

**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:**

1  
2  
3  
4

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..... | \$ | 285,880,500 |
|--------------------------|----|-------------|

Interdepartmental grant revenues:

|                                                                      |  |   |
|----------------------------------------------------------------------|--|---|
| Total interdepartmental grants and intradepartmental transfers ..... |  | 0 |
|----------------------------------------------------------------------|--|---|

|                                   |    |             |
|-----------------------------------|----|-------------|
| ADJUSTED GROSS APPROPRIATION..... | \$ | 285,880,500 |
|-----------------------------------|----|-------------|

Federal revenues:

|                             |  |   |
|-----------------------------|--|---|
| Total federal revenues..... |  | 0 |
|-----------------------------|--|---|

Special revenue funds:

|                           |  |   |
|---------------------------|--|---|
| Total local revenues..... |  | 0 |
|---------------------------|--|---|

|                             |  |   |
|-----------------------------|--|---|
| Total private revenues..... |  | 0 |
|-----------------------------|--|---|

|                                            |  |             |
|--------------------------------------------|--|-------------|
| Total other state restricted revenues..... |  | 195,880,500 |
|--------------------------------------------|--|-------------|

|                                         |    |            |
|-----------------------------------------|----|------------|
| State general fund/general purpose..... | \$ | 90,000,000 |
|-----------------------------------------|----|------------|

**Sec. 102. OPERATIONS**

|                               |    |           |
|-------------------------------|----|-----------|
| Alpena Community College..... | \$ | 5,012,200 |
|-------------------------------|----|-----------|

|                                   |  |           |
|-----------------------------------|--|-----------|
| Bay de Noc Community College..... |  | 5,066,400 |
|-----------------------------------|--|-----------|

|                    |  |            |
|--------------------|--|------------|
| Delta College..... |  | 13,456,200 |
|--------------------|--|------------|

|                                  |  |           |
|----------------------------------|--|-----------|
| Glen Oaks Community College..... |  | 2,342,500 |
|----------------------------------|--|-----------|

|                                |  |           |
|--------------------------------|--|-----------|
| Gogebic Community College..... |  | 4,160,700 |
|--------------------------------|--|-----------|

|                                     |  |            |
|-------------------------------------|--|------------|
| Grand Rapids Community College..... |  | 16,765,200 |
|-------------------------------------|--|------------|

|                                   |  |            |
|-----------------------------------|--|------------|
| Henry Ford Community College..... |  | 20,238,400 |
|-----------------------------------|--|------------|

|    |                                         |                  |
|----|-----------------------------------------|------------------|
| 1  | Jackson Community College.....          | 11,292,400       |
| 2  | Kalamazoo Valley Community College..... | 11,625,800       |
| 3  | Kellogg Community College.....          | 9,103,000        |
| 4  | Kirtland Community College.....         | 2,906,000        |
| 5  | Lake Michigan College.....              | 4,961,600        |
| 6  | Lansing Community College.....          | 28,834,300       |
| 7  | Macomb Community College.....           | 30,666,400       |
| 8  | Mid Michigan Community College.....     | 4,316,100        |
| 9  | Monroe County Community College.....    | 4,136,000        |
| 10 | Montcalm Community College.....         | 2,980,600        |
| 11 | C.S. Mott Community College.....        | 14,617,900       |
| 12 | Muskegon Community College.....         | 8,308,700        |
| 13 | North Central Michigan College.....     | 2,913,600        |
| 14 | Northwestern Michigan College.....      | 8,472,800        |
| 15 | Oakland Community College.....          | 19,595,200       |
| 16 | St. Clair County Community College..... | 6,572,800        |
| 17 | Schoolcraft College.....                | 11,607,500       |
| 18 | Southwestern Michigan College.....      | 6,164,900        |
| 19 | Washtenaw Community College.....        | 11,955,300       |
| 20 | Wayne County Community College.....     | 15,541,000       |
| 21 | West Shore Community College.....       | <u>2,267,000</u> |
| 22 | GROSS APPROPRIATION.....                | \$ 285,880,500   |
| 23 | Appropriated from:                      |                  |
| 24 | Special revenue funds:                  |                  |
| 25 | State school aid fund.....              | 195,880,500      |
| 26 | State general fund/general purpose..... | \$ 90,000,000    |

