

Act No. 340  
Public Acts of 2006  
Approved by the Governor  
August 15, 2006  
Filed with the Secretary of State  
August 15, 2006  
EFFECTIVE DATE: August 15, 2006

**STATE OF MICHIGAN  
93RD LEGISLATURE  
REGULAR SESSION OF 2006**

Introduced by Senators Cherry and Emerson

# ENROLLED SENATE BILL No. 1088

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, 2007; 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

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, 2007, 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 positions .....	1.0	
GROSS APPROPRIATION .....	\$	1,787,491,300
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers .....		0
ADJUSTED GROSS APPROPRIATION .....	\$	1,787,491,300
Federal revenues:		
Total federal revenues .....		3,000,000
Special revenue funds:		
Total local revenues .....		0
Total private revenues .....		0
Total other state restricted revenues .....		159,700,000
State general fund/general purpose .....	\$	1,624,791,300

#### Sec. 102. CENTRAL MICHIGAN UNIVERSITY

Operations .....	\$	82,383,700
GROSS APPROPRIATION .....	\$	82,383,700
Appropriated from:		
Special revenue funds:		
Michigan merit award trust fund .....		538,440
State general fund/general purpose .....	\$	81,845,260

**Sec. 103. EASTERN MICHIGAN UNIVERSITY**

Operations .....	\$	78,168,700
GROSS APPROPRIATION .....	\$	78,168,700
Appropriated from:		
State general fund/general purpose .....	\$	78,168,700

**Sec. 104. FERRIS STATE UNIVERSITY**

Operations .....	\$	50,045,100
GROSS APPROPRIATION .....	\$	50,045,100
Appropriated from:		
State general fund/general purpose .....	\$	50,045,100

**Sec. 105. GRAND VALLEY STATE UNIVERSITY**

Operations .....	\$	64,797,700
GROSS APPROPRIATION .....	\$	64,797,700
Appropriated from:		
Special revenue funds:		
Michigan merit award trust fund .....		5,000,000
State general fund/general purpose .....	\$	59,797,700

**Sec. 106. LAKE SUPERIOR STATE UNIVERSITY**

Operations .....	\$	12,928,400
GROSS APPROPRIATION .....	\$	12,928,400
Appropriated from:		
State general fund/general purpose .....	\$	12,928,400

**Sec. 107. MICHIGAN STATE UNIVERSITY**

Operations .....	\$	292,185,500
Agricultural experiment station .....		33,827,100
Cooperative extension service .....		29,176,400
GROSS APPROPRIATION .....	\$	355,189,000
Appropriated from:		
State general fund/general purpose .....	\$	355,189,000

**Sec. 108. MICHIGAN TECHNOLOGICAL UNIVERSITY**

Operations .....	\$	49,219,300
GROSS APPROPRIATION .....	\$	49,219,300
Appropriated from:		
State general fund/general purpose .....	\$	49,219,300

**Sec. 109. NORTHERN MICHIGAN UNIVERSITY**

Operations .....	\$	46,399,400
GROSS APPROPRIATION .....	\$	46,399,400
Appropriated from:		
State general fund/general purpose .....	\$	46,399,400

**Sec. 110. OAKLAND UNIVERSITY**

Operations .....	\$	52,409,000
GROSS APPROPRIATION .....	\$	52,409,000
Appropriated from:		
Special revenue funds:		
Michigan merit award trust fund .....		1,941,768
State general fund/general purpose .....	\$	50,467,232

**Sec. 111. SAGINAW VALLEY STATE UNIVERSITY**

Operations .....	\$	28,874,500
GROSS APPROPRIATION .....	\$	28,874,500
Appropriated from:		
Special revenue funds:		
Michigan merit award trust fund .....		2,019,792
State general fund/general purpose .....	\$	26,854,708

**Sec. 112. UNIVERSITY OF MICHIGAN - ANN ARBOR**

Operations .....	\$	325,796,300
GROSS APPROPRIATION .....	\$	325,796,300
Appropriated from:		
State general fund/general purpose .....	\$	325,796,300

**Sec. 113. UNIVERSITY OF MICHIGAN - DEARBORN**

Operations .....	\$	25,456,600
GROSS APPROPRIATION .....	\$	25,456,600
Appropriated from:		
State general fund/general purpose .....	\$	25,456,600

