

SENATE BILL No. 221

EXECUTIVE BUDGET BILL

March 7, 1989, Introduced by Senator GAST and referred to the Committee on Appropriations.

A bill to make appropriations for community and junior colleges for the fiscal year ending September 30, 1990; to continue the community and junior college job training and retraining investment fund; to impose powers and duties on certain state officers and employees; and to provide for the expenditure of those appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 101. There is appropriated for the community and junior colleges and
2 certain other state purposes relating to education and subject to the
3 conditions set forth in this act for the fiscal year ending September 30,
4 1990, the following respective amounts:

5 APPROPRIATIONS SUMMARY:

6 GROSS APPROPRIATION.....	\$ 207,490,500
7 Total federal revenues.....	0

1	Total private revenues.....	\$	0
2	Total local revenues.....		0
3	State general fund/general purpose.....	\$	207,490,500
4	COMMUNITY COLLEGES		
5	Alpena community college.....	\$	2,952,800
6	Bay de Noc community college.....		2,399,800
7	Delta college.....		8,759,600
8	Glen Oaks community college.....		1,284,000
9	Gogebic community college.....		2,883,300
10	Grand Rapids junior college.....		11,895,100
11	Henry Ford community college.....		14,131,400
12	Highland Park college.....		4,962,600
13	Jackson community college.....		8,721,300
14	Kellogg community college.....		5,301,000
15	Kirtland community college.....		2,098,500
16	Kalamazoo Valley community college.....		5,657,400
17	Lake Michigan college.....		2,883,400
18	Lansing community college.....		18,771,200
19	Macomb community college.....		21,381,900
20	Mid Michigan community college.....		2,294,400
21	Monroe County community college.....		2,091,500
22	Montcalm community college.....		1,988,600
23	C.S. Mott community college.....		9,914,500
24	Muskegon community college.....		5,786,100
25	North central Michigan college.....		1,799,100
26	Northwestern Michigan college.....		5,031,800

1	Oakland community college.....	\$ 14,289,500
2	St. Clair community college.....	4,488,700
3	Schoolcraft college.....	7,414,700
4	Southwestern Michigan college.....	3,239,200
5	Washtenaw community college.....	6,569,900
6	Wayne County community college tax credit.....	10,003,900
7	Wayne County community college.....	12,185,900
8	West Shore community college.....	1,388,900
9	Job training and retraining investment fund.....	4,630,500
10	Student guarantees.....	290,000
11	GROSS APPROPRIATION.....	\$ 207,490,500

12 Appropriated from:

13	State general fund/general purpose.....	\$ 207,490,500
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14 Sec. 201. In accordance with the provisions of section 30 of article IX
 15 of the state constitution of 1963, total state spending in this appropriation
 16 act is \$207,490,500.00, and state appropriations to be paid to local units of
 17 government in section 101 total \$207,490,500.00.

18 Sec. 202. (1) The sums appropriated in this act shall be paid out of the
 19 state treasury and shall be distributed by the state treasurer to the
 20 respective institutions and departments in 12 monthly installments upon
 21 certification by the state budget director that this act is being fully
 22 complied with, except the department of management and budget shall make
 23 adjustments in the payment schedule to assure that each college receives
 24 payments during its fiscal year ending June 30, 1990, of not less than 80.5%
 25 of section 101 appropriations. However, in case of the failure of an
 26 institution to submit all verified Michigan community college activity

1 classification structure data for school year 1988-89 to the department of
2 education by November 1, 1989, the monthly installments shall be withheld
3 until such time as these data are submitted. Further, the amount included in
4 section 101 designated under this act for job training and retraining in
5 section 401 shall be paid in full by the state treasurer within 30 days after
6 notification by the chair of the review panel as designated in section 401
7 that a project has been reviewed and approved. The amount distributed to an
8 institution or department shall not exceed the net state allocation authorized
9 by this act.

