

**SUBSTITUTE FOR
SENATE BILL NO. 171**

A bill to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2012; to provide for the expenditure of those appropriations; to provide anticipated appropriations for the fiscal year ending September 30, 2013; 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
FOR FISCAL YEAR 2011-2012

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, 2012, from the funds indicated in this part. The following is a summary of the appropriations in this part:

COMMUNITY COLLEGES

APPROPRIATION SUMMARY

GROSS APPROPRIATION.....	\$	283,880,500
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Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental transfers		0
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ADJUSTED GROSS APPROPRIATION.....	\$	283,880,500
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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.....		195,880,500
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State general fund/general purpose.....	\$	88,000,000
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Sec. 102. OPERATIONS

Alpena Community College.....	\$	4,984,300
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Bay de Noc Community College.....		5,040,200
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Delta College.....		13,336,200
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Glen Oaks Community College.....		2,320,900
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Gogebic Community College.....		4,140,500
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Grand Rapids Community College.....		16,649,700
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Henry Ford Community College.....		20,145,000
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Jackson Community College.....		11,219,700
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1	Kalamazoo Valley Community College.....	11,522,700
2	Kellogg Community College.....	9,047,900
3	Kirtland Community College.....	2,872,900
4	Lake Michigan College.....	4,937,700
5	Lansing Community College.....	28,651,900
6	Macomb Community College.....	30,490,300
7	Mid Michigan Community College.....	4,266,800
8	Monroe County Community College.....	4,094,000
9	Montcalm Community College.....	2,946,800
10	C.S. Mott Community College.....	14,526,400
11	Muskegon Community College.....	8,256,700
12	North Central Michigan College.....	2,886,500
13	Northwestern Michigan College.....	8,430,300
14	Oakland Community College.....	19,455,900
15	St. Clair County Community College.....	6,534,100
16	Schoolcraft College.....	11,477,300
17	Southwestern Michigan College.....	6,143,700
18	Washtenaw Community College.....	11,827,300
19	Wayne County Community College.....	15,425,900
20	West Shore Community College.....	<u>2,248,900</u>
21	GROSS APPROPRIATION.....	\$ 283,880,500
22	Appropriated from:	
23	Special revenue funds:	
24	State school aid fund.....	195,880,500
25	State general fund/general purpose.....	\$ 88,000,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2011-2012

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 2011-2012 is \$283,880,500.00 and state spending from state resources to be paid to local units of government for fiscal year 2011-2012 is \$283,880,500.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

Operations.....	\$	<u>283,880,500</u>
TOTAL.....	\$	283,880,500

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 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 services, or both, are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan

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

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

14 Sec. 211. The money appropriated in this act is appropriated
15 for community colleges with fiscal years ending June 30, 2012 and
16 shall be paid out of the state treasury and distributed by the
17 state treasurer to the respective community colleges in 11 monthly
18 installments on the sixteenth of each month, or the next succeeding
19 business day, beginning with October 16, 2011. Each community
20 college shall accrue its July and August 2012 payments to its
21 institutional fiscal year ending June 30, 2012. However, if a
22 community college fails to submit all verified Michigan community
23 colleges activities classification structure data for school year
24 2010-2011 to the workforce development agency by November 1, 2011,
25 the monthly installments shall be withheld from that community
26 college until those data are submitted. The amount distributed to a
27 community college or department shall not exceed the net state

1 allocation authorized by this act.

2 Sec. 216. (1) A community college shall pay the employer's
3 contributions to the Michigan public school employees' retirement
4 system created by the public school employees retirement act of
5 1979, 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of
6 receiving money appropriated under this act.

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

10 Sec. 217. Money appropriated in part 1 shall not be used to
11 pay for the construction or maintenance of a self-liquidating
12 project. A community college shall comply with the current use and
13 finance requirements of the joint capital outlay subcommittee
14 (JCOS) for any construction, renovation, or other capital outlay
15 projects pursuant to JCOS policy. The appropriation in part 1 for a
16 community college that fails to comply with JCOS requirements shall
17 be reduced by 1% for each violation.

18 Sec. 218. (1) From the funds appropriated in part 1, each
19 community college shall develop, post, and maintain, on a user-
20 friendly and publicly accessible Internet site, a comprehensive
21 report categorizing all institutional general fund expenditures
22 made by the community college within a fiscal year. The report
23 shall include institutional general fund expenditure amounts
24 categorized both by each academic unit, administrative unit, or
25 external initiative within the community college and by major
26 expenditure category, including faculty and staff salaries and
27 fringe benefits, facility-related costs, supplies and equipment,

1 contracts, and transfers to and from other community college funds.
2 The report shall also include a list of all employee positions
3 funded partially or wholly through institutional general fund
4 revenue that includes the position title, name, and annual salary
5 or wage amount for each position. The community college shall not
6 provide financial information on its website under this section if
7 doing so would violate a federal or state law, rule, regulation, or
8 guideline that establishes privacy or security standards applicable
9 to that financial information.