**Sec. 114. UNIVERSITY OF MICHIGAN - FLINT**

Operations .....	\$	21,520,300
GROSS APPROPRIATION .....	\$	21,520,300
Appropriated from:		
State general fund/general purpose .....	\$	21,520,300

**Sec. 115. WAYNE STATE UNIVERSITY**

Operations .....	\$	220,033,000
GROSS APPROPRIATION .....	\$	220,033,000
Appropriated from:		
State general fund/general purpose .....	\$	220,033,000

**Sec. 116. WESTERN MICHIGAN UNIVERSITY**

Operations .....	\$	112,876,400
GROSS APPROPRIATION .....	\$	112,876,400
Appropriated from:		
State general fund/general purpose .....	\$	112,876,400

**Sec. 117. STATE AND REGIONAL PROGRAMS**

Full-time equated positions .....	1.0	
Higher education database modernization and conversion—1.0 FTE position .....	\$	200,000
Midwestern higher education compact .....		90,000
GROSS APPROPRIATION .....	\$	290,000
Appropriated from:		
State general fund/general purpose .....	\$	290,000

**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 .....	\$	34,130,500
Tuition grants .....		58,768,100
Michigan work-study program .....		7,326,300
Part-time independent student program .....		2,653,300
Michigan education opportunity grants .....		2,084,200
Robert C. Byrd honors scholarship program .....		1,500,000
Nursing scholarship and grant programs .....		4,250,000
Michigan merit award program .....		127,700,000
Tuition incentive program .....		14,000,000
Children of veterans tuition grant program .....		1,000,000
Michigan leadership, education and development initiative .....		5,000,000
GROSS APPROPRIATION .....	\$	258,412,400

For Fiscal Year  
Ending Sept. 30,  
2007

Appropriated from:	
Federal revenues:	
Higher education act of 1965, title IV, 20 USC .....	\$ 1,500,000
Higher education act of 1965, title IV, part A .....	1,500,000
Special revenue funds:	
Michigan merit award trust fund.....	138,300,000
Michigan higher education assistance authority operating fund .....	3,000,000
Tuition grant carryforward.....	2,900,000
Michigan civilian conservation corps endowment fund .....	5,000,000
Contributions to children of veterans tuition grant program .....	1,000,000
State general fund/general purpose .....	\$ 105,212,400

## 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 \$1,784,491,300.00 and state spending from state resources to be paid to local units of government for fiscal year 2006-2007 is \$3,759,100.00. The itemized statement below identifies the estimated appropriations from which spending to local units of 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, 2006. Except for Wayne State University, each institution shall accrue its July and August 2007 payments to its institutional fiscal year ending June 30, 2007.

(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, 2006, these data shall be submitted to the state budget director by October 15, 2006. Universities with a fiscal year ending September 30, 2006 shall submit preliminary HEIDI data by November 15, 2006 and final data by December 15, 2006. 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 390.1442, 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.

(5) Students who receive aid under 1964 PA 208, MCL 390.971 to 390.981, shall be awarded scholarships on the basis of merit and financial need. Veterans administration benefits shall not be considered in determining eligibility under 1964 PA 208, MCL 390.971 to 390.981.

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 1, 2006 and who are qualified. Tuition grant awards shall not be made to students newly enrolled in a juris doctor law degree program after the 1995-1996 academic year.

(3) The Michigan higher education assistance authority shall determine an actual maximum tuition grant award per student, which shall be no less than \$2,000.00, 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. If the authority determines that insufficient funds are available to establish a maximum award amount of \$2,000.00, the authority shall immediately report to the house and senate appropriations subcommittees on higher education, the house and senate fiscal agencies, and the state budget director, regarding the estimated amount of additional funds necessary to establish a \$2,000.00 maximum award amount. By December 15, 2006, and again by February 1, 2007, 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, 2007. 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, 2007 from the amounts appropriated in part 1 for the tuition grant program shall not lapse on September 30, 2007, but shall continue to be available for expenditure for tuition grants provided in the 2007-2008 fiscal year. The use of these unexpended fiscal year 2006-2007 funds shall terminate at the end of the 2007-2008 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 2006-2007.

(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, 2007.

