

SUBSTITUTE FOR
SENATE BILL NO. 1082

A bill to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2007; 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:

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PART 1

LINE-ITEM APPROPRIATIONS

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, 2007, from the funds indicated in

this part. The following is a summary of the appropriations in this part:

COMMUNITY COLLEGES

APPROPRIATION SUMMARY:

GROSS APPROPRIATION.....	\$	287,129,400
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Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental transfers		0
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ADJUSTED GROSS APPROPRIATION.....	\$	287,129,400
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Total federal revenues.....		0
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Total local revenues.....		0
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Total private revenues.....		0
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Total state restricted revenues.....		43,900,000
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State general fund/general purpose.....	\$	243,229,400
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Sec. 102. OPERATIONS

Alpena Community College.....	\$	4,862,300
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Bay de Noc Community College.....		4,731,500
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Delta College.....		13,178,700
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Glen Oaks Community College.....		2,212,700
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Gogebic Community College.....		4,013,500
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Grand Rapids Community College.....		16,554,300
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Henry Ford Community College.....		20,153,800
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Jackson Community College.....		11,143,800
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Kalamazoo Valley Community College.....		11,413,600
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Kellogg Community College.....		8,954,100
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Kirtland Community College.....		2,721,700
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Lake Michigan College.....		4,824,800
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1	Lansing Community College.....	28,626,700
2	Macomb Community College.....	30,558,200
3	Mid Michigan Community College.....	4,099,100
4	Monroe County Community College.....	3,970,200
5	Montcalm Community College.....	2,864,800
6	C.S. Mott Community College.....	14,460,300
7	Muskegon Community College.....	8,223,000
8	North Central Michigan College.....	2,786,300
9	Northwestern Michigan College.....	8,386,900
10	Oakland Community College.....	19,293,900
11	St. Clair County Community College.....	6,468,000
12	Schoolcraft College.....	11,295,400
13	Southwestern Michigan College.....	6,066,800
14	Washtenaw Community College.....	11,553,400
15	Wayne County Community College.....	15,072,600
16	West Shore Community College.....	<u>2,116,300</u>
17	GROSS APPROPRIATION.....	\$ 280,606,700
18	Appropriated from:	
19	State school aid fund.....	43,900,000
20	State general fund/general purpose.....	\$ 236,706,700
21	Sec. 104. GRANTS	
22	At-risk student success program.....	\$ 3,322,700
23	Renaissance zone tax reimbursement funding.....	<u>3,200,000</u>
24	GROSS APPROPRIATION.....	\$ 6,522,700
25	Appropriated from:	
26	State general fund/general purpose.....	\$ 6,522,700

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

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 2006-2007 is \$287,129,400.00 and state spending from state resources to be paid to local units of government for fiscal year 2006-2007 is \$287,129,400.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

Operations.....	\$	280,606,700
At-risk student success program.....		3,322,700
Renaissance zone tax reimbursement program.....		<u>3,200,000</u>
TOTAL.....	\$	287,129,400

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, a community college receiving appropriations in part 1 and the department of labor and economic growth 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. 208. The department of labor and economic growth shall work collaboratively with community colleges to develop an

1 accelerated entrepreneurship curriculum, including an associate
2 degree, to provide students with the skills and knowledge needed
3 for creating their own businesses. The department shall submit a
4 report on the results of its work with the community colleges under
5 this section to the house and senate appropriations subcommittees
6 on community colleges, the house and senate fiscal agencies, and
7 the state budget director by February 1, 2007.

8 Sec. 209. Funds appropriated in part 1 shall not be used for
9 the purchase of foreign goods or services, or both, if
10 competitively priced and comparable quality American goods or
11 services, or both, are available. Preference should be given to
12 goods or services, or both, manufactured or provided by Michigan
13 businesses if they are competitively priced and of comparable
14 quality.

15 Sec. 210. The principal executive officer of each community
16 college receiving appropriations in part 1 shall take all
17 reasonable steps to ensure businesses in deprived and depressed
18 communities compete for and perform contracts to provide services
19 or supplies, or both. Each principal executive officer shall
20 strongly encourage firms with which the community college contracts
21 to subcontract with certified businesses in depressed and deprived
22 communities for services or supplies, or both.

