

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4435

A bill to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2010; 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, 2010, from the funds indicated in

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

### COMMUNITY COLLEGES

#### APPROPRIATION SUMMARY

GROSS APPROPRIATION.....	\$	295,880,500
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Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental transfers .....		0
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ADJUSTED GROSS APPROPRIATION.....	\$	295,880,500
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Federal revenues:

Total federal revenues.....		0
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Special revenue funds:

Total local revenues.....		0
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Total private revenues.....		0
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Total other state restricted revenues.....		0
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State general fund/general purpose.....	\$	295,880,500
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#### Sec. 102. OPERATIONS

Alpena Community College.....	\$	5,126,100
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Bay de Noc Community College.....		5,178,400
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Delta College.....		13,751,600
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Glen Oaks Community College.....		2,304,800
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Gogebic Community College.....		4,275,200
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Grand Rapids Community College.....		17,219,800
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Henry Ford Community College.....		20,898,900
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Jackson Community College.....		11,542,300
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Kalamazoo Valley Community College.....		11,888,600
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Kellogg Community College.....		9,311,800
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1	Kirtland Community College.....	2,842,800
2	Lake Michigan College.....	5,012,100
3	Lansing Community College.....	29,762,500
4	Macomb Community College.....	31,773,900
5	Mid Michigan Community College.....	4,289,200
6	Monroe County Community College.....	4,142,800
7	Montcalm Community College.....	2,981,600
8	C.S. Mott Community College.....	15,016,400
9	Muskegon Community College.....	8,518,600
10	North Central Michigan College.....	2,893,600
11	Northwestern Michigan College.....	8,682,000
12	Oakland Community College.....	20,133,700
13	St. Clair County Community College.....	6,729,800
14	Schoolcraft College.....	11,767,000
15	Southwestern Michigan College.....	6,276,900
16	Washtenaw Community College.....	12,149,000
17	Wayne County Community College.....	15,889,900
18	West Shore Community College.....	<u>2,198,500</u>
19	GROSS APPROPRIATION.....	\$ 292,557,800
20	Appropriated from:	
21	State general fund/general purpose.....	\$ 292,557,800
22	<b>Sec. 103. GRANTS</b>	
23	At-risk student success program.....	\$ <u>3,322,700</u>
24	GROSS APPROPRIATION.....	\$ 3,322,700
25	Appropriated from:	
26	State general fund/general purpose.....	\$ 3,322,700

## 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 2009-2010 is \$295,880,500.00 and state spending from state resources to be paid to local units of government for fiscal year 2009-2010 is \$295,880,500.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

Operations.....	\$	292,557,800
At-risk student success program.....		<u>3,322,700</u>
TOTAL.....	\$	295,880,500

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 energy, 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. 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 or

1 services, or both, are available. Preference should be given to  
2 goods or services, or both, manufactured or provided by Michigan  
3 businesses, if they are competitively priced and of comparable  
4 quality. In addition, preference should be given to goods or  
5 services, or both, that are manufactured or provided by Michigan  
6 businesses owned and operated by veterans, if they are  
7 competitively priced and of comparable quality.

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

16       Sec. 211. (1) The money appropriated in this act is  
17 appropriated for community colleges with fiscal years ending June  
18 30, 2010 and shall be paid out of the state treasury and  
19 distributed by the state treasurer to the respective community  
20 colleges in 11 monthly installments on the sixteenth of each month,  
21 or the next succeeding business day, beginning with October 16,  
22 2009. Each community college shall accrue its July and August 2010  
23 payments to its institutional fiscal year ending June 30, 2010.  
24 However, if a community college fails to submit all verified  
25 Michigan community colleges activities classification structure  
26 data for school year 2008-2009 to the department of energy, labor,  
27 and economic growth by November 1, 2009, the monthly installments

1 shall be withheld from that community college until those data are  
2 submitted. The amount from the money appropriated in part 1 that is  
3 allocated to address the special needs of at-risk students shall be  
4 paid in full by the state treasurer by November 1, 2009. The amount  
5 distributed to a community college or department shall not exceed  
6 the net state allocation authorized by this act.

7 (2) Except as otherwise provided by law, each of the amounts  
8 appropriated shall be used solely for the respective purposes  
9 stated in this act. The money appropriated in this act may be used  
10 to match the cost of any available programs under the Carl D.  
11 Perkins vocational and applied technology education act of 1998, 20  
12 USC 2301 to 2414, including local administration.