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.

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.

(v) Request information on filing a FAFSA.

(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.

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 for nursing scholarship and grant programs, the Michigan higher education assistance authority shall administer any nursing scholarship or nursing school grant programs authorized under the Michigan nursing scholarship act, 2002 PA 591, MCL 390.1181 to 390.1189. The Michigan higher education assistance authority shall include a master's degree in a nursing program as eligible for the funds appropriated in part 1 for nursing scholarship and grant programs. An individual receiving a scholarship for a master's degree in a nursing program is subject to the same employment, repayment, and other obligations imposed on nursing scholarship recipients under the Michigan nursing scholarship act, 2002 PA 591, MCL 390.1181 to 390.1189.

Sec. 313. (1) The funds appropriated in part 1 for the Michigan leadership, education and development initiative (MiLEAD) shall be used to provide grants to higher education institutions for residential programs for at-risk youth to provide them with college credits while they perform conservation-based community service.

(2) MiLEAD grants of up to \$1,000,000.00 each may be awarded by the Michigan department of natural resources to Michigan public community colleges, Michigan public universities, and Michigan independent, nonprofit degree-granting colleges and universities to provide 1-year residency programs. The college or university shall identify critical conservation projects that provide MiLEAD participants with a paid work experience and provide participants with necessary remedial course work and additional education opportunities resulting in college credit.

(3) Each college or university receiving a MiLEAD grant shall document the educational, work, and life skills outcomes for each MiLEAD participant and provide an annual report to the Michigan department of natural resources in a form specified by the department.

(4) The funds appropriated in part 1 for MiLEAD shall be considered a work project pursuant to section 451(a) of the management and budget act, 1984 PA 431, MCL 18.1451a, with an estimated completion date of September 30, 2010.

Sec. 314. By December 1 of each year, the Michigan higher education assistance authority shall submit a report to the state budget director, the house and senate appropriations subcommittees on higher education, and the house and senate fiscal agencies for the preceding fiscal year on the children of veterans tuition grant program. The report shall include, but is not limited to, the total number of tuition grants paid by the authority in the preceding fiscal year, the total dollar amount of those tuition grants, and the number of students receiving tuition grants and the total amount of those tuition grants at each eligible institution.

## **STATE UNIVERSITIES**

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. The funds appropriated in part 1 for higher education database modernization and conversion shall be expended to maintain, coordinate, and improve the higher education institutional data inventory (HEIDI) established under section 1299 of the management and budget act, 1984 PA 431, MCL 18.1299. The advisory committee established under that section shall meet regularly to review data definitions and requirements in order to advise the state budget director regarding changes to those definitions and requirements that would result in more useful and reliable data being provided to state policymakers and university officials.

Sec. 418. (1) The amounts appropriated for state university operations under sections 102 to 116 were based on the funding model calculations described in this section.

(2) The total funds initially allocated under the funding model were equal to \$1,448,228,700.00. From this amount, the following percentages were allocated to the following components:

- (a) 37.5% to an enrollment-based component.
- (b) 37.5% to a degree-based component.
- (c) 25.0% to a research-based component.

(3) Under the enrollment-based component, each state university received a funding amount per resident, or nonresident undergraduate, fiscal-year-equated student and a funding amount per nonresident graduate fiscal-year-equated student, based on fiscal year 2004-2005 data reported to the higher education institutional data inventory (HEIDI). The amount per nonresident graduate student was set at 75.0% of the amount per resident, or nonresident undergraduate, student. Those amounts were calculated so that total enrollment-based funding to all state universities was equal to the funds allocated to this component.

(4) Under the degree-based component, each state university received a funding amount per degree completion based on fiscal year 2004-2005 data reported to the integrated postsecondary education data system and subsequently included in HEIDI. Degree completions resulting solely from instructional activity occurring outside the state were excluded from the data utilized in the funding model. The base funding amount was multiplied, in sequence, by weights that vary by the academic level and program category of the degree. The base funding amount for a bachelor's degree in a general field was calculated so that total degree-based funding was equal to the funds allocated to this component. The weights were as follows:

- (a) Academic level:
  - (i) 0.25 for an associate's degree.
  - (ii) 1.00 for a bachelor's degree.



(iii) 0.25 for a master's or doctoral degree.