10 (2) Except as otherwise provided by law, each of the amounts appropriated
11 shall be used solely for the respective purposes stated in this act. The
12 funds appropriated by this act may be used to match the cost of any available
13 federal vocational education act programs, including local administration. A
14 community or junior college shall not pay an employer's contribution to more
15 than 1 retirement fund providing benefits for an employee.

16 Sec. 203. (1) The auditor general shall audit data for the fiscal year
17 ending on June 30, 1989 as submitted on the department of education request
18 forms of 7 randomly selected community and junior colleges. A community or
19 junior college shall maintain and provide those records necessary for the
20 auditor general to determine the accuracy of the reported data. The audits
21 shall be based upon the definitions and requirements contained in the Michigan
22 Public Community Colleges Manual for Uniform Financial Reporting, 1981, as
23 revised, and the Michigan Community Colleges Activities Classification
24 Structure, 1981, as revised. Before the submission of a final audit report,
25 an appeals process shall be established by which an institution may appeal the
26 findings of the preliminary report, and by which the auditor general shall

1 consult legislative and executive authorities concerning an interpretation of
2 the manual if necessary. The auditor general shall submit a report of its
3 findings to the senate and house appropriations committees, the department of
4 education, and the department of management and budget before April 1, 1990.

5 (2) The auditor general shall conduct at least 3 performance audits of
6 community and junior colleges but may conduct more if the auditor general
7 considers it necessary.

8 (3) The principal executive officer of a community or junior college which
9 is audited shall submit to the senate and house appropriations committees, the
10 senate and house fiscal agencies, the department of education, the auditor
11 general, and the department of management and budget, a plan to comply with
12 audit recommendations after an audit report is prepared and released by the
13 office of the auditor general. The plan shall be prepared and submitted
14 within 60 days after the audit is released. The plan shall contain projected
15 dates and resources required, if any, to achieve compliance with the audit
16 recommendations, or a documented explanation of the college's noncompliance
17 with the audit recommendations concerning the matters on which the audited
18 college and office of the auditor general disagree.

19 (4) It is the intent of the legislature to adjust state aid in the fiscal
20 year ending September 30, 1990 for any community or junior college where
21 audited activities classification structure data is significantly different
22 than the data used to determine state aid under this act.

23 Sec. 204. The department of education shall periodically revise and
24 update the taxonomy in accordance with the Michigan Community Colleges
25 Activities Classification Structure, 1981, as revised.

26 Sec. 205. (1) A community or junior college shall retain certified class

1 summaries, class lists, registration documents, and student transcripts which
2 are consistent with the taxonomy of courses. For each enrollment period
3 during the fiscal year, these certified documents shall identify clearly by
4 course the number of in-district and out-of-district student credit and
5 contact hours. The class summaries and class lists shall be consistent with
6 each other and shall include the course prefix and numbers, course title,
7 course credit and contact hours, credit and contact hours generated by each
8 student, and activity classifications consistent with the taxonomy. An
9 auditable process shall be used by the college to determine the unduplicated
10 head count for in-district students, out-of-district students, and prisoners
11 for each enrollment period during the fiscal year.

12 (2) Contracts between the college and agencies which reimburse the college
13 for the costs of instruction shall be retained for audit purposes.

14 Sec. 206. Each community or junior college shall furnish an annual
15 audited accounting of all income and expenditures to the legislature, the
16 senate and house fiscal agencies, office of the auditor general, the
17 department of education, and the department of management and budget before
18 December 1, 1989. All reporting shall conform to the requirements set forth
19 in the Michigan Public Community Colleges Manual for Uniform Financial
20 Reporting, 1981, as revised.

21 Sec. 207. (1) Money received by the state from the federal government or
22 private sources for the use of community or junior colleges is appropriated
23 for the purpose for which provided. The acceptance and use of federal or
24 private funds shall not place an obligation upon the legislature to continue
25 the purposes for which the funds are made available.

