

SENATE 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**

1	GROSS APPROPRIATION.....	\$	293,730,600
2	Interdepartmental grant revenues:		
3	Total interdepartmental grants and intradepartmental		
4	transfers.....	\$	0
5	ADJUSTED GROSS APPROPRIATION.....	\$	293,730,600
6	Total federal revenues.....		0
7	Total local revenues.....		0
8	Total private revenues.....		0
9	Total state restricted revenues.....		4,717,500
10	State general fund/general purpose.....	\$	289,013,100
11	<b>Sec. 102. OPERATIONS</b>		
12	Alpena Community College.....	\$	4,930,500
13	Bay de Noc Community College.....		4,766,800
14	Delta College.....		13,332,000
15	Glen Oaks Community College.....		2,236,700
16	Gogebic Community College.....		4,078,400
17	Grand Rapids Community College.....		16,769,400
18	Henry Ford Community College.....		20,436,600
19	Jackson Community College.....		11,312,900
20	Kalamazoo Valley Community College.....		11,542,700
21	Kellogg Community College.....		9,068,900
22	Kirtland Community College.....		2,752,300
23	Lake Michigan College.....		4,880,900
24	Lansing Community College.....		28,999,300
25	Macomb Community College.....		30,941,600
26	Mid Michigan Community College.....		4,127,500
27	Monroe County Community College.....		4,015,900

1	Montcalm Community College.....	2,904,600
2	C.S. Mott Community College.....	14,661,700
3	Muskegon Community College.....	8,343,500
4	North Central Michigan College.....	2,826,200
5	Northwestern Michigan College.....	8,513,700
6	Oakland Community College.....	19,518,400
7	St. Clair County Community College.....	6,537,700
8	Schoolcraft College.....	11,455,500
9	Southwestern Michigan College.....	6,149,200
10	Washtenaw Community College.....	11,643,000
11	Wayne County Community College.....	15,050,600
12	West Shore Community College.....	<u>2,143,900</u>
13	GROSS APPROPRIATION..... \$	283,940,400
14	Appropriated from:	
15	Special revenue funds:	
16	State general fund/general purpose..... \$	283,940,400
17	<b>Sec. 103. GRANTS</b>	
18	At-risk student success program..... \$	3,322,700
19	Renaissance zone tax reimbursement funding.....	<u>1,750,000</u>
20	GROSS APPROPRIATION..... \$	5,072,700
21	Appropriated from:	
22	Special revenue funds:	
23	State general fund/general purpose..... \$	5,072,700
24	<b>Sec. 104. FINANCIAL AID</b>	
25	Tuition incentive program - TIP..... \$	<u>4,717,500</u>
26	GROSS APPROPRIATION..... \$	4,717,500
27	Appropriated from:	

1 Special revenue funds:

2	Michigan merit award trust fund.....	4,717,500
3	State general fund/general purpose..... \$	0

4 PART 2

5 PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2003-04

6 **GENERAL SECTIONS**

7 Sec. 201. Pursuant to section 30 of article IX of the state  
 8 constitution of 1963, total state spending from state resources under  
 9 part 1 for fiscal year 2003-2004 is \$293,730,600.00 and state spending  
 10 from state resources to be paid to local units of government for  
 11 fiscal year 2003-2004 is \$289,013,100.00. The itemized statement  
 12 below identifies appropriations from which spending to local units of  
 13 government will occur:

14	Operations.....	\$	283,940,400
15	At-risk student success program.....		3,322,700
16	Renaissance zone tax reimbursement program.....		<u>1,750,000</u>
17	TOTAL.....	\$	289,013,100

18 Sec. 202. The appropriations authorized under this act are  
 19 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to  
 20 18.1594.

21 Sec. 203. Unless otherwise specified, the department of career  
 22 development shall use the Internet to fulfill the reporting  
 23 requirements of this act. This requirement may include transmission  
 24 of reports via electronic mail to the recipients identified for each  
 25 reporting requirement or it may include placement of reports on an

1 Internet or Intranet site.

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

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

16       Sec. 211. (1) The money appropriated in this act is appropriated  
17 for community colleges with fiscal years ending June 30, 2004, and  
18 shall be paid out of the state treasury and distributed by the state  
19 treasurer to the respective community colleges in 11 monthly  
20 installments on the sixteenth of each month, or the next succeeding  
21 business day, beginning with October 16, 2003. Each community college  
22 shall accrue its July and August 2004 payments to its institutional  
23 fiscal year ending June 30, 2004. However, if a community college  
24 fails to submit all verified Michigan community colleges activities  
25 classification structure data for school year 2002-2003 to the  
26 department of career development by November 1, 2003, the monthly  
27 installments shall be withheld from that community college until those

1 data are submitted. The department of career development shall  
2 publish the activities classification structure data book for Michigan  
3 community colleges on or before March 1, 2004, for use by the  
4 legislature during budget development for the fiscal year ending  
5 September 30, 2005. The amount from the money appropriated in part 1  
6 that is allocated under section 103 to address the special needs of  
7 at-risk students shall be paid in full by the state treasurer by  
8 November 1, 2003. The amount distributed to a community college or  
9 department shall not exceed the net state allocation authorized by  
10 this act.

