

Act No. 295
Public Acts of 1998
Approved by the Governor
July 27, 1998
Filed with the Secretary of State
July 28, 1998
EFFECTIVE DATE: July 28, 1998

STATE OF MICHIGAN
89TH LEGISLATURE
REGULAR SESSION OF 1998

Introduced by Senators Gast, Gougeon, Steil and McManus

ENROLLED SENATE BILL No. 907

AN ACT to make appropriations for community colleges for the fiscal year ending September 30, 1999; 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

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, 1999, from the funds indicated in this part. The following is a summary of the appropriations in this part:

COMMUNITY COLLEGES

GROSS APPROPRIATION.....	\$	282,000,000
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION.....	\$	282,000,000
Total federal revenues		0
Total local revenues		0
Total private revenues.....		0
Total local and private revenues.....		0
Total other state restricted revenues.....		0
State general fund/general purpose	\$	282,000,000

Sec. 102. OPERATIONS

Alpena Community College	\$	4,557,252
Bay de Noc Community College.....		4,220,690
Delta College		13,199,307
Glen Oaks Community College		2,010,948
Gogebic Community College.....		3,991,939
Grand Rapids Community College		17,381,780
Henry Ford Community College.....		19,643,681
Jackson Community College.....		11,563,803
Kalamazoo Valley Community College.....		10,108,380
Kellogg Community College.....		8,387,943
Kirtland Community College.....		2,848,415

	For Fiscal Year Ending Sept. 30, 1999
Lake Michigan College	\$ 4,589,230
Lansing Community College	28,517,734
Macomb Community College.....	31,109,093
Mid Michigan Community College	3,735,994
Monroe County Community College.....	3,664,952
Montcalm Community College.....	2,955,481
C.S. Mott Community College.....	14,602,384
Muskegon Community College.....	8,211,204
North Central Michigan College.....	2,738,746
Northwestern Michigan College.....	8,050,662
Oakland Community College.....	20,231,211
St. Clair County Community College.....	6,465,131
Schoolcraft College.....	10,982,897
Southwestern Michigan College.....	5,355,807
Washtenaw Community College.....	10,554,270
Wayne County Community College.....	16,066,808
West Shore Community College.....	2,116,692
GROSS APPROPRIATION.....	\$ <u>277,862,434</u>
Appropriated from:	
State general fund/general purpose	\$ 277,862,434
Sec. 103. GRANTS	
At-risk student success program.....	\$ 3,584,566
Renaissance zone tax reimbursement funding.....	553,000
GROSS APPROPRIATION.....	\$ <u>4,137,566</u>
Appropriated from:	
State general fund/general purpose	\$ 4,137,566

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 1998-99 is estimated at \$282,000,000.00 in this bill and state spending from state sources paid to local units of government for fiscal year 1998-99 is estimated at \$282,000,000.00.

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

Sec. 202. The appropriations made and the expenditures authorized under this act and the departments, agencies, commissions, boards, offices, and programs for which an appropriation is made under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 203. (1) The sums appropriated in this act are appropriated for community colleges with fiscal years ending June 30, 1999 and shall be paid out of the state treasury and distributed by the state treasurer to the respective community colleges in 11 monthly installments on the sixteenth of each month, or the next succeeding business day, beginning with October 16, 1998. Each community college shall accrue its July and August 1999 payments to its institutional fiscal year ending June 30, 1999. However, if a community college fails to submit all verified Michigan community colleges activities classification structure data for school year 1997-98 to the department of education by November 1, 1998, the monthly installments shall be withheld from that community college until those data are submitted. The department of education shall publish the activities classification structure manual for Michigan community colleges on or before March 1, 1999 for use by the legislature during budget development for the fiscal year ending September 30, 2000. The amount from the funds appropriated in part 1 that is allocated under section 401 to

address the special needs of at-risk students shall be paid in full by the state treasurer by November 1, 1998. The amount distributed to a community college or department shall not exceed the net state allocation authorized by this act.

(2) Except as otherwise provided by law, each of the amounts appropriated shall be used solely for the respective purposes stated in this act. The funds appropriated by this act may be used to match the cost of any available programs under the Carl D. Perkins vocational and applied technology education act, Public Law 88-210, 98 Stat. 2435, including local administration.