26 (2) Appropriations under this act shall not be expended in contemplation

1 of matching federal or other funds until federal or other matching funds are
2 available. The acceptance of those funds shall not obligate the state to
3 continue programs after those funds are no longer available.

4 (3) A community or junior college shall not establish special programs or
5 expand existing programs which are beyond the scope of the programs of the
6 college already established and recognized by the legislature, including a
7 program which may develop as a result of gifts or money received or available
8 from the federal government, if that acceptance will require an obligation or
9 expenditure of state funds.

10 (4) A community or junior college shall not accept any appropriation in
11 this act unless it pays the employer's contributions to the Michigan public
12 employees' retirement system. The executive office shall include
13 contributions to the Michigan public school employees' retirement system by
14 community and junior colleges in the executive budget recommendation for each
15 community and junior college. For the fiscal year ending June 30, 1990, the
16 Michigan school employees' retirement system contribution shall be 4.0% of
17 salaries for retirement, plus 5.0% for the share formerly paid by employees.

18 (5) None of the appropriations contained in this act shall be used for the
19 construction of buildings or operations of institutions not expressly
20 authorized in section 101. Funds appropriated in this act to each institution
21 shall not be used to pay for the construction or maintenance of any
22 self-liquidating project.

23 (6) The governing body of a community or junior college shall reduce
24 expenditures authorized by appropriations when it appears that actual revenues
25 for a fiscal period will fall below the revenue estimates on which
26 appropriations for that period were based.

1 Sec. 208. Each community or junior college shall report to the senate and
2 house fiscal agencies, the department of education, and the department of
3 management and budget any modifications in tuition and student fees not later
4 than 30 days after the modification is established by the college governing
5 board.

6 Sec. 209. (1) If it appears to the governor, based upon written
7 information received by the governor from the directors of the department of
8 management and budget and the department of treasury, that actual revenues for
9 a fiscal period will fall below the revenue estimates on which appropriations
10 for that period were based, the estimates being as determined by the
11 legislature pursuant to section 31 of article IV of the state constitution of
12 1963, the governor shall order the director of the department of management
13 and budget to review all appropriations made by the legislature, except those
14 made for the legislative and judicial branches of government or from funds
15 constitutionally dedicated for specific purposes.

16 (2) Based upon needs, the director of the department of management and
17 budget shall recommend to the governor a reduction of expenditures authorized
18 by the appropriations, either direct or open-ended, for that fiscal year. The
19 governor shall review the recommendations of the director and shall prepare an
20 order containing reductions in expenditures authorized so that actual revenues
21 for the fiscal period will be sufficient to equal the expenditures. The
22 governor shall provide not less than 5 days' written notice to the members of
23 the senate and house appropriations committees specifying a time and place for
24 a joint meeting of the governor and the 2 committees, at which meeting the
25 governor shall present to the committees the governor's recommendations and
26 copies of the governor's proposed order.

(3) Not later than 10 days after submission of the order to the committees, each committee, by vote of a majority of its members elected and serving, shall approve or disapprove the order. Expenditures authorized by appropriations shall not be reduced unless approved by both the senate and house appropriations committees. Upon approval by both committees, the director of the department of management and budget shall implement the order.

(4) If either the senate or house appropriations committee disapproves the order, the order is without force and effect. Not later than 30 days after a proposed order is disapproved, the governor may give reasonable written notice of the time and place of a further joint meeting of the 2 appropriations committees, at which meeting the governor shall submit another order reducing expenditures authorized by appropriations. Within 10 days after the receipt of that order by the appropriations committees, each appropriations committee, by a majority of its members elected and serving, shall approve or disapprove the order. A copy of the order of the governor and resolutions of both the senate and house appropriations committees approving it shall be filed with the secretary of state, and the order shall become effective.

Sec. 210. The department of education shall submit the following statistical data and reports relating to each community and junior college to the Michigan civil rights commission, the department of management and budget, and the house and senate appropriations subcommittees on community colleges in a format established by the Michigan department of civil rights which incorporates the requirements of state and federal law, and which includes:

(a) Coordination of an annual report identifying the number of minority students who enroll and complete programs by racial and ethnic category.