10 (2) Each community college shall report the following
11 information to the senate and house appropriations subcommittees on
12 community colleges, the senate and house fiscal agencies, and the
13 state budget office by November 15, 2011, and post that information
14 on the Internet website required under subsection (1):

15 (a) Budgeted fiscal year 2011-2012 general fund revenue from
16 tuition and fees.

17 (b) Budgeted fiscal year 2011-2012 general fund revenue from
18 state appropriations.

19 (c) Budgeted fiscal year 2011-2012 general fund revenue from
20 property taxes.

21 (d) Budgeted fiscal year 2011-2012 total general fund revenue.

22 (e) Budgeted fiscal year 2011-2012 total general fund
23 expenditures.

24 Sec. 224. (1) Recognizing the critical importance of education
25 in strengthening Michigan's workforce, the legislature encourages
26 the state's public community colleges to explore ways of increasing
27 collaboration and cooperation with 4-year universities,

1 particularly in the areas related to training, instruction, and
2 program articulation.

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

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

10 Sec. 225. (1) A committee shall be created to develop a
11 process to improve the transferability of core college courses
12 between community colleges and public universities on a statewide
13 basis. Building off of the Michigan association of college
14 registrars and academic officers agreement and existing
15 articulation agreements in place between individual institutions,
16 the committee shall work to develop equivalency standards of core
17 college courses and identify equivalent courses offered by the
18 institutions.

19 (2) The committee shall be composed of the following:

20 (a) Ten representatives from community colleges selected by
21 the Michigan community college association.

22 (b) Ten representatives from public universities selected by
23 the presidents council, state universities of Michigan.

24 (c) One member of the house of representatives selected by the
25 speaker of the house.

26 (d) One member of the house of representatives selected by the
27 minority leader of the house of representatives.

1 (e) One member of the senate selected by the senate majority
2 leader.

3 (f) One member of the senate selected by the senate minority
4 leader.

5 (3) The committee shall submit an interim project status
6 report to the senate and house appropriations subcommittees on
7 community colleges and higher education, the senate and house
8 fiscal agencies, and the state budget director by March 1, 2012.

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

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

14 (b) Review, analyze, and eradicate activities that may tend to
15 discriminate.

16 Sec. 247. Funds appropriated in part 1 shall not be used to
17 enter into a lease for, or to purchase, a vehicle assembled or
18 manufactured outside of the United States if competitively priced
19 and comparable quality vehicles made in the state of Michigan or
20 elsewhere in the United States of America are available.

21 Sec. 249. It is the intent of the legislature to encourage
22 community college districts to evaluate and pursue efficiency and
23 cost-containment measures that maximize state funding. Community
24 colleges shall identify practices that increase efficiencies,
25 including, but not limited to, establishing joint ventures,
26 consolidating services, utilizing program collaborations,
27 maximizing educational benefits through optimal class sizes and

1 frequency of course offerings, increasing web-based instruction,
2 eliminating low-enrollment and high-cost instructional programs,
3 using self-insurance, practicing energy conservation, and utilizing
4 group purchasing. Efficiency efforts shall also include reviewing
5 proposed capital outlay projects to increase coordination and
6 utilization of new facilities, renovation projects, and technology
7 improvements.

8 Sec. 250. (1) If the combined total of the maximum amount
9 appropriated under this act from the state school aid fund for
10 fiscal year 2011-2012 and the maximum amounts appropriated under
11 the public acts making appropriations for K-12 state school aid and
12 higher education for that fiscal year exceeds the amount available
13 for expenditure from the state school aid fund for that fiscal
14 year, payments under this act are subject to the proration provided
15 under this subsection and subsection (2). If proration is
16 necessary, state payments under this act from the state school aid
17 fund shall be prorated in the manner prescribed in subsection (2)
18 as necessary to reflect the amount available for expenditure from
19 the state school aid fund for fiscal year 2011-2012. However, if
20 the department of treasury determines that proration will be
21 required under this section, or if the department of treasury
22 determines that further proration is required under this section
23 after an initial proration has already been made for a fiscal year,
24 the department of treasury shall notify the state budget director,
25 and the state budget director shall notify the legislature in the
26 manner provided for proration under section 11 of the state school
27 aid act, 1979 PA 94, MCL 388.1611, and the legislature may take

1 action to prevent the proration as described in that section.

