

Act No. 161
Public Acts of 2002
Approved by the Governor
April 8, 2002
Filed with the Secretary of State
April 8, 2002
EFFECTIVE DATE: April 8, 2002

**STATE OF MICHIGAN
91ST LEGISLATURE
REGULAR SESSION OF 2002**

Introduced by Senators Gast and Goschka

ENROLLED SENATE BILL No. 1100

AN ACT to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2003; to make certain supplemental appropriations 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 FOR FISCAL YEAR 2002-03

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, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

COMMUNITY COLLEGES

GROSS APPROPRIATION	\$	321,732,319
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	\$	321,732,319
Total federal revenues		0
Total local revenues		0
Total private revenues		0
Total state restricted revenues		2,000,000
State general fund/general purpose	\$	319,732,319

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
Grand Rapids Community College		18,633,380
Henry Ford Community College		22,708,494
Jackson Community College		12,570,441

		For Fiscal Year Ending Sept. 30, 2003
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
C.S. 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.....		536,000
GROSS APPROPRIATION.....	\$	4,228,103
Appropriated from:		
State general fund/general purpose	\$	4,228,103
Sec. 104. FINANCIAL AID		
Postsecondary access student scholarship program.....	\$	2,000,000
GROSS APPROPRIATION.....	\$	2,000,000
Appropriated from:		
Special revenue funds:		
Michigan merit award trust fund.....		2,000,000
State general fund/general purpose	\$	0

PART 1A

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2001-02

Sec. 151. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for certain capital outlay projects at the various community colleges and universities 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:

CAPITAL OUTLAY

GROSS APPROPRIATION.....	\$	400
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION.....	\$	400
Total federal revenues		0
Total local revenues		0
Total private revenues.....		0
Total state restricted revenues.....		0
State general fund/general purpose	\$	400

Sec. 152. STATE BUILDING AUTHORITY FINANCED CONSTRUCTION PROJECTS

Northern Michigan University - student services building, authorized for planning in 2000 PA 291, for final design and construction (total authorized cost \$15,750,000; state building authority share \$11,812,300; university share \$3,937,500; state general fund share \$200).....	\$	100
Northern Michigan University - fine and practical arts project, authorized for planning in 2000 PA 291, for final design and construction (total authorized cost \$21,230,000; state building authority share \$15,922,300; university share \$5,307,500; state general fund share \$200)		100
Northwestern Michigan College - west bay reconstruction project, authorized for planning in 2001 PA 81, for final design and construction (total authorized cost \$16,250,000; state building authority share \$8,124,000; community college share \$8,125,000; state general fund share \$200)		100
Southwestern Michigan College - instructional resource center, authorized for planning in 2001 PA 81, for final design and construction (total authorized cost \$2,500,000; state building authority share \$1,249,800; community college share \$1,250,000; state general fund share \$200)		100
GROSS APPROPRIATION.....	\$	400
Appropriated from:		
State general fund/general purpose	\$	400

PART 2

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2002-03

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 2002-2003 is \$321,732,319.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$319,732,319.00. 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		536,000
TOTAL	\$	319,732,319

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 use 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 American goods or services, or both, that are competitively priced and of comparable quality are available. Preference should be given to goods or 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 or supplies, or both.

Sec. 211. (1) The money appropriated in this act is appropriated for community colleges with fiscal years ending June 30, 2003, 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, 2002. Each community college shall accrue its July and August 2003 payments to its institutional fiscal year ending June 30, 2003. However, if a community college fails to submit all verified Michigan community colleges activities classification structure data for school year 2001-2002 to the department of career development by November 1, 2002, 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, 2003, for use by the legislature during budget development for the fiscal year ending September 30, 2004. 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, 2002. 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, 2002, 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 department of career development in 2001, 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, 2003.

(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 subsection. 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, 2002. 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 department of career development in 2001.

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 prefunding 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, 2003.

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, 2003. The report shall include, but is not limited to, the following:

- (a) Estimated revenue losses for each community college for the calendar year 2002.
- (b) Confirmed revenue losses for each community college for the calendar years 2000 and 2001.
- (c) Other requirements requested by the house and senate appropriations subcommittees on community colleges.

Sec. 220. It is the intent of the legislature that the legislature, in cooperation with the Michigan community college association, develop proposals and financing alternatives for special maintenance projects at community colleges that otherwise would not qualify for financing under the state building authority.

Sec. 221. (1) Each community college shall report the following to the department of career development, no later than November 1, 2002:

(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, 2003.

Sec. 222. From the general fund/general purpose appropriation in part 1 for renaissance zone reimbursement funding, there is allocated \$536,000.00 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 2002. 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, 2002, 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, 2002, 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, 2002 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, 2003.

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, 2002, 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, the state budget director, 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, 2002.

(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, 2003.

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) The department of career development shall compile and make information received under subsection (1) available in written and electronic format accessible through the internet for school districts, parents, and students.

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.

Sec. 235. It is the intent of the legislature that a workgroup be formed to evaluate, discuss, and make recommendations for future action regarding state university admission and enrollment policies that specifically address the acceptance and application of college credits earned by students through the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524. The workgroup shall be bipartisan and shall include the chairs of the house and senate appropriations subcommittees on higher education, community colleges, and school aid.

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 department of career development in 2001, 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 data reported for determining state aid under this act 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, 2003, the at-risk student success program money is allocated as follows:

Alpena Community College	\$	85,654
Bay de Noc Community College.....		93,194
Delta College		109,215
Glen Oaks Community College		138,528
Gogebic Community College.....		78,171

Grand Rapids Community College	88,959
Henry Ford Community College	163,814
Jackson Community College	113,121
Kalamazoo Valley Community College.....	116,085
Kellogg Community College	156,823
Kirtland Community College.....	169,343
Lake Michigan College	186,759
Lansing Community College	162,796
Macomb Community College	92,395
Mid Michigan Community College	138,950
Monroe County Community College	99,550
Montcalm Community College	69,465
Mott Community College	111,102
Muskegon Community College.....	209,919
North Central Michigan College.....	156,702
Northwestern Michigan College	129,025
Oakland Community College	157,358
St. Clair Community College.....	88,500
Schoolcraft College	152,307
Southwestern Michigan College.....	180,889
Washtenaw Community College.....	170,388
Wayne County Community College	142,398
West Shore Community College.....	130,693

(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, 2003, to increase appropriations to state-supported 4-year universities in excess of the governor’s original recommendation for the fiscal year ending September 30, 2003, 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 \$2,000,000.00 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, 2003, a comprehensive report on the PASS program from December 31, 2001 to February 1, 2003, 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 the 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.

PART 2A

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2001-02

GENERAL SECTIONS

Sec. 2201. (1) Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources for fiscal year 2001-02 is estimated at \$400.00 in part 1A of this appropriation act and state spending from state sources paid to local units of government for fiscal year 2001-02 is estimated at \$0.

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

Sec. 2202. It is the intent of the legislature that capital outlay projects for which any state funds are used be competitively bid. As used in this section, "capital outlay projects" means capital outlay as defined in section 113 of the management and budget act, 1984 PA 431, MCL 18.1113.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate.

Ray E. Randall

Clerk of the House of Representatives.

Approved

.....
Governor.