

Act No. 52
Public Acts of 2001
Approved by the Governor
July 20, 2001
Filed with the Secretary of State
July 23, 2001
EFFECTIVE DATE: July 23, 2001

**STATE OF MICHIGAN
91ST LEGISLATURE
REGULAR SESSION OF 2001**

Introduced by Reps. Stamas, Godchaux, Mead, Shackleton, Stewart, Jelinek, Vander Roest, Kooiman, Jansen, Mortimer, Pappageorge, Cameron Brown and Shulman

ENROLLED HOUSE BILL No. 4253

AN ACT to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2002; 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

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for community colleges and certain other state purposes relating to education for the fiscal year ending September 30, 2002, from the funds indicated in this part. The following is a summary of the appropriations in this part:

COMMUNITY COLLEGES

| | | |
|--|----|-------------|
| GROSS APPROPRIATION | \$ | 324,596,319 |
| Total interdepartmental grants and intradepartmental transfers | \$ | 0 |
| ADJUSTED GROSS APPROPRIATION | \$ | 324,596,319 |
| Total other state restricted revenues | | 5,000,000 |
| State general fund/general purpose | \$ | 319,596,319 |

Sec. 102. OPERATIONS

| | | |
|------------------------------------|----|------------|
| Alpena Community College | \$ | 5,311,973 |
| Bay de Noc Community College | | 5,129,944 |
| Delta College | | 14,813,864 |
| Glen Oaks Community College | | 2,485,512 |
| Gogebic Community College | | 4,365,123 |

| | For Fiscal Year Ending Sept. 30, 2002 |
|---|---|
| Grand Rapids Community College | \$ 18,633,380 |
| Henry Ford Community College | 22,708,494 |
| Jackson Community College..... | 12,570,441 |
| Kalamazoo Valley Community College..... | 12,825,971 |
| Kellogg Community College | 10,076,975 |
| Kirtland Community College..... | 3,058,415 |
| Lake Michigan College | 5,423,461 |
| Lansing Community College | 32,223,042 |
| Macomb Community College..... | 34,381,003 |
| Mid Michigan Community College | 4,586,420 |
| Monroe County Community College..... | 4,462,223 |
| Montcalm Community College | 3,227,530 |
| Mott Community College | 16,291,459 |
| Muskegon Community College..... | 9,271,134 |
| North Central Michigan College..... | 3,140,212 |
| Northwestern Michigan College..... | 9,460,166 |
| Oakland Community College | 21,687,988 |
| St. Clair County Community College | 7,264,610 |
| Schoolcraft College | 12,728,740 |
| Southwestern Michigan College..... | 6,832,843 |
| Washtenaw Community College..... | 12,937,228 |
| Wayne County Community College..... | 17,223,721 |
| West Shore Community College..... | 2,382,344 |
| GROSS APPROPRIATION..... | \$ 315,504,216 |
| Appropriated from: | |
| State general fund/general purpose | \$ 315,504,216 |
| Sec. 103. GRANTS | |
| At-risk student success program..... | \$ 3,692,103 |
| Renaissance zone tax reimbursement funding..... | 400,000 |
| GROSS APPROPRIATION..... | \$ 4,092,103 |
| Appropriated from: | |
| State general fund/general purpose | \$ 4,092,103 |
| Sec. 104. FINANCIAL AID | |
| Postsecondary access student scholarship program..... | \$ 5,000,000 |
| GROSS APPROPRIATION..... | \$ 5,000,000 |
| Appropriated from: | |
| Special revenue funds: | |
| Michigan merit award trust fund..... | 5,000,000 |
| State general fund/general purpose | \$ 0 |

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2001-2002 is \$324,596,319.00 and state spending from state resources to be paid to local units of government for fiscal year 2001-2002 is \$319,596,319.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

| | |
|--|----------------|
| Operations | \$ 315,504,216 |
| At-risk student success program..... | 3,692,103 |
| Renaissance zone tax reimbursement program | 400,000 |
| TOTAL | \$ 319,596,319 |

Sec. 202. The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 208. Unless otherwise specified, the department of career development shall continue to pilot the use of the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on the Internet or legislative Intranet site. The senate and house appropriations subcommittees and senate and house fiscal agencies shall be notified in writing of the Internet or Intranet site of any such report. Quarterly, the department of career development shall provide to each member of the senate and house appropriations subcommittees, the senate and house fiscal agencies, and the state budget office both an electronic and paper copy listing of the reports submitted during the most recent 3-month period, along with each report's Internet or Intranet site, if any.