2 (2) If proration is necessary under subsection (1), the
3 department of treasury shall calculate the proration in payments
4 under this act that is required under subsection (1) as follows:

5 (a) The department of treasury shall calculate the percentage
6 of total state school aid allocated under this act and the public
7 acts making appropriations for K-12 state school aid and higher
8 education for the affected fiscal year that is used for payments
9 for community colleges under this act.

10 (b) The department of treasury shall recover a percentage of
11 the total proration amount required under subsection (1) that is
12 equal to the percentage calculated under subdivision (a) by
13 reducing payments to community colleges under this act on an equal
14 percentage basis.

15 Sec. 251. A community college shall not take disciplinary
16 action against an employee for communicating with a member of the
17 legislature or his or her staff.

18 Sec. 252. It is the intent of the legislature that community
19 colleges work with public universities in the state to implement
20 statewide reverse transfer agreements to increase the number of
21 students that are awarded credentials of value upon completion of
22 the necessary credits. In doing so, the institutions should work
23 collaboratively and cooperatively to remove administrative barriers
24 that result in understating the academic attainment of Michigan's
25 citizens. It is the intent of the legislature that by August 1,
26 2012, statewide agreements be in place between community colleges
27 and public universities that enable students who have earned a

1 significant number of credits at a community college and transfer
2 to a baccalaureate-granting institution before completing a degree
3 to transfer the credits earned at the baccalaureate institution
4 back to the community college in order to be awarded a credential
5 of value.

6 Sec. 253. (1) A committee shall be created to develop a common
7 set of scores using the ACT assessment to determine placement in
8 developmental courses at community colleges for students who
9 recently completed high school. The committee shall be composed of
10 the following:

11 (a) Two members of the Michigan house of representatives. One
12 member shall be designated by the speaker of the house, and 1
13 member shall be designated by the house minority leader.

14 (b) Two members of the Michigan senate. One member shall be
15 designated by the senate majority leader, and 1 member shall be
16 designated by the senate minority leader.

17 (c) Four representatives of Michigan public community colleges
18 designated by the Michigan community colleges association.

19 (d) Four individuals representing K-12 education, with the
20 speaker of the house, house minority leader, senate majority
21 leader, and senate minority leader each designating 1 member.

22 (2) By March 1, 2012, the committee created under subsection
23 (1) shall submit a report to the senate and house appropriations
24 subcommittees on community colleges, the senate and house fiscal
25 agencies, and the state budget office outlining the progress toward
26 implementing a common set of ACT cutoff scores for placement into
27 developmental education and credit-bearing courses.

1 Sec. 257. (1) It is the intent of the legislature that the
2 senate and house appropriations subcommittees on community
3 colleges, together with the Michigan community college association
4 and other interested stakeholders, review any statutory mandates
5 imposed on community colleges, including those identified by the
6 legislative commission on statutory mandates established under
7 former chapter 7B of the legislative council act, 1986 PA 268, and
8 determine whether those mandates are necessary for the health and
9 safety of students; are essential to the academic integrity of the
10 community colleges; exceed any applicable federal requirements; are
11 superfluous to the core academic programs of the community
12 colleges; and materially impact local control and governance of the
13 colleges.

14 (2) The senate and house subcommittees on community colleges
15 shall review the estimated costs and benefits of each statutory
16 mandate reviewed under subsection (1) and shall report their
17 findings to the state budget director.

18 Sec. 258. It is the intent of the legislature that each
19 community college receiving an appropriation in part 1 include in
20 its admission application process a specific question as to whether
21 an applicant for admission is a veteran, an active member of the
22 military, a member of the national guard or military reserves, or
23 the spouse or dependent of a veteran, active member of the
24 military, or member of the national guard or military reserves, in
25 order to more quickly identify potential educational assistance
26 available to that applicant. As used in this section, "veteran"
27 means an honorably discharged veteran entitled to educational

1 assistance under the provisions of section 5003 of the post-911
2 veterans educational assistance act of 2008, title V of Public Law
3 110-252, 38 USC 3301 to 3324.

4 **STATE AID - OPERATIONS**

5 Sec. 301. Unless otherwise stated, all data items used in
6 determining state aid in this act are as defined in the "2001
7 Manual for Uniform Financial Reporting, Michigan Public Community
8 Colleges," which shall be the basis for reporting data, and the
9 "Activities Classification Structure Manual for Michigan Community
10 Colleges," as amended, which shall be used to document financial
11 needs of the community colleges.