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

17 Sec. 212. (1) The auditor general or an independent public  
18 accounting firm appointed by the auditor general shall audit data for  
19 the fiscal year ending on June 30, 2003, as submitted to the  
20 department of career development by 7 randomly selected community  
21 colleges. A community college shall maintain and provide those  
22 records necessary for the auditor general or certified public  
23 accountant appointed by the auditor general to determine the accuracy  
24 of the reported data. The audits shall be based upon the definitions  
25 and requirements contained in the Manual for Uniform Financial  
26 Reporting, Michigan Public Community Colleges, published by the  
27 Michigan department of career development in 2001, and the Activities

1 Classification Structure Manual for Michigan Community Colleges, 1996  
2 revision of the final report of the activities classification  
3 structure task force (July 1981), published by the department of  
4 education. Before the submission of a final audit report, a community  
5 college may appeal the findings of the preliminary report under an  
6 appeal process to be established by the auditor general. The auditor  
7 general shall submit a report of the findings to the house and senate  
8 appropriations committees, the department of career development, and  
9 the state budget director before June 1, 2004.

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

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

25 (4) A community college whose audited activities classification  
26 structure data is significantly different than the data used to  
27 determine state aid under this act shall return any overappropriated

1 money as provided in this subsection. The department of career  
2 development shall compare formula computations for the audited  
3 colleges using pre- and post-audit data. If the state allocation is  
4 2% or more than the post-audit allocation amount, the college shall  
5 return the excess money. The returned money shall be redistributed to  
6 all 28 community colleges, prorated on the base appropriations  
7 contained in part 1.

8       Sec. 213. The department of career development shall review the  
9 taxonomy of the 7 community colleges selected for the audit under  
10 section 212 that is based on the Activities Classification Structure  
11 Manual for Michigan Community Colleges, 1996 revision of the final  
12 report of the activities classification structure task force (July  
13 1981), published by the department of education.

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



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

4           Sec. 215. Each community college shall have an annual audit of  
5 all income and expenditures performed by an independent auditor and  
6 shall furnish the independent auditor's management letter and an  
7 annual audited accounting of all general and current funds income and  
8 expenditures including audits of college foundations to the members of  
9 the senate and house appropriations subcommittees on community  
10 colleges, the senate and house fiscal agencies, the auditor general,  
11 the department of career development, and the state budget director  
12 before November 15, 2003. If a community college fails to furnish the  
13 audit materials, the monthly state aid installments shall be withheld  
14 from that college until the information is submitted. All reporting  
15 shall conform to the requirements set forth in the Manual for Uniform  
16 Financial Reporting, Michigan Public Community Colleges, published by  
17 the Michigan department of career development in 2001.

18          Sec. 216. (1) A community college shall pay the employer's  
19 contributions to the Michigan public school employees' retirement  
20 system created by the public school employees retirement act of 1979,  
21 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of receiving money  
22 appropriated under this act.

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

25          (3) A community college shall not be required to submit more than  
26 4 reports annually to the Michigan public school employees' retirement  
27 system for purposes of calculating and informing members of the system

1 of their eligibility for retirement benefits.

2       Sec. 217. Money appropriated in part 1 shall not be used to pay  
3 for the construction or maintenance of a self-liquidating project.  
4 Any construction, renovation, or other capital outlay project that  
5 exceeds \$1,000,000.00 requires the approval of a use and finance  
6 statement by the joint capital outlay subcommittee (JCOS) pursuant to  
7 JCOS policy.

8       Sec. 219. The department of treasury shall annually collect and  
9 compile data on the tax revenue losses to community colleges resulting  
10 from tax increment financing authorities (TIFA) and tax abatements.  
11 The department of treasury shall produce a report detailing the data.  
12 The report shall be completed and presented to the house and senate  
13 appropriations subcommittees on community colleges, the department of  
14 career development, and the department of management and budget not  
15 later than February 15, 2004. The report shall include, but is not  
16 limited to, the following:

17       (a) Estimated revenue losses for each community college for the  
18 calendar year 2003.

