

Act No. 352
Public Acts of 2004
Approved by the Governor
September 30, 2004
Filed with the Secretary of State
September 30, 2004
EFFECTIVE DATE: September 30, 2004

**STATE OF MICHIGAN
92ND LEGISLATURE
REGULAR SESSION OF 2004**

Introduced by Senator Johnson

ENROLLED SENATE BILL No. 1067

AN ACT to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2004 and for the fiscal year ending September 30, 2005; to provide for the expenditures of those appropriations; 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 2004-2005

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for higher education for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

HIGHER EDUCATION

APPROPRIATION SUMMARY:

Full-time equated classified position.....	1.0	
GROSS APPROPRIATION.....	\$	1,690,150,500
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION.....	\$	1,690,150,500
Federal revenues:		
Total federal revenues		4,500,000
Special revenue funds:		
Total local revenues		0
Total private revenues.....		0
Total other state restricted revenues		85,150,000
State general fund/general purpose	\$	1,600,500,500

Sec. 102. CENTRAL MICHIGAN UNIVERSITY

Operations	\$	75,018,300
Tuition restraint incentive		4,892,600
GROSS APPROPRIATION	\$	<u>79,910,900</u>
Appropriated from:		
Special revenue funds:		
Michigan merit award trust fund.....		538,440
State general fund/general purpose	\$	79,372,460

Sec. 103. EASTERN MICHIGAN UNIVERSITY

Operations	\$	72,563,400
Tuition restraint incentive		4,732,400
GROSS APPROPRIATION	\$	<u>77,295,800</u>
Appropriated from:		
State general fund/general purpose	\$	77,295,800

Sec. 104. FERRIS STATE UNIVERSITY

Operations	\$	45,970,800
Tuition restraint incentive		2,998,000
GROSS APPROPRIATION	\$	<u>48,968,800</u>
Appropriated from:		
State general fund/general purpose	\$	48,968,800

Sec. 105. GRAND VALLEY STATE UNIVERSITY

Operations	\$	54,358,900
Tuition restraint incentive		3,545,200
GROSS APPROPRIATION	\$	<u>57,904,100</u>
Appropriated from:		
Special revenue funds:		
Michigan merit award trust fund.....		5,000,000
State general fund/general purpose	\$	52,904,100

Sec. 106. LAKE SUPERIOR STATE UNIVERSITY

Operations	\$	11,914,400
Tuition restraint incentive		770,600
GROSS APPROPRIATION	\$	<u>12,685,000</u>
Appropriated from:		
State general fund/general purpose	\$	12,685,000

Sec. 107. MICHIGAN STATE UNIVERSITY

Operations	\$	269,913,000
Tuition restraint incentive		17,603,000
Agricultural experiment station		33,163,800
Cooperative extension service		28,604,300
GROSS APPROPRIATION	\$	<u>349,284,100</u>
Appropriated from:		
State general fund/general purpose	\$	349,284,100

Sec. 108. MICHIGAN TECHNOLOGICAL UNIVERSITY

Operations	\$	45,740,000
Tuition restraint incentive		2,983,000
GROSS APPROPRIATION	\$	<u>48,723,000</u>
Appropriated from:		
State general fund/general purpose	\$	48,723,000

Sec. 109. NORTHERN MICHIGAN UNIVERSITY

Operations	\$	42,966,600
Tuition restraint incentive		2,808,600
GROSS APPROPRIATION	\$	<u>45,775,200</u>
Appropriated from:		
State general fund/general purpose	\$	45,775,200