Sec. 209. Funds appropriated in part 1 should not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods and services, or both, are available. Preference should be given to goods and services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value.

Sec. 210. The principal executive officer of each community college receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each principal executive officer shall strongly encourage firms with which the community college contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 211. (1) The money appropriated in this act is appropriated for community colleges with fiscal years ending June 30, 2002, and shall be paid out of the state treasury and distributed by the state treasurer to the respective community colleges in 11 monthly installments on the sixteenth of each month, or the next succeeding business day, beginning with October 16, 2001. Each community college shall accrue its July and August 2002 payments to its institutional fiscal year ending June 30, 2002. However, if a community college fails to submit all verified Michigan community colleges activities classification structure data for school year 2000-2001 to the department of career development by November 1, 2001, the monthly installments shall be withheld from that community college until those data are submitted. The department of career development shall publish the activities classification structure data book for Michigan community colleges on or before March 1, 2002, for use by the legislature during budget development for the fiscal year ending September 30, 2003. The amount from the money appropriated in part 1 that is allocated under section 103 to address the special needs of at-risk students shall be paid in full by the state treasurer by November 1, 2001. The amount distributed to a community college or department shall not exceed the net state allocation authorized by this act.

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

Sec. 212. (1) The auditor general or an independent public accounting firm appointed by the auditor general shall audit data for the fiscal year ending on June 30, 2001, as submitted to the department of career development by 7 randomly selected community colleges. A community college shall maintain and provide those records necessary for the auditor general or certified public accountant appointed by the auditor general to determine the accuracy of the reported data. The audits shall be based upon the definitions and requirements contained in the Manual for Uniform Financial Reporting, Michigan Public Community Colleges, published by the Michigan state board of education in 1981, and the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education. Before the submission of a final audit report, a community college may appeal the findings of the preliminary report under an appeal process to be established by the auditor general. The auditor general shall submit a report of the findings to the house and senate appropriations committees, the department of career development, and the state budget director before June 1, 2002.

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

(3) Not more than 60 days after an audit report is released by the office of the auditor general, the principal executive officer of the community college that was audited shall submit to the house and senate appropriations committees, the house and senate fiscal agencies, the department of career development, the auditor general, and the state budget director a plan to comply with audit recommendations. The plan shall contain projected dates and resources required, if any, to achieve compliance with the audit recommendations, or a documented explanation of the college's noncompliance with the audit recommendations concerning the matters on which the audited community college and office of the auditor general disagree.

(4) A community college whose audited activities classification structure data is significantly different than the data used to determine state aid under this act shall return any overappropriated money as provided in this section. The department of career development shall compare formula computations for the audited colleges using pre- and post-audit data. If the state allocation is 2% or more than the post-audit allocation amount, the college shall return the excess money. The returned money shall be redistributed to all 28 community colleges, prorated on the base appropriations contained in part 1.

Sec. 213. The department of career development shall review the taxonomy of the 7 community colleges selected for the audit under section 212 that is based on the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education.

Sec. 214. (1) A community college shall retain certified class summaries, class lists, registration documents, and student transcripts that are consistent with the taxonomy of courses. For each enrollment period during the fiscal year, these certified documents shall identify clearly by course the number of in-district and out-of-district student credit and contact hours. The class summaries and class lists shall be consistent with each other and shall include the course prefix and numbers, course title, course credit and contact hours, credit and contact hours generated by each student, and activity classifications consistent with the taxonomy. An auditable process shall be used by the community college to determine the unduplicated head count for in-district students, out-of-district students, and prisoners for each enrollment period during the fiscal year.

