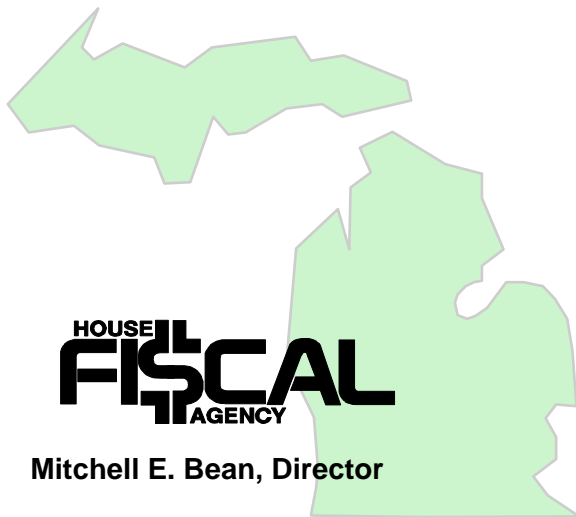


LINE ITEM AND BOILERPLATE SUMMARY

COMMUNITY COLLEGES

**Fiscal Year 2004-05
Public Act 358 of 2004
Senate Bill 1062**

As Enacted



Mitchell E. Bean, Director

November 2004

Prepared and Compiled by:

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November 2004

TO: Members of the Michigan House of Representatives

The House Fiscal Agency has prepared a **Line Item Summary** for each of the FY 2004-05 appropriation acts. Each **Summary** contains line-by-line detail, including the amount and purpose of each appropriation line and information regarding related boilerplate sections, for a specific appropriation act. Following the line item detail, a brief explanation of each boilerplate section in the appropriations bill is provided.

In this report, line item vetoes are presented in the following manner: appropriation amounts shown in ~~strikeout~~ are those that appear in the enrolled bill; amounts shown directly below ~~strikeout~~ amounts reflect the effect of the veto.

If you would like to obtain a Line Item Summary for a particular budget area, please contact Jeanne Dee, Administrative Assistant, at 373-8080.

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GLOSSARY

Frequently-Used State Budget Terms

Adjusted Gross

Total net amount of all line item gross appropriations less (or minus) interdepartmental grants (IDGs) and intradepartmental transfers (IDTs)

Boilerplate

Specific language sections contained in an appropriations act which direct, limit or restrict line item expenditures, and/or require reports

Budget Stabilization Fund (BSF)

The countercyclical economic and budget stabilization fund—also known as the "rainy day" fund

Federal Revenues

Federal grant or matchable revenues dedicated to specific programs

General Fund/General Purpose (GF/GP)

The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues

Gross Appropriations (Gross)

The total of all applicable line item spending authorizations

Interdepartmental Grant (IDG)

Revenue or funds received by one state department from another state department (usually for a service the receiving department provides)

Intradepartmental Transfer (IDT)

Transfers or funds being provided from one appropriation unit to another in the same department

Lapses

Unspent/unobligated funds remaining in line item accounts at the end of the fiscal year

Line Items

Specific funding amount in an appropriations bill which establishes spending authorization for a particular program or function (may be for a single purpose or for multiple purposes)

Local Revenue

Revenues from local units of government

State Restricted (Restricted Funds)

State revenue dedicated to a specific fund; revenue which results from state mandates or initiatives; used for used for specific programs pursuant to the Constitution or statute

Private Funds

Revenues from non-government entities such as rents, royalties or interest payments, payments from hospitals, payments from individuals, and gifts and bequests

School Aid Fund (SAF)

The primary funding source for K-12 schools and Intermediate School Districts (ISDs)

Work Project

An account established to allow for certain specific unspent funds to be carried over from one fiscal year to a succeeding fiscal year or years

COMMUNITY COLLEGES

Under the provisions of the Michigan Constitution of 1963 (Public Acts 193 and 287 of 1964, and Public Act 331 of 1966), 28 community colleges have been established throughout the state. These community colleges offer a full range of programs that are generally two years or less in duration—including traditional transfer programs, technical training programs, certificate programs, and customized training or retraining for employees in high-skilled positions. Colleges are funded from three major revenue streams: local property taxes, state aid, and student tuition and fees.