Sec. 110. OAKLAND UNIVERSITY	
Operations	\$ 45,160,900
Tuition restraint incentive	2,945,200
GROSS APPROPRIATION	\$ 48,106,100
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	1,941,768
State general fund/general purpose	\$ 46,164,332
Sec. 111. SAGINAW VALLEY STATE UNIVERSITY	
Operations	\$ 24,539,800
Tuition restraint incentive	1,600,400
GROSS APPROPRIATION	\$ 26,140,200
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	2,019,792
State general fund/general purpose	\$ 24,120,408
Sec. 112. UNIVERSITY OF MICHIGAN - ANN ARBOR	
Operations	\$ 301,029,600
Tuition restraint incentive	19,632,400
GROSS APPROPRIATION	\$ 320,662,000
Appropriated from:	
State general fund/general purpose	\$ 320,662,000
Sec. 113. UNIVERSITY OF MICHIGAN - DEARBORN	
Operations	\$ 23,178,400
Tuition restraint incentive	1,511,600
GROSS APPROPRIATION	\$ 24,690,000
Appropriated from:	
State general fund/general purpose	\$ 24,690,000
Sec. 114. UNIVERSITY OF MICHIGAN - FLINT	
Operations	\$ 19,928,400
Tuition restraint incentive	1,299,600
GROSS APPROPRIATION	\$ 21,228,000
Appropriated from:	
State general fund/general purpose	\$ 21,228,000
Sec. 115. WAYNE STATE UNIVERSITY	
Operations	\$ 210,017,500
Tuition restraint incentive	13,696,800
GROSS APPROPRIATION	\$ 223,714,300
Appropriated from:	
State general fund/general purpose	\$ 223,714,300
Sec. 116. WESTERN MICHIGAN UNIVERSITY	
Operations	\$ 104,060,500
Tuition restraint incentive	6,786,600
GROSS APPROPRIATION	\$ 110,847,100
Appropriated from:	
State general fund/general purpose	\$ 110,847,100
Sec. 117. STATE AND REGIONAL PROGRAMS	
Full-time equated position	1.0
Higher education database modernization and conversion—1.0 FTE position.....	\$ 200,000
Midwestern higher education compact	165,000
GROSS APPROPRIATION	\$ 365,000
Appropriated from:	
State general fund/general purpose	\$ 365,000

Sec. 118. MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA PARKS PROGRAM

Select student supportive services.....	\$ 1,956,100
Michigan college/university partnership program.....	586,800
Morris Hood, Jr. educator development program.....	148,600
GROSS APPROPRIATION.....	\$ 2,691,500
Appropriated from:	
State general fund/general purpose	\$ 2,691,500

Sec. 119. GRANTS AND FINANCIAL AID

State competitive scholarships.....	\$ 35,630,500
Tuition grants.....	61,768,100
Michigan work-study program.....	7,326,300
Part-time independent student program.....	2,653,300
Dental clinics grant	4,547,000
Michigan education opportunity grants.....	2,084,200
Robert C. Byrd honors scholarship program	1,500,000
Nursing scholarship program.....	4,000,000
Michigan merit award program	61,400,000
Tuition incentive program.....	10,250,000
GROSS APPROPRIATION.....	\$ 191,159,400
Appropriated from:	
Federal revenues:	
Higher education act of 1965, title IV, 20 USC	3,000,000
Higher education act of 1965, title IV, part A	1,500,000
Special revenue funds:	
Michigan merit award trust fund.....	75,650,000
State general fund/general purpose	\$ 111,009,400

PART 2

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2004-2005

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 2004-2005 is \$1,685,650,500.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$3,759,100.00. The itemized statement below identifies the estimated appropriations from which spending to units of local government will occur:

Part-time independent student program.....	\$ 1,255,700
Michigan education opportunity grant.....	932,900
Michigan work-study.....	1,570,500
TOTAL	\$ 3,759,100

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. 208. Unless otherwise specified, the institutions of higher education receiving appropriations in part 1 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 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods and services, or both, are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value.

Sec. 212. (1) The funds appropriated in part 1 to state institutions of higher education shall be paid out of the state treasury and distributed by the state treasurer to the respective institutions in 11 equal monthly installments on the sixteenth of each month, or the next succeeding business day, beginning with October 16, 2004. Except for Wayne State University, each institution shall accrue its July and August 2005 payments to its institutional fiscal year ending June 30, 2005.

(2) All universities shall submit higher education institutional data inventory (HEIDI) data and associated financial and program information requested by and in a manner prescribed by the state budget director. For universities with fiscal years ending June 30, 2004, these data shall be submitted to the state budget director by October 15, 2004. Universities with a fiscal year ending September 30, 2004 shall submit preliminary HEIDI data by November 15, 2004 and final data by December 15, 2004. If a university fails to submit HEIDI data and associated financial aid program information in accordance with this reporting schedule, the state treasurer shall withhold the monthly installments under subsection (1) to the university until those data are submitted.

(3) A detailed description of procedures utilized to arrive at the amounts appropriated in part 1 shall be submitted to each institution by the senate and house fiscal agencies.

Sec. 213. Funds received by the state from the federal government or private sources for the use of a college or university are appropriated for the purposes for which they are provided. The acceptance and use of federal or private funds do not place an obligation upon the legislature to continue the purposes for which the funds are made available.