23 Sec. 211. (1) The money appropriated in this act is
24 appropriated for community colleges with fiscal years ending June
25 30, 2007, and shall be paid out of the state treasury and
26 distributed by the state treasurer to the respective community
27 colleges in 11 monthly installments on the sixteenth of each month,

1 or the next succeeding business day, beginning with October 16,
2 2006. Each community college shall accrue its July and August 2007
3 payments to its institutional fiscal year ending June 30, 2007.
4 However, if a community college fails to submit all verified
5 Michigan community colleges activities classification structure
6 data for school year 2005-2006 to the department of labor and
7 economic growth by November 1, 2006, the monthly installments shall
8 be withheld from that community college until those data are
9 submitted. The amount from the money appropriated in part 1 that is
10 allocated to address the special needs of at-risk students shall be
11 paid in full by the state treasurer by November 1, 2006. The amount
12 distributed to a community college or department shall not exceed
13 the net state allocation authorized by this act.

14 (2) Except as otherwise provided by law, each of the amounts
15 appropriated shall be used solely for the respective purposes
16 stated in this act. The money appropriated by this act may be used
17 to match the cost of any available programs under the Carl D.
18 Perkins vocational and applied technology education act of 1998, 20
19 USC 2301 to 2415, including local administration.

20 Sec. 216. (1) A community college shall pay the employer's
21 contributions to the Michigan public school employees' retirement
22 system created by the public school employees retirement act of
23 1979, 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of
24 receiving money appropriated under this act.

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

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

7 Sec. 220. It is the intent of the legislature that the
8 legislature restore the infrastructure, technology, equipment, and
9 maintenance (ITEM) funding provided in previous fiscal years.

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

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
19 services, other than for spontaneous abortion or to prevent the
20 death of the woman upon whom the abortion is performed. A community
21 college shall not approve a collective bargaining agreement or
22 enter into any other employment contract that includes health care
23 coverage for abortion services other than spontaneous abortion or
24 to prevent the death of the woman upon whom the abortion is
25 performed.

26 (2) If a community college expends money appropriated under
27 this act in violation of subsection (1), the community college

1 shall repay to this state an amount equal to the amount of money
2 spent in violation of subsection (1).

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

9 Sec. 234. Community colleges shall do the following:

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

14 (b) Review, analyze, and eradicate activities that may tend to
15 discriminate.

16 Sec. 239. The legislature intends that any executive or
17 legislative proposal or action, subsequent to the adoption of a
18 recommendation for appropriations for community colleges for the
19 fiscal year ending September 30, 2007, to increase appropriations
20 to state-supported 4-year universities in excess of the governor's
21 original recommendation for the fiscal year ending September 30,
22 2007, will be accompanied by a similar action or proposal for
23 state-supported community colleges.

24 Sec. 240. The legislature intends that not less than 70% of
25 the economic development job training grant money be awarded to
26 community colleges or a consortium of community colleges and other
27 eligible applicants as provided in the budget that appropriated the

Senate Bill No. 1082 as amended March 28, 2006

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

12 Sec. 241. It is the intent of the legislature that community
13 colleges expand their current nursing education programs and
14 increase nursing education program enrollments. This expansion may
15 include, but is not limited to, creating partnerships with
16 hospitals and other health care providers, expanding the focus and
17 utilization of the nursing scholarship program, and redirecting
18 existing institutional resources toward nursing education programs.

<<Sec. 242. It is the intent of the legislature that the Michigan
community college association, the legislature, and other interested
parties, continue the discussion regarding payments in lieu of taxes,
especially for those community college districts that contain significant
portions of nontaxable land.>>

19 STATE AID - OPERATIONS

20 Sec. 301. Unless otherwise stated, all data items used in
21 determining state aid in this act are as defined in the 2001 Manual
22 for Uniform Financial Reporting, Michigan Public Community
23 Colleges, which shall be the basis for reporting data, and the 2003
24 Activities Classification Structure Manual for Michigan Community
25 Colleges, which shall be used to document financial needs of the
26 community colleges.

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

8 Sec. 303. A community college selected for audit under section
9 502 whose audited activities classification structure data is
10 significantly different than the data used to determine state aid
11 under this act shall return any overappropriated money as provided
12 in this subsection. The department of labor and economic growth
13 shall compare formula computations for the audited colleges using
14 pre- and post-audit data. If the state allocation is 2% or more
15 than the post-audit allocation amount, the college shall return the
16 excess money. The returned money shall be redistributed to all 28
17 community colleges, prorated on the base appropriations contained
18 in part 1.

19 Sec. 304. It is the intent of the legislature that the data
20 collected and used to generate the Gast-Mathieu fairness in funding
21 formula continue to be collected and maintained in the event that
22 the formula is used in future years.

