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# **SENATE BILL No. 1100**

February 13, 2002, Introduced by Senators Gast and Goschka and referred to the Committee on Appropriations.

### EXECUTIVE BUDGET BILL

A bill to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2003; to provide for the expenditure of those appropriations; to establish or continue certain funds, programs, and categories; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

#### THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

2 LINE-ITEM APPROPRIATIONS

1	Sec. 101. Subject to the conditions set forth in this bill,
2	the amounts listed in this part are appropriated for community
3	colleges and certain other state purposes relating to education
4	for the fiscal year ending September 30, 2003, from the funds
5	indicated in this part. The following is a summary of the
6	appropriations in this part:
7	COMMUNITY COLLEGES
8	APPROPRIATION SUMMARY:
9	GROSS APPROPRIATION
10	Interdepartmental grants:
11	Total interdepartmental grants and
12	intradepartmental transfers 0
13	ADJUSTED GROSS APPROPRIATION
14	Federal revenues:
15	Total federal revenues 0
16	Special revenue funds:
17	Total local revenues 0
18	Total private revenues 0
19	Total other state restricted revenues 2,000,000
20	State general fund/general purpose \$ 319,732,319
21	Sec. 102. OPERATIONS
22	Alpena Community College
23	Bay de Noc Community College 5,129,944
24	Delta College
25	Glen Oaks Community College
26	Gogebic Community College
27	Grand Rapids Community College
28	Henry Ford Community College

	3	For Fiscal Year Ending September 30, 2003
1	Jackson Community College	-
2	Kalamazoo Valley Community College	
3	Kellogg Community College	
4	Kirtland Community College	
5	Lake Michigan College	
6	Lansing Community College	
7	Macomb Community College	
8	Mid Michigan Community College	
9	Monroe County Community College	. 4,462,223
10	Montcalm Community College	. 3,227,530
11	C.S. Mott Community College	. 16,291,459
12	Muskegon Community College	. 9,271,134
13	North Central Michigan College	. 3,140,212
14	Northwestern Michigan College	. 9,460,166
15	Oakland Community College	. 21,687,988
16	St. Clair County Community College	7,264,610
17	Schoolcraft College	. 12,728,740
18	Southwestern Michigan College	. 6,832,843
19	Washtenaw Community College	. 12,937,228
20	Wayne County Community College	. 17,223,721
21	West Shore Community College	. 2,382,344
22	GROSS APPROPRIATION	. \$ 315,504,216
23	Appropriated from:	
24	State general fund/general purpose	. \$ 315,504,216
25	Sec. 103. GRANTS	
26	At risk student success program	. \$ 3,692,103
27	Renaissance zone tax reimbursement funding .	. 536,000
28	GROSS APPROPRIATION	. \$ 4,228,103

	For Fiscal Year Ending September 30, 2003
1	Appropriated from:
2	State general fund/general purpose \$ 4,228,103
3	Sec. 104. FINANCIAL AID
4	Postsecondary access student scholarship
5	program
6	GROSS APPROPRIATION \$ 2,000,000
7	Appropriated from:
8	Special revenue funds:
9	Michigan merit award trust fund
10	State general fund/general purpose \$ 0
11	PART 2
12	PROVISIONS CONCERNING APPROPRIATIONS
13	GENERAL SECTIONS
14	Sec. 201. Pursuant to section 30 of article IX of the state
15	constitution of 1963, total state spending from state resources
16	under part 1 for fiscal year 2002-2003 is \$321,732,319.00 and
17	state spending from state resources to be paid to local units of
18	government for fiscal year 2002-2003 is \$319,732,319.00. The
19	itemized statement below identifies appropriations from which
20	spending to units of local government will occur:
21	Operations
22	At-risk student success program 3,692,103
23	Renaissance zone tax reimbursement program 536,000
24	TOTAL
25	Sec. 202. The appropriations authorized under this bill are
26	subject to the management and budget act, 1984 PA 431, MCL 18.1101
27	to 18.1594.
28	Sec. 208. Unless otherwise specified, the department of career