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

19 Sec. 304. It is the intent of the legislature that the
20 recommendations and performance measures developed by the
21 performance indicators task force formed pursuant to section 242 of
22 2005 PA 154 be reviewed and more fully implemented for distribution
23 of state funding to community colleges in future years.
24 Specifically, it is the intent of the legislature that the
25 performance indicators task force review and implement 1 or more
26 measurable data items for the local strategic value indicator and

1 review and implement 1 or more measurable data items for an
2 administrative cost formula component.

3 Sec. 405. A community college receiving funds in part 1 shall
4 cooperate with the state's efforts to establish a statewide P-20
5 education longitudinal data system to comply with the state fiscal
6 stabilization fund provisions of the American recovery and
7 reinvestment act of 2009, Public Law 111-5.

8 REPORTS AND AUDITS

9 Sec. 502. (1) The auditor general or a certified public
10 accountant appointed by the auditor general may conduct performance
11 audits of community colleges as the auditor general considers
12 necessary.

13 (2) Not more than 60 days after an audit report is released by
14 the office of the auditor general, the principal executive officer
15 of the community college that was audited shall submit to the house
16 and senate appropriations committees, the house and senate fiscal
17 agencies, the workforce development agency, the auditor general,
18 and the state budget director a plan to comply with audit
19 recommendations. The plan shall contain projected dates and
20 resources required, if any, to achieve compliance with the audit
21 recommendations, or a documented explanation of the college's
22 noncompliance with the audit recommendations concerning the matters
23 on which the audited community college and office of the auditor
24 general disagree.

25 Sec. 504. (1) A community college shall retain certified class
26 summaries, class lists, registration documents, and student

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

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

16 Sec. 505. Each community college shall have an annual audit of
17 all income and expenditures performed by an independent auditor and
18 shall furnish the independent auditor's management letter and an
19 annual audited accounting of all general and current funds income
20 and expenditures including audits of college foundations to the
21 members of the senate and house appropriations subcommittees on
22 community colleges, the senate and house fiscal agencies, the
23 auditor general, the workforce development agency, and the state
24 budget director before November 15, 2011. If a community college
25 fails to furnish the audit materials, the monthly state aid
26 installments shall be withheld from that college until the
27 information is submitted. All reporting shall conform to the

1 requirements set forth in the "2001 Manual for Uniform Financial
2 Reporting, Michigan Public Community Colleges."

3 Sec. 506. Each community college shall report the following to
4 the workforce development agency no later than November 1, 2011:

5 (a) The number of North American Indian students enrolled each
6 term for the previous fiscal year, using guidelines and procedures
7 developed by the workforce development agency and the Michigan
8 commission on Indian affairs.

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

12 Sec. 507. Upon request, a community college shall inform
13 interested Michigan high schools of the aggregate academic status
14 of its students for the prior academic year, in a manner prescribed
15 by the Michigan community college association and in cooperation
16 with the Michigan association of secondary school principals.

17 Sec. 508. Each community college shall report to the house and
18 senate fiscal agencies, the state budget director, and the
19 workforce development agency by August 31, 2011, the tuition and
20 mandatory fees paid by a full-time in-district student and a full-
21 time out-of-district student as established by the college
22 governing board for the 2011-2012 academic year. This report should
23 also include the annual cost of attendance based on a full-time
24 course load of 30 credits. Each community college shall also report
25 any revisions to the reported 2011-2012 academic year tuition and
26 mandatory fees adopted by the college governing board to the house
27 and senate fiscal agencies, the state budget director, and the

2 Sec. 509. Each community college shall report to the workforce
3 development agency the numbers and type of associate degrees and
4 other certificates awarded during the previous fiscal year. The
5 report shall be made not later than November 15, 2011.

6 PART 2A

7 PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS

8 FOR FISCAL YEAR 2012-2013

9 GENERAL SECTIONS

10 Sec. 1201. It is the intent of the legislature to provide
11 appropriations for the fiscal year ending on September 30, 2013 for
12 the line items listed in part 1. The fiscal year 2012-2013
13 appropriations are anticipated to be the same as those for fiscal
14 year 2011-2012, except that the line items will be adjusted for
15 changes in caseload and related costs, federal fund match rates,
16 economic factors, and available revenue. These adjustments will be
17 determined after the January 2012 consensus revenue estimating
18 conference.