriation is made under this act
18 are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
19 18.1594.

19

20 Sec. 203. (1) The sums appropriated in this act are appropriated
21 for community colleges with fiscal years ending June 30, 1999 and shall
22 be paid out of the state treasury and distributed by the state treasurer
23 to the respective community colleges in 9 equal monthly installments for
24 the period October 1, 1998 to June 30, 1999. However, if a community
25 college fails to submit all verified Michigan Community Colleges
26 Activities Classification Structure data for school year 1997-98 to the
27 department of education by November 1, 1998, the monthly installments

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1 shall be withheld from that community college until those data are
2 submitted. The department of education shall publish the activity clas-
3 sification structure data book on or before March 1, 1999 for use by the
4 legislature during budget development for the fiscal year ending
5 September 30, 2000. The amount from the funds appropriated in part 1
6 that is allocated under section 401 to address the special needs of
7 at-risk students shall be paid in full by the state treasurer by November
8 1, 1998. The amount distributed to a community college or department
9 shall not exceed the net state allocation authorized by this act.

10 (2) Except as otherwise provided by law, each of the amounts appro-
11 priated shall be used solely for the respective purposes stated in this
12 act. The funds appropriated by this act may be used to match the cost of
13 any available programs under the Carl D. Perkins vocational and applied
14 technology education act, Public Law 88-210, 98 Stat. 2435, including
15 local administration.

16 Sec. 204. (1) The auditor general or an independent public account-
17 ing firm appointed by the auditor general shall audit data for the fiscal
18 year ending on June 30, 1998 as submitted on the department of education
19 request forms of 7 randomly selected community colleges. A community
20 college shall maintain and provide those records necessary for the audi-
21 tor general or certified public accountant appointed by the auditor gen-
22 eral to determine the accuracy of the reported data. The audits shall be
23 based upon the definitions and requirements contained in the Michigan
24 Public Community Colleges Manual for Uniform Financial Reporting, 1981,
25 as revised, and the Michigan Community Colleges Activities Classification
26 Structure, 1981, as revised. Before the submission of a final audit
27 report, a community college may appeal the findings of the preliminary

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1 report under an appeal process to be established by the auditor general.
2 The auditor general shall submit a report of the findings to the house
3 and senate appropriations committees, the department of education, and
4 the department of management and budget before June 1, 1999.

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

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

20 (4) A community college whose audited activities classification
21 structure data is significantly different than the data used to determine
22 state aid under this act shall return any overappropriated funds as pro-
23 vided in this section. The department of education shall compare formula
24 computations for the audited colleges using pre- and post- audit data.
25 If the state allocation is 2% or more than the post-audit allocation
26 amount, the college shall return the excess funds. The returned money

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1 shall be redistributed to all 28 community colleges, prorated on the base
2 appropriations contained in part 1.

3 Sec. 205. The department of education shall revise and update the
4 taxonomy of the 7 community colleges selected for audit under section
5 204(1) pursuant to the Michigan Community Colleges Activities
6 Classification Structure, 1981, as revised.

7 Sec. 206. (1) A community college shall retain certified class sum-
8 maries, class lists, registration documents, and student transcripts that
9 are consistent with the taxonomy of courses. For each enrollment period
10 during the fiscal year, these certified documents shall identify clearly
11 by course the number of in-district and out-of-district student credit
12 and contact hours. The class summaries and class lists shall be consis-
13 tent with each other and shall include the course prefix and numbers,
14 course title, course credit and contact hours, credit and contact hours
15 generated by each student, and activity classifications consistent with
16 the taxonomy. An auditable process shall be used by the community col-
17 lege to determine the unduplicated head count for in-district students,
18 out-of-district students, and prisoners for each enrollment period during
19 the fiscal year.

20 (2) Contracts between the community college and agencies that reim-
21 burse the community college for the costs of instruction shall be
22 retained for audit purposes.

23 Sec. 207. Each community college shall have an annual audit of all
24 income and expenditures performed by an independent auditor and shall
25 furnish the independent auditor's management letter and an annual audited
26 accounting of all general and current funds income and expenditures
27 including audits of college foundations to the legislature, the senate

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1 and house fiscal agencies, the auditor general, the department of
2 education, and the department of management and budget before
3 November 15, 1998. If a community college fails to furnish the audit
4 materials, the monthly state aid installments shall be withheld from that
5 college until the information is submitted. All reporting shall conform
6 to the requirements set forth in the Michigan Public Community Colleges
7 Manual for Uniform Financial Reporting, 1981, as revised.