- 1 development shall use the Internet to fulfill the reporting
- 2 requirements of this bill. This may include transmission of
- 3 reports via electronic mail to the recipients identified for each
- 4 reporting requirement or it may include placement of reports on an
- 5 Internet or Intranet site.
- 6 Sec. 211. (1) The money appropriated in this bill is
- 7 appropriated for community colleges with fiscal years ending June
- 8 30, 2003, and shall be paid out of the state treasury and
- 9 distributed by the state treasurer to the respective community
- 10 colleges in 11 monthly installments on the sixteenth of each
- 11 month, or the next succeeding business day, beginning with October
- 12 16, 2002. Each community college shall accrue its July and August
- 13 2003 payments to its institutional fiscal year ending June 30,
- 14 2003. However, if a community college fails to submit all
- 15 verified Michigan community colleges activities classification
- 16 structure data for school year 2001-2002 to the department of
- 17 career development by November 1, 2002, the monthly installments
- 18 shall be withheld from that community college until those data are
- 19 submitted. The department of career development shall publish the
- 20 activities classification structure data book for Michigan
- 21 community colleges on or before March 1, 2003, for use by the
- 22 legislature during budget development for the fiscal year ending
- 23 September 30, 2004. The amount from the money appropriated in
- 24 part 1 that is allocated under section 103 to address the special
- 25 needs of at-risk students shall be paid in full by the state
- 26 treasurer by November 1, 2002. The amount distributed to a
- 27 community college or department shall not exceed the net state
- 28 allocation authorized by this bill.
- 29 (2) Except as otherwise provided by law, each of the amounts

- 1 appropriated by this bill may be used to match the cost of any
- 2 available programs under the Carl D. Perkins vocational and
- 3 applied technology education act, Public Law 88-210, 98 Stat.
- 4 2435, including local administration.
- 5 Sec. 212. (1) The auditor general or an independent public
- 6 accounting firm appointed by the auditor general shall audit data
- 7 for the fiscal year ending on June 30, 2002, as submitted to the
- 8 department of career development by 7 randomly selected community
- 9 colleges. A community college shall maintain and provide those
- 10 records necessary for the auditor general or certified public
- 11 accountant appointed by the auditor general to determine the
- 12 accuracy of the reported data. The audits shall be based upon the
- 13 definitions and requirements contained in the Manual for Uniform
- 14 Financial Reporting, Michigan Public Community Colleges, published
- 15 by the Michigan department of career development in 2001 and the
- 16 Activities Classification Structure Manual for Michigan Community
- 17 Colleges, 1996 revision of the final report of the activities
- 18 classification structure task force (July 1981), published by the
- 19 department of education. Before the submission of a final audit
- 20 report, a community college may appeal the findings of the
- 21 preliminary report under an appeal process to be established by
- 22 the auditor general. The auditor general shall submit a report of
- 23 the findings to the house and senate appropriations committees,
- 24 the department of career development, and the state budget
- 25 director before June 1, 2003.
- 26 (2) The auditor general or a certified public accountant
- 27 appointed by the auditor general shall conduct not less than 3
- 28 performance audits of community colleges but may conduct more if
- 29 the auditor general considers it necessary.

- 1 (3) Not more than 60 days after an audit report is released by
- 2 the office of the auditor general, the principal executive officer
- 3 of the community college that was audited shall submit to the
- 4 house and senate appropriations committees, the house and senate
- 5 fiscal agencies, the department of career development, the auditor
- 6 general, and the state budget director a plan to comply with audit
- 7 recommendations. The plan shall contain projected dates and
- 8 resources required, if any, to achieve compliance with the audit
- 9 recommendations, or a documented explanation of the college's
- 10 noncompliance with the audit recommendations concerning the
- 11 matters on which the audited community college and office of the
- 12 auditor general disagree.
- 13 (4) A community college whose audited activities
- 14 classification structure data is significantly different than the
- 15 data used to determine state aid under this bill shall return any
- 16 overappropriated money as provided in this subsection. The
- 17 department of career development shall compare formula
- 18 computations for the audited colleges using pre- and post-audit
- 19 data. If the state allocation is 2% or more than the post-audit
- 20 allocation amount, the college shall return the excess money. The
- 21 returned money shall be redistributed to all 28 community
- 22 colleges, prorated on the base appropriations contained in part 1.
- 23 Sec. 213. The department of career development shall review
- 24 the taxonomy of the 7 community colleges selected for the audit
- 25 under section 212 that is based on the Activities Classification
- 26 Structure Manual for Michigan Community Colleges, 1996 revision of
- 27 the final report of the activities classification structure task
- 28 force (July 1981), published by the department of education.
- 29 Sec. 214. (1) A community college shall retain certified class

