

SENATE BILL NO. 359

EXECUTIVE BUDGET BILL

February 23, 1999, Introduced by Senators GAST, SCHWARZ, HOFFMAN,
MC MANUS, STEIL, GOUGEON, A. SMITH and GOSCHKA and referred to
the Committee on Appropriations.

A bill to make appropriations for community colleges for the fiscal year ending September 30, 2000; to provide for the expenditure of the appropriations; to establish or continue certain funds, programs, and categories; and to prescribe the powers and duties of certain state departments, officers, and employees.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE ITEM APPROPRIATIONS

1 Sec. 101. Subject to the conditions set forth in this bill, the
2 amounts listed in this part are appropriated for community colleges and
3 certain other state purposes relating to education for the fiscal year

1 ending September 30, 2000, from the funds indicated in this part. The
2 following is a summary of the appropriations in this part:

3 **COMMUNITY COLLEGES**

4 APPROPRIATION SUMMARY:

5 GROSS APPROPRIATION \$ 292,962,019

6 Interdepartmental grants:

7 Total interdepartmental grants and

8 intradepartmental transfers 0

9 ADJUSTED GROSS APPROPRIATION \$ 292,962,019

10 Federal revenues:

11 Total federal revenues 0

12 Special revenue funds:

13 Total local revenues 0

14 Total private revenues 0

15 Total other state restricted revenues 0

16 State general fund/general purpose \$ 292,962,019

17 **Sec. 102. OPERATIONS**

18 Alpena Community College \$ 4,703,837

19 Bay de Noc Community College 4,400,400

20 Delta College 13,488,310

21 Glen Oaks Community College 2,094,673

22 Gogebic Community College 4,058,527

23 Grand Rapids Community College 17,599,052

24 Henry Ford Community College 20,179,700

25 Jackson Community College 11,757,634

26 Kalamazoo Valley Community College 10,657,339

27 Kellogg Community College 8,703,721

28 Kirtland Community College 2,884,295

29 Lake Michigan College 4,723,720

30 Lansing Community College 29,118,666

31 Macomb Community College 31,757,884

1	Mid Michigan Community College	3,903,610
2	Monroe County Community College	3,815,205
3	Montcalm Community College	2,994,561
4	C.S. Mott Community College	14,894,333
5	Muskegon Community College	8,418,834
6	North Central Michigan College	2,821,668
7	Northwestern Michigan College	8,312,144
8	Oakland Community College	20,484,101
9	St. Clair County Community College	6,618,824
10	Schoolcraft College	11,338,620
11	Southwestern Michigan College	5,646,316
12	Washtenaw Community College	10,994,801
13	Wayne County Community College	16,267,643
14	West Shore Community College	<u>2,170,577</u>
15	GROSS APPROPRIATION	\$ 284,808,995
16	Appropriated from:	
17	State general fund/general purpose	\$ 284,808,995
18	Sec. 103. GRANTS	
19	At-risk student success program	\$ 3,584,566
20	Tuition restraint incentive grants	4,200,000
21	Renaissance zone tax reimbursement funding	<u>368,458</u>
22	GROSS APPROPRIATION	\$ 8,153,024
23	Appropriated from:	
24	State general fund/general purpose	\$ 8,153,024

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. (1) Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources for fiscal year 1999-2000 is estimated at \$292,962,019.00 in this bill and state spending from state sources paid to local units of government for fiscal year 1999-2000 is estimated at \$292,962,019.00.

1 (2) If it appears to the principal executive officer of a department
2 or branch that state spending to local units of government will be less
3 than the amount that was projected to be expended under subsection (1), the
4 principal executive officer shall immediately give notice of the
5 approximate shortfall to the state budget director.

6 Sec. 202. The expenditures and funding sources authorized under this
7 bill are subject to the management and budget act, 1984 PA 431, MCL 18.1101
8 to 18.1594.

9 Sec. 203. (1) The sums appropriated in this bill are appropriated
10 for community colleges with a fiscal year ending June 30, 2000 and
11 shall be paid out of the state treasury and distributed by the state
12 treasurer to the respective community colleges in 11 monthly
13 installments on the sixteenth of each month, or the next succeeding
14 business day, beginning with October 16, 1999. Each community college
15 shall accrue its July and August 2000 payments to its institutional fiscal
16 year ending June 30, 2000. However, if a community college
17 fails to submit all verified Michigan Community Colleges Activities
18 Classification Structure data for school year 1998-99 to the
19 department of education by November 1, 1999, the monthly installments shall
20 be withheld from that community college until those data are submitted.
21 The department of education shall publish the Activities Classification
22 Structure Manual for Michigan Community Colleges on or before March 1, 2000
23 for use by the legislature during budget
24 development for the fiscal year ending September 30, 2001. The amount from
25 the funds appropriated in part 1 that is allocated under section
26 103 to address the special needs of at-risk students shall be paid in full
27 by the state treasurer by November 1, 1999. The amount
28 distributed to a community college or department shall not exceed the
29 net state allocation authorized by this bill.

