

SENATE BILL NO. 907

EXECUTIVE BUDGET BILL

February 24, 1998, Introduced by Senators GAST, GOUGEON, STEIL
and MC MANUS and referred to the Committee on Appropriations.

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 Sec. 101. There is appropriated for community colleges and certain
2 other state purposes relating to education, subject to the conditions
3 set forth in this bill, for the fiscal year ending September 30, 1999,
4 the following amounts:
5 COMMUNITY COLLEGES
6 APPROPRIATION SUMMARY:
7 GROSS APPROPRIATION \$ 275,242,100
8 Interdepartmental grants:
9 Total interdepartmental grants and
10 intradepartmental transfers 0
11 ADJUSTED GROSS APPROPRIATION \$ 275,242,100

| | | |
|----|---|------------------|
| 1 | Federal revenues: | |
| 2 | Total federal revenues | 0 |
| 3 | Special revenue funds: | |
| 4 | Total local revenues | 0 |
| 5 | Total private revenues | 0 |
| 6 | Total other state restricted revenues | 0 |
| 7 | State general fund/general purpose \$ | 275,242,100 |
| 8 | OPERATIONS | |
| 9 | Alpena Community College \$ | 4,427,617 |
| 10 | Bay de Noc Community College | 4,073,298 |
| 11 | Delta College | 12,879,360 |
| 12 | Glen Oaks Community College | 1,938,977 |
| 13 | Gogebic Community College | 3,911,254 |
| 14 | Grand Rapids Community College | 17,167,807 |
| 15 | Henry Ford Community College | 19,191,097 |
| 16 | Jackson Community College | 11,387,890 |
| 17 | Kalamazoo Valley Community College | 9,662,776 |
| 18 | Kellogg Community College | 8,060,728 |
| 19 | Kirtland Community College | 2,812,022 |
| 20 | Lake Michigan College | 4,468,779 |
| 21 | Lansing Community College | 27,947,798 |
| 22 | Macomb Community College | 30,419,950 |
| 23 | Mid Michigan Community College | 3,607,590 |
| 24 | Monroe County Community College | 3,534,573 |
| 25 | Montcalm Community College | 2,907,824 |
| 26 | Mott Community College | 14,136,966 |
| 27 | Muskegon Community College | 8,025,890 |
| 28 | North Central Michigan College | 2,686,635 |
| 29 | Northwestern Michigan College | 7,809,604 |
| 30 | Oakland Community College | 19,845,292 |
| 31 | St. Clair County Community College | 6,327,240 |
| 32 | Schoolcraft College | 10,643,950 |
| 33 | Southwestern Michigan College | 5,138,206 |
| 34 | Washtenaw Community College | 10,176,151 |
| 35 | Wayne County Community College | 15,869,022 |
| 36 | West Shore Community College | <u>2,046,238</u> |
| 37 | GROSS APPROPRIATION \$ | 271,104,534 |
| 38 | Appropriated from: | |

| | | | |
|---|--|----|----------------|
| 1 | State general fund/general purpose | \$ | 271,104,534 |
| 2 | GRANTS | | |
| 3 | At risk student success program | \$ | 3,584,566 |
| 4 | Renaissance zone tax reimbursement funding | | <u>553,000</u> |
| 5 | GROSS APPROPRIATION | \$ | 4,137,566 |
| 6 | Appropriated from: | | |
| 7 | State general fund/general purpose | \$ | 4,137,566 |

8 **GENERAL SECTIONS**

9 Sec. 201. (1) Pursuant to section 30 of article IX of the state
 10 constitution of 1963, total state spending from state sources for fiscal
 11 year 1998-99 is estimated at \$275,242,100 in this bill and state
 12 spending from state sources paid to local units of government for fiscal
 13 year 1998-99 is estimated at \$275,242,100. The itemized statement below
 14 identifies appropriations from which spending to units of local
 15 government will occur:

| | | | |
|----|----------------------|----|------------------|
| 16 | Operations | \$ | 271,104,534 |
| 17 | Grants | | <u>4,137,566</u> |
| 18 | Total | \$ | 275,242,100 |

19 (2) If it appears to the principal executive officer of a department
 20 or branch that state spending to local units of government will be less
 21 than the amount that was projected to be expended under subsection (1),
 22 the principal executive officer shall immediately give notice of the
 23 approximate shortfall to the state budget director.