- 1 summaries, class lists, registration documents, and student
- 2 transcripts that are consistent with the taxonomy of courses. For
- 3 each enrollment period during the fiscal year, these certified
- 4 documents shall identify clearly by course the number of in-
- 5 district and out-of-district student credit and contact hours.
- 6 The class summaries and class lists shall be consistent with each
- 7 other and shall include the course prefix and numbers, course
- 8 title, course credit and contact hours, credit and contact hours
- 9 generated by each student, and activity classifications consistent
- 10 with the taxonomy. An auditable process shall be used by the
- 11 community college to determine the unduplicated head count for in-
- 12 district students, out-of-district students, and prisoners for
- 13 each enrollment period during the fiscal year.
- 14 (2) Contracts between the community college and agencies that
- 15 reimburse the community college for the costs of instruction shall
- 16 be retained for audit purposes.
- 17 Sec. 215. Each community college shall have an annual audit of
- 18 all income and expenditures performed by an independent auditor
- 19 and shall furnish the independent auditor's management letter and
- 20 an annual audited accounting of all general and current funds
- 21 income and expenditures including audits of college foundations to
- 22 the legislature, the senate and house fiscal agencies, the auditor
- 23 general, the department of career development, and the state
- 24 budget director before November 15, 2002. If a community college
- 25 fails to furnish the audit materials, the monthly state aid
- 26 installments shall be withheld from that college until the
- 27 information is submitted. All reporting shall conform to the
- 28 requirements set forth in the Manual for Uniform Financial
- 29 Reporting, Michigan Public Community Colleges, published by the

- 1 Michigan department of career development in 2001.
- 2 Sec. 216. (1) A community college shall pay the employer's
- 3 contributions to the Michigan public school employees' retirement
- 4 system created by the public school employees retirement act of
- 5 1979, 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of
- 6 receiving money appropriated under this bill.
- 7 (2) A community college shall not pay an employer's
- 8 contribution to more than 1 retirement fund providing benefits for
- 9 an employee.
- 10 Sec. 217. An appropriation contained in this bill shall not be
- 11 used for the construction of buildings for, or operations of, a
- 12 community college not expressly authorized in part 1. Money
- 13 appropriated in part 1 shall not be used to pay for the
- 14 construction or maintenance of a self-liquidating project.
- 15 Sec. 218. The department of career development shall ensure
- 16 that a statistical report for minorities and women employees for
- 17 the most recent school year, as submitted to the federal
- 18 government, be included in the Michigan Community Colleges
- 19 Enrollment Profile published by the department of career
- 20 development. Also included in this profile shall be a statistical
- 21 report for the most recent school year that includes enrollment
- 22 statistics for minorities and women from the current year as
- 23 submitted to the department of career development. The department
- 24 of career development shall distribute a copy of this report to
- 25 the state budget director and to members of the house and senate
- 26 appropriations subcommittees on community colleges and the house
- 27 and senate fiscal agencies no later than March 1, 2003.
- 28 Sec. 221. (1) Each community college shall report the
- 29 following to the department of career development, no later than