## 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 \$285,880,500.00 and state spending from state resources to be paid to local units of government for fiscal year 2011-2012 is \$285,880,500.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

|                 |    |                    |
|-----------------|----|--------------------|
| Operations..... | \$ | <u>285,880,500</u> |
| TOTAL.....      | \$ | 285,880,500        |

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

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

9       Sec. 211. The money appropriated in this act is appropriated  
10 for community colleges with fiscal years ending June 30, 2012 and  
11 shall be paid out of the state treasury and distributed by the  
12 state 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, 2011. Each community  
15 college shall accrue its July and August 2012 payments to its  
16 institutional fiscal year ending June 30, 2012. However, if a  
17 community college fails to submit all verified Michigan community  
18 colleges activities classification structure data for school year  
19 2010-2011 to the department of energy, labor, and economic growth  
20 by November 1, 2011, the monthly installments shall be withheld  
21 from that community college until those data are submitted. The  
22 amount distributed to a community college or department shall not  
23 exceed the net state allocation authorized by this act.

24       Sec. 216. (1) A community college shall pay the employer's  
25 contributions to the Michigan public school employees' retirement  
26 system created by the public school employees retirement act of  
27 1979, 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of

1 receiving money appropriated under this act.

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

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

13 Sec. 224. (1) Recognizing the critical importance of education  
14 in strengthening Michigan's workforce, the legislature encourages  
15 the state's public community colleges to explore ways of increasing  
16 collaboration and cooperation with 4-year universities,  
17 particularly in the areas related to training, instruction, and  
18 program articulation.

19 (2) Recognizing the central role of community colleges in  
20 responding to local employment needs and challenges, community  
21 colleges shall develop and continue efforts to collaborate with  
22 local employers and students to identify local employment needs and  
23 strategies to meet them.

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

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

27 (a) Undertake active measures to promote equal opportunities,

1 eliminate discrimination, and foster a diverse student body and  
2 administration among all people including, but not limited to,  
3 women, minorities, seniors, veterans, and people with disabilities.

4 (b) Review, analyze, and eradicate activities that may tend to  
5 discriminate.

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

11 Sec. 249. It is the intent of the legislature to encourage  
12 community college districts to evaluate and pursue efficiency and  
13 cost-containment measures that maximize state funding. Community  
14 colleges shall identify practices that increase efficiencies,  
15 including, but not limited to, establishing joint ventures,  
16 consolidating services, utilizing program collaborations,  
17 maximizing educational benefits through optimal class sizes and  
18 frequency of course offerings, increasing web-based instruction,  
19 eliminating low-enrollment and high-cost instructional programs,  
20 using self-insurance, practicing energy conservation, and utilizing  
21 group purchasing. Efficiency efforts shall also include reviewing  
22 proposed capital outlay projects to increase coordination and  
23 utilization of new facilities, renovation projects, and technology  
24 improvements.

25 Sec. 250. (1) If the combined total of the maximum amount  
26 appropriated under this act from the state school aid fund for  
27 fiscal year 2011-2012 and the maximum amounts appropriated under

1 the public acts making appropriations for K-12 state school aid and  
2 higher education for that fiscal year exceeds the amount available  
3 for expenditure from the state school aid fund for that fiscal  
4 year, payments under this act are subject to the proration provided  
5 under this subsection and subsection (2). If proration is  
6 necessary, state payments under this act from the state school aid  
7 fund shall be prorated in the manner prescribed in subsection (2)  
8 as necessary to reflect the amount available for expenditure from  
9 the state school aid fund for fiscal year 2011-2012. However, if  
10 the department of treasury determines that proration will be  
11 required under this section, or if the department of treasury  
12 determines that further proration is required under this section  
13 after an initial proration has already been made for a fiscal year,  
14 the department of treasury shall notify the state budget director,  
15 and the state budget director shall notify the legislature in the  
16 manner provided for proration under section 11 of the state school  
17 aid act, 1979 PA 94, MCL 388.1611, and the legislature may take  
18 action to prevent the proration as described in that section.

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

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

27 (b) The department of treasury shall recover a percentage of



1 the total proration amount required under subsection (1) that is  
2 equal to the percentage calculated under subdivision (a) by  
3 reducing payments to community colleges under this act on an equal  
4 percentage basis.