13 Sec. 216. (1) A community college shall pay the employer's  
14 contributions to the Michigan public school employees' retirement  
15 system created by the public school employees retirement act of  
16 1979, 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of  
17 receiving money appropriated under this act.

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

21 Sec. 217. Money appropriated in part 1 shall not be used to  
22 pay for the construction or maintenance of a self-liquidating  
23 project. A community college shall comply with the current use and  
24 finance requirements of the joint capital outlay subcommittee  
25 (JCOS) for any construction, renovation, or other capital outlay  
26 projects pursuant to JCOS policy.

27 Sec. 224. (1) Recognizing the critical importance of education

1 in strengthening Michigan's workforce, the legislature encourages  
2 the state's public community colleges to explore ways of increasing  
3 collaboration and cooperation with 4-year universities,  
4 particularly in the areas related to training, instruction, and  
5 program articulation.

6 (2) Recognizing the central role of community colleges in  
7 responding to local employment needs and challenges, community  
8 colleges shall develop and continue efforts to collaborate with  
9 local employers and students to identify local employment needs and  
10 strategies to meet them.

11 (3) Community colleges are encouraged to collaborate with each  
12 other on innovations to identify and meet local employment needs.

13 (4) Community colleges are encouraged to organize and  
14 participate in a legislative summit on a strategy for meeting the  
15 employment needs of the entire state. The community colleges shall  
16 report the results of the summit to the senate and house  
17 appropriations subcommittees on community colleges.

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

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

23 (b) Review, analyze, and eradicate activities that may tend to  
24 discriminate.

25 Sec. 241. (1) It is the intent of the legislature that  
26 community colleges expand their current nursing education programs  
27 and increase nursing education program enrollments. This expansion

1 may include, but is not limited to, creating partnerships with  
2 hospitals and other health care providers, encouraging programs  
3 that assist in placing students at all levels of nursing,  
4 recruiting and hiring a larger number of individuals with masters  
5 degrees in nursing as instructors, expanding the focus and  
6 utilization of the nursing scholarship program, and redirecting  
7 existing institutional resources toward nursing education programs.

8 (2) Community college nursing programs are part of a  
9 comprehensive solution to Michigan's nursing shortage. Community  
10 college students are eligible to apply for financial assistance  
11 through the Michigan nursing scholarship program established in the  
12 Michigan nursing scholarship act, 2002 PA 591, MCL 390.1181 to  
13 390.1189. The Michigan nursing corps grants described in section  
14 431 of 2007 PA 118 and administered by the department of energy,  
15 labor, and economic growth provide funding to address the shortage  
16 of qualified nursing faculty. Community colleges are encouraged to  
17 coordinate with the chief nurse executive in the department of  
18 community health and with 4-year universities to improve access to  
19 nursing programs and to assist students to successfully enter the  
20 nursing workforce.

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

26 Sec. 247. Funds appropriated in part 1 shall not be used to  
27 enter into a lease for, or to purchase, a vehicle assembled or



## House Bill No. 4435 as amended June 23, 2009

1 manufactured outside of the United States if competitively priced  
2 and comparable quality vehicles made in the state of Michigan or  
3 elsewhere in the United States of America are available.

4 Sec. 249. It is the intent of the legislature to encourage  
5 community college districts to evaluate and pursue efficiency and  
6 cost-containment measures that maximize state funding. Community  
7 colleges shall identify practices that increase efficiencies,  
8 including, but not limited to, establishing joint ventures,  
9 consolidating services, utilizing program collaborations,  
10 maximizing educational benefits through optimal class sizes and  
11 frequency of course offerings, increasing web-based instruction,  
12 eliminating low-enrollment and high-cost instructional programs,  
13 using self-insurance, practicing energy conservation, and utilizing  
14 group purchasing. Efficiency efforts shall also include reviewing  
15 proposed capital outlay projects to increase coordination and  
16 utilization of new facilities, renovation projects, and technology  
17 improvements. The Michigan community college association shall  
18 prepare a written report detailing these efficiency practices and  
19 submit the report to the house and senate appropriation  
20 subcommittees on community colleges and the house and senate fiscal  
21 agencies no later than December 1, 2009.