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

Sec. 215. Each community college shall have an annual audit of all income and expenditures performed by an independent auditor and shall furnish the independent auditor's management letter and an annual audited accounting of all general and current funds income and expenditures including audits of college foundations to the legislature, the senate and house fiscal agencies, the auditor general, the department of career development, and the state budget director before November 15, 2001. If a community college fails to furnish the audit materials, the monthly state aid installments shall be withheld from that college until the information is submitted. All reporting shall conform to the requirements set forth in the Manual for Uniform Financial Reporting, Michigan Public Community Colleges, published by the Michigan state board of education in 1981, as amended by the department of career development.

Sec. 216. (1) A community college shall pay the employer's contributions to the Michigan public school employees' retirement system created by the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of receiving money appropriated under this act. If amendments to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, that require pre-funding of the health benefits portion of the Michigan public school employees' retirement system are enacted and take effect, those amendments apply to community colleges.

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

Sec. 217. An appropriation contained in this act shall not be used for the construction of buildings for, or operations of, a community college not expressly authorized in part 1. Money appropriated in part 1 shall not be used to pay for the construction or maintenance of a self-liquidating project.

Sec. 218. The department of career development shall ensure that a statistical report for minorities and women employees for the most recent school year, as submitted to the federal government, be included in the Michigan Community Colleges Enrollment Profile published by the department of career development. Also included in this profile shall be a statistical report for the most recent school year that includes enrollment statistics for minorities and women from the current year as submitted to the department of career development. The department of career development shall distribute a copy of this report to the state budget director and to members of the house and senate appropriations subcommittees on community colleges and the house and senate fiscal agencies no later than March 1, 2002.

Sec. 219. The department of treasury shall annually collect and compile data on the tax revenue losses to community colleges resulting from tax increment financing authorities (TIFA) and tax abatements. The department of treasury shall produce a report detailing the data. The report shall be completed and presented to the house and senate appropriations subcommittees on community colleges, the department of career development, and the department of management and budget not later than February 15, 2002. The report shall include, but is not limited to, the following:

(a) Estimated revenue losses for each community college for the calendar year 2001.

(b) Confirmed revenue losses for each community college for the calendar years 1999 and 2000.

(c) Other requirements requested by the house and senate appropriations subcommittees on community colleges.

Sec. 221. (1) Each community college shall report the following to the department of career development, no later than November 1, 2001:

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

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

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

(3) The department of career development shall compile the information received under subsection (1) and shall submit this compilation to the house and senate appropriations subcommittees on community colleges, the senate and house fiscal agencies, and the state budget director by January 7, 2002.

Sec. 222. From the general fund/general purpose appropriation in part 1 for renaissance zone reimbursement funding, there is allocated \$400,000.00 to make reimbursement to community colleges, as provided by section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for property taxes levied in 2001. Reimbursements shall be made in amounts to each eligible recipient no later than 60 days after the department of treasury certifies to the state budget director that it has received all necessary information to properly determine the amounts due each eligible recipient under section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692. Excess allocations lapse to the general fund.

Sec. 223. (1) Upon request, a community college shall inform interested Michigan high schools of the aggregate academic status of its students for the fiscal year beginning October 1, 2001, in a manner prescribed by the Michigan community college association and in cooperation with the Michigan association of secondary school principals.

(2) Each community college shall report by December 1, 2001, to the department of career development, a summary of the information provided under subsection (1) for the prior academic year.

(3) The department of career development shall compile the information received under subsection (2) and shall submit this compilation to the house and senate appropriations subcommittees on community colleges, the house and senate fiscal agencies, and the state budget director by February 1, 2002.

Sec. 224. (1) Recognizing the critical importance of education in strengthening Michigan's workforce, the legislature encourages the state's public community colleges to explore ways of increasing collaboration and cooperation with 4-year universities, particularly in the areas related to training, instruction, and program articulation.

(2) Community colleges shall report by December 1, 2001 to the department of career development on steps they have taken to increase collaboration and cooperation with 4-year universities under subsection (1).

(3) The department of career development shall compile the information received under subsection (2) and shall submit this compilation to the house and senate appropriations subcommittees on community colleges and the senate and house fiscal agencies by January 7, 2002.

Sec. 225. The legislature intends that all citizens of this state have geographic and programmatic access to quality comprehensive community college services. The legislature and the Michigan community college association shall continue to review and analyze the recommendations made by the co-terminus task force to assure geographic and programmatic access to quality and comprehensive community college services. The legislature recognizes that as of January 1, 2001, there were also public universities that provide quality comprehensive community college services for citizens of this state who are not served by a community college district.