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

#### 8 **STATE AID - OPERATIONS**

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

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

23 Sec. 304. It is the intent of the legislature that the  
24 recommendations and performance measures developed by the  
25 performance indicators task force formed pursuant to section 242 of  
26 2005 PA 154 be reviewed and more fully implemented for distribution

1 of state funding to community colleges in future years.  
2 Specifically, it is the intent of the legislature that the  
3 performance indicators task force review and implement 1 or more  
4 measurable data items for the local strategic value indicator and  
5 review and implement 1 or more measurable data items for an  
6 administrative cost formula component.

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

## 12   REPORTS AND AUDITS

13       Sec. 502. (1) The auditor general or a certified public  
14 accountant appointed by the auditor general may conduct performance  
15 audits of community colleges as the auditor general considers  
16 necessary.

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

1 on which the audited community college and office of the auditor  
2 general disagree.

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

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

20       Sec. 505. Each community college shall have an annual audit of  
21 all income and expenditures performed by an independent auditor and  
22 shall furnish the independent auditor's management letter and an  
23 annual audited accounting of all general and current funds income  
24 and expenditures including audits of college foundations to the  
25 members of the senate and house appropriations subcommittees on  
26 community colleges, the senate and house fiscal agencies, the  
27 auditor general, the department of energy, labor, and economic

1 growth, and the state budget director before November 15, 2011. If  
2 a community college fails to furnish the audit materials, the  
3 monthly state aid installments shall be withheld from that college  
4 until the information is submitted. All reporting shall conform to  
5 the requirements set forth in the "2001 Manual for Uniform  
6 Financial Reporting, Michigan Public Community Colleges."

7       Sec. 506. (1) Each community college shall report the  
8 following to the department of energy, labor, and economic growth  
9 no later than November 1, 2011:

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

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

17       (2) Colleges shall use the criteria cited in 1976 PA 174, MCL  
18 390.1251 to 390.1253, to determine eligibility for tuition waivers,  
19 and shall grant those waivers to individuals who meet the criteria  
20 and request tuition waivers.

21       Sec. 507. Upon request, a community college shall inform  
22 interested Michigan high schools of the aggregate academic status  
23 of its students for the prior academic year, in a manner prescribed  
24 by the Michigan community college association and in cooperation  
25 with the Michigan association of secondary school principals.

26       Sec. 508. Each community college shall report to the house and  
27 senate fiscal agencies, the state budget director, and the

1 department of energy, labor, and economic growth by August 31,  
2 2011, the tuition and mandatory fees paid by a full-time in-  
3 district student and a full-time out-of-district student as  
4 established by the college governing board for the 2011-2012  
5 academic year. This report should also include the annual cost of  
6 attendance based on a full-time course load of 30 credits. Each  
7 community college shall also report any revisions to the reported  
8 2011-2012 academic year tuition and mandatory fees adopted by the  
9 college governing board to the house and senate fiscal agencies,  
10 the state budget director, and the department of energy, labor, and  
11 economic growth within 15 days of being adopted.

12 Sec. 509. Each community college shall report to the  
13 department of energy, labor, and economic growth the numbers and  
14 type of associate degrees and other certificates awarded during the  
15 previous fiscal year. The report shall be made not later than  
16 November 15, 2011.

## 17 PART 2A

### 18 PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS 19 FOR FISCAL YEAR 2012-2013

#### 20 GENERAL SECTIONS

21 Sec. 1201. It is the intent of the legislature to provide  
22 appropriations for the fiscal year ending on September 30, 2013 for  
23 the line items listed in part 1. The fiscal year 2012-2013  
24 appropriations are anticipated to be the same as those for fiscal  
25 year 2011-2012, except that the line items will be adjusted for

1 changes in caseload and related costs, federal fund match rates,  
2 economic factors, and available revenue. These adjustments will be  
3 determined after the January 2012 consensus revenue estimating  
4 conference. The January 2012 consensus revenue estimating  
5 conference shall include estimates for fiscal year 2011-2012,  
6 fiscal year 2012-2013, and fiscal year 2013-2014 for the following:

7 (a) State revenue.

8 (b) Prison population and correction expenditures.

9 (c) Annual percentage growth in the school aid basic  
10 foundation allowance.

11 (d) Medicaid expenditures.

12 (e) Human service caseloads and expenditures.