Sec. 214. If section 274 of the income tax act of 1967, 1967 PA 281, MCL 206.274, is not repealed and if a state institution of higher education that receives funds under this act notifies the department of treasury regarding its tuition and fee rates in order to qualify as an eligible institution for the Michigan tuition tax credit under section 274 of the income tax act of 1967, 1967 PA 281, MCL 206.274, the institution shall also submit the notification and applicable documentation of tuition and fee changes to the house and senate fiscal agencies.

Sec. 215. A state institution of higher education that receives funds under this act shall furnish all program and financial information that is required by and in a manner prescribed by the state budget director or the house or senate appropriations committee.

GRANTS AND FINANCIAL AID

Sec. 301. (1) Payments of the amounts included in part 1 for the state competitive scholarship program shall be distributed pursuant to 1964 PA 208, MCL 390.971 to 390.981.

(2) The Michigan higher education assistance authority shall implement a proportional competitive scholarship maximum award level for recipients enrolled less than full-time in a given semester or term.

(3) If a student who receives an award under this section has his or her tuition and fees paid under the Michigan educational trust program, pursuant to the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1444, and still has financial need, the funds awarded under this section may be used for educational expenses other than tuition and fees.

(4) If the Michigan higher education assistance authority increases the maximum award per eligible student from that provided in the previous fiscal year, it shall not have the effect of reducing the number of eligible students receiving awards in relation to the total number of eligible applicants. Any increase in the maximum grant shall be proportional for all eligible students receiving awards.

Sec. 302. (1) The amounts appropriated in part 1 for the state tuition grant program shall be distributed pursuant to 1966 PA 313, MCL 390.991 to 390.997a.

(2) Tuition grant awards shall be made to all eligible Michigan residents who apply before July 15, 2004 and who are qualified. Tuition grant awards shall not be made to students newly enrolled in a juris doctor law degree program after the 1995-96 academic year.

(3) The Michigan higher education assistance authority shall determine an actual maximum tuition grant award per student that ensures that the aggregate payments for the tuition grant program do not exceed the appropriation contained in part 1 for the state tuition grant program. By December 15, 2004, and again by February 1, 2005, the authority shall analyze the status of award commitments, shall make any necessary adjustments, and shall confirm that those award commitments will not exceed the appropriation contained in part 1 for the tuition grant program. The determination and actions shall be reported to the state budget director and the house and senate fiscal agencies no later than February 15, 2005. If award adjustments are necessary, the students shall be notified of the adjustment by the third Monday in February.

(4) Any unexpended and unencumbered funds remaining on September 30, 2005 from the amounts appropriated in part 1 for the tuition grant program shall not lapse on September 30, 2005, but shall continue to be available for expenditure for tuition grants provided in the 2005-2006 fiscal year. The use of these unexpended fiscal year 2004-2005 funds shall terminate at the end of the 2005-2006 fiscal year.

(5) The Michigan higher education assistance authority shall continue a proportional tuition grant maximum award level for recipients enrolled less than full-time in a given semester or term.

(6) If the Michigan higher education assistance authority increases the maximum award per eligible student from that provided in the previous fiscal year, it shall not have the effect of reducing the number of eligible students receiving awards in relation to the total number of eligible applicants. Any increase in the maximum grant shall be proportional for all eligible students receiving awards for fiscal year 2004-2005.

(7) All Ferris State University students enrolled at Kendall College of Art and Design prior to January 1, 2001 who were qualified for the state tuition grant shall continue to receive the dollar amount of the state tuition grant for which they were eligible until they graduate or are no longer enrolled in the Kendall College of Art and Design at Ferris State University.

Sec. 303. (1) Included in the appropriation in part 1 is funding for the Michigan work-study program established under 1986 PA 288, MCL 390.1371 to 390.1382, and 1986 PA 303, MCL 390.1321 to 390.1332. An effort should be made by each institution participating in the Michigan work-study program to assure that not less than 10% of those undergraduate, graduate, and professional students eligible to participate in the program are placed with for-profit employers no later than December 31 of each year for which funding is provided under this act.

(2) The Michigan higher education assistance authority shall allocate funds to institutions eligible for work-study money based upon each institution's specific Pell grant index and each institution's utilization rate of work-study funds for the 3 most recent years for which statistics are available.

(3) The Michigan higher education assistance authority shall set aside not more than 5% of the total work-study appropriation to process requests from participating institutions for allocation adjustments. Allocation adjustments shall be based on criteria set by the authority prior to making the allocations under subsection (2).