30 (2) Except as otherwise provided by law, each of the amounts
31 appropriated shall be used solely for the respective purposes stated
32 in this bill. The funds appropriated by this bill may be used to

1 match the cost of any available programs under the Carl D. Perkins
2 vocational and applied technology education act, Public Law 88-210, 98
3 Stat. 2435, including local administration.

4 Sec. 204. (1) The auditor general or an independent public
5 accounting firm appointed by the auditor general shall audit data for
6 the fiscal year ending on June 30, 1999 as submitted on the department
7 of education request forms of 7 randomly selected community colleges.
8 A community college shall maintain and provide those records necessary for
9 the auditor general or certified public accountant appointed by
10 the auditor general to determine the accuracy of the reported data.
11 The audits shall be based upon the definitions and requirements
12 contained in the Manual for Uniform Financial Reporting, Michigan
13 Public Community Colleges, published by the Michigan state board of
14 education in 1981, and the Activities Classification Structure Manual
15 for Michigan Community Colleges, 1997 revision of the final report of
16 the activities classification structure task force (July 1981),
17 published by the department of education. Before the submission of a final
18 audit report, a community college may appeal the findings of the
19 preliminary report under an appeal process to be established by the auditor
20 general. The auditor general shall submit a report of the findings to the
21 house and senate appropriations committees, the department of education,
22 and the state budget director before June 1, 2000.

23 (2) The auditor general or a certified public accountant appointed
24 by the auditor general shall conduct not less than 3 performance
25 audits of community colleges but may conduct more if the auditor
26 general considers it necessary.

27 (3) Not more than 60 days after an audit report is released by the
28 office of the auditor general, the principal executive officer of the
29 community college that was audited shall submit to the house and
30 senate appropriations committees, the house and senate fiscal
31 agencies, the department of education, the auditor general, and the
32 state budget director a plan to comply with audit recommendations.

1 The plan shall contain projected dates and resources required, if any,
2 to achieve compliance with the audit recommendations, or a documented
3 explanation of the college's noncompliance with the audit
4 recommendations concerning the matters on which the audited community
5 college and office of the auditor general disagree.

6 (4) A community college whose audited activities classification
7 structure data is significantly different than the data used to
8 determine state aid under this bill shall return any overappropriated funds
9 as provided in this section. The department of education shall compare
10 formula computations for the audited colleges using pre- and post-audit
11 data. If the state allocation is 2% or more than the post-audit allocation
12 amount, the college shall return the excess
13 funds. The returned money shall be redistributed to all 28 community
14 colleges, prorated on the base appropriations contained in part 1.

15 Sec. 205. The department of education shall revise and update the
16 taxonomy of the 7 community colleges selected for audit under section
17 204(1) pursuant to the Activities Classification Structure Manual for
18 Michigan Community Colleges, 1997 revision of the final report of the
19 activities classification structure task force (July 1981), published
20 by the department of education.

21 Sec. 206. (1) A community college shall retain certified class
22 summaries, class lists, registration documents, and student
23 transcripts that are consistent with the taxonomy of courses.
24 For each enrollment period during the fiscal year, these certified
25 documents shall identify clearly by course the number of in-district
26 and out-of-district student credit and contact hours. The class summaries
27 and class lists shall be consistent with each other and
28 shall include the course prefix and numbers, course title, course
29 credit and contact hours, credit and contact hours generated by each
30 student, and activity classifications consistent with the taxonomy.
31 An auditable process shall be used by the community college to
32 determine the unduplicated head count for in-district students,

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

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

6 Sec. 207. Each community college shall have an annual audit of all
7 income and expenditures performed by an independent auditor and shall
8 furnish the independent auditor's management letter and an
9 annual audited accounting of all general and current funds income and
10 expenditures including audits of college foundations to the senate and
11 house fiscal agencies, the auditor general, the department of
12 education, and the state budget director before November 15, 1999. If
13 a community college fails to furnish the audit materials, the monthly state
14 aid installments shall be withheld from that college until the information
15 is submitted. All reporting shall conform to the requirements set forth in
16 the Manual for Uniform Financial Reporting, Michigan Public Community
17 Colleges, published by the Michigan state board of education in 1981.

18 Sec. 208. (1) A community college shall pay the employer's
19 contributions to the Michigan public school employees retirement
20 system created by the public school employees retirement act of 1979, 1980
21 PA 300, MCL 38.1301 to 38.1408, as a condition of receiving funds
22 appropriated under this bill.