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

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

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

1       Sec. 221. (1) Each community college shall report the following  
2 to the department of career development, no later than November 1,  
3 2003:

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

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

10       (2) Colleges shall use the criteria cited in 1976 PA 174, MCL  
11 390.1251 to 390.1253, to determine eligibility for tuition waivers,  
12 and shall grant those waivers to individuals who meet the criteria and  
13 request tuition waivers.

14       (3) The department of career development shall compile the  
15 information received under subsection (1) and shall submit this  
16 compilation to the house and senate appropriations subcommittees on  
17 community colleges, the senate and house fiscal agencies, and the  
18 state budget director by January 7, 2004.

19       Sec. 222. The appropriation in part 1 for renaissance zone  
20 reimbursements shall be made to each eligible recipient no later than  
21 60 days after the department of treasury certifies to the state budget  
22 director that it has received all necessary information to properly  
23 determine the amounts due each eligible recipient under section 12 of  
24 the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692.

25       Sec. 223. Upon request, a community college shall inform  
26 interested Michigan high schools of the aggregate academic status of  
27 its students for the prior academic year, in a manner prescribed by

1 the Michigan community college association and in cooperation with the  
2 Michigan association of secondary school principals.

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

9       Sec. 226. (1) Each community college shall report to the house  
10 and senate fiscal agencies, the state budget director, and the  
11 department of career development by August 31, 2003, the tuition and  
12 mandatory fee rates paid by a full-time in-district student and a  
13 full-time out-of-district student as established by the college  
14 governing board for the 2003-2004 academic year. Each community  
15 college shall also report any revisions to the reported 2003-2004  
16 academic year tuition and mandatory fee rates adopted by the college  
17 governing board to the house and senate fiscal agencies, the state  
18 budget director, and the department of career development within 15  
19 days of being adopted.

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

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

27       (2) The department of career development shall compile the

1 information received under subsection (1) and shall submit this  
2 compilation to the house and senate appropriations subcommittees on  
3 community colleges, the senate and house fiscal agencies, and the  
4 state budget director by January 7, 2004.

5       Sec. 228. It is the intent of the legislature to achieve full  
6 funding of the Gast-Mathieu fairness in funding formula.

7       Sec. 229. A community college receiving funding under this act  
8 and also subject to the student right-to-know and campus security act,  
9 Public Law 101-542, 104 Stat. 2381, shall make a copy of all material  
10 prepared in accordance with the public information reporting  
11 requirements under the crime awareness and campus security act of  
12 1990, title II of the student right-to-know and campus security act,  
13 Public Law 101-542, 104 Stat. 2384, available in hard copy and  
14 electronic format accessible through the Internet for school  
15 districts, parents, and students.

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

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

1 violation of subsection (1).

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

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

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

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

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

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

1 and school aid.

2       Sec. 236. (1) It is the intent of the legislature that the  
3 frequency and scope of on-site visits, evaluations, audits, and  
4 similar activities be limited to that which is reasonably necessary to  
5 monitor the performance of community colleges and confirm the accuracy  
6 of reported data. On-site visits, evaluations, audits, and similar  
7 activities conducted to comply with the state plan approved by the  
8 United States department of education under the Perkins act shall be  
9 limited to those necessary to meet the requirements of the state  
10 plan.

11       (2) In developing and implementing audit and reporting  
12 requirements, including those included in current and proposed state  
13 plans under the Perkins act, the department of career development  
14 shall consult with community colleges, the legislative auditor  
15 general, and independent auditors in an effort to coordinate  
16 activities and minimize duplication of audit and reporting  
17 requirements imposed on community colleges.

18       (3) At least 30 days before submission of a new state plan to the  
19 United States department of education for approval under the Perkins  
20 act, the department of career development shall provide copies of the  
21 proposed plan to the members of the senate and house appropriations  
22 subcommittees on community colleges for their review and comment.  
23 Copies of the proposed plan shall be provided to the senate and house  
24 fiscal agencies and the state budget director at the same time that  
25 they are provided to the senate and house subcommittees.

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

1 (5) As used in this section, "Perkins act" means the Carl  
2 D. Perkins vocational and applied technology education act, Public Law  
3 88-210, 98 Stat. 2435.

