

SUBSTITUTE FOR
HOUSE BILL NO. 4388

A bill to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2004; 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:

1 PART 1

2 LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2003-04

3 Sec. 101. Subject to the conditions set forth in this act, the
4 amounts listed in this part are appropriated for community colleges
5 and certain other state purposes relating to education for the fiscal
6 year ending September 30, 2004, from the funds indicated in this
7 part. The following is a summary of the appropriations in this part:

8 COMMUNITY COLLEGES

House Bill No. 4388 (H-1) as amended May 1, 2003

1	GROSS APPROPRIATION.....	\$	[289,013,100]
2	Total interdepartmental grants and intradepartmental		
3	transfers.....	\$	0
4	ADJUSTED GROSS APPROPRIATION.....	\$	[289,013,100]
5	Total federal revenues.....		0
6	Total local revenues.....		0
7	Total private revenues.....		0
8	Total other state restricted revenues.....		0
9	State general fund/general purpose.....	\$	[289,013,100]
10	Sec. 102. OPERATIONS		
11	Alpena Community College.....	\$	4,780,500
12	Bay de Noc Community College.....		4,616,800
13	Delta College.....		13,331,900
14	Glen Oaks Community College.....		2,236,800
15	Gogebic Community College.....		4,049,900
16	Grand Rapids Community College.....		16,769,300
17	Henry Ford Community College.....		20,436,700
18	Jackson Community College.....		11,312,800
19	Kalamazoo Valley Community College.....		11,542,800
20	Kellogg Community College.....		9,068,800
21	Kirtland Community College.....		2,752,400
22	Lake Michigan College.....		4,880,800
23	Lansing Community College.....		28,999,400
24	Macomb Community College.....		30,941,500
25	Mid Michigan Community College.....		4,127,600
26	Monroe County Community College.....		4,015,800
27	Montcalm Community College.....		2,904,700

House Bill No. 4388 (H-1) as amended May 1, 2003

1	C.S. Mott Community College.....	14,661,600
2	Muskegon Community College.....	8,343,600
3	North Central Michigan College.....	2,826,100
4	Northwestern Michigan College.....	8,513,800
5	Oakland Community College.....	19,518,300
6	St. Clair County Community College.....	6,537,800
7	Schoolcraft College.....	11,455,400
8	Southwestern Michigan College.....	6,149,300
9	Washtenaw Community College.....	11,642,900
10	Wayne County Community College.....	15,500,600
11	West Shore Community College.....	<u>2,144,000</u>
12	GROSS APPROPRIATION..... \$	284,061,900
13	Appropriated from:	
14	State general fund/general purpose..... \$	284,061,900
15	Sec. 103. GRANTS	
16	At-risk student success program..... \$	3,201,200
17	Renaissance zone tax reimbursement funding.....	<u>1,750,000</u>
18	[]	
19	GROSS APPROPRIATION..... \$	[4,951,200]
20	Appropriated from:	
21	State general fund/general purpose..... \$	[4,951,200]

22 PART 2

23 PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2003-04

24 GENERAL SECTIONS

25 Sec. 201. Pursuant to section 30 of article IX of the state

House Bill No. 4388 (H-1) as amended May 1, 2003

1 constitution of 1963, total state spending from state resources under
 2 part 1 for fiscal year 2003-2004 is **[\$289,013,100.00]** and state spending
 3 from state resources to be paid to local units of government for
 4 fiscal year 2003-2004 is **[\$289,013,100.00]**. The itemized statement
 5 below identifies appropriations from which spending to local units of
 6 government will occur:

7	Operations.....	\$	284,061,900
8	At-risk student success program.....		3,201,200
9	Renaissance zone tax reimbursement program.....		<u>1,750,000</u>
10	[]
11	TOTAL.....	\$	[289,013,100]

12 Sec. 202. The appropriations authorized under this act are
 13 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
 14 18.1594.

15 Sec. 203. Unless otherwise specified, the department of career
 16 development shall use the internet to fulfill the reporting
 17 requirements of this act. This requirement may include transmission
 18 of reports via electronic mail to the recipients identified for each
 19 reporting requirement or it may include placement of reports on an
 20 Internet or Intranet site.

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

27 Sec. 210. The principal executive officer of each community

1 college receiving appropriations in part 1 shall take all reasonable
2 steps to ensure businesses in deprived and depressed communities
3 compete for and perform contracts to provide services or supplies, or
4 both. Each principal executive officer shall strongly encourage firms
5 with which the community college contracts to subcontract with
6 certified businesses in depressed and deprived communities for
7 services or supplies, or both.