(iv) 0.50 for a professional degree.

(b) Program category:

(i) 1.00 for a degree in a general area.

(ii) 2.00 for a degree in a natural science- or math-related area or an education degree in a math-, science-, technical-, or special education-related subarea.

(iii) 4.00 for a degree in an engineering- or technology-related area.

(iv) 4.00 for a degree in a health-related area.

(5) Under the research-based component, each state university received funds based on a percentage of science- and engineering-related obligations awarded to that state university by the federal government based on the average of fiscal year 2001-2002 and fiscal year 2002-2003 data reported by the national science foundation based on a survey of federal agencies. For a university subject to section 418(7) of article 8 of 2005 PA 154, the intent stated in section 418(7) of article 8 of 2005 PA 154 was recognized by increasing the amount of the university's federal obligations effectively matched in the fiscal year 2005-2006 funding model by the percentage increase in the university's average obligations for fiscal years 2001-2002 and 2002-2003 from the average obligations for fiscal years 2000-2001 and 2001-2002. The percentage of federal obligations matched under the funding model was calculated so that total research-based funding was equal to the funds allocated to this component.

(6) The initial funding amount for each state university was calculated by adding the amounts calculated under each of the 3 funding model components under subsection (2). To determine the final funding amount for each state university under the funding model, positive differences from the fiscal year 2005-2006 enacted funding amount for each university were limited to 2.9%. Universities with negative differences from fiscal year 2005-2006 enacted funding amounts were held harmless.

(7) It is the intent of the legislature to continue to gather information and review performance indicators that better reflect the uniqueness of each state university's mission, which include, but are not limited to, the distinct missions of research institutions, institutions with medical schools, institutions that offer specialized programs, and institutions that serve geographic areas in which access to postsecondary education is limited.

Sec. 426. (1) 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.

(2) It is the intent of the legislature that each state university that provides for the use of funds in a university-administered account or financial aid for the purchase of required textbooks and supplies at bookstores operated by or affiliated with the university also provide for the use of funds in a university-administered account or financial aid at bookstores providing required textbooks or supplies that are not operated by or affiliated with the university. A state university may require bookstores not operated by or affiliated with the university to reimburse the university for any reasonable costs attributable to these transactions and to pay a reasonable rate or commission to the university.

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, 2007, 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. It is the intent of the legislature that if any Michigan public university increases its resident undergraduate tuition and required fees from academic year 2005-2006 to academic year 2006-2007, then that university shall increase its fiscal year 2006-2007 general fund expenditures for student financial aid by at least the same percentage as the percentage change in resident undergraduate tuition and required fees. Each public university shall report its proposed fiscal year 2006-2007 general fund expenditures for student financial aid compared to its projected fiscal year 2005-2006 general fund expenditures for student financial aid, and its projected academic year 2006-2007 resident undergraduate tuition and required fee changes from academic year 2005-2006, to the state budget director and the house and senate appropriations subcommittees on higher education by November 15, 2006.

Sec. 440. All universities shall submit the amount of tuition and fees actually charged to a full-time resident undergraduate student for academic year 2006-2007 as part of their higher education institutional data inventory (HEIDI) data by August 31, 2006. A university shall report any revisions for any semester of the reported academic year 2006-2007 tuition and fee charges to HEIDI within 15 days of being adopted.

Sec. 450. The amount allocated under part 1 for per-student floor funding is equal to \$3,775.00 per 2004-2005 fiscal-year-equated student at each university, except for Grand Valley State University due to limited state resources. The number of 2004-2005 fiscal-year-equated students at a university is determined by reference to the higher education institutional data inventory (HEIDI).

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 schoolchildren 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, 2007 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, 2007.

(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, Biochemistry, B.S. & B.A.  
Eastern Michigan University, 3 + 2 Combined B.S./M.P.A., B.S./M.P.A.  
Eastern Michigan University, K-12 Teacher Certification in German, B.A.  
Eastern Michigan University, K-12 Teacher Certification in Spanish, B.A.  
Eastern Michigan University, Physical Science, B.S.  
Ferris State University, Early Childhood Education, B.S.  
Grand Valley State University, Exercise Science, B.S.  
Lake Superior State University, Industrial Technology, B.S.  
Michigan State University, Global and Area Studies, B.A. & B.S.  
Michigan Technological University, Exercise Science, B.S.  
Oakland University, Business Economics, B.S.  
Oakland University, Information Technology, B.S.  
Saginaw Valley State University, Bachelor of Science in Health Science, B.S.  
University of Michigan - Ann Arbor, Public Policy, B.A.  
University of Michigan - Dearborn, Women and Gender Studies, B.A.  
Wayne State University, Major in Asian Studies, B.A.