Sec. 307. The auditor general may audit selected enrollments, degrees, and awards at selected independent colleges and universities receiving awards administered by the department of treasury. The audits shall be based upon definitions and requirements established by the Michigan higher education assistance authority, the state budget director, and the senate and house fiscal agencies. The auditor general shall accept the Free Application for Federal Student Aid (FAFSA) form as the standard of residency documentation. The auditor general shall submit a report of findings to the senate and house appropriations committees and state budget director by May 1, 2005.

Sec. 308. The sums appropriated in part 1 for the student financial aid programs shall be paid out of the state treasury and shall be distributed to the respective institutions under a quarterly payment system as follows:

(a) For the state competitive scholarship, nursing scholarship, tuition incentive, and tuition grant programs, 40% shall be paid at the beginning of the state's first fiscal quarter, 40% at the beginning of the state's second fiscal quarter, 10% at the beginning of the state's third fiscal quarter, and 10% at the beginning of the state's fourth fiscal quarter.

(b) For the work-study program, payments shall be made in 11 monthly installments from October 1 to August 31 of any year.

(c) For the part-time independent student program and the Michigan education opportunity grant program, 50% shall be paid at the beginning of the state's first fiscal quarter, 25% at the beginning of the state's second fiscal quarter, and 25% at the beginning of the state's third fiscal quarter.

(d) For the Robert C. Byrd honors scholarship program, 50% shall be paid at the beginning of the state's first fiscal quarter and 50% at the beginning of the state's second fiscal quarter.

(e) For the dental clinics grant program, 25% shall be paid at the beginning of the state's first fiscal quarter, 25% at the beginning of the state's second fiscal quarter, 25% at the beginning of the state's third fiscal quarter, and 25% at the beginning of the state's fourth fiscal quarter.

Sec. 309. The Michigan higher education assistance authority shall determine the needs analysis criteria for students to qualify for the competitive scholarship program and tuition grant program. To be consistent with federal requirements, student wages may be taken into consideration when determining the amount of the award.

Sec. 310. (1) The funds appropriated in part 1 for the tuition incentive program/high school completion program shall be distributed as provided in this section and pursuant to the administrative procedures for the tuition incentive program/high school completion program of the department of treasury.

(2) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) A person participating in phase II may be eligible for additional funds not to exceed \$500.00 per semester or \$400.00 per term up to a maximum of \$2,000.00 subject to the following conditions:

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

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

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

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

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

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

(11) Any unexpended and unencumbered funds remaining on September 30, 2005 from the amounts appropriated in part 1 for the tuition incentive program shall not lapse on September 30, 2005, but shall continue to be available for expenditure for the tuition incentive program in the fiscal year ending September 30, 2006.

Sec. 311. To enable the legislature and the state budget director to evaluate the appropriation needs of higher education, each independent college and university shall make available to the legislature or state budget director, upon request, data regarding grants for the preceding, current, and ensuing fiscal years.

Sec. 312. From the funds appropriated in part 1, the Michigan higher education assistance authority shall administer the nursing scholarship program pursuant to 2002 PA 591, MCL 390.1181 to 390.1189.

Sec. 315. Included in part 1 is funding for the dental clinics grant. This appropriation is for the University of Detroit Mercy to support dental clinical services provided by its school of dentistry to low-income residents in southeastern Michigan.

STATE UNIVERSITIES

Sec. 401. (1) Included in part 1 is \$5,605,892.00 to Wayne State University for the Joseph F. Young, Sr. psychiatric research and training program. Wayne State University shall use these funds for psychiatric laboratory and clinical research, training, and treatment services. Within the available appropriation, services shall not be denied to any patient who meets established research guidelines for treatment on the basis of personal financial circumstances, age, geographic residence, or projected/actual length of treatment as medically warranted.

(2) Wayne State University shall report the following information to the department of community health by November 1, 2005:

- (a) The number and type of psychiatric research projects funded by the appropriation described in subsection (1).
 - (b) The number and type of students trained and the location of training funded by the appropriation.
 - (c) Demographic data regarding the number and profile of patients to receive psychiatric services funded by the appropriation and a profile of the services provided.
 - (d) A summary budget outlining major expenditure categories and any first- and third-party reimbursements.
- (3) Copies of these reports shall also be provided to the house and senate fiscal agencies and the state budget director.