GROSS APPROPRIATION	\$285,747,000	Total of all applicable line item appropriations.
Total interdepartmental grants and intra departmental transfers	0	Total of all funds received from other departments.
ADJUSTED GROSS APPROPRIATION	\$285,747,000	Total net amount of all line item gross appropriations less (or minus) interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).
Total federal revenues	0	Total federal grant or matchable revenues.
Total local revenues	0	Total revenues from local units of government.
Total private revenues	0	Total private grant revenues.
Total state restricted revenues	0	State revenue dedicated to a specific fund (other than the General Fund); or revenue earmarked for a specific purpose.
GENERAL FUND/ GENERAL PURPOSE	\$285,747,000	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

SECTION 102: OPERATIONS

The Gast-Mathieu Fairness-in-Funding Formula has sometimes been used to allocate a portion of operational funding to community colleges. Created in fiscal year (FY) 1984-85, the formula utilizes certain simplifying assumptions to calculate each college's need level based on audited instructional and non-instructional expenditures. Revenue received (based on certain simplifying assumptions) from local property taxes, tuition and fees, and other sources is then deducted to determine each college's net need for state aid.

There are significant differences between the annual appropriations for each college's net need under the Gast-Mathieu Formula, in part because the across-the-board distribution method is often used to allocate state funds.

For all items in this section:

Funding Source(s): GF/GP 262,987,500

Related Boilerplate Section(s): 211, 217, 230, 231, 239, 301, 302, 303, 304

Alpena Community College	\$4,566,700	Grant to college for operations.
Bay de Noc Community College	4,415,100	Grant to college for operations.
Delta College	12,348,100	Grant to college for operations.
Glen Oaks Community College	2,071,700	Grant to college for operations.
Gogebic Community College	3,777,400	Grant to college for operations.
Grand Rapids Community College	15,531,800	Grant to college for operations.
Henry Ford Community College	18,928,600	Grant to college for operations.
Jackson Community College	10,478,000	Grant to college for operations.
Kalamazoo Valley Community College	10,691,000	Grant to college for operations.
Kellogg Community College	8,399,600	Grant to college for operations.
Kirtland Community College	2,549,300	Grant to college for operations.
Lake Michigan College	4,520,700	Grant to college for operations.
Lansing Community College	26,859,500	Grant to college for operations.
Macomb Community College	28,658,300	Grant to college for operations.
Mid Michigan Community College	3,823,000	Grant to college for operations.
Monroe County Community College	3,719,400	Grant to college for operations.
Montcalm Community College	2,690,400	Grant to college for operations.
C.S. Mott Community College	13,579,600	Grant to college for operations.
Muskegon Community College	7,727,900	Grant to college for operations.
North Central Michigan College	2,617,500	Grant to college for operations.
Northwestern Michigan College	7,885,600	Grant to college for operations.
Oakland Community College	18,077,900	Grant to college for operations.
St. Clair County Community College	6,055,400	Grant to college for operations.

Schoolcraft College	10,610,000	Grant to college for operations.
Southwestern Michigan College	5,695,500	Grant to college for operations.
Washtenaw Community College	10,783,700	Grant to college for operations.
Wayne County Community College	13,940,000	Grant to college for operations.
West Shore Community College	1,985,800	Grant to college for operations.
GROSS APPROPRIATION	\$262,987,500	Total of all applicable line items.
GENERAL FUND/ GENERAL PURPOSE	\$262,987,500	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

SECTION 103: TUITION RESTRAINT INCENTIVE

These appropriations are equal to 6.0 percent of each college's original enacted FY 2003-04 operations appropriation. To receive the appropriations, colleges must comply with the tuition restraint requirements established in section 207 of the budget bill.

For all items in this section:

Funding Source(s): GF/GP 17,036,800

Related Boilerplate Section(s): 207

Alpena Community College	\$295,800	Grant to college contingent on tuition restraint.
Bay de Noc Community College	286,000	Grant to college contingent on tuition restraint.
Delta College	800,000	Grant to college contingent on tuition restraint.
Glen Oaks Community College	134,200	Grant to college contingent on tuition restraint.
Gogebic Community College	244,800	Grant to college contingent on tuition restraint.
Grand Rapids Community College	1,006,200	Grant to college contingent on tuition restraint.
Henry Ford Community College	1,226,200	Grant to college contingent on tuition restraint.
Jackson Community College	678,800	Grant to college contingent on tuition restraint.
Kalamazoo Valley Community College	692,600	Grant to college contingent on tuition restraint.
Kellogg Community College	544,200	Grant to college contingent on tuition restraint.
Kirtland Community College	165,200	Grant to college contingent on tuition restraint.
Lake Michigan College	292,800	Grant to college contingent on tuition restraint.
Lansing Community College	1,740,000	Grant to college contingent on tuition restraint.
Macomb Community College	1,856,400	Grant to college contingent on tuition restraint.
Mid Michigan Community College	247,600	Grant to college contingent on tuition restraint.
Monroe County Community College	241,000	Grant to college contingent on tuition restraint.
Montcalm Community College	174,200	Grant to college contingent on tuition restraint.
C.S. Mott Community College	879,800	Grant to college contingent on tuition restraint.
Muskegon Community College	500,600	Grant to college contingent on tuition restraint.
North Central Michigan College	169,600	Grant to college contingent on tuition restraint.
Northwestern Michigan College	510,800	Grant to college contingent on tuition restraint.
Oakland Community College	1,171,200	Grant to college contingent on tuition restraint.
St. Clair County Community College	392,200	Grant to college contingent on tuition restraint.
Schoolcraft College	687,400	Grant to college contingent on tuition restraint.
Southwestern Michigan College	369,000	Grant to college contingent on tuition restraint.
Washtenaw Community College	698,600	Grant to college contingent on tuition restraint.
Wayne County Community College	903,000	Grant to college contingent on tuition restraint.

West Shore Community College	128,600	Grant to college contingent on tuition restraint.
GROSS APPROPRIATION	\$17,036,800	Total of all applicable line items.
GENERAL FUND/ GENERAL PURPOSE	\$17,036,800	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

SECTION 104: GRANTS

This section includes two grant programs through which funds are distributed to community colleges: the At-Risk Student Success Program and the Renaissance Zone Tax Reimbursement Program.

At-risk student success program	\$3,322,700	<p>Pursuant to section 401 of the budget bill, each college receives a base grant of \$40,000 from this line (for a total of \$1.1 million), irrespective of the number of at-risk students served. The remaining \$2.2 million is distributed based on each college's ratio of developmental/preparatory contact hours to total contact hours over the three most recent academic years. Funds may be expended to address the special needs of at-risk students or the acquisition of technology-related equipment and software. To be classified as at-risk, a student must meet at least one of the following criteria: (a) enrolled in more than one developmental course, (b) diagnosed as disabled, (c) require English-as-a-second-language assistance.</p> <p style="text-align: right;">Funding Source(s): GF/GP 3,322,700</p>
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Related Boilerplate Section(s): 401

Renaissance zone tax reimbursement funding	2,400,000	<p>Pursuant to the Michigan Renaissance Zone Act (MCL 125.2692), this line reimburses colleges whose districts contain renaissance zones for foregone property tax revenue related to those zones. Funding for this program is calculated by determining the taxable value of property located within the renaissance zone, adjusting that taxable value for other tax exemptions, and multiplying the adjusted taxable value by the college's millage rate.</p> <p style="text-align: right;">Funding Source(s): GF/GP 2,400,000</p>
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Related Boilerplate Section(s): 404

GROSS APPROPRIATIONS	\$5,722,700	Total of all applicable line items.
GENERAL FUND/ GENERAL PURPOSE	\$5,722,700	The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues.

BOILERPLATE SECTION INFORMATION

Sec. 201. Payments to Locals

Reports spending from state resources and payments to local units of government.

Sec. 202. Management and Budget Act

Subjects funds appropriated to the Management and Budget Act.

Sec. 203. Internet Reporting

Requires colleges and Department of Labor and Economic Growth (DLEG) to use the Internet to submit reports.

Sec. 207. Tuition Restraint

Provides that the appropriation to each college for tuition restraint be paid only if the college certified by June 30, 2004, that it did not adopt an increase in its academic year 2003-04 in-district tuition and fee rate after December 1, 2003, and that it will not adopt an increase in its in-district tuition and fee rate for any semester in academic year 2004-05 by more than 2.8 percent compared to its academic year 2003-04 rate. Includes a clause allowing a college that implemented a 2003-04 tuition increase (adopted after December 1, 2003) to rebate that increase and remain eligible for the contingent appropriation. Provides for establishment of reporting requirement by state budget director with input from House and Senate Fiscal Agencies and states that the appropriations for compliant colleges will not be reduced in FY 2004-05.

Sec. 208. Entrepreneurship Curriculum

Requires DLEG to work with community colleges to develop an accelerated entrepreneurship curriculum.

Sec. 209. Foreign Goods and Services

Prohibits the use of funds to purchase foreign (or out-of-state) goods or services if American (or Michigan) products that are competitively priced and of similar quality are available.