8 Sec. 208. (1) A community college shall pay the employer's contri-
9 butions to the Michigan public school employees' retirement system cre-
10 ated by the public school employees retirement act of 1979, 1980 PA 300,
11 MCL 38.1301 to 38.1408, as a condition of receiving funds appropriated
12 under this act.

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

15 Sec. 209. An appropriation contained in this act shall not be used
16 for the construction of buildings for, or operations of, a community col-
17 lege not expressly authorized in part 1. Funds appropriated in part 1
18 shall not be used to pay for the construction or maintenance of any
19 self-liquidating project.

20 Sec. 210. The department of education shall ensure that a statisti-
21 cal report for minorities and women employees for the most recent school
22 year as submitted to the federal government on the EEO-6 form be included
23 in the Michigan Community Colleges Enrollment Profile published by the
24 department of education. Also included in this profile shall be a sta-
25 tistical report for the most recent school year that includes enrollment
26 statistics for minorities and women as submitted to the department of
27 education. The department of education shall distribute a copy of this

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1 report to members of the house and senate appropriations subcommittees on
2 community colleges and the house and senate fiscal agencies no later than
3 March 1, 1999.

4 Sec. 211. (1) The department of treasury shall annually collect and
5 compile as part of the ACS report the tax revenue losses to community
6 colleges resulting from TIFAs and tax abatements. The department of
7 treasury shall submit the data as described in this section to the
8 department of education not later than November 1, 1998 for the previous
9 fiscal year.

10 (2) The department of treasury shall conduct a study of revenue
11 losses due to tax increment financing authorities and tax abatements.
12 The department of treasury shall produce a report detailing the findings
13 of the study. The report shall be completed and presented to the house
14 and senate appropriations subcommittees on community colleges no later
15 than February 1, 1999. The report shall include, but not be limited to,
16 the following:

17 (a) Confirmed revenue losses for each community college for each of
18 the previous 3 years.

19 (b) Projections of revenue losses for each community college for the
20 fiscal years ending September 30, 1998, September 30, 1999, and
21 September 30, 2000.

22 (c) Analysis of other states' attempts at mitigating or compensating
23 community colleges for tax abatement and tax increment financing author-
24 ity revenue losses.

25 (d) Any other requirements requested by the house and senate appro-
26 priations subcommittees on community colleges.

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1 Sec. 212. (1) Each community college shall report the following to
2 the house and senate appropriations subcommittees on community colleges,
3 the house and senate fiscal agencies, and the department of education, no
4 later than November 1, 1998:

5 (a) The number of North American Indian students enrolled each term
6 for the previous fiscal year, using guidelines and procedures developed
7 by the department of education and the Michigan commission on Indian
8 affairs.

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

11 (2) Colleges shall use the criteria cited in 1976 PA 174,
12 MCL 390.1251 to 390.1253, to determine eligibility for tuition waivers,
13 and shall grant such waivers to individuals who meet the criteria and
14 request tuition waivers.

15 Sec. 213. From the general fund/general purpose appropriation in
16 part 1, there is allocated \$553,000.00 to make reimbursement to community
17 colleges, as provided by section 12 of the Michigan renaissance zone act,
18 1996 PA 376, MCL 125.2692, for property taxes levied in 1998.
19 Reimbursements shall be made in amounts to each eligible recipient no
20 later than 60 days after the department of treasury certifies to the
21 department of management and budget that it has received all necessary
22 information to properly determine the amounts due each eligible recipient
23 pursuant to section 12(4) of the Michigan renaissance zone act, 1996
24 PA 376, MCL 125.2692. Any excess allocations shall lapse to the general
25 fund.

26 Sec. 214. Upon request, a community college shall inform interested
27 Michigan high schools of the aggregate academic status of its students

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1 for the fiscal year beginning October 1, 1998, in a manner prescribed by
2 the Michigan community college association and in cooperation with the
3 Michigan association of secondary school principals.

4 Sec. 215. (1) A community college shall not expend funds
5 appropriated under this act to provide health care coverage for
6 community college employees or their dependents for abortion services,
7 other than for spontaneous abortion or to prevent the death of the woman
8 upon whom the abortion is performed. A community college shall not
9 approve a collective bargaining agreement or enter into any other
10 employment contract that includes health care coverage for abortion
11 services other than spontaneous abortion or to prevent the death of the
12 woman upon whom the abortion is performed.
 (2) If a community college expends funds appropriated under this act
in violation of subsection (1), the community college shall repay to this
state an amount equal to the amount of funds spent in violation of
subsection (1).