#### 4 **STATE AID - OPERATIONS**

5 Sec. 301. Unless otherwise stated, all data items used in  
6 determining state aid in this act are as defined in the Manual for  
7 Uniform Financial Reporting, Michigan Public Community Colleges,  
8 published by the Michigan department of career development in 2001,  
9 which shall be the basis for reporting data, and the Activities  
10 Classification Structure Manual for Michigan Community Colleges, 1996  
11 revision of the final report of the activities classification  
12 structure task force (July 1981), published by the department of  
13 education, as amended by the department of career development, which  
14 shall be used to document financial needs of the community colleges.

15 Sec. 302. A community college shall not include in the  
16 enrollment data reported for determining state aid under this act any  
17 student credit hours or student contact hours for a student  
18 incarcerated in a Michigan penal institution. Exclusion of these  
19 students is intended to avoid the payment of state aid under this act  
20 for the same individuals for whom reimbursement is provided by the  
21 state correctional system.

#### 22 **GRANTS**

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



1 college to the department of career development for use in the  
 2 Activities Classification Structure Manual for Michigan Community  
 3 Colleges, 1996 revision of the final report of the activities  
 4 classification structure task force (July 1981), published by the  
 5 department of education. Of the amount appropriated in part 1 for the  
 6 at-risk student success program, \$1,120,000.00 is allocated for base  
 7 grants of \$40,000.00 each, to address the special needs of at-risk  
 8 students at community colleges or the acquisition or upgrade of  
 9 technology related equipment and software.

10 (2) Of the amount appropriated in part 1 for the at-risk student  
 11 success program, the balance of the appropriated money shall be  
 12 distributed on a proration utilizing the sum of the most recent  
 13 3 years developmental/preparatory contact hours divided by the sum of  
 14 the 3-year total contact hours at each college. Each community  
 15 college's percentage shall be divided by the sum of all the  
 16 percentages systemwide to obtain each community college's prorated  
 17 grant amount.

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

20	Alpena Community College.....	\$	68,700
21	Bay de Noc Community College.....		82,400
22	Delta College.....		99,400
23	Glen Oaks Community College.....		127,500
24	Gogebic Community College.....		71,500
25	Grand Rapids Community College.....		98,000
26	Henry Ford Community College.....		146,500
27	Jackson Community College.....		101,800

1	Kalamazoo Valley Community College.....	100,200
2	Kellogg Community College.....	143,000
3	Kirtland Community College.....	146,600
4	Lake Michigan College.....	162,100
5	Lansing Community College.....	147,600
6	Macomb Community College.....	84,400
7	Mid Michigan Community College.....	124,000
8	Monroe County Community College.....	90,700
9	Montcalm Community College.....	67,800
10	C.S. Mott Community College.....	101,900
11	Muskegon Community College.....	185,300
12	North Central Michigan College.....	121,300
13	Northwestern Michigan College.....	129,700
14	Oakland Community College.....	141,700
15	St. Clair Community College.....	88,500
16	Schoolcraft College.....	134,800
17	Southwestern Michigan College.....	152,400
18	Washtenaw Community College.....	157,200
19	Wayne County Community College.....	129,500
20	West Shore Community College.....	118,200

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

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

26       (b) Are diagnosed as learning disabled.

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

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

9       (6) Grant funding under this section shall not be used for  
10 indirect costs including, but not limited to, rent, utilities, or,  
11 except as provided in this section, college administration.

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

19       Sec. 402. The legislature intends that any executive or  
20 legislative proposal or action, subsequent to the adoption of a  
21 recommendation for appropriations for community colleges for the  
22 fiscal year ending September 30, 2004, to increase appropriations to  
23 state-supported 4-year universities in excess of the governor's  
24 original recommendation for the fiscal year ending September 30, 2004,  
25 will be accompanied by a similar action or proposal for  
26 state-supported community colleges.

27       Sec. 403. The legislature intends that not less than 70% of the

1 economic development job training grant money be awarded to community  
2 colleges or a consortium of community colleges and other eligible  
3 applicants as provided in the budget that appropriated the economic  
4 development job training grant money. Further, the legislature  
5 intends that at least a portion of the total appropriation for  
6 economic development job training grants be awarded to community  
7 colleges that offer certified programs that are bureau of  
8 apprenticeship training certified. The Michigan economic development  
9 corporation shall report by November 1 of each year to the house and  
10 senate appropriations subcommittees on community colleges and the  
11 senate and house fiscal agencies the names of the community colleges  
12 awarded grant money under this section, the amount of the grants  
13 awarded, and the percentage awarded to bureau of apprenticeship  
14 training certified programs.

15       Sec. 405. (1) The funds appropriated in part 1 for the tuition  
16 incentive program/high school completion program shall be distributed  
17 as provided in this section and pursuant to the administrative  
18 procedures for the tuition incentive program/high school completion  
19 program of the department of treasury.