Sec. 226. Each community college shall report to the house and senate fiscal agencies and the department of career development a modification in credit or contact hour tuition or mandatory non-course-related student fees not later than 30 days after the modification is established by the college governing board.

Sec. 227. (1) Each community college shall report to the department of career development the numbers and type of associate degrees and other certificates awarded during the previous fiscal year. The report shall be made not later than November 15, 2001.

(2) The department of career development shall compile the information received under subsection (1) and shall submit this compilation to the house and senate appropriations subcommittees on community colleges, the senate and house fiscal agencies, and the state budget director by January 7, 2002.

Sec. 228. The legislature intends to achieve full funding of the Gast-Mathieu fairness in funding formula.

Sec. 229. (1) A community college receiving funding under this act and also subject to the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2381, shall make a copy of all material prepared in accordance with the public information reporting requirements under the crime awareness and campus security act of 1990, title II of the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2384, available in hard copy and electronic format accessible through the Internet for school districts, parents, and students.

(2) On the department website, the department of career development shall provide a hyperlink to the United States department of education website or provide access to a hard copy of information requested under subsection (1) for school districts, parents, and students. Upon request, the department of career development shall provide a hard copy of this information to the public.

Sec. 230. (1) A community college shall not expend money appropriated under this act to provide health care coverage for community college employees or their dependents for abortion services, other than for spontaneous abortion or to prevent the death of the woman upon whom the abortion is performed. A community college shall not approve a collective bargaining agreement or enter into any other employment contract that includes health care coverage for abortion services other than spontaneous abortion or to prevent the death of the woman upon whom the abortion is performed.

(2) If a community college expends money appropriated under this act in violation of subsection (1), the community college shall repay to this state an amount equal to the amount of money spent in violation of subsection (1).

Sec. 231. In light of sections 1, 3, and 4 of 1846 RS 83, MCL 551.1, 551.3, and 551.4, and section 1 of 1939 PA 168, MCL 551.271, the legislature intends that a community college receiving funding under this act shall not use part 1 money to extend employee benefits to the unmarried partners of the community college's employees except for pre- and post-natal costs.

Sec. 233. Community colleges that include prescription drugs and medications as a covered health benefit for adults are encouraged to ensure that payment for preventative contraceptives are included in the insurance plan.

Sec. 234. The legislature intends that each community college do all of the following:

(a) Undertake active measures to promote equal opportunities, eliminate discrimination, and foster a diverse student body and administration among all people including, but not limited to, women, minorities, seniors, veterans, and people with disabilities.

(b) Review, analyze, and eradicate activities that may tend to discriminate.

STATE AID - OPERATIONS

Sec. 301. Unless otherwise stated, all data items used in determining state aid in this act are as defined in the Manual for Uniform Financial Reporting, Michigan Public Community Colleges, published by the Michigan state board of education in 1981, which shall be the basis for reporting data, and the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education, which shall be used to document financial needs of the community colleges, as amended by the department of career development.

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 act 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 career development for use in the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education. Of the amount appropriated in part 1 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 part 1 for the at-risk student success program, the balance of the appropriated money 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 the percentages systemwide to obtain each community college's prorated grant amount.

(3) For the fiscal year ending September 30, 2002, the at-risk student success program money is allocated as follows:

| | | |
|---|----|---------|
| Alpena Community College..... | \$ | 104,004 |
| Bay de Noc Community College..... | | 98,650 |
| Delta College..... | | 110,240 |
| Glen Oaks Community College..... | | 135,832 |
| Gogebic Community College..... | | 78,902 |
| Grand Rapids Community College..... | | 74,179 |
| Henry Ford Community College..... | | 164,807 |
| Jackson Community College..... | | 113,768 |
| Kalamazoo Valley Community College..... | | 113,499 |
| Kellogg Community College..... | | 158,343 |
| Kirtland Community College..... | | 158,732 |
| Lake Michigan College..... | | 192,554 |
| Lansing Community College..... | | 157,864 |
| Macomb Community College..... | | 91,038 |
| Mid Michigan Community College..... | | 129,419 |
| Monroe County Community College..... | | 99,275 |
| Montcalm Community College..... | | 71,694 |
| Mott Community College..... | | 109,157 |
| Muskegon Community College..... | | 213,016 |
| North Central Michigan College..... | | 178,336 |
| Northwestern Michigan College..... | | 120,677 |
| Oakland Community College..... | | 159,354 |
| St. Clair Community College..... | | 80,413 |
| Schoolcraft College..... | | 150,164 |
| Southwestern Michigan College..... | | 180,632 |
| Washtenaw Community College..... | | 161,709 |
| Wayne County Community College..... | | 149,384 |
| West Shore Community College..... | | 136,460 |