8 Sec. 211. (1) The money appropriated in this act is appropriated
9 for community colleges with fiscal years ending June 30, 2004, and
10 shall be paid out of the state treasury and distributed by the state
11 treasurer to the respective community colleges in 11 monthly
12 installments on the sixteenth of each month, or the next succeeding
13 business day, beginning with October 16, 2003. Each community college
14 shall accrue its July and August 2004 payments to its institutional
15 fiscal year ending June 30, 2004. However, if a community college
16 fails to submit all verified Michigan community colleges activities
17 classification structure data for school year 2002-2003 to the
18 department of career development by November 1, 2003, the monthly
19 installments shall be withheld from that community college until those
20 data are submitted. The department of career development shall
21 publish the activities classification structure data book for Michigan
22 community colleges on or before March 1, 2004, for use by the
23 legislature during budget development for the fiscal year ending
24 September 30, 2005. The amount from the money appropriated in part 1
25 that is allocated under section 103 to address the special needs of
26 at-risk students shall be paid in full by the state treasurer by
27 November 1, 2003. The amount distributed to a community college or

1 department shall not exceed the net state allocation authorized by
2 this act.

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

9 Sec. 212. (1) The auditor general or an independent public
10 accounting firm appointed by the auditor general shall audit data for
11 the fiscal year ending on June 30, 2003, as submitted to the
12 department of career development by 7 randomly selected community
13 colleges. A community college shall maintain and provide those
14 records necessary for the auditor general or certified public
15 accountant appointed by the auditor general to determine the accuracy
16 of the reported data. The audits shall be based upon the definitions
17 and requirements contained in the Manual for Uniform Financial
18 Reporting, Michigan Public Community Colleges, published by the
19 Michigan department of career development in 2001, and the Activities
20 Classification Structure Manual for Michigan Community Colleges, 1996
21 revision of the final report of the activities classification
22 structure task force (July 1981), published by the department of
23 education. Before the submission of a final audit report, a community
24 college may appeal the findings of the preliminary report under an
25 appeal process to be established by the auditor general. The auditor
26 general shall submit a report of the findings to the house and senate
27 appropriations committees, the department of career development, and

1 the state budget director before June 1, 2004.

2 (2) The auditor general or a certified public accountant appointed
3 by the auditor general may conduct performance audits of community
4 colleges as the auditor general considers necessary.

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

17 (4) A community college whose audited activities classification
18 structure data is significantly different than the data used to
19 determine state aid under this act shall return any overappropriated
20 money as provided in this subsection. The department of career
21 development shall compare formula computations for the audited
22 colleges using pre- and post-audit data. If the state allocation is
23 2% or more than the post-audit allocation amount, the college shall
24 return the excess money. The returned money shall be redistributed to
25 all 28 community colleges, prorated on the base appropriations
26 contained in part 1.

27 Sec. 213. The department of career development shall review the

1 taxonomy of the 7 community colleges selected for the audit under
2 section 212 that is based on the Activities Classification Structure
3 Manual for Michigan Community Colleges, 1996 revision of the final
4 report of the activities classification structure task force (July
5 1981), published by the department of education.

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

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

23 Sec. 215. Each community college shall have an annual audit of
24 all income and expenditures performed by an independent auditor and
25 shall furnish the independent auditor's management letter and an
26 annual audited accounting of all general and current funds income and
27 expenditures including audits of college foundations to the members of

1 the senate and house appropriations subcommittees on community
2 colleges, the senate and house fiscal agencies, the auditor general,
3 the department of career development, and the state budget director
4 before November 15, 2003. If a community college fails to furnish the
5 audit materials, the monthly state aid installments shall be withheld
6 from that college until the information is submitted. All reporting
7 shall conform to the requirements set forth in the Manual for Uniform
8 Financial Reporting, Michigan Public Community Colleges, published by
9 the Michigan department of career development in 2001.

10 Sec. 216. (1) A community college shall pay the employer's
11 contributions to the Michigan public school employees' retirement
12 system created by the public school employees retirement act of 1979,
13 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of receiving money
14 appropriated under this act.

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

17 (3) A community college shall not be required to submit more than
18 4 reports annually to the Michigan public school employees' retirement
19 system for purposes of calculating retirement benefits.

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

25 Sec. 219. The department of treasury shall annually collect and
26 compile data on the tax revenue losses to community colleges resulting
27 from tax increment financing authorities (TIFA) and tax abatements.

1 The department of treasury shall produce a report detailing the data.
2 The report shall be completed and presented to the house and senate
3 appropriations subcommittees on community colleges, the department of
4 career development, and the department of management and budget not
5 later than February 15, 2004. The report shall include, but is not
6 limited to, the following:

7 (a) Estimated revenue losses for each community college for the
8 calendar year 2003.

9 (b) Confirmed revenue losses for each community college for the
10 calendar years 2001 and 2002.