- 1 November 1, 2002:
- 2 (a) The number of North American Indian students enrolled each
- 3 term for the previous fiscal year, using quidelines and procedures
- 4 developed by the department of career development.
- 5 (b) The number of Indian tuition waivers granted each term,
- 6 and the monetary value of the waivers for the previous fiscal
- 7 year.
- 8 (2) Colleges shall use the criteria cited in 1976 PA 174, MCL
- 9 390.1251 to 390.1253, to determine eligibility for tuition
- 10 waivers, and shall grant those waivers to individuals who meet the
- 11 criteria and request tuition waivers.
- 12 (3) The department of career development shall compile the
- 13 information received under subsection (1) and shall submit this
- 14 compilation to the house and senate appropriations subcommittees
- 15 on community colleges, the senate and house fiscal agencies, and
- 16 the state budget director by January 7, 2003.
- 17 Sec. 222. From the general fund/general purpose appropriation
- 18 in part 1 for renaissance zone reimbursement funding, there is
- 19 allocated \$536,000.00 to make reimbursement to community colleges,
- 20 as provided by section 12 of the Michigan renaissance zone act,
- 21 1996 PA 376, MCL 125.2692, for property taxes levied in 2002.
- 22 Reimbursements shall be made in amounts to each eligible recipient
- 23 no later than 60 days after the department of treasury certifies
- 24 to the state budget director that it has received all necessary
- 25 information to properly determine the amounts due each eligible
- 26 recipient under section 12 of the Michigan renaissance zone act,
- **27** 1996 PA 376, MCL 125.2692. Excess allocations shall lapse to the
- 28 general fund.
- Sec. 223. (1) Upon request, a community college shall inform

- 1 interested Michigan high schools of the aggregate academic status
- 2 of its students for the prior academic year in a manner prescribed
- 3 by the Michigan community college association and in cooperation
- 4 with the Michigan association of secondary school principals.
- 5 (2) Each community college shall report by December 1, 2002,
- 6 to the department of career development, a summary of the
- 7 information provided under subsection (1).
- 8 (3) The department of career development shall compile the
- 9 information received under subsection (2) and shall submit this
- 10 compilation to the house and senate appropriations subcommittees
- 11 on community colleges, the house and senate fiscal agencies, and
- 12 the state budget director by January 1, 2003.
- 13 Sec. 226. Each community college shall report to the house and
- 14 senate fiscal agencies, state budget director, and the department
- 15 of career development a modification in credit or contact hour
- 16 tuition or mandatory non-course-related student fees not later
- 17 than 30 days after the modification is established by the college
- 18 governing board.
- 19 Sec. 227. (1) Each community college shall report to the
- 20 department of career development the numbers and type of associate
- 21 degrees and other certificates awarded during the previous fiscal
- 22 year. The report shall be made not later than November 15, 2002.
- 23 (2) The department of career development shall compile the
- 24 information received under subsection (1) and shall submit this
- 25 compilation to the house and senate appropriations subcommittees
- 26 on community colleges, the senate and house fiscal agencies, and
- 27 the state budget director by January 7, 2003.
- 28 Sec. 229. A community college receiving funding under this
- 29 bill and also subject to the student right-to-know and campus

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

## 8 STATE AID OPERATIONS

- 9 Sec. 301. Unless otherwise stated, all data items used in
- 10 determining state aid in this bill are as defined in the Manual
- 11 for Uniform Financial Reporting, Michigan Public Community
- 12 Colleges, published by the Michigan department of career
- 13 development in 2001, which shall be the basis for reporting data,
- 14 and the Activities Classification Structure Manual for Michigan
- 15 Community Colleges, 1996 revision of the final report of the
- 16 activities classification structure task force (July 1981),
- 17 published by the department of education, which shall be used to
- 18 document financial needs of the community colleges, as amended by
- 19 the department of career development.
- 20 Sec. 302. A community college shall not include in the
- 21 enrollment data reported for determining state aid under this bill
- 22 any student credit hours or student contact hours for a student
- 23 incarcerated in a Michigan penal institution.

#### 24 GRANTS

- 25 Sec. 401. (1) The community college at-risk student success
- 26 program is continued. The funding shall be prorated among
- 27 community colleges based on the number of student contact hours
- 28 for developmental and preparatory instruction reported by each
- 29 community college to the department of career development for use