23 GRANTS

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

developmental and preparatory instruction reported by each community college to the department of labor and economic growth pursuant to the 2003 Activities Classification Structure Manual for Michigan Community Colleges. 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, 2007, the at-risk student success program money is allocated as follows:

Alpena Community College.....	\$	78,600
Bay de Noc Community College.....		100,800
Delta College.....		97,900
Glen Oaks Community College.....		117,500
Gogebic Community College.....		62,400
Grand Rapids Community College.....		122,100
Henry Ford Community College.....		151,900
Jackson Community College.....		105,000
Kalamazoo Valley Community College.....		89,400

1	Kellogg Community College.....	159,500
2	Kirtland Community College.....	124,300
3	Lake Michigan College.....	155,800
4	Lansing Community College.....	134,500
5	Macomb Community College.....	83,300
6	Mid Michigan Community College.....	142,200
7	Monroe County Community College.....	97,500
8	Montcalm Community College.....	66,700
9	C.S. Mott Community College.....	103,800
10	Muskegon Community College.....	118,500
11	North Central Michigan College.....	117,200
12	Northwestern Michigan College.....	118,200
13	Oakland Community College.....	147,300
14	St. Clair Community College.....	92,000
15	Schoolcraft College.....	130,000
16	Southwestern Michigan College.....	138,600
17	Washtenaw Community College.....	159,800
18	Wayne County Community College.....	172,400
19	West Shore Community College.....	135,500

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

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

25 (b) Are diagnosed as learning disabled.

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

27 (5) Grant funding under this section shall be utilized to

1 address the special needs of at-risk students or for equipment or
2 upgrade of information technology hardware or software. Activities
3 related to services provided to at-risk students include, but are
4 not limited to, pretesting for academic ability, counseling
5 contacts, and special programs. Equipment or information technology
6 hardware or software purchased under this section need not be
7 associated with the operation of a program designed to address the
8 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 labor and economic growth 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 502(1). The report
17 shall be submitted not later than 90 days after the end of the
18 state's fiscal year.

19 Sec. 404. The appropriation in part 1 for renaissance zone
20 reimbursements shall be made to each eligible recipient no later
21 than 60 days after the department of treasury certifies to the
22 state budget director that it has received all necessary
23 information to properly determine the amounts due each eligible
24 recipient under section 12 of the Michigan renaissance zone act,
25 1996 PA 376, MCL 125.2692.

26 **REPORTS AND AUDITS**

1 Sec. 501. The department of labor and economic growth shall
2 publish the activities classification structure data book for
3 Michigan community colleges on or before March 1, 2007, for use by
4 the legislature during budget development for the fiscal year
5 ending September 30, 2008.

6 Sec. 502. (1) The auditor general or an independent public
7 accounting firm appointed by the auditor general shall audit data
8 for the fiscal year ending on June 30, 2006, as submitted to the
9 department of labor and economic growth by 7 randomly selected
10 community colleges, selected by the auditor general. A community
11 college shall maintain and provide those records necessary for the
12 auditor general or certified public accountant appointed by the
13 auditor general to determine the accuracy of the reported data. The
14 audits shall be based upon the definitions and requirements
15 contained in the 2001 Manual for Uniform Financial Reporting,
16 Michigan Public Community Colleges and the 2003 Activities
17 Classification Structure Manual for Michigan Community Colleges.
18 Before the submission of a final audit report, a community college
19 may appeal the findings of the preliminary report under an appeal
20 process to be established by the auditor general. The auditor
21 general shall submit a report of the findings to the house and
22 senate appropriations committees, the department of labor and
23 economic growth, and the state budget director before June 1, 2007.

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

27 (3) Not more than 60 days after an audit report is released by

1 the office of the auditor general, the principal executive officer
2 of the community college that was audited shall submit to the house
3 and senate appropriations committees, the house and senate fiscal
4 agencies, the department of labor and economic growth, the auditor
5 general, and the state budget director a plan to comply with audit
6 recommendations. The plan shall contain projected dates and
7 resources required, if any, to achieve compliance with the audit
8 recommendations, or a documented explanation of the college's
9 noncompliance with the audit recommendations concerning the matters
10 on which the audited community college and office of the auditor
11 general disagree.

12 Sec. 503. The department of labor and economic growth shall
13 review the taxonomy of the 7 community colleges selected for the
14 audit under section 502 that is based on the 2003 Activities
15 Classification Structure Manual for Michigan Community Colleges.

16 Sec. 504. (1) A community college shall retain certified class
17 summaries, class lists, registration documents, and student
18 transcripts that are consistent with the taxonomy of courses. For
19 each enrollment period during the fiscal year, these certified
20 documents shall identify clearly by course the number of in-
21 district and out-of-district student credit and contact hours. The
22 class summaries and class lists shall be consistent with each other
23 and shall include the course prefix and numbers, course title,
24 course credit and contact hours, credit and contact hours generated
25 by each student, and activity classifications consistent with the
26 taxonomy. An auditable process shall be used by the community
27 college to determine the unduplicated head count for in-district

1 students, out-of-district students, and prisoners for each
2 enrollment period during the fiscal year.