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

25 Sec. 209. An appropriation contained in this bill shall not be
26 used for the construction of buildings for, or operations of, a
27 community college not expressly authorized in part 1. Funds
28 appropriated in part 1 shall not be used to pay for the construction
29 or maintenance of any self-liquidating project.

30 Sec. 210. The department of education shall ensure that a
31 statistical report for minorities and women employees for the most
32 recent school year as submitted to the federal government on the EEO-6 form

1 be included in the Michigan Community Colleges Enrollment Profile published
2 by the department of education. Also included in this
3 profile shall be a statistical report for the most recent school year that
4 includes enrollment statistics for minorities and women as
5 submitted to the department of education. The department of education
6 shall distribute a copy of this report to members of the house and
7 senate appropriations subcommittees on community colleges, the house
8 and senate fiscal agencies and the state budget director no later than
9 March 1, 2000.

10 Sec. 211. (1) Each community college shall report the following to the
11 house and senate appropriations subcommittees on community
12 colleges, the house and senate fiscal agencies, the department of education
13 and the state budget director, no later than November 1,
14 1999:

15 (a) The number of North American Indian students enrolled each
16 term for the previous fiscal year, using guidelines and procedures
17 developed by the department of education and the Michigan commission
18 on Indian affairs.

19 (b) The number of Indian tuition waivers granted each term, and
20 the monetary value of the waivers for the previous fiscal year.

21 (2) Colleges shall use the criteria cited in 1976 PA 174, MCL 390.1251
22 to 390.1253, to determine eligibility for tuition waivers,
23 and shall grant such waivers to individuals who meet the criteria and
24 request tuition waivers.

25 Sec. 212. From the general fund/general purpose appropriation in
26 part 1, there is allocated \$368,458.00 to make reimbursement to
27 community colleges, as provided by section 12 of the Michigan
28 renaissance zone act, 1996 PA 376, MCL 125.2692, for property taxes levied
29 in 1999. Reimbursements shall be made in amounts to each
30 eligible recipient no later than 60 days after the department of
31 treasury certifies to the state budget director that it has received
32 all necessary information to properly determine the amounts due each

1 eligible recipient pursuant to section 12(4) of the Michigan
2 renaissance zone act, 1996 PA 376, MCL 125.2692. Any excess
3 allocations shall lapse to the general fund.

4 Sec. 213. Upon request, a community college shall inform
5 interested Michigan high schools of the aggregate academic status of
6 its students for the fiscal year beginning October 1, 1999, in a
7 manner prescribed by the Michigan community college association and in
8 cooperation with the Michigan association of secondary school
9 principals.

10 Sec. 215. Each community college shall report to the department
11 of education, the house and senate appropriations committees, the house and
12 senate fiscal agencies and the state budget director the numbers
13 and type of associate degrees and other certificates awarded during
14 the previous fiscal year. The report shall be made not later than November
15 15, 1999.

16 **STATE AID - OPERATIONS**

17 Sec. 301. Unless otherwise stated, all data items used in
18 determining state aid in this bill are as defined in the Manual for Uniform
19 Financial Reporting, Michigan Public Community Colleges, published by the
20 Michigan state board of education in 1981, which
21 shall be the basis for reporting data, and the Activities
22 Classification Structure Manual for Michigan Community Colleges, 1997
23 revision of the final report of the activities classification
24 structure task force (July 1981), published by the department of education,
25 which shall be used to document financial needs of the community colleges.

26 Sec. 302. A community college shall not include in the enrollment
27 report any student credit hours or student contact hours for a student
28 incarcerated in a Michigan penal institution. Exclusion of these students
29 is intended to avoid the payment of state aid under this bill for the same
30 individuals for whom reimbursement is provided by the
31 state correctional system.

1 **GRANTS**

2 Sec. 401. (1) The community college at-risk student success
 3 program is continued. The funding shall be prorated among community
 4 colleges based on the number of student contact hours for
 5 developmental and preparatory instruction reported by each community
 6 college to the department of education for use in the Activities
 7 Classification Structure Manual for Michigan Community Colleges, 1997
 8 revision of the final report of the activities classification
 9 structure task force (July 1981), published by the department of education.
 10 Of the amount appropriated in part 1 for the at-risk
 11 student success program, \$1,120,000.00 is allocated for base grants of
 12 \$40,000.00 each, to address the special needs of at-risk students at
 13 community colleges or the acquisition or upgrade of technology related
 14 equipment and software.