Sec. 204. (1) The auditor general or an independent public accounting firm appointed by the auditor general shall audit data for the fiscal year ending on June 30, 1998 as submitted on the department of education request forms of 7 randomly selected community colleges. A community college shall maintain and provide those records necessary for the auditor general or certified public accountant appointed by the auditor general to determine the accuracy of the reported data. The audits shall be based upon the definitions and requirements contained in the Manual for Uniform Financial Reporting, Michigan Public Community Colleges, published by the Michigan state board of education in 1981, and the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education and the department of management and budget. Before the submission of a final audit report, a community college may appeal the findings of the preliminary report under an appeal process to be established by the auditor general. The auditor general shall submit a report of the findings to the house and senate appropriations committees, the department of education, and the department of management and budget before June 1, 1999.

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

(3) Not more than 60 days after an audit report is released by the office of the auditor general, the principal executive officer of the community college that was audited shall submit to the house and senate appropriations committees, the house and senate fiscal agencies, the department of education, the auditor general, and the department of management and budget a plan to comply with audit recommendations. The plan shall contain projected dates and resources required, if any, to achieve compliance with the audit recommendations, or a documented explanation of the college's noncompliance with the audit recommendations concerning the matters on which the audited community college and office of the auditor general disagree.

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

Sec. 205. The department of education shall revise and update the taxonomy of the 7 community colleges selected for audit under section 204(1) pursuant to the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education and the department of management and budget.

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

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

Sec. 207. Each community college shall have an annual audit of all income and expenditures performed by an independent auditor and shall furnish the independent auditor's management letter and an annual audited accounting of all general and current funds income and expenditures including audits of college foundations to the legislature, the senate and house fiscal agencies, the auditor general, the department of education, and the department of management and budget before November 15, 1998. If a community college fails to furnish the audit materials, the monthly state aid installments shall be withheld from that college until the information is submitted. All reporting shall conform to the requirements set forth in the Manual for Uniform Financial Reporting, Michigan Public Community Colleges, published by the Michigan state board of education in 1981.

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

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

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

Sec. 210. The department of education shall ensure that a statistical report for minorities and women employees for the most recent school year as submitted to the federal government on the EEO-6 form be included in the Michigan Community Colleges Enrollment Profile published by the department of education. Also included in this profile shall be a statistical report for the most recent school year that includes enrollment statistics for minorities and women as submitted to the department of education. The department of education shall distribute a copy of this report to members of the house and senate appropriations subcommittees on community colleges and the house and senate fiscal agencies no later than March 1, 1999.

Sec. 211. (1) The department of treasury shall annually collect and compile as part of the ACS report the tax revenue losses to community colleges resulting from TIFAs and tax abatements. The department of treasury shall submit the data as described in this section to the department of education not later than November 1, 1998 for the previous fiscal year.

(2) The department of treasury shall conduct a study of revenue losses due to tax increment financing authorities and tax abatements. The department of treasury shall produce a report detailing the findings of the study. The report shall be completed and presented to the house and senate appropriations subcommittees on community colleges no later than February 1, 1999. The report shall include, but not be limited to, the following:

(a) Confirmed revenue losses for each community college for each of the previous 3 years.

(b) Projections of revenue losses for each community college for the fiscal years ending September 30, 1998, September 30, 1999, and September 30, 2000.

(c) Analysis of other states' attempts at mitigating or compensating community colleges for tax abatement and tax increment financing authority revenue losses.

(d) Any other requirements requested by the house and senate appropriations subcommittees on community colleges.

Sec. 212. (1) Each community college shall report the following to the house and senate appropriations subcommittees on community colleges, the house and senate fiscal agencies, and the department of education, no later than November 1, 1998:

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

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

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

Sec. 213. From the general fund/general purpose appropriation in part 1, there is allocated \$553,000.00 to make reimbursement to community colleges, as provided by section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for property taxes levied in 1998. Reimbursements shall be made in amounts to each eligible recipient no later than 60 days after the department of treasury certifies to the department of management and budget that it has received all necessary information to properly determine the amounts due each eligible recipient pursuant to section 12(4) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692. Any excess allocations shall lapse to the general fund.

Sec. 214. Upon request, a community college shall inform interested Michigan high schools of the aggregate academic status of its students for the fiscal year beginning October 1, 1998, in a manner prescribed by the Michigan community college association and in cooperation with the Michigan association of secondary school principals.