1 (b) An affirmative action plan for employment of minorities, women, and
2 handicappers, including the plan requirements set forth in executive order
3 1979-4.

4 (c) A current statistical report for minorities and women employees as
5 submitted to the federal government.

6 Sec. 211. The amounts appropriated for utilities and that portion of
7 contractual services, supplies, and materials used to pay for utility service
8 to state facilities in section 101 may be expended in a manner consistent with
9 the provisions of section 253 of the management and budget act, Act No. 431 of
10 the Public Acts of 1984, as amended, being section 18.1253 of the Michigan
11 Compiled Laws.

12 STATE AID OPERATIONS

13 Sec. 301. Unless otherwise stated, all data items used in determining
14 state aid in this act are as defined in the Michigan Public Community Colleges
15 Manual for Uniform Financial Reporting, 1981, as revised, and the Michigan
16 Community Colleges Activities Classification Structure, 1981, as revised.

17 Sec. 302. The Michigan Community Colleges Activities Classification
18 Structure, 1981, as revised, shall be used to document financial needs of the
19 community and junior colleges. The Michigan Public Community Colleges Manual
20 for Uniform Financial Reporting, 1981, as approved by the state board of
21 education, pursuant to section 143 of the community college act of 1966, Act
22 No. 331 of the Public Acts of 1966, being section 389.143 of the Michigan
23 Compiled Laws, shall be the basis for reporting.

24 Sec. 303. A community or junior college shall not include in the
25 enrollment report any student credit hours or student contact hours for
26 students taking college courses to complete high school graduation

1 requirements. Exclusion of these students is intended to avoid the payment of
2 state aid under this act for the same individuals already reimbursed under the
3 state school aid act of 1979, Act No. 94 of the Public Acts of 1979, being
4 sections 388.1601 to 388.1772 of the Michigan Compiled Laws, for completion of
5 high school requirements.

6 Sec. 304. It is legislative and executive intent to utilize a formula
7 approach in determining the state aid recommendations for each community and
8 junior college for the state fiscal year ending September 30, 1991.

9 Sec. 305. (1) In the determination of state aid appropriations contained
10 in section 101, no outputs collected under the Michigan community colleges
11 activities classification structure reporting system generated by students
12 incarcerated in Michigan penal institutions were recognized.

13 (2) Participation of a community college in a prisoner education program
14 is at the discretion of the college and does not represent a financial
15 obligation of the state of Michigan under this appropriations act.

16 (3) In recognition of the 2-year formula funding lag in community college
17 appropriations, it is the intent of the legislature that total community
18 college appropriations will not be reduced due to the nonparticipation of any
19 or all community colleges in a prison education program for the fiscal year
20 ending September 30, 1990.

21 (4) This section is not intended to preclude any community college from
22 entering into a contract with the department of corrections for the provision
23 of postsecondary educational offerings.

24 GRANTS

25 Sec. 401. (1) The community and junior college job training and
26 retraining investment fund is continued. The department of management and

1 budget shall make grants to the community and junior colleges for specific
2 projects aimed at economic development and job training or retraining pursuant
3 to the recommendations of a review panel provided for in subsection (2).

4 (2) A review panel is established and shall be composed of the house
5 appropriations subcommittee on community and junior colleges, the senate
6 appropriations subcommittee on community and junior colleges, and the
7 superintendent of public instruction. The panel shall first meet before
8 November 15, 1989, to review all project proposals and advise the department
9 of management and budget and the department of treasury as to whether or not
10 the project should receive a grant and the amount of funding to be released
11 for the project. The chairperson of the appropriations subcommittee on
12 community colleges of the house of origin of the community and junior colleges
13 budget shall chair the panel and call for 1 or more meetings of the panel as
14 necessary during the fiscal year to consider the approval of the project
15 proposals.