15 (2) Of the amount appropriated in part 1 for the at-risk student
 16 success program, the balance of the appropriated funds shall be distributed
 17 on a proration utilizing the sum of the most recent 3
 18 years developmental/preparatory contact hours divided by the sum of
 19 the 3-year total contact hours at each college. Each community college's
 20 percentage shall be divided by the sum of all such percentages systemwide
 21 to obtain each community college's prorated
 22 grant amount.

23 (3) For the fiscal year ending September 30, 2000, the at-risk student
 24 success program money is allocated as follows:

25	Alpena Community College	\$	123,339
26	Bay de Noc Community College		114,328
27	Delta College		105,062
28	Glen Oaks Community College		128,094
29	Gogebic Community College		74,735
30	Grand Rapids Community College		76,248
31	Henry Ford Community College		165,262

1	Jackson Community College	111,433
2	Kalamazoo Valley Community College	114,457
3	Kellogg Community College	147,324
4	Kirtland Community College	135,754
5	Lake Michigan College	179,730
6	Lansing Community College	119,933
7	Macomb Community College	84,971
8	Mid Michigan Community College	115,524
9	Monroe Community College	99,520
10	Montcalm Community College	71,875
11	Mott Community College	104,786
12	Muskegon Community College	204,401
13	North Central Michigan College	147,238
14	Northwestern Michigan College	126,094
15	Oakland Community College	160,819
16	St. Clair Community College	74,515
17	Schoolcraft College	148,320
18	Southwestern Michigan College	185,189
19	Washtenaw Community College	137,820
20	Wayne County Community College	189,810
21	West Shore Community College	137,985

(4) For the purposes of this section, "at-risk students" means students who meet 1 or more of the following criteria:

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

(b) Are diagnosed as learning disabled.

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

(5) Grant funding under this section shall be utilized to address the special needs of at-risk students or for equipment or upgrade of information technology hardware or software. Activities related to services provided to at-risk students include, but are not limited to,

1 pretesting for academic ability, counseling contacts, and special programs.
 2 Equipment or information technology hardware or software purchased under
 3 this section need not be associated with the operation
 4 of a program designed to address the needs of at-risk students.

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

8 (7) Each community college shall report to the house and senate
 9 appropriations subcommittees on community colleges, the house and
 10 senate fiscal agencies, the state budget director, and the department
 11 of education a summary of all accomplishments under, expenditures for, and
 12 compliance with the intent of this program, including the number
 13 of at-risk students served. The report is subject to audit as
 14 provided for in section 204(1). The report shall be submitted not
 15 later than 90 days after the end of the state's fiscal year. The
 16 department of education shall make available a summary report of the
 17 program.

18 (8) Each community college receiving grant money under this
 19 section shall, not more than 12 months after receipt of that money, certify
 20 to the state treasurer, the state budget director, the house
 21 and senate fiscal agencies, and the auditor general whether all the
 22 grant money is expended or encumbered.

23 Sec. 402. (1) The appropriation in section 103 for the tuition
 24 restraint incentive grant is contingent upon the repeal of the
 25 Michigan college tuition and fees credit, section 274 of the income
 26 tax act, 1967 PA 281, MCL 206.274 effective for the 1999 tax year.
 27 Pursuant to the requirement established in subsection (2), the amount
 28 identified for tuition restraint incentive grants in section 103 of
 29 this bill shall be allocated to Michigan community colleges as follows:

30 Alpena Community College	\$	68,884
31 Bay de Noc Community College		63,798
32 Delta College		199,512

1	Glen Oaks Community College	30,394
2	Gogebic Community College	60,341
3	Grand Rapids Community College	262,734
4	Henry Ford Community College	296,921
5	Jackson Community College	174,791
6	Kalamazoo Valley Community College	152,793
7	Kellogg Community College	126,787

1	Kirtland Community College	43,056
2	Lake Michigan College	69,367
3	Lansing Community College	431,056
4	Macomb Community College	470,227
5	Mid Michigan Community College	56,470
6	Monroe County Community College	55,398
7	Montcalm Community College	44,671
8	C.S. Mott Community College	220,722
9	Muskegon Community College	124,117
10	North Central Michigan College	41,399
11	Northwestern Michigan College	121,689
12	Oakland Community College	305,802
13	St. Clair County Community College	97,724
14	Schoolcraft College	166,010
15	Southwestern Michigan College	80,956
16	Washtenaw Community College	159,532
17	Wayne County Community College	242,855
18	West Shore Community College	31,994

19 (2) The distribution of the allocation to each community college
20 in subsection (1) shall be made if the community college adopts a
21 student tuition and fee increase for the 1999-2000 academic year of
22 three percent or less and certifies such to the state budget director.

23 (3) The allocations contained in subsection (1) are proportionate
24 to the fiscal year 1999 appropriations to community colleges.