1 in the Activities Classification Structure Manual for Michigan 2 Community Colleges, 1996 revision of the final report of the 3 activities classification structure task force (July 1981), 4 published by the department of education. Of the amount 5 appropriated in part 1 for the at-risk student success program, 6 \$1,120,000.00 is allocated for base grants of \$40,000.00 each. (2) Of the amount appropriated in part 1 for the at-risk 8 student success program, the balance of the appropriated money 9 shall be distributed on a proration utilizing the sum of the most 10 recent 3 years developmental/preparatory contact hours divided by 11 the sum of the 3-year total contact hours at each college. 12 community college's percentage shall be divided by the sum of all 13 the percentages systemwide to obtain each community college's 14 prorated grant amount. (3) For the fiscal year ending September 30, 2003, the at-risk 16 student success program money is allocated as follows: 85,654 93,194 109,215 20 Glen Oaks Community College . . . . . . . . . 138,528 78,171 22 Grand Rapids Community College . . . . . . . . . 88,959 23 Henry Ford Community College . . . . . . . . . . . 163,814 24 Jackson Community College 113,121 . . . . . . . . . . . 25 Kalamazoo Valley Community College . . . . . . . 116,085 156,823 27 Kirtland Community College . . . . . . . . . . . . 169,343

186,759

162,796

Т	Macomb Community College
2	Mid Michigan Community College
3	Monroe County Community College
4	Montcalm Community College
5	Mott Community College
6	Muskegon Community College
7	North Central Michigan College
8	Northwestern Michigan College
9	Oakland Community College
10	St. Clair Community College
11	Schoolcraft College
12	Southwestern Michigan College
13	Washtenaw Community College
14	Wayne County Community College
15	West Shore Community College
16	(4) As used in this bill, "at-risk students" means students
17	who meet 1 or more of the following criteria:
18	(a) Are initially placed in 1 or more developmental courses as
19	a result of standardized testing or as a result of failure to make
20	satisfactory academic progress.
21	(b) Are diagnosed as learning disabled.
22	(c) Require English as a second language (ESL) assistance.
23	(5) Grant funding under this section shall be utilized to
24	address the special needs of at-risk students or for equipment or
25	upgrade of information technology hardware or software.
26	Activities related to services provided to at-risk students
27	include, but are not limited to, pretesting for academic ability,
28	counseling contacts, and special programs. Equipment or

29 information technology hardware or software purchased under this

- 1 section need not be associated with the operation of a program
- 2 designed to address the needs of at-risk students.
- 3 (6) Grant funding under this section shall not be used for
- 4 indirect costs including, but not limited to, rent, utilities, or,
- 5 except as provided in this section, college administration.
- 6 (7) Each community college shall report to the department of
- 7 career development a summary of all accomplishments under,
- 8 expenditures for, and compliance with the intent of this program,
- 9 including the number of at-risk students served. The report is
- 10 subject to audit as provided for in section 212(1). The report
- 11 shall be submitted not later than 90 days after the end of the
- 12 state's fiscal year. The department of career development shall
- 13 compile the information received under this subsection and shall
- 14 submit this compilation to the house and senate appropriations
- 15 subcommittees on community colleges, the senate and house fiscal
- 16 agencies, and the state budget director by 120 days after the end
- 17 of the state's fiscal year.
- 18 (8) Each community college receiving grant money under this
- 19 section shall, not more than 12 months after receipt of that
- 20 money, certify to the state treasurer, the state budget director,
- 21 the house and senate fiscal agencies, and the auditor general
- 22 whether all the grant money is expended or encumbered.
- 23 Sec. 404. (1) The Michigan postsecondary access student
- 24 scholarship (PASS) program is established to provide a PASS award
- 25 as calculated under this section for a student who is eligible
- 26 under subsections (2), (3), or (4). The Michigan higher education
- 27 assistance authority (MHEAA) shall administer the PASS program,
- 28 for which there is \$2,000,000.00 appropriated in part 1, and the
- 29 PASS program shall comply with the requirements of this section.