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

13 Sec. 221. (1) Each community college shall report the following
14 to the department of career development, no later than November 1,
15 2003:

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

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

22 (2) Colleges shall use the criteria cited in 1976 PA 174, MCL
23 390.1251 to 390.1253, to determine eligibility for tuition waivers,
24 and shall grant those waivers to individuals who meet the criteria and
25 request tuition waivers.

26 (3) The department of career development shall compile the
27 information received under subsection (1) and shall submit this

1 compilation to the house and senate appropriations subcommittees on
2 community colleges, the senate and house fiscal agencies, and the
3 state budget director by January 7, 2004.

4 Sec. 222. The appropriation in part 1 for renaissance zone
5 reimbursements shall be made to each eligible recipient no later than
6 60 days after the department of treasury certifies to the state budget
7 director that it has received all necessary information to properly
8 determine the amounts due each eligible recipient under section 12 of
9 the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692.

10 Sec. 223. Upon request, a community college shall inform
11 interested Michigan high schools of the aggregate academic status of
12 its students for the prior academic year, in a manner prescribed by
13 the Michigan community college association and in cooperation with the
14 Michigan association of secondary school principals.

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

21 Sec. 226. (1) Each community college shall report to the house
22 and senate fiscal agencies, the state budget director, and the
23 department of career development by August 31, 2003, the tuition and
24 mandatory fee rates paid by a full-time in-district student and a
25 full-time out-of-district student as established by the college
26 governing board for the 2003-2004 academic year. Each community
27 college shall also report any revisions to the reported 2003-2004

1 academic year tuition and mandatory fee rates adopted by the college
2 governing board to the house and senate fiscal agencies, the state
3 budget director, and the department of career development within 15
4 days of being adopted.

5 (2) The department of career development shall prepare and provide
6 to community colleges a standard format for reporting tuition and fee
7 rates pursuant to subsection (1).

8 Sec. 227. (1) Each community college shall report to the
9 department of career development the numbers and type of associate
10 degrees and other certificates awarded during the previous fiscal
11 year. The report shall be made not later than November 15, 2003.

12 (2) 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 on
15 community colleges, the senate and house fiscal agencies, and the
16 state budget director by January 7, 2004.

17 Sec. 228. The legislature intends to achieve full funding of the
18 Gast-Mathieu fairness in funding formula and to review community
19 college funding for consistency with the formula.

20 Sec. 229. A community college receiving funding under this act
21 and also subject to the student right-to-know and campus security act,
22 Public Law 101-542, 104 Stat. 2381, shall make a copy of all material
23 prepared in accordance with the public information reporting
24 requirements under the crime awareness and campus security act of
25 1990, title II of the student right-to-know and campus security act,
26 Public Law 101-542, 104 Stat. 2384, available in hard copy and
27 electronic format accessible through the internet for school

1 districts, parents, and students.

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

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

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

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

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

27 (a) Undertake active measures to promote equal opportunities,

1 eliminate discrimination, and foster a diverse student body and
2 administration among all people including, but not limited to, women,
3 minorities, seniors, veterans, and people with disabilities.

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

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

15 Sec. 236. (1) It is the intent of the legislature that the
16 frequency and scope of on-site visits, evaluations, audits, and
17 similar activities be limited to that which is reasonably necessary to
18 monitor the performance of community colleges and confirm the accuracy
19 of reported data. On-site visits, evaluations, audits, and similar
20 activities conducted to comply with the state plan approved by the
21 United States department of education under the Perkins act shall be
22 limited to those necessary to meet the requirements of the state
23 plan.

24 (2) In developing and implementing audit and reporting
25 requirements, including those included in current and proposed state
26 plans under the Perkins act, the department of career development
27 shall consult with community colleges, the legislative auditor

1 general, and independent auditors in an effort to coordinate
2 activities and minimize duplication of audit and reporting
3 requirements imposed on community colleges.

4 (3) At least 30 days before submission of a new state plan to the
5 United States department of education for approval under the Perkins
6 act, the department of career development shall provide copies of the
7 proposed plan to the members of the senate and house appropriations
8 subcommittees on community colleges for their review and comment.
9 Copies of the proposed plan shall be provided to the senate and house
10 fiscal agencies and the state budget director at the same time that
11 they are provided to the senate and house subcommittees.

12 (4) The Perkins grant application process and content shall be
13 streamlined to the extent possible.

14 (5) As used in this section, "Perkins act" means the Carl
15 D. Perkins vocational and applied technology education act, Public Law
16 88-210, 98 Stat. 2435.

17 **STATE AID - OPERATIONS**

18 Sec. 301. Unless otherwise stated, all data items used in
19 determining state aid in this act are as defined in the Manual for
20 Uniform Financial Reporting, Michigan Public Community Colleges,
21 published by the Michigan department of career development in 2001,
22 which shall be the basis for reporting data, and the Activities
23 Classification Structure Manual for Michigan Community Colleges, 1996
24 revision of the final report of the activities classification
25 structure task force (July 1981), published by the department of
26 education, as amended by the department of career development, which

1 shall be used to document financial needs of the community colleges.