Sec. 402. The University of Michigan biological station at Douglas Lake in Cheboygan County is regarded as a unique resource and is designated as a special research reserve. It is the intent of the legislature to protect and preserve the unique long-term research value and capabilities of the biological station area and Douglas Lake. The legislature further intends that no state programs or policies be developed that would have a deleterious impact on the research value of Douglas Lake.

Sec. 405. (1) There is created the higher education institutional data inventory advisory committee. The committee shall be appointed by the state budget director and shall consist of the following members:

- (a) One representative from the house fiscal agency.
- (b) One representative from the senate fiscal agency.
- (c) One representative from the state budget director's office.
- (d) Three representatives of the presidents council of state universities. The presidents council shall appoint 1 representative each from a masters, a doctoral, and a research university.

(2) The committee shall be responsible for maintaining and enhancing the state higher education database for which funding is included in part 1.

Sec. 421. (1) Central Michigan University shall report by September 30, 2005 to the state budget director, house and senate appropriations committees, and the house and senate fiscal agencies information on the activities and effectiveness of the national charter schools institute for which an appropriation is provided in part 1. Included in the report shall be an accounting of all revenues and expenditures of the institute, the names of the public school academies served, and the type of assistance provided to each public school academy.

(2) All funds received under part 1 for the national charter schools institute are intended to be expended on activities of that institute.

Sec. 426. It is the legislative intent that private bookstores that sell textbooks to university students and student governments that provide a book swap for university students have accurate and timely access to lists of universities' required textbooks in order to provide prompt and efficient service for students. It is further the legislative intent that each state university allow students who are on financial aid or are receiving tuition grants to decide where to purchase their textbooks.

Sec. 433. (1) Included in part 1 is \$2,953,400.00 for the agricultural experiment station and \$2,619,000.00 for the cooperative extension service for project GREEN. Project GREEN is intended to address critical regulatory, food safety, economic, and environmental problems faced by this state's plant-based agriculture, forestry, and processing industries. "GREEN" is an acronym for generating research and extension to meet environmental and economic needs.

(2) The department of agriculture and Michigan State University, in consultation with agricultural commodity groups and other interested parties, shall develop project GREEN and its program priorities.

(3) Not later than September 30, 2005, a report shall be submitted by Michigan State University to the state budget director, the house and senate appropriations subcommittees on agriculture and on higher education, and the house and senate fiscal agencies for the preceding fiscal year regarding project GREEN projects. The report shall include, but is not limited to, the dollar amount of each project and a review of each project's performance and accomplishments.

Sec. 436. (1) The amounts appropriated in part 1 for state university tuition restraint incentives shall only be paid to a state university certifying to the state budget director by October 1, 2004 that the state university meets 1 of the following criteria:

(a) For Grand Valley State University, Michigan State University, and Saginaw Valley State University, the university will not adopt an increase in tuition and required fees for the 2004-2005 academic year greater than 2.4% of the highest resident undergraduate rate authorized for any semester during the 2003-2004 academic year on an annualized basis.

(b) For Western Michigan University, the university will rebate at least \$200.00 of the \$500.00 1-time records fee to each resident undergraduate student who paid that records fee and the university will not adopt an increase in tuition and required fees for the 2004-2005 academic year greater than 2.4% of the average lower and upper division fall and winter resident tuition and required fees for the 2003-2004 academic year. For purposes of the 2.4% limit under this subdivision, the 1-time records fee shall not be included.

(c) For universities not listed in subdivision (a) or (b), the university will not adopt an increase in tuition and required fees for the 2004-2005 academic year greater than 2.8% of the average lower and upper division fall and winter resident tuition and required fees for the 2003-2004 academic year.

(2) The state budget director shall implement a reporting requirement based on definitions and uniform reporting requirements established by the state budget director and the house and senate fiscal agencies, to ensure that a state university receiving an appropriation under sections 102 through 116 has satisfied the tuition restraint requirements of this section.

(3) If a state university complies with the tuition restraint requirements described in this section, its state appropriation will not be reduced by executive order or any other manner during the 2004-2005 fiscal year.

(4) Tuition and required fees for each semester of the 2004-2005 academic year for each university shall not increase, on an annualized basis, by more than the limits provided in subsection (1) above the tuition and required fees for that university for the 2003-2004 academic year.

Sec. 437. It is the intent of the legislature that funds in a Michigan public school employee retirement system (MPERS) stabilization subaccount be used for fiscal year 2004-2005 to provide at least a \$4,900,000.00 subsidy of the payroll contribution rate for the 7 state universities that have employees in the MPERS system.