- 1 (2) A student is eligible for a PASS award for the equivalent
- 2 of 2 years of full-time college enrollment if the student meets
- 3 all of the following:
- 4 (a) The student must be a Michigan resident enrolled in a
- 5 program leading to an associate degree that was in existence as of
- 6 January 1, 2000, at a Michigan public community college, Michigan
- 7 public university, or Michigan independent nonprofit, degree-
- 8 granting college or university.
- 9 (b) The student must be enrolled at least half-time.
- 10 (c) The student must have scored at level 1 or level 2 on the
- 11 high school Michigan education assessment program (MEAP) tests in
- 12 reading, writing, mathematics, and science.
- 13 (d) The student must be eligible for a federal Pell grant.
- 14 (e) Other requirements established by the MHEAA.
- 15 (3) A student who meets all the requirements of subsection
- 16 (2), other than subsection (2)(c), but has taken the high school
- 17 MEAP tests in reading, writing, mathematics, and science while in
- 18 high school shall receive a PASS award for 1 year of college
- 19 enrollment. If the student maintains satisfactory academic
- 20 progress in that first year of college enrollment, the student
- 21 shall receive a PASS award for a second year of college
- 22 enrollment.
- 23 (4) A student who meets all the requirements of subsection
- 24 (2), other than subsection (2)(c), shall receive a maximum \$500.00
- 25 PASS award, not to exceed tuition and fees, for the second year of
- 26 college enrollment. A student may qualify under this section
- 27 whether or not the student took any of the high school MEAP tests.
- 28 (5) PASS award eligibility is limited to 2 semesters or 3
- 29 terms in any academic year.

- 1 (6) A PASS award for a student eligible under subsection (2),
- 2 (3), or (4) shall be calculated by the MHEAA as the amount
- 3 remaining after subtracting from the value of the student's
- 4 allowable tuition and fees, as prescribed in subsection (8), all
- 5 of the following state and federal financial educational
- 6 assistance for which that student is eliqible:
- 7 (a) Michigan competitive scholarship.
- 8 (b) Michigan tuition grant.
- 9 (c) Pell grant.
- 10 (d) Federal hope scholarship tax credit.
- 11 (7) Each higher education institution shall prepare and
- 12 utilize a tax credit table, or shall notify the MHEAA that the
- 13 institution chooses to have the MHEAA utilize the department of
- 14 treasury's tax credit table, to impute an amount under subsection
- 15 (6) for the federal hope scholarship tax credit.
- 16 (8) The value of a student's allowable tuition and fees is as
- 17 follows:
- 18 (a) For a student enrolled at a Michigan community college,
- 19 the value of allowable tuition and fees is the in-district tuition
- 20 and fees. For a student who does not reside within a community
- 21 college district, the value of allowable tuition and fees is the
- 22 out-of-district tuition and fees for the community college that
- 23 the student is attending.
- 24 (b) For a student enrolled at a Michigan public university,
- 25 the value of allowable tuition and fees is 125% of the highest in-
- 26 district tuition and fees for community colleges for the
- 27 immediately preceding academic year as reported before August 1
- 28 after that academic year.
- (c) For a student enrolled at a Michigan independent,

- 1 nonprofit, degree-granting college or university, the value of
- 2 allowable tuition and fees is 125% of the highest in-district
- 3 tuition and fees for community colleges for the immediately
- 4 preceding academic year as reported before August 1 after that
- 5 academic year.
- 6 (9) The MHEAA shall remit an eligible student's PASS award to
- 7 a higher education institution in accordance with procedures
- 8 established by the MHEAA.
- 9 (10) The PASS award may be utilized by the student to pay
- 10 costs of attendance as determined by the MHEAA.
- 11 (11) The PASS program shall not be applied for a student's
- 12 theology or divinity courses.
- 13 (12) The MHEAA shall develop an application and eligibility
- 14 determination process that ensures that all of the requirements
- 15 prescribed by this section are met.
- 16 (13) Students who receive a tuition incentive program
- 17 scholarship are not eliqible for the PASS program.
- 18 (14) The MHEAA shall submit to the senate and house
- 19 appropriations subcommittees on community colleges, the house and
- 20 senate fiscal agencies, and the state budget director by March 1,
- 21 2003, a comprehensive report on the PASS program from December 31,
- 22 2001 to February 1, 2003, including, but not limited to:
- (a) Number of PASS program recipients by college.
- 24 (b) Average PASS award per student, including minimum and
- 25 maximum, by college.
- 26 (c) Total PASS program expenditures.
- 27 (15) The department of treasury shall advertise the PASS
- 28 program on the Michigan higher education assistance authority
- 29 website.