<<Sec. 250. If additional funding becomes available for community  
college operations, that additional funding shall first be allocated to  
colleges that incurred the highest percentage reduction due to the  
elimination of renaissance zone reimbursements. As used in this section,  
percentage reduction means renaissance zone payment as a percentage of  
state funding for college operations.>>

## 22 STATE AID - OPERATIONS

23 Sec. 301. Unless otherwise stated, all data items used in  
24 determining state aid in this act are as defined in the 2001 Manual  
25 for Uniform Financial Reporting, Michigan Public Community  
26 Colleges, which shall be the basis for reporting data, and the

1 Activities Classification Structure Manual for Michigan Community  
2 Colleges, as amended, which shall be used to document financial  
3 needs of the community colleges.

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

11 Sec. 304. It is the intent of the legislature that the  
12 recommendations and performance measures developed by the  
13 performance indicators task force formed pursuant to section 242 of  
14 2005 PA 154 be reviewed and more fully implemented for distribution  
15 of state funding to community colleges in future years.  
16 Specifically, it is the intent of the legislature that the  
17 performance indicators task force review and implement 1 or more  
18 measurable data items for the local strategic value indicator and  
19 review and implement 1 or more measurable data items for an  
20 administrative cost formula component.

## 21 **GRANTS**

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

growth pursuant to the Activities Classification Structure Manual for Michigan Community Colleges, as amended. 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.

(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, 2010, the at-risk student success program money is allocated as follows:

Alpena Community College.....	\$	83,000
Bay de Noc Community College.....		69,100
Delta College.....		106,400
Glen Oaks Community College.....		111,300
Gogebic Community College.....		56,300
Grand Rapids Community College.....		133,300
Henry Ford Community College.....		163,300
Jackson Community College.....		132,800
Kalamazoo Valley Community College.....		92,000
Kellogg Community College.....		152,600
Kirtland Community College.....		128,400

1	Lake Michigan College.....	147,000
2	Lansing Community College.....	157,000
3	Macomb Community College.....	84,200
4	Mid Michigan Community College.....	133,600
5	Monroe County Community College.....	104,100
6	Montcalm Community College.....	75,600
7	C.S. Mott Community College.....	113,300
8	Muskegon Community College.....	81,100
9	North Central Michigan College.....	109,800
10	Northwestern Michigan College.....	122,500
11	Oakland Community College.....	146,900
12	St. Clair County Community College.....	123,100
13	Schoolcraft College.....	123,500
14	Southwestern Michigan College.....	152,300
15	Washtenaw Community College.....	127,300
16	Wayne County Community College.....	146,200
17	West Shore Community College.....	146,700

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

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

23       (b) Are diagnosed as learning disabled.

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

25       (5) Grant funding under this section shall be utilized to  
 26 address the special needs of at-risk students. Activities related  
 27 to services provided to at-risk students include, but are not

1 limited to, pretesting for academic ability, counseling contacts,  
2 and special programs. Equipment or information technology hardware  
3 or software purchased under this section must be associated with  
4 the operation of a program designed to address the needs of at-risk  
5 students.

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

9 (7) Each community college shall report to the department of  
10 energy, labor, and economic growth a summary of all accomplishments  
11 under, expenditures for, and compliance with the intent of this  
12 program, including the number of at-risk students served. The  
13 report is subject to audit as provided for in section 502(1). The  
14 report shall be submitted not later than 90 days after the end of  
15 the state's fiscal year.

## 16 **REPORTS AND AUDITS**

17 Sec. 501. The department of energy, labor, and economic growth  
18 shall publish the activities classification structure data book for  
19 Michigan community colleges on or before March 1, 2010.

20 Sec. 502. (1) The auditor general or a certified public  
21 accountant appointed by the auditor general may conduct performance  
22 audits of community colleges as the auditor general considers  
23 necessary.

24 (2) Not more than 60 days after an audit report is released by  
25 the office of the auditor general, the principal executive officer  
26 of the community college that was audited shall submit to the house

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

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

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

27       Sec. 505. Each community college shall have an annual audit of

1 all income and expenditures performed by an independent auditor and  
2 shall furnish the independent auditor's management letter and an  
3 annual audited accounting of all general and current funds income  
4 and expenditures including audits of college foundations to the  
5 members of the senate and house appropriations subcommittees on  
6 community colleges, the senate and house fiscal agencies, the  
7 auditor general, the department of energy, labor, and economic  
8 growth, and the state budget director before November 15, 2009. If  
9 a community college fails to furnish the audit materials, the  
10 monthly state aid installments shall be withheld from that college  
11 until the information is submitted. All reporting shall conform to  
12 the requirements set forth in the 2001 Manual for Uniform Financial  
13 Reporting, Michigan Public Community Colleges.