Sec. 440. All universities shall submit the amount of tuition and fees to be charged a full-time resident undergraduate student for academic year 2004-2005 as part of their higher education institutional data inventory (HEIDI) data by August 31, 2004. A university shall report any revisions to the reported academic year 2004-2005 tuition and fee charges to HEIDI within 15 days of being adopted.

Sec. 450. (1) For the fiscal year ending September 30, 2005, it is the intent of the legislature that an amount calculated under subsection (2) be allocated for per-student floor funding from the general fund/general purpose unreserved balances at the close of the 2003-2004 fiscal year.

(2) The amount allocated under subsection (1) for per-student floor funding is equal to \$4,000.00 per 2002-2003 fiscal-year-equated student at each university. The number of 2002-2003 fiscal-year-equated students at a university is determined by reference to the higher education institutional data inventory (HEIDI).

Sec. 460. By January 10, 2005, each state institution of higher education receiving an appropriation under part 1 shall report to the chairperson of the senate and house appropriations committees, the state budget director, and the senate and house fiscal agencies concerning the present condition of facilities for student housing and the present condition of any housing facilities provided to the institution's president or chancellor. The report shall include, but not be limited to, all of the following:

(a) Concerning student housing, all of the following:

- (i) An assessment of the physical condition of student housing facilities.
- (ii) An assessment of special maintenance needs and costs for each facility.
- (iii) An assessment of the availability of student housing and whether there is adequate capacity to meet demand.
- (iv) If there are shortages in availability of student housing, any action being considered to address the shortages.

(b) Concerning the president's or chancellor's housing, all of the following:

- (i) The type of residence, if any, provided to the institution's president or chancellor.
- (ii) The value at the time of the report of the residence, including both the land and the structure.
- (iii) The cost of any renovations and maintenance done at the residence for the immediately preceding 5 years.
- (iv) The annual cost of operating the residence.
- (v) The fiscal year 2004-2005 compensation of the president or chancellor, including fringe benefits and bonuses.

Sec. 461. From the amount appropriated in part 1 to Lake Superior State University for operations, \$100,000.00 shall be paid to Bay Mills Community College for the costs of waiving tuition for North American Indians under 1976 PA 174, MCL 390.1251 to 390.1253.

MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA PARKS PROGRAMS

Sec. 501. (1) Included in the appropriation for each public university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks future faculty program, that is intended to increase the pool of minority candidates pursuing faculty teaching careers in postsecondary education. Each university shall apply the percentage change applicable to every university in the calculation of appropriations in part 1 to the amount of funds allocated to the future faculty program.

(2) The program shall be administered by each university in a manner prescribed by the Michigan department of labor and economic growth. The Michigan department of labor and economic growth shall use a good faith effort standard to evaluate whether a fellowship is in default.

Sec. 502. (1) Included in the appropriation for each public university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks college day program that is intended to introduce school children underrepresented in postsecondary education to the potential of a college education.

(2) Individual program plans of each university shall include a budget of equal contributions from this program, the participating public university, the participating school district, and the participating independent degree granting college. College day funds shall not be expended to cover indirect costs. Not more than 20% of the university match shall be attributable to indirect costs. Each university shall apply the percentage change applicable to every university in the calculation of appropriations in part 1 to the amount of funds allocated to the college day program.

(3) The program shall be administered by each university in a manner prescribed by the Michigan department of labor and economic growth.

Sec. 503. (1) Included in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks select student support services program for developing academically and economically disadvantaged student retention programs for 4-year public and independent educational institutions in this state.

(2) An award made under this program to any 1 institution shall not be greater than \$150,000.00, and the amount awarded shall be matched on a 70% state, 30% college or university basis.

(3) The program shall be administered by the Michigan department of labor and economic growth.

Sec. 504. (1) Included in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks college/university partnership program between 4-year public and independent colleges and universities and public community colleges, which is intended to increase the number of academically and economically disadvantaged students who transfer from community colleges into baccalaureate programs.

(2) The grants shall be made under this program to Michigan public and independent colleges and universities. An award to any 1 institution shall not be greater than \$150,000.00, and the amount awarded shall be matched on a 70% state, 30% college or university basis.

(3) The program shall be administered by the Michigan department of labor and economic growth.

Sec. 505. (1) Included in the appropriation for each public university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks visiting professors program which is intended to increase the number of underrepresented minority instructors in the classroom and provide role models for underrepresented minority students.