(4) As used in this act, "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 provided in this section, college administration.

(7) Each community college shall report to the department of career development a summary of all accomplishments under, expenditures for, and compliance with the intent of this program, including the number of at-risk students served. The report is subject to audit as provided for in section 212(1). The report shall be submitted not later than 90 days after the end of the state's fiscal year. The department of career development shall compile the information received under this subsection and shall submit this compilation to the house and senate appropriations subcommittees on community colleges, the senate and house fiscal agencies, and the state budget director by 120 days after the end of the state's fiscal year.

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

Sec. 402. The legislature intends that any executive or legislative proposal or action, subsequent to the adoption of a recommendation for appropriations for community colleges for the fiscal year ending September 30, 2002, to increase appropriations to state-supported 4-year universities in excess of the governor's original recommendation for the fiscal year ending September 30, 2002, will be accompanied by a similar action or proposal for state-supported community colleges.

Sec. 403. The legislature intends that not less than 70% of the economic development job training grant money be awarded to community colleges or a consortium of community colleges and other eligible applicants as provided in the budget that appropriated the economic development job training grant money. Further, the legislature intends that at least a portion of the total appropriation for economic development job training grants be awarded to community colleges that offer certified programs that are bureau of apprenticeship training certified. The Michigan economic development corporation shall report by November 1 of each year to the house and senate appropriations subcommittees on community colleges and the senate and house fiscal agencies the names of the community colleges awarded grant money under this section, the amount of the grants awarded, and the percentage awarded to bureau of apprenticeship training certified programs.

Sec. 404. (1) The Michigan postsecondary access student scholarship (PASS) program is established to provide a PASS award as calculated under this section for a student who is eligible under subsection (2), (3), or (4). The Michigan higher education assistance authority (MHEAA) shall administer the PASS program, for which there is \$5,000,000.00 appropriated in part 1, and the PASS program shall comply with the requirements of this section.

(2) A student is eligible for a PASS award for the equivalent of 2 years of full-time college enrollment if the student meets all of the following:

(a) The student must be a Michigan resident enrolled in a program leading to an associate degree that was in existence as of January 1, 2000, at a Michigan public community college, Michigan public university, or Michigan independent nonprofit, degree-granting college or university.

(b) The student must be enrolled at least half-time.

(c) The student must have scored at level 1 or level 2 on the high school Michigan education assessment program (MEAP) tests in reading, writing, mathematics, and science.

(d) The student must be eligible for a federal Pell grant.

(e) Other requirements established by the MHEAA.

(3) A student who meets all the requirements of subsection (2), other than subsection (2)(c), but has taken the high school MEAP tests in reading, writing, mathematics, and science while in high school shall receive a PASS award for 1 year of college enrollment. If the student maintains satisfactory academic progress in that first year of college enrollment, the student shall receive a PASS award for a second year of college enrollment.

(4) A student who meets all the requirements of subsection (2), other than subsection (2)(c), shall receive a maximum \$500.00 PASS award, not to exceed tuition and fees, for the second year of college enrollment. A student may qualify under this section whether or not the student took any of the high school MEAP tests.

(5) PASS award eligibility is limited to 2 semesters or 3 terms in any academic year.

(6) A PASS award for a student eligible under subsection (2), (3), or (4) shall be calculated by the MHEAA as the amount remaining after subtracting from the value of the student's allowable tuition and fees, as prescribed in subsection (8), all of the following state and federal financial educational assistance for which that student is eligible:

(a) Michigan competitive scholarship.