24 Sec. 202. The expenditures and funding sources authorized under this
 25 bill are subject to the management and budget act, 1984 PA 431, MCL
 26 18.1101 to 18.1594.

27 Sec. 203. (1) The sums appropriated in this bill are appropriated
 28 for community colleges with fiscal years ending June 30, 1999 and shall
 29 be paid out of the state treasury and distributed by the state treasurer
 30 to the respective community colleges in 11 equal monthly installments on
 31 the sixteenth of each month, or the next succeeding business day,
 32 beginning with October 16, 1998. Each community college shall accrue its
 33 July and August 1999 payments to its institutional fiscal year ending
 34 June 30, 1999. However, if a community college fails to submit all
 35 verified Michigan Community Colleges Activities Classification Structure
 36 data for school year 1997-98 to the department of education by November
 37 1, 1998, the monthly installments shall be withheld from that community
 38 college until those data are submitted. The department of education

1 shall publish the activity classification structure data book on or
2 before March 1, 1999, for use by the legislature during budget
3 development for the fiscal year ending September 30, 2000. The amount
4 from the funds appropriated in section 101 that is allocated under
5 section 401 to address the special needs of at risk students shall be
6 paid in full by the state treasurer by November 1, 1998. The amount
7 distributed to a community college or department shall not exceed the
8 net state allocation authorized by this bill.

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

15 Sec. 204. (1) The auditor general or an independent public
16 accounting firm appointed by the auditor general shall audit data for
17 the fiscal year ending on June 30, 1998 as submitted on the department
18 of education request forms of 7 randomly selected community colleges. A
19 community college shall maintain and provide those records necessary for
20 the auditor general or certified public accountant appointed by the
21 auditor general to determine the accuracy of the reported data. The
22 audits shall be based upon the definitions and requirements contained in
23 the Michigan Public Community Colleges Manual for Uniform Financial
24 Reporting, 1981, as revised, and the Michigan Community Colleges
25 Activities Classification Structure, 1981, as revised. Before the
26 submission of a final audit report, a community college may appeal the
27 findings of the preliminary report under an appeal process to be
28 established by the auditor general. The auditor general shall submit a
29 report of the findings to the house and senate appropriations
30 committees, the department of education, and the state budget director
31 before June 1, 1999.

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

36 (3) Not more than 60 days after an audit report is released by the
37 office of the auditor general, the principal executive officer of the
38 community college that was audited shall submit to the house and senate
39 appropriations committees, the house and senate fiscal agencies, the

1 department of education, the auditor general, and the state budget
2 director a plan to comply with audit recommendations. The plan shall
3 contain projected dates and resources required, if any, to achieve
4 compliance with the audit recommendations, or a documented explanation
5 of the college's noncompliance with the audit recommendations concerning
6 the matters on which the audited community college and office of the
7 auditor general disagree.

8 (4) A community college whose audited activities classification
9 structure data is significantly different than the data used to
10 determine state aid under this bill shall return any overappropriated
11 funds as provided in this section. The department of education shall
12 compare formula computations for the audited colleges using pre-and-
13 post-audit data. If the state allocation is 2% or more than the post-
14 audit allocation amount, the college shall return the excess funds. The
15 returned money shall be redistributed to all 28 community colleges,
16 prorated on the base appropriations contained in section 101.

17 Sec. 205. The department of education shall revise and update the
18 taxonomy of the 7 community colleges selected for audit under section
19 203(1) pursuant to the Michigan Community Colleges Activities
20 Classification Structure, 1981, as revised.

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

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

37 Sec. 207. Each community college shall have an annual audit of all
38 income and expenditures performed by an independent auditor and shall
39 furnish the independent auditor's management letter and an annual

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

10 Sec. 208. (1) A community college shall pay the employer's
11 contributions to the Michigan public school employees' retirement system
12 created by the public school employees retirement act of 1979, 1980 PA
13 300, MCL 38.1301 to 38.1467, as a condition of receiving funds
14 appropriated under this bill.

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

17 (3) An appropriation contained in this bill shall not be used for
18 the construction of buildings for or operations of a community college
19 not expressly authorized in section 101. Funds appropriated in section
20 101 shall not be used to pay for the construction or maintenance of any
21 self-liquidating project.