(2) The program shall be administered by the Michigan department of labor and economic growth.

Sec. 506. (1) Included in the appropriation in part 1 is funding under the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks initiative for the Morris Hood, Jr. educator development program which is intended to increase the number of minority students, especially males, who enroll in and complete K-12 teacher education programs at the baccalaureate level.

(2) The program shall be administered by each state-approved teacher education institution in a manner prescribed by the Michigan department of labor and economic growth.

(3) Approved teacher education institutions may and are encouraged to use student support services funding in coordination with the Morris Hood, Jr. funding to achieve the goals of the program.

Sec. 507. Each state institution of higher education receiving funds under section 503, 504, or 506 shall notify the Michigan department of labor and economic growth by April 15, 2005 as to whether it will expend by the end of its fiscal year the funds received under section 503, 504, or 506. Notwithstanding the award limitations in sections 503 and 504, the amount of funding reported as not being expended will be reallocated to the institutions that intend to expend all funding received under section 503, 504, or 506.

STUDENT PERFORMANCE REPORTING

Sec. 601. (1) From the amount appropriated in part 1 for state universities, the state universities shall systematically inform Michigan high schools regarding the academic status of students from each high school in a manner prescribed by the presidents council, state universities of Michigan in cooperation with the Michigan association of secondary school principals.

(2) The Michigan high schools shall systematically inform the state universities about the use of information received under this section in a manner prescribed by the Michigan association of secondary school principals in cooperation with the presidents council, state universities of Michigan.

Sec. 602. From the amount appropriated in part 1 for state universities, the state universities shall inform Michigan community colleges regarding the academic status of community college transfer students in a manner prescribed by the presidents council, state universities of Michigan in cooperation with the Michigan community college association.

GENERAL REPORTS AND AUDITS

Sec. 701. (1) The auditor general shall review higher education institutional data inventory (HEIDI) enrollment data submitted by all public universities and may perform audits of selected public universities if determined necessary. The review and audits shall be based upon the definitions, requirements, and uniform reporting categories established by the state budget director and the senate and house fiscal agencies. The auditor general shall submit a report of findings to the house and senate appropriations committees and the state budget director no later than July 1, 2005.

(2) Student credit hours reports shall not include the following:

(a) Student credit hours generated through instructional activity by faculty or staff in classrooms located outside Michigan, with the exception of instructional activity related to study-abroad programs or field programs.

(b) Student credit hours generated through distance learning instruction for students not paying the institution's resident tuition rate.

(c) Student credit hours generated through credit by examination.

(d) Student credit hours generated through inmate prison programs regardless of teaching location.

(e) Student credit hours generated in new degree programs after January 1, 1975, that have not been specifically authorized for funding by the legislature, except spin-off programs converted from existing core programs that do all of the following:

- (i) Represent new options, fields, or concentrations within existing programs.
- (ii) Are consistent with the current institutional role and mission.
- (iii) Are accommodated within the continuing funding base of the institution.
- (iv) Do not require a new degree level beyond that which the institution is currently authorized to grant within that discipline or field.
- (v) Do not require funding from the state other than that provided by the student credit hours generated within the program, either before program initiation or within the first 3 years of program operation.

(3) The auditor general shall periodically audit higher education institutional data inventory (HEIDI) data as submitted by the state universities for compliance with the definitions approved by the HEIDI advisory committee for the HEIDI database.

(4) "Distance learning instruction" as used in subsection (2) means instruction that occurs in other than a traditional classroom setting where the student and instructor are in the same physical location and for which a student receives course credits and is charged tuition and fees. Examples of distance learning instruction are instruction delivered solely through the Internet, cable television, teleconference, or mail.

Sec. 701a. (1) Pursuant to section 701(2)(e), the following degree programs may be established:

(a) Bachelors

Central Michigan University Electrical Engineering, B.S.E.E.
Central Michigan University Mechanical Engineering, B.S.M.E.
Ferris State University Secondary Education—History Major, B.S.
Lake Superior State University Communication Major, B.A.
Michigan State University Technology Systems Management, B.S.
Michigan Technological University Psychology, B.S.
Michigan Technological University Software Engineering, B.S.
Oakland University Studio Art, B.A.
Wayne State University Environmental Science, B.S.
Western Michigan University Major in Electronic Business Design (eBizD), B.B.A.