14 Sec. 506. (1) Each community college shall report the  
15 following to the department of energy, labor, and economic growth  
16 no later than November 1, 2009:

17 (a) The number of North American Indian students enrolled each  
18 term for the previous fiscal year, using guidelines and procedures  
19 developed by the department of energy, labor, and economic growth  
20 and the Michigan commission on Indian affairs.

21 (b) The number of North American Indian tuition waivers  
22 granted each term, and the monetary value of the waivers for the  
23 previous fiscal year.

24 (2) Colleges shall use the criteria cited in 1976 PA 174, MCL  
25 390.1251 to 390.1253, to determine eligibility for tuition waivers,  
26 and shall grant those waivers to individuals who meet the criteria  
27 and request tuition waivers.

1           (3) The department of energy, labor, and economic growth shall  
2 compile the information received under subsection (1) and shall  
3 submit this compilation to the house and senate appropriations  
4 subcommittees on community colleges, the senate and house fiscal  
5 agencies, and the state budget director by January 7, 2010.

6           Sec. 507. Upon request, a community college shall inform  
7 interested Michigan high schools of the aggregate academic status  
8 of its students for the prior academic year, in a manner prescribed  
9 by the Michigan community college association and in cooperation  
10 with the Michigan association of secondary school principals.

11           Sec. 508. (1) Each community college shall report to the house  
12 and senate fiscal agencies, the state budget director, and the  
13 department of energy, labor, and economic growth by August 31,  
14 2009, the tuition and mandatory fees paid by a full-time in-  
15 district student and a full-time out-of-district student as  
16 established by the college governing board for the 2009-2010  
17 academic year. This report should also include the annual cost of  
18 attendance based on a full-time course load of 30 credits. Each  
19 community college shall also report any revisions to the reported  
20 2009-2010 academic year tuition and mandatory fees adopted by the  
21 college governing board to the house and senate fiscal agencies,  
22 the state budget director, and the department of energy, labor, and  
23 economic growth within 15 days of being adopted.

24           (2) The department of energy, labor, and economic growth shall  
25 prepare and provide to community colleges a standard format for  
26 reporting tuition and fees pursuant to subsection (1).

27           Sec. 509. (1) Each community college shall report to the



1 department of energy, labor, and economic growth the numbers and  
2 type of associate degrees and other certificates awarded during the  
3 previous fiscal year. The report shall be made not later than  
4 November 15, 2009.

5 (2) The department of energy, labor, and economic growth shall  
6 compile the information received under subsection (1) and shall  
7 submit this compilation to the house and senate appropriations  
8 subcommittees on community colleges, the senate and house fiscal  
9 agencies, and the state budget director by January 7, 2010.

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

19 Sec. 511. (1) At least 30 days before submission of a new  
20 state plan to the United States department of education for  
21 approval under the Perkins act, the department of energy, labor,  
22 and economic growth shall provide copies of the proposed plan to  
23 the members of the senate and house appropriations subcommittees on  
24 community colleges for their review and comment. Copies of the  
25 proposed plan shall be provided to the senate and house fiscal  
26 agencies and the state budget director at the same time that they  
27 are provided to the senate and house subcommittees.

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

3           (3) As used in this section, "Perkins act" means the Carl D.  
4 Perkins vocational and applied technology education act of 1998, 20  
5 USC 2301 to 2414.

6           Sec. 513. The department of treasury shall annually collect  
7 and compile data on the tax revenue losses to community colleges  
8 resulting from tax increment financing authorities (TIFA) and tax  
9 abatements. The department of treasury shall produce a report  
10 detailing the data. The report shall be completed and presented to  
11 the house and senate appropriations subcommittees on community  
12 colleges, the department of energy, labor, and economic growth, and  
13 the department of management and budget not later than March 1,  
14 2010. The report shall include, but is not limited to, the  
15 following:

16           (a) Estimated revenue losses for each community college for  
17 the calendar year 2009.

18           (b) Confirmed revenue losses for each community college for  
19 the calendar years 2007 and 2008.

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