(b) Masters

Saginaw Valley State University, Master of Science in Leadership Health, M.S.  
University of Michigan - Ann Arbor, Natural Resources and Environment - Sustainable Systems, M.S.  
University of Michigan - Flint, Specialization in Special Education within the Master of Arts Program, M.A. in Ed.  
Wayne State University, Industrial/Organizational Psychology, M.A.  
Wayne State University, M.S. in Alternative Energy Technologies, M.S.

(c) Doctoral

Grand Valley State University, Educational Specialist in Leadership, Ed. S.  
Michigan State University, Chicano/Latino Studies, Ph.D.  
Michigan Technological University, Biomedical Engineering, Ph.D.  
University of Michigan - Ann Arbor, Design Science, Ph.D.  
University of Michigan - Ann Arbor, Screen Arts and Cultures, Ph.D.  
Wayne State University, Social Work, 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, 2007 as the auditor general considers necessary.

Sec. 709. An institution receiving funds under this act 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.

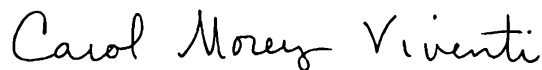
Sec. 711. (1) Not later than May 31, 2007, each of Michigan's public universities shall submit to the state budget director, members of the house of representatives and the senate, and the house and senate fiscal agencies a report on the efforts of the university to increase the number of education degrees conferred for teaching as follows:

- (a) Middle school and high school mathematics, physics, chemistry, and biology.
- (b) The languages of Chinese, Korean, Japanese, Arabic, Spanish, French, Russian, and German.
- (c) In critical shortage disciplines, as determined by the superintendent of public instruction pursuant to section 61(5) of the public school employees retirement act of 1979, 1979 PA 300, MCL 38.1361.
- (2) At the beginning of every semester or term, the college of education of each Michigan public university shall provide to all of its students the most current listing of critical shortage disciplines compiled by the superintendent of public instruction pursuant to section 61(5) of the public school employees retirement act of 1979, 1979 PA 300, MCL 38.1361.

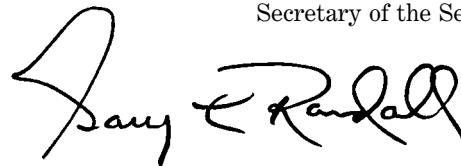
Sec. 712. Not later than February 1, 2007, each of Michigan's public universities shall submit to the state budget director, members of the house of representatives and the senate, and the house and senate fiscal agencies a report on all of the following for academic year 2005-2006 for the university:

- (a) The amount of private, state, and federal research funding sought after, pledged, or received.
- (b) The number of businesses, companies, or organizations that used licensed or patented technology developed at the university.
- (c) How many of those businesses, companies, or organizations are domiciled in the state of Michigan and whose primary business location is the state of Michigan.
- (d) How many jobs were created in Michigan as a direct result of any new businesses, companies, or organizations that were created or any businesses, companies, or organizations that expanded, if known. The university shall make a concerted effort to obtain this information.
- (e) The length of time it took for the university to transfer its technology outside the university. The metric used to measure technology transfer shall be the date of disclosure to the date a licensure or option agreement is executed.
- (f) The number of patent applications filed by that university, the number of patents granted to that university, and the number of those patents that were used commercially within the state of Michigan.
- (g) Intellectual property rights policies.
- (h) The number of jobs created or retained in the state of Michigan that are directly attributable to research and technology transfer at the university, if known. The university shall make a concerted effort to obtain this information.
- (i) The number of students who graduated from the university with an advanced degree in mathematics, science, health care, or engineering, and the number of those graduates that remained in Michigan to work and how long and in what capacity they plan to work, if known. The university shall make a concerted effort to obtain this information.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved .....

.....  
Governor