(b) Masters

Eastern Michigan University Clinical Research Administration, M.S.
Eastern Michigan University Health Education, M.S.
Eastern Michigan University Professional Master's in Bioinformatics, M.S.
Ferris State University M.S. in Nursing, M.S.N.
Grand Valley State University Biostatistics, M.S.
Grand Valley State University Cell and Molecular Biology, M.S.
Grand Valley State University Medical and Bioinformatics, M.S.
Grand Valley State University School Counseling, M.Ed.
Lake Superior State University Curriculum and Instruction, M.A.
Michigan State University Community, Agriculture, Recreation, & Resource Studies, M.S.
Northern Michigan University Education Reading, M.A.
Northern Michigan University Education Reading: Specialist, M.A.
University of Michigan Health Services Research, M.S.

(c) Doctorate

Central Michigan University Physical Therapy, D.P.T.
Grand Valley State University Physical Therapy, D.P.T.
Michigan State University Community, Agriculture, Recreation, & Resource Studies, Ph.D.
Michigan State University Second Language Studies, Ph.D.

(2) The listing of degree programs in subsection (1) does not constitute legislative intent to provide additional dollars for those programs.

(3) When submitting the listing of new degree programs for future fiscal years, the presidents council shall also provide a listing of degree programs that will no longer be offered in subsequent academic years.

Sec. 702. The principal executive officer of each institution of higher education receiving an appropriation under this act shall expend a portion of the funds appropriated to that institution to make a report to the auditor general, the house

and senate fiscal agencies, and the state budget director within 60 days after the auditor general issues his or her report on the operation of the institution. The institution's report shall specify all of the following:

- (a) The recommendations of the auditor general implemented by the institution, including projected dates and resources required, if any, to achieve compliance.
- (b) The recommendations of the auditor general not implemented by the institution or implemented by the institution as modified.
- (c) The rationale for not implementing a recommendation of the auditor general or of implementing a recommendation as modified.

Sec. 708. The auditor general may conduct performance audits of state universities during the fiscal year ending September 30, 2005 as the auditor general considers necessary.

Sec. 709. An institution receiving funds under this bill and also subject to the student right-to-know and campus security act, Public Law 101-522, 104 Stat. 2381, shall make a copy of all material prepared pursuant to 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. 2381, available in electronic Internet format on their websites.

PART 2A

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2003-2004

GENERAL SECTIONS

Sec. 1201. (1) Subject to subsection (2), a state university certifying to the state budget director by October 1, 2004 that it did not adopt an increase in tuition and required fees for resident undergraduate students after December 1, 2003 for the 2003-2004 academic year shall be paid in the fiscal year ending September 30, 2004 from state general fund/general purpose revenues an additional state appropriation as follows:

Central Michigan University	\$	2,446,300
Eastern Michigan University		2,366,200
Ferris State University		1,499,000
Grand Valley State University		1,772,600
Lake Superior State University		385,300
Michigan State University		8,801,500
Michigan Technological University		1,491,500
Northern Michigan University		1,404,300
Oakland University		1,472,600
Saginaw Valley State University		800,200
University of Michigan - Ann Arbor		9,816,200
University of Michigan - Dearborn		755,800
University of Michigan - Flint		649,800
Wayne State University		6,848,400
Western Michigan University		3,393,300
Total	\$	43,903,000

(2) A university that adopted an increase in tuition and required fees for resident undergraduate students after December 1, 2003 for the 2003-2004 academic year shall be paid only 1/2 of the amount designated for that university in subsection (1).

(3) For the purposes of subsections (1) and (2), a state university that adopted an increase in tuition and required fees for resident undergraduate students after December 1, 2003, for the 2003-2004 academic year, but subsequently rebated to its resident undergraduate students an amount equal to that increase, shall be considered to have not adopted a tuition and required fees increase for the 2003-2004 academic year.

(4) The state budget director shall implement a reporting requirement based on definitions and uniform reporting requirements established by the state budget director and the house and senate fiscal agencies, to ensure that a state university receiving an appropriation under this section has satisfied its tuition restraint requirements.

(5) If the Northville Psychiatric Hospital property is not sold by the state prior to October 1, 2004, the appropriations listed in subsection (1) shall be paid in the fiscal year ending September 30, 2005, rather than the state

fiscal year ending September 30, 2004, and it is the intent of the legislature that the appropriations will be paid in full no later than October 15, 2004.

REPEALERS

Enacting section 1. Section 452 of 2003 PA 237 is repealed.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Jay E. Randall

Clerk of the House of Representatives

Approved

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Governor