2 Sec. 302. A community college shall not include in the
3 enrollment data reported for determining state aid under this act any
4 student credit hours or student contact hours for a student
5 incarcerated in a Michigan penal institution. Exclusion of these
6 students is intended to avoid the payment of state aid under this act
7 for the same individuals for whom reimbursement is provided by the
8 state correctional system.

9 GRANTS

10 Sec. 401. (1) The community college at-risk student success
11 program is continued. The funding shall be prorated among community
12 colleges based on the number of student contact hours for
13 developmental and preparatory instruction reported by each community
14 college to the department of career development for use in the
15 Activities Classification Structure Manual for Michigan Community
16 Colleges, 1996 revision of the final report of the activities
17 classification structure task force (July 1981), published by the
18 department of education. Of the amount appropriated in part 1 for the
19 at-risk student success program, \$1,120,000.00 is allocated for base
20 grants of \$40,000.00 each, to address the special needs of at-risk
21 students at community colleges or the acquisition or upgrade of
22 technology related equipment and software.

23 (2) Of the amount appropriated in part 1 for the at-risk student
24 success program, the balance of the appropriated money shall be
25 distributed on a proration utilizing the sum of the most recent
26 3 years developmental/preparatory contact hours divided by the sum of

1 the 3-year total contact hours at each college. Each community
 2 college's percentage shall be divided by the sum of all the
 3 percentages systemwide to obtain each community college's prorated
 4 grant amount. For the fiscal year ending September 30, 2004 only, the
 5 grant amount for each college other than Gogebic Community College
 6 shall be adjusted by subtracting \$4,500.00 from the prorated grant
 7 amount.

8 (3) For the fiscal year ending September 30, 2004, the at-risk
 9 student success program money is allocated as follows:

10	Alpena Community College.....	\$	64,200
11	Bay de Noc Community College.....		77,900
12	Delta College.....		94,900
13	Glen Oaks Community College.....		123,000
14	Gogebic Community College.....		71,500
15	Grand Rapids Community College.....		93,500
16	Henry Ford Community College.....		142,000
17	Jackson Community College.....		97,300
18	Kalamazoo Valley Community College.....		95,700
19	Kellogg Community College.....		138,500
20	Kirtland Community College.....		142,100
21	Lake Michigan College.....		157,600
22	Lansing Community College.....		143,100
23	Macomb Community College.....		79,900
24	Mid Michigan Community College.....		119,500
25	Monroe County Community College.....		86,200
26	Montcalm Community College.....		63,300
27	C.S. Mott Community College.....		97,400

1	Muskegon Community College.....	180,800
2	North Central Michigan College.....	116,800
3	Northwestern Michigan College.....	125,200
4	Oakland Community College.....	137,200
5	St. Clair Community College.....	84,000
6	Schoolcraft College.....	130,300
7	Southwestern Michigan College.....	147,900
8	Washtenaw Community College.....	152,700
9	Wayne County Community College.....	125,000
10	West Shore Community College.....	113,700

11 (4) As used in this act, "at-risk students" means students who
 12 meet 1 or more of the following criteria:

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

16 (b) Are diagnosed as learning disabled.

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

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

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

1 except as provided in this section, college administration.

2 (7) Each community college shall report to the department of
3 career development a summary of all accomplishments under,
4 expenditures for, and compliance with the intent of this program,
5 including the number of at-risk students served. The report is
6 subject to audit as provided for in section 212(1). The report shall
7 be submitted not later than 90 days after the end of the state's
8 fiscal year.

9 Sec. 402. The legislature intends that any executive or
10 legislative proposal or action, subsequent to the adoption of a
11 recommendation for appropriations for community colleges for the
12 fiscal year ending September 30, 2004, to increase appropriations to
13 state-supported 4-year universities in excess of the governor's
14 original recommendation for the fiscal year ending September 30, 2004,
15 will be accompanied by a similar action or proposal for
16 state-supported community colleges.

17 Sec. 403. The legislature intends that not less than 70% of the
18 economic development job training grant money be awarded to community
19 colleges or a consortium of community colleges and other eligible
20 applicants as provided in the budget that appropriated the economic
21 development job training grant money. Further, the legislature
22 intends that at least a portion of the total appropriation for
23 economic development job training grants be awarded to community
24 colleges that offer certified programs that are bureau of
25 apprenticeship training certified. The Michigan economic development
26 corporation shall report by November 1 of each year to the house and
27 senate appropriations subcommittees on community colleges and the

1 senate and house fiscal agencies the names of the community colleges
2 awarded grant money under this section, the amount of the grants
3 awarded, and the percentage awarded to bureau of apprenticeship
4 training certified programs.