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

6 Sec. 505. Each community college shall have an annual audit of
7 all income and expenditures performed by an independent auditor and
8 shall furnish the independent auditor's management letter and an
9 annual audited accounting of all general and current funds income
10 and expenditures including audits of college foundations to the
11 members of the senate and house appropriations subcommittees on
12 community colleges, the senate and house fiscal agencies, the
13 auditor general, the department of labor and economic growth, and
14 the state budget director before November 15, 2006. If a community
15 college fails to furnish the audit materials, the monthly state aid
16 installments shall be withheld from that college until the
17 information is submitted. All reporting shall conform to the
18 requirements set forth in the 2001 Manual for Uniform Financial
19 Reporting, Michigan Public Community Colleges.

20 Sec. 506. (1) Each community college shall report the
21 following to the department of labor and economic growth no later
22 than November 1, 2006:

23 (a) The number of North American Indian students enrolled each
24 term for the previous fiscal year, using guidelines and procedures
25 developed by the department of labor and economic growth and the
26 Michigan commission on Indian affairs.

27 (b) The number of Indian tuition waivers granted each term,

1 and the monetary value of the waivers for the previous fiscal year.

2 (2) Colleges shall use the criteria cited in 1976 PA 174, MCL
3 390.1251 to 390.1253, to determine eligibility for tuition waivers,
4 and shall grant those waivers to individuals who meet the criteria
5 and request tuition waivers.

6 (3) The department of labor and economic growth shall compile
7 the information received under subsection (1) and shall submit this
8 compilation to the house and senate appropriations subcommittees on
9 community colleges, the senate and house fiscal agencies, and the
10 state budget director by January 7, 2007.

11 Sec. 507. Upon request, a community college shall inform
12 interested Michigan high schools of the aggregate academic status
13 of its students for the prior academic year, in a manner prescribed
14 by the Michigan community college association and in cooperation
15 with the Michigan association of secondary school principals.

16 Sec. 508. (1) Each community college shall report to the house
17 and senate fiscal agencies, the state budget director, and the
18 department of labor and economic growth by August 31, 2006, the
19 tuition and mandatory fees paid by a full-time in-district student
20 and a full-time out-of-district student as established by the
21 college governing board for the 2006-2007 academic year. This
22 report should also include the annual cost of attendance based on a
23 full-time course load of 30 credits. Each community college shall
24 also report any revisions to the reported 2006-2007 academic year
25 tuition and mandatory fees adopted by the college governing board
26 to the house and senate fiscal agencies, the state budget director,
27 and the department of labor and economic growth within 15 days of

1 being adopted.

2 (2) The department of labor and economic growth shall prepare
3 and provide to community colleges a standard format for reporting
4 tuition and fees pursuant to subsection (1).

5 Sec. 509. (1) Each community college shall report to the
6 department of labor and economic growth the numbers and type of
7 associate degrees and other certificates awarded during the
8 previous fiscal year. The report shall be made not later than
9 November 15, 2006.

10 (2) The department of labor and economic growth shall compile
11 the information received under subsection (1) and shall submit this
12 compilation to the house and senate appropriations subcommittees on
13 community colleges, the senate and house fiscal agencies, and the
14 state budget director by January 7, 2007.

15 Sec. 510. A community college receiving funding under this act
16 and also subject to the student right-to-know and campus security
17 act, Public Law 101-542, 104 Stat. 2381, shall make a copy of all
18 material prepared in accordance with the public information
19 reporting requirements under the crime awareness and campus
20 security act of 1990, title II of the student right-to-know and
21 campus security act, Public Law 101-542, 104 Stat. 2384, available
22 in hard copy and electronic format accessible through the Internet
23 for school districts, parents, and students.

24 Sec. 511. (1) It is the intent of the legislature that the
25 frequency and scope of on-site visits, evaluations, audits, and
26 similar activities be limited to that which is reasonably necessary
27 to monitor the performance of community colleges and confirm the

1 accuracy of reported data. On-site visits, evaluations, audits, and
2 similar activities conducted to comply with the state plan approved
3 by the United States department of education under the Perkins act
4 shall be limited to those necessary to meet the requirements of the
5 state plan.

6 (2) In developing and implementing audit and reporting
7 requirements, including those included in current and proposed
8 state plans under the Perkins act, the department of labor and
9 economic growth shall consult with community colleges, the
10 legislative auditor general, and independent auditors in an effort
11 to coordinate activities and minimize duplication of audit and
12 reporting requirements imposed on community colleges.

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

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

24 (5) As used in this section, "Perkins act" means the Carl D.
25 Perkins vocational and applied technology education act of 1998, 20
26 USC 2301 to 2415.