Sec. 216. The auditor general shall audit the 1995-1996, 1996-1997, 1997-1998, and 1998-1999 fiscal years tax revenue losses to community colleges resulting from tax increment financing authorities and tax abatements. The auditor general shall submit the results of this audit to the senate and house appropriations subcommittees on community

colleges and the senate and house fiscal agencies by December 31, 1998. It is the intent of the legislature to fully reimburse community colleges for tax revenue losses resulting from tax increment financing authorities and tax abatements.

Sec. 217. (1) The legislature, recognizing the critical importance of education in strengthening Michigan's workforce, encourages the state's public community colleges to explore ways of increasing collaboration and cooperation with 4-year universities, particularly in the areas related to training, instruction, and program articulation.

(2) Community colleges shall report by December 1, 1998 to the department of education on steps they have taken to increase collaboration and cooperation with 4-year universities under subsection (1).

(3) The department of education shall compile the information received under subsection (2) and shall submit this compilation to the senate and house appropriations subcommittees on community colleges and the senate and house fiscal agencies by December 31, 1998.

Sec. 218. It is the intent of the legislature that all citizens of this state have geographic and programmatic access to quality comprehensive community college services. The department of education shall create a task force comprised of representatives from the senate and house fiscal agencies, community colleges, Michigan community college association, and the departments of management and budget, education, and treasury. A majority of the members of the task force shall represent community colleges. The task force shall develop recommendations to provide for co-terminus community college districts to assure that all citizens of this state reside in a community college district. The task force's recommendations shall be submitted to the governor, to the senate and house appropriations subcommittees on community colleges, and to the senate and house fiscal agencies by no later than January 15, 1999.

Sec. 219. Funds appropriated in this act shall not be used for the purchase of foreign goods or services, or both, if competitively priced American goods or services, or both, of comparable quality are available.

Sec. 220. Each community college shall report to the house and senate fiscal agencies and the department of education a modification in credit or contact hour tuition or mandatory noncourse-related student fees not later than 30 days after the modification is established by the college governing board.

Sec. 221. Each community college shall report to the department of education, the house and senate appropriations committees, and the house and senate fiscal agencies the numbers and type of associate degrees and other certificates awarded during the previous fiscal year. The report shall be made not later than November 15, 1998.

Sec. 223. Each community college receiving funds under this act shall submit to the department of management and budget, the house and senate appropriations committees, the house and senate fiscal agencies, and the house and senate standing committees having jurisdiction over technology issues biannual reports on the community college's efforts to change the community college's computer software and hardware as necessary to perform properly in the year 2000 and beyond. These reports shall identify actual progress in comparison to the community college's approved work plan for these efforts. These reports shall also identify and forward as appropriate the funding sources that should support the work performed.

Sec. 224. It is the intent of the legislature to achieve full funding of the Gast-Mathieu fairness in funding formula and to establish a per student funding floor from all sources which shall be recognized as a permanent part of the base funding for community colleges. Furthermore, the concept of maintaining reasonable per student funding shall be continued for future state fiscal years.

Sec. 225. (1) A community college receiving funding under this act and also subject to the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2381, shall furnish by September 1, 1998 to the department of education 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. 2384.

(2) The department of education shall compile and make information received under subsection (1) available in written and electronic format accessible through the Internet for school districts, parents, and students.

Sec. 226. (1) A community college shall not expend funds appropriated under this act to provide health care coverage for community college employees or their dependents for abortion services, other than for spontaneous abortion or to prevent the death of the woman upon whom the abortion is performed. A community college shall not approve a collective bargaining agreement or enter into any other employment contract that includes health care coverage for abortion services other than spontaneous abortion or to prevent the death of the woman upon whom the abortion is performed.

(2) If a community college expends funds appropriated under this act in violation of subsection (1), the community college shall repay to this state an amount equal to the amount of funds spent in violation of subsection (1).

Sec. 227. In light of section 1 of 1846 RS 83, MCL 551.1, and section 1 of 1939 PA 168, MCL 551.271, it is the intent of the legislature that a community college receiving funding under this act shall not use part 1 funds to extend employee benefits to the unmarried partners of the community college's employees except for pre- and post-natal costs.