22 Sec. 209. Each community college shall report to the department of
23 education, the house and senate appropriations committees, the house and
24 senate fiscal agencies, and the state budget director the numbers and
25 type of associate degrees and other certificates awarded during the
26 previous fiscal year. The report shall be made not later than November
27 15, 1998.

28 Sec. 210. The department of education shall ensure that a
29 statistical report for minorities and women employees for the most
30 recent school year as submitted to the federal government on the EEO-6
31 form be included in the Michigan Community Colleges Enrollment Profile
32 published by the department of education. Also included in this profile
33 shall be a statistical report for the most recent school year that
34 includes enrollment statistics for minorities and women as submitted to
35 the department of education. The department of education shall
36 distribute a copy of this report to members of the house and senate
37 appropriations subcommittees on community colleges, house and senate
38 fiscal agencies, and the state budget director no later than March 1,
39 1999.

1 Sec. 211. (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, the department of education, and
4 the state budget director no 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, MCL
12 390.1251 to 390.1253, to determine eligibility for tuition waivers, and
13 shall grant such waivers to individuals who meet the criteria and
14 request tuition waivers.

15 Sec. 212. From the state general fund/general purpose appropriation
16 in section 101, there is allocated \$553,000 to make reimbursement to
17 community colleges, as provided by section 12 of 1996 PA 376, MCL
18 125.2692, for property taxes levied in 1998. Reimbursements shall be
19 made in amounts to each eligible recipient no later than 60 days after
20 the department of treasury certifies to the state budget director that
21 it has received all necessary information to properly determine the
22 amounts due each eligible recipient pursuant to section 12(4) of 1996 PA
23 376, MCL 125.2692. Any excess allocations shall lapse to the general
24 fund.

25 Sec. 213. Upon request, a community college shall inform interested
26 Michigan high schools of the aggregate academic status of its students
27 for the fiscal year beginning October 1, 1999, in a manner prescribed by
28 the Michigan community college association and in cooperation with the
29 Michigan association of secondary school principals.

30 Sec. 214. In order to receive funding under this bill, community
31 colleges shall prepare a consumer report that provides information
32 needed for students to make informed career choices, in a form and
33 manner prescribed by the department of education and the Michigan jobs
34 commission. Community colleges shall make copies of the consumer report
35 available to the public.

36 **STATE AID-OPERATIONS**

37 Sec. 301. Unless otherwise stated, all data items used in
38 determining state aid in this bill are as defined in the Michigan Public

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

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

GRANTS

Sec. 401. (1) The community college at risk student success program is continued. The funding shall be prorated among community colleges based on the number of student contact hours for developmental and preparatory instruction reported by each community college to the department of education for use in the Michigan Community Colleges Activities Classification Structure, 1981, as revised. Of the amount appropriated in section 101 for the at risk student success program, \$1,120,000.00 is allocated for base grants of \$40,000.00 each, to address the special needs of at risk students at community colleges or the acquisition or upgrade of technology related equipment and software.

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

(3) For the fiscal year ending September 30, 1999, the at risk student success program money is allocated as follows:

| | | |
|--|----|---------|
| Alpena Community College | \$ | 126,215 |
| Bay de Noc Community College | | 122,239 |
| Delta College | | 104,543 |
| Glen Oaks Community College | | 126,914 |
| Gogebic Community College | | 73,459 |
| Grand Rapids Community College | | 73,167 |

| | | |
|----|--|---------|
| 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 |

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

(a) Are 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) Are diagnosed as learning disabled.

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

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

(6) Grant funding under this section shall not be used for indirect costs including, but not limited to, rent, utilities, or, except as

1 provided in this section, college administration.

2 (7) Each community college shall report to the house and senate
3 appropriations subcommittees on community colleges, the house and senate
4 fiscal agencies, the department of education, and the state budget
5 director, a summary of accomplishments under, expenditures for, and
6 compliance with the intent of this program, including the number of at
7 risk students served. The report is subject to audit as provided for in
8 section 203(1). The report shall be submitted not later than 90 days
9 after the end of the state's fiscal year. The department of education
10 shall make available a summary report of the program.

11 (8) Each community college receiving grant money under this section
12 shall, not more than 12 months after receipt of that money, certify to
13 the state treasurer, the state budget director, the house and senate
14 fiscal agencies, and the auditor general whether all the grant money is
15 expended or encumbered.

final page