(b) Michigan tuition grant.

(c) Pell grant.

(d) Federal hope scholarship tax credit.

(7) Each higher education institution shall prepare and utilize a tax credit table, or shall notify the MHEAA that the institution chooses to have the MHEAA utilize the department of treasury's tax credit table, to impute an amount under subsection (6) for the federal hope scholarship tax credit.

(8) The value of a student's allowable tuition and fees is as follows:

(a) For a student enrolled at a Michigan community college, the value of allowable tuition and fees is the in-district tuition and fees. For a student who does not reside within a community college district, the value of allowable tuition and fees is the out-of-district tuition and fees for the community college that the student is attending.

(b) For a student enrolled at a Michigan public university, the value of allowable tuition and fees is 125% of the highest in-district tuition and fees for community colleges for the immediately preceding academic year as reported before August 1 after that academic year.

(c) For a student enrolled at a Michigan independent, nonprofit, degree-granting college or university, the value of allowable tuition and fees is 125% of the highest in-district tuition and fees for community colleges for the immediately preceding academic year as reported before August 1 after that academic year.

(9) The MHEAA shall remit an eligible student's PASS award to a higher education institution in accordance with procedures established by the MHEAA.

(10) The PASS award may be utilized by the student to pay costs of attendance as determined by the MHEAA.

(11) The PASS program shall not be applied for a student's theology or divinity courses.

(12) The MHEAA shall develop an application and eligibility determination process that ensures that all of the requirements prescribed by this section are met.

(13) Students who are expected to receive a tuition incentive program scholarship are not eligible for the PASS program.

(14) The MHEAA shall submit to the senate and house appropriations subcommittees on community colleges, the house and senate fiscal agencies, and the department of management and budget by March 1, 2002, a comprehensive report on the PASS program from December 31, 2000 to February 1, 2002, including, but not limited to:

(a) Number of PASS program recipients by college.

(b) Average PASS award per student, including minimum and maximum, by college.

(c) Total PASS program expenditures.

(d) Other applicable PASS program information, including, but not limited to, the estimated PASS program and cost impact of removing age restrictions and of raising the income eligibility amount.

(15) The department of treasury shall advertise the PASS program on the Michigan higher education assistance authority website.

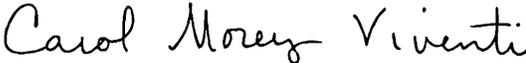
Sec. 405. If section 274 of the income tax act of 1967, 1967 PA 281, MCL 206.274, is repealed, \$5,166,447.00 is appropriated for the fiscal year ending September 30, 2002 for community colleges. The \$5,166,447.00 shall be added to the base appropriation for each community college and shall be allocated as follows:

| | | |
|--|----|-----------|
| Alpena Community College | \$ | 90,869 |
| Bay de Noc Community College..... | | 112,375 |
| Delta College | | 227,253 |
| Glen Oaks Community College | | 61,189 |
| Gogebic Community College..... | | 51,482 |
| Grand Rapids Community College..... | | 184,489 |
| Henry Ford Community College..... | | 481,326 |
| Jackson Community College..... | | 139,821 |
| Kalamazoo Valley Community College..... | | 324,287 |
| Kellogg Community College..... | | 228,455 |
| Kirtland Community College..... | | 36,000 |
| Lake Michigan College | | 118,904 |
| Lansing Community College | | 616,198 |
| Macomb Community College..... | | 414,285 |
| Mid Michigan Community College | | 99,100 |
| Monroe County Community College..... | | 98,056 |
| Montcalm Community College | | 40,836 |
| Mott Community College | | 266,436 |
| Muskegon Community College..... | | 140,427 |
| North Central Michigan College..... | | 43,926 |
| Northwestern Michigan College..... | | 173,962 |
| Oakland Community College | | 214,733 |
| St. Clair County Community College | | 93,954 |
| Schoolcraft College..... | | 193,019 |
| Southwestern Michigan College..... | | 149,785 |
| Washtenaw Community College..... | | 355,277 |
| Wayne County Community College..... | | 170,532 |
| West Shore Community College..... | | 39,471 |
| TOTAL | \$ | 5,166,447 |

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved

Governor.