20       (2) As used in this section:

21       (a) "Phase I" means the first part of the tuition incentive  
22 assistance program defined as the academic period of 80 semester or  
23 120 term credits, or less, leading to an associate degree or  
24 certificate.

25       (b) "Phase II" means the second part of the tuition incentive  
26 assistance program which provides assistance in the third and fourth  
27 year of 4-year degree programs.

1 (c) "Department" means the department of treasury.

2 (3) A person shall meet the following basic criteria and financial  
3 thresholds to be eligible for tuition incentive benefits:

4 (a) To be eligible for phase I, a person shall meet all of the  
5 following criteria:

6 (i) Apply for certification to the department before graduating  
7 from high school or completing the general education development (GED)  
8 certificate.

9 (ii) Be less than 20 years of age at the time of high school  
10 graduation or GED completion.

11 (iii) Be a United States citizen and a resident of Michigan  
12 according to institutional criteria.

13 (iv) Be at least a half-time student, earning less than 80  
14 semester or 120 term credits at a participating educational  
15 institution within 4 years of high school graduation or GED  
16 certificate completion.

17 (b) To be eligible for phase II, a person shall meet either of the  
18 following criteria in addition to the criteria in subdivision (a):

19 (i) Complete at least 56 transferable semester or 84 transferable  
20 term credits.

21 (ii) Obtain an associate degree or certificate at a participating  
22 institution.

23 (c) To be eligible for phase I or phase II, a person must be  
24 financially eligible as determined by the department. A person is  
25 financially eligible for the tuition incentive program if that person  
26 was Medicaid eligible for 24 months within the 36 months before  
27 application. Certification of eligibility may begin in the sixth

1 grade and continue until the time of enrollment in a participating  
2 institution.

3 (4) For phase I, the department shall provide payment on behalf of  
4 a person eligible under subsection (3). The department shall reject  
5 billings that are excessive or outside the guidelines for the type of  
6 educational institution.

7 (5) For phase I, all of the following apply:

8 (a) Payments for associate degree or certificate programs shall  
9 not be made for more than 80 semester or 120 term credits for any  
10 individual student at any participating institution.

11 (b) For persons enrolled at a Michigan community college, the  
12 department shall pay the current in-district tuition and mandatory  
13 fees. For persons residing in an area that is not included in any  
14 community college district, the out-of-district tuition rate may be  
15 authorized.

16 (c) For persons enrolled at a Michigan public university, the  
17 department shall pay lower level resident tuition and mandatory fees  
18 for the current year.

19 (d) For persons enrolled at a Michigan independent, nonprofit  
20 degree granting college or university, or a Michigan federal tribally  
21 controlled community college, or Focus: HOPE, the department shall  
22 pay mandatory fees for the current year and a per-credit payment that  
23 does not exceed the average community college in-district per-credit  
24 tuition rate as reported on August 1, for the immediately preceding  
25 academic year.

26 (6) A person participating in phase II may be eligible for  
27 additional funds not to exceed \$500.00 per semester or \$400.00 per

1 term up to a maximum of \$2,000.00 subject to the following  
2 conditions:

3 (a) Credits are earned in a 4-year program at a Michigan degree  
4 granting 4-year college or university.

5 (b) The tuition reimbursement is for coursework completed within  
6 30 months of completion of the phase I requirements.

7 (7) Program payments shall not be used by any recipient for  
8 theology or divinity courses.

9 (8) The department shall work closely with participating  
10 institutions to develop an application and eligibility determination  
11 process that will provide the highest level of participation and  
12 ensure that all requirements of the program are met.

13 (9) Applications for the tuition incentive program may be approved  
14 at any time after the student begins the sixth grade. If a  
15 determination of financial eligibility is made, that determination is  
16 valid as long as the student meets all other program requirements and  
17 conditions.

18 (10) Each institution shall ensure that all known available  
19 restricted grants for tuition and fees are used prior to billing the  
20 tuition incentive program for any portion of a student's tuition and  
21 fees.

22 (11) The department shall ensure that the tuition incentive  
23 program is well publicized and that potentially eligible Medicaid  
24 clients are provided information on the program. The department shall  
25 provide the necessary funding and staff to fully operate the program.

26 (12) Any unexpended and unencumbered funds remaining on September  
27 30, 2004 from the amounts appropriated in part 1 for the tuition

1 incentive program shall not lapse on September 30, 2004, but shall  
2 continue to be available for expenditure for the tuition incentive  
3 program in the fiscal year ending September 30, 2005.