16 (3) The following criteria shall be scored when evaluating project
17 proposals:

18 (a) The relative degree of economic distress factors, including incidence
19 of unemployment and public assistance in the college's service area and the
20 likelihood of the project providing a tangible, direct benefit to the economy
21 of the state or a region of the state.

22 (b) The likelihood of the project directly providing a discrete population
23 of unemployed or underemployed workers with job skills that will likely lead
24 to employment or job retention.

25 (c) Demonstration that the project proposal may provide cooperation
26 between the college and other educational institutions or private enterprise.

1 (d) Commitment of other fund sources, including federal funds that may be
2 used as part of the total funding of the project. This does not include
3 in-kind contributions supplied by the college. Grant dollars shall not
4 supplant existing financial support for a project.

5 (e) An identifiable population and number of students to be served.

6 (f) Any other criteria as determined by the review panel and identified in
7 instructions forwarded to the colleges by the review panel created in
8 subsection (2).

9 (4)(a) Of the amount appropriated in section 101 for the job training and
10 retraining investment fund, \$1,740,000.00 is provided for minimum grants of
11 \$60,000.00 for each community college. Each college is eligible for a minimum
12 grant providing the minimum grant requested complies with all the criteria
13 listed in subsection (3) except that minimum grants may also be used for
14 continuation or expansion of projects funded from the job training and
15 retraining investment fund in previous fiscal years.

16 (b) If a minimum grant request by a college does not meet the criteria
17 contained in subsection (3), the college shall be notified by the review panel
18 to reapply for the minimum grant.

19 (5) Of the amount appropriated in section 101 for the job training and
20 retraining investment fund, \$500,000.00 is set aside for colleges which
21 experience unemployment rates exceeding the state average in the college's
22 district as determined by the Michigan employment security commission. Grants
23 requested under this subsection shall comply with all criteria as contained
24 under subsection (3). Grants requested under this subsection will be
25 competitively evaluated by the review panel for their compliance with all
26 criteria.

1 (6) Of the amount appropriated in section 101 for the job training and
2 retraining investment fund, \$2,390,500.00 is available for colleges based upon
3 the merit of the proposals and compliance with the criteria listed in
4 subsection (3).

5 (7) Grants received by colleges under this section may only be used for
6 the purposes for which the grant was awarded and shall not be transferred to
7 other parts of a college's operation.

8 (8) The colleges shall certify to the state treasurer, the department of
9 management and budget, the house and senate fiscal agencies, and the auditor
10 general that all grant dollars received under this section are expended or
11 encumbered within 12 months of receipt, unless extended by the review panel
12 created in subsection (2). Those funds not expended or encumbered will lapse
13 to the state's general fund.

14 (9) The state department of education, in cooperation with the state's
15 public community and junior colleges, shall submit a report within 60 days
16 after the end of the fiscal year ending September 30, 1990, to the chairs of
17 the appropriations committees of the senate and house of representatives of
18 each grant released under the community and junior college job training and
19 retraining investment fund, and the accomplishments of the projects, including
20 the number of students and/or businesses served, the job skills acquired and
21 whether the student served was placed in new employment or was able to retain
22 existing employment utilizing the job skills acquired. The colleges shall
23 maintain documentation substantiating accomplishments, which documentation
24 will be subject to review by the state auditor general.

25 Sec. 402. Of the amount appropriated in section 101 for the student
26 guarantees, the funds shall be allocated equally to each community or junior

1 college that submit a letter from the institution's president, by October 1,
2 1989, to the state budget director indicating adoption of a college skills
3 guarantee to assure employers of the job competency skills of its students and
4 a guarantee to students that negotiated course work credits will transfer to a
5 baccalaureate educational institution.

6 Sec. 404. A special grant of \$10,003,900.00, which is equivalent to the
7 revenue generated by 0.75 mill in the Wayne community college district, shall
8 be made to the college in recognition of the fact that the college levies only
9 0.25 mill for operations.