STATE AID - OPERATIONS

Sec. 301. Unless otherwise stated, all data items used in determining state aid in this act are as defined in the Manual for Uniform Financial Reporting, Michigan Public Community Colleges, published by the Michigan state board of education in 1981, which shall be the basis for reporting data, and the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education and the department of management and budget, which shall be used to document financial needs of the community colleges.

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

GRANTS

Sec. 401. (1) The community college at-risk student success program is continued. The funding shall be prorated among community colleges based on the number of student contact hours for developmental and preparatory instruction reported by each community college to the department of education for use in the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education and the department of management and budget. Of the amount appropriated in part 1 for the at-risk student success program, \$1,120,000.00 is allocated for base grants of \$40,000.00 each, to address the special needs of at-risk students at community colleges or the acquisition or upgrade of technology related equipment and software.

(2) Of the amount appropriated in part 1 for the at-risk student success program, the balance of the appropriated funds 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 such percentages systemwide to obtain each community college's prorated grant amount.

(3) For the fiscal year ending September 30, 1999, the at-risk student success program money is allocated as follows:

Alpena Community College	\$	126,215
Bay de Noc Community College.....		122,239
Delta College.....		104,543
Glen Oaks Community College		126,914
Gogebic Community College.....		73,459
Grand Rapids Community College.....		73,167
Henry Ford Community College.....		164,082
Jackson Community College.....		109,669
Kalamazoo Valley Community College.....		117,532
Kellogg Community College.....		143,437
Kirtland Community College.....		138,127
Lake Michigan College		174,317
Lansing Community College		106,828
Macomb Community College.....		85,344
Mid Michigan Community College		124,193
Monroe Community College		100,926
Montcalm Community College		71,215
Mott Community College.....		110,568
Muskegon Community College.....		199,964
North Central Michigan College.....		118,681

Northwestern Michigan College	\$	134,817
Oakland Community College		161,743
St. Clair Community College.....		76,110
Schoolcraft College.....		157,115
Southwestern Michigan College.....		187,371
Washtenaw Community College.....		135,213
Wayne County Community College.....		207,316
West Shore Community College.....		133,461

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

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

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

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

Sec. 402. It is the intent of the legislature that any executive or legislative proposal or action, subsequent to the adoption of a recommendation for appropriations for community colleges for the fiscal year ending September 30, 1999, to increase appropriations to state-supported 4-year universities in excess of the governor’s original recommendation for the fiscal year ending September 30, 1999, will be accompanied by a similar action or proposal for state-supported community colleges.

Sec. 403. (1) Community colleges shall use a portion of the funds appropriated in part 1 for operations to implement and institute the ideas and goals embodied by the partnerships for employment program. For this program, community colleges shall form identifiable links with local businesses or local business alliances to ascertain the immediate and lasting employment needs of the community. In so doing, the colleges in conjunction with the businesses shall create specific, direct certificate programs that upon completion will lead to an increased likelihood of employment by the sponsoring businesses.

(2) When creating programs under subsection (1), the community colleges shall consider the following:

(a) The likelihood of the project directly providing a discrete population of unemployed or underemployed workers with job skills that will lead to increased likelihood of desired employment with the sponsoring businesses.

(b) The use of appropriations to efficiently coordinate existing but largely unconnected resources for worker training.

(c) The use of performance outcome measures to detail a correlation between partnering with local businesses to provide specific training, and the population attaining employment upon successful completion of such training.

(3) Each community college shall report to the department of education by no later than September 30, 1999 on all of the following:

(a) The number of certificated programs created under this section.

(b) The job placement rate for graduates with sponsoring businesses under this section.

(c) The amount budgeted for the partnership for employment program.

(d) The amount expended and for what activities for the partnership for employment program.

(e) The number of employers who have agreed to hire participants who complete the partnership for employment program.

(4) The department of education shall compile the information received under subsection (3) and shall submit this compilation to the senate and house appropriations subcommittees on community colleges and the senate and house fiscal agencies by November 1, 1999.

Sec. 404. It is the intent of the legislature that 70% of the economic development job training grant funds be awarded to community colleges or a consortium of community colleges and other eligible applicants pursuant to the requirements of House Bill No. 5592 of the 89th Legislature. It is the further intent of the legislature that at least a portion of the total appropriation for economic development job training grants be awarded to community colleges that offer certified programs that are bureau of apprenticeship training certified.

This act is ordered to take immediate effect.



Secretary of the Senate.



Clerk of the House of Representatives.

Approved _____

Governor.