

Act No. 146
Public Acts of 2003
Approved by the Governor
August 5, 2003
Filed with the Secretary of State
August 6, 2003
EFFECTIVE DATE: August 6, 2003

**STATE OF MICHIGAN
92ND LEGISLATURE
REGULAR SESSION OF 2003**

Introduced by Rep. Shulman

ENROLLED HOUSE BILL No. 4388

AN ACT to make and supplement appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2003 and 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:

PART 1

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2003-04

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, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

COMMUNITY COLLEGES

APPROPRIATION SUMMARY:

GROSS APPROPRIATION.....	\$	289,013,100
Appropriated from:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION.....	\$	289,013,100
Total federal revenues		0
Total local revenues		0
Total private revenues.....		0
Total other state restricted revenues		0
State general fund/general purpose	\$	289,013,100

Sec. 102. OPERATIONS

Alpena Community College	\$	4,930,500
Bay de Noc Community College.....		4,766,800
Delta College		13,331,900
Glen Oaks Community College		2,236,800
Gogebic Community College.....		4,078,400
Grand Rapids Community College		16,769,300
Henry Ford Community College		20,436,700

		For Fiscal Year Ending Sept. 30, 2004
Jackson Community College.....	\$	11,312,800
Kalamazoo Valley Community College.....		11,542,800
Kellogg Community College.....		9,068,800
Kirtland Community College.....		2,752,400
Lake Michigan College.....		4,880,800
Lansing Community College.....		28,999,400
Macomb Community College.....		30,941,500
Mid Michigan Community College.....		4,127,600
Monroe County Community College.....		4,015,800
Montcalm Community College.....		2,904,700
C.S. Mott Community College.....		14,661,600
Muskegon Community College.....		8,343,600
North Central Michigan College.....		2,826,100
Northwestern Michigan College.....		8,513,800
Oakland Community College.....		19,518,300
St. Clair County Community College.....		6,537,800
Schoolcraft College.....		11,455,400
Southwestern Michigan College.....		6,149,300
Washtenaw Community College.....		11,642,900
Wayne County Community College.....		15,050,600
West Shore Community College.....		2,144,000
GROSS APPROPRIATION.....	\$	283,940,400
Appropriated from:		
State general fund/general purpose.....	\$	283,940,400
Sec. 103. GRANTS		
At-risk student success program.....	\$	3,322,700
Renaissance zone tax reimbursement funding.....		1,750,000
GROSS APPROPRIATION.....	\$	5,072,700
Appropriated from:		
State general fund/general purpose.....	\$	5,072,700

PART 1A

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2002-03

Sec. 151. 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

APPROPRIATION SUMMARY:

GROSS APPROPRIATION.....	\$	1,077,700
Appropriated from:		
Total interdepartmental grants and intradepartmental transfers.....		0
ADJUSTED GROSS APPROPRIATION.....	\$	1,077,700
Total federal revenues.....		0
Total local revenues.....		0
Total private revenues.....		0
Total other state restricted revenues.....	\$	1,077,700
State general fund/general purpose.....	\$	0

Sec. 152. OPERATIONS

Alpena Community College.....	\$	18,100
Bay de Noc Community College.....		17,500

		For Fiscal Year Ending Sept. 30, 2003
Delta College	\$	50,600
Glen Oaks Community College		8,500
Gogebic Community College.....		14,900
Grand Rapids Community College.....		63,600
Henry Ford Community College		77,600
Jackson Community College.....		42,900
Kalamazoo Valley Community College.....		43,800
Kellogg Community College		34,400
Kirtland Community College.....		10,400
Lake Michigan College		18,500
Lansing Community College		110,100
Macomb Community College.....		117,400
Mid Michigan Community College		15,700
Monroe County Community College.....		15,200
Montcalm Community College		11,000
C.S. Mott Community College.....		55,600
Muskegon Community College.....		31,700
North Central Michigan College.....		10,700
Northwestern Michigan College		32,300
Oakland Community College		74,100
St. Clair County Community College		24,800
Schoolcraft College		43,500
Southwestern Michigan College.....		23,300
Washtenaw Community College.....		44,200
Wayne County Community College.....		58,800
West Shore Community College.....		8,500
GROSS APPROPRIATION.....	\$	1,077,700
Appropriated from:		
Special revenue funds:		
Michigan merit award trust fund.....		1,077,700
State general fund/general purpose	\$	0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2003-04

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 2003-2004 is \$289,013,100.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$289,013,100.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

Operations	\$	283,940,400
At-risk student success program		3,322,700
Renaissance zone tax reimbursement program		1,750,000
TOTAL	\$	289,013,100

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

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, 2004, 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, 2003. Each community college shall accrue its July and August 2004 payments to its institutional fiscal year ending June 30, 2004. However, if a community college fails to submit all verified Michigan community colleges activities classification structure data for school year 2002-2003 to the department of career development by November 1, 2003, 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, 2004, for use by the legislature during budget development for the fiscal year ending September 30, 2005. 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, 2003. 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, 2003, 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, 2004.

(2) The auditor general or a certified public accountant appointed by the auditor general may conduct performance audits of community colleges as the auditor general considers 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 members of the senate and house appropriations subcommittees on community colleges, the senate and house fiscal agencies, the auditor general, the department of career development, and the state budget director before November 15, 2003. 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.

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

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

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

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, 2004. The report shall include, but is not limited to, the following:

- (a) Estimated revenue losses for each community college for the calendar year 2003.
- (b) Confirmed revenue losses for each community college for the calendar years 2001 and 2002.
- (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, 2003:

(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, 2004.

Sec. 222. The appropriation in part 1 for renaissance zone reimbursements shall be made 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.

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

Sec. 224. 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.

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

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

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, 2003.

(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, 2004.

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

Sec. 229. 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.

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.

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

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

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

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

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

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, as amended by the department of career development, which shall be used to document financial needs of the community colleges.

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, 2004, the at-risk student success program money is allocated as follows:

Alpena Community College	\$ 68,700
Bay de Noc Community College.....	82,400
Delta College	99,400
Glen Oaks Community College	127,500
Gogebic Community College.....	71,500
Grand Rapids Community College	98,000
Henry Ford Community College	146,500
Jackson Community College.....	101,800
Kalamazoo Valley Community College.....	100,200
Kellogg Community College	143,000
Kirtland Community College.....	146,600
Lake Michigan College	162,100
Lansing Community College	147,600
Macomb Community College	84,400
Mid Michigan Community College	124,000
Monroe County Community College	90,700
Montcalm Community College	67,800
C.S. Mott Community College.....	101,900
Muskegon Community College.....	185,300
North Central Michigan College.....	121,300
Northwestern Michigan College	129,700
Oakland Community College	141,700
St. Clair Community College.....	88,500
Schoolcraft College	134,800
Southwestern Michigan College.....	152,400
Washtenaw Community College.....	157,200
Wayne County Community College	129,500
West Shore Community College.....	118,200

(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.

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, 2004, to increase appropriations to state-supported 4-year universities in excess of the governor's original recommendation for the fiscal year ending September 30, 2004, 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.

PART 2A

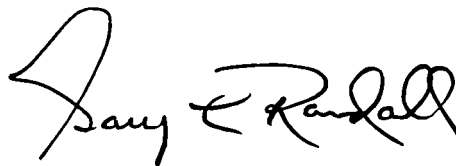
PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2002-03

GENERAL SECTIONS

Sec. 1201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1A for fiscal year 2002-2003 is \$1,077,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$1,077,700.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

Operations	\$	1,077,700
TOTAL	\$	1,077,700

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved

Governor