13 STATE AID-OPERATIONS

14 Sec. 301. Unless otherwise stated, all data items used in determin-
15 ing state aid in this act are as defined in the Michigan Public Community
16 Colleges Manual for Uniform Financial Reporting, 1981, as revised, which
17 shall be the basis for reporting data, and the Michigan Community
18 Colleges Activities Classification Structure, 1981, as revised, which
19 shall be used to document financial needs of the community colleges.

20 Sec. 302. A community college shall not include in the enrollment
21 report any student credit hours or student contact hours for a student
22 incarcerated in a Michigan penal institution. Exclusion of these stu-
23 dents is intended to avoid the payment of state aid under this act for
24 the same individuals for whom reimbursement is provided by the state
25 correctional system.

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1 GRANTS

2 Sec. 401. (1) The community college at-risk student success program
3 is continued. The funding shall be prorated among community colleges
4 based on the number of student contact hours for developmental and prepa-
5 ratory instruction reported by each community college to the department
6 of education for use in the Michigan Community Colleges Activities
7 Classification Structure, 1981, as revised. Of the amount appropriated
8 in part 1 for the at-risk student success program, \$1,120,000.00 is allo-
9 cated for base grants of \$40,000.00 each, to address the special needs of
10 at-risk students at community colleges or the acquisition or upgrade of
11 technology related equipment and software.

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

19 (3) For the fiscal year ending September 30, 1999, the at-risk stu-
20 dent success program money is allocated as follows:

21 Alpena Community College.....	\$	126,215
22 Bay de Noc Community College.....		122,239
23 Delta College.....		104,543
24 Glen Oaks Community College.....		126,914
25 Gogebic Community College.....		73,459
26 Grand Rapids Community College.....		73,167

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1	Henry Ford Community College.....	164,082
2	Jackson Community College.....	109,669
3	Kalamazoo Valley Community College.....	117,532
4	Kellogg Community College.....	143,437
5	Kirtland Community College.....	138,127
6	Lake Michigan College.....	174,317
7	Lansing Community College.....	106,828
8	Macomb Community College.....	85,344
9	Mid-Michigan Community College.....	124,193
10	Monroe Community College.....	100,926
11	Montcalm Community College.....	71,215
12	Mott Community College.....	110,568
13	Muskegon Community College.....	199,964
14	North Central Michigan College.....	118,681
15	Northwestern Michigan College.....	134,817
16	Oakland Community College.....	161,743
17	St. Clair Community College.....	76,110
18	Schoolcraft College.....	157,115
19	Southwestern Michigan College.....	187,371
20	Washtenaw Community College.....	135,213
21	Wayne County Community College.....	207,316
22	West Shore Community College.....	133,461

23 (4) For the purposes of this section, "at-risk students" means stu-
24 dents who meet 1 or more of the following criteria:

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

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1 (b) Are diagnosed as learning disabled.

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

3 (5) Grant funding under this section shall be utilized to address
4 the special needs of at-risk students or for equipment or upgrade of
5 information technology hardware or software. Activities related to serv-
6 ices provided to at-risk students include, but are not limited to, pre-
7 testing for academic ability, counseling contacts, and special programs.
8 Equipment or information technology hardware or software purchased under
9 this section need not be associated with the operation of a program
10 designed to address the needs of at-risk students.

11 (6) Grant funding under this section shall not be used for indirect
12 costs including, but not limited to, rent, utilities, or, except as pro-
13 vided in this section, college administration.

14 (7) Each community college shall report to the house and senate
15 appropriations subcommittees on community colleges, the house and senate
16 fiscal agencies, and the department of education a summary of all accom-
17 plishments under, expenditures for, and compliance with the intent of
18 this program, including the number of at-risk students served. The
19 report is subject to audit as provided for in section 204(1). The report
20 shall be submitted not later than 90 days after the end of the state's
21 fiscal year. The department of education shall make available a summary
22 report of the program.

23 (8) Each community college receiving grant money under this section
24 shall, not more than 12 months after receipt of that money, certify to
25 the state treasurer, the department of management and budget, the house
26 and senate fiscal agencies, and the auditor general whether all the grant
27 money is expended or encumbered.

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1 Sec. 402. It is the intent of the legislature that any executive or
2 legislative proposal or action, subsequent to the adoption of a recommen-
3 dation for appropriations for community colleges for the fiscal year
4 ending September 30, 1999, to increase appropriations to state supported
5 4-year universities in excess of the governor's original recommendation
6 for the fiscal year ending September 30, 1999, will be accompanied by a
7 similar action or proposal for state supported community colleges.

8 Sec. 403. Funds appropriated in part 1 shall not be used for the
9 purchase of foreign goods and/or services if competitively priced and
10 comparable quality American goods and/or services are available.