Sec. 210. Deprived and Depressed Communities

Encourages colleges to ensure that businesses in economically distressed areas compete for and perform contracts.

Sec. 211. Payment of Appropriations

Provides for 11 payments per year to community colleges and directs Department of Treasury to withhold appropriations if colleges fail to submit Activities Classification Structure data by November 1, 2003.

Sec. 216. Retirement Contributions

Requires colleges to contribute to the Michigan Public School Employees' Retirement System.

Sec. 217. Capital Outlay Funding

Prohibits colleges from using state funds to pay for the construction or maintenance of a self-liquidating project.

Sec. 220. Special Maintenance Projects

States legislative intent for restoration of Infrastructure, Technology, Equipment, and Maintenance (ITEM) funds and development of proposals and financing alternatives for special maintenance projects.

Sec. 224. Collaboration with Four-Year Universities

Encourages colleges to collaborate with four-year universities, particularly in areas of training, instruction, and program articulation.

Sec. 230. Abortion Services

Prohibits use of state funds by colleges for provision of health care coverage to employees or their dependents for abortion services, with certain exceptions.

Sec. 231. Benefits to Unmarried Partners

States legislative intent that colleges not extend employee benefits to unmarried partners of employees, except for pre- and post-natal costs.

Sec. 234. Equal Opportunities

Encourages colleges to promote equal opportunities and foster a diverse student body and administration.

Sec. 235. Admission and Enrollment Workgroup

States legislative intent that a workgroup be formed to address acceptance and application of college credits.

Sec. 236. Tuition Reciprocity Agreements

States legislative intent that tuition reciprocity agreements be submitted for approval by appropriations committees once every three years and that, under such agreements, out-of-state students pay the in-state, out-of-district rate.

Sec. 237. Payments in Lieu of Taxes

States legislative intent that a workgroup be formed to evaluate the possibility of making payments in lieu of taxes to colleges whose districts contain state-owned land.

Sec. 238. Optional Retirement Plan

States legislative intent that a workgroup be formed to evaluate the impact of expanding eligibility for the Optional Retirement Plan to include part-time faculty.

Sec. 239. University Appropriations Increases

States legislative intent that any subsequent proposal to increase appropriations for four-year universities be accompanied by similar action for community colleges.

Sec. 240. Economic Development Job Training (EDJT) Grants

States legislative intent that at least 70 percent of the EDJT funds appropriated in the DLEG budget be awarded to community colleges.

Sec. 301. Manual for Uniform Financial Reporting (MUFR)

Requires that all data submitted by the colleges to determine state aid comply with MUFR published by DLEG.

Sec. 302. Prisoner Credit Hours

Excludes credit/contact hours for students incarcerated in Michigan penal institutions from enrollment data submitted by colleges.

Sec. 303. Return of Excess Funds

Requires colleges to return excess funds appropriated if audited data is significantly different than data used to determine state aid.

Sec. 304. Gast-Mathieu Formula

States legislative intent to achieve full funding of Gast-Mathieu Formula.

Sec. 401. At-Risk Student Success Program

Specifies methodology used to distribute at-risk funds, amounts allocated for each college under that methodology, eligibility requirements for the program, and appropriate use of at-risk funds; requires report on program.

Sec. 404. Renaissance Zone Reimbursements

Provides for renaissance zone reimbursement payments to be made not less than 60 days after certification of payment amounts by Department of Treasury.

Sec. 501. Activities Classification Structure Data Book

Requires DLEG to publish Activities Classification Structure data book on or before March 1, 2005.

Sec. 502. Audits

Provides for auditing data from seven randomly-selected colleges, performance audits by the auditor general, and responses to audits by colleges.

Sec. 503. Taxonomy Review

Requires DLEG to review the taxonomy of the seven colleges randomly selected pursuant to section 502.

Sec. 504. Record Retention

Requires colleges to retain class summaries, class lists, registration documents, student transcripts, and other specified information for audit purposes.

Sec. 505. Financial Statements

Requires colleges to submit audited financial statements to various state agencies.

Sec 506. North American Indian Tuition Waiver

Requires report on number of tuition waivers granted to North American Indian students at each college.

Sec. 507. Aggregate Academic Status

Requires colleges to, upon request, inform high schools of the aggregate academic status of their students.

Sec. 508. Tuition Rate Reports

Requires colleges to report tuition rates and revisions to tuition rates to various state agencies.

Sec. 509. Degrees Awarded by Colleges

Requires report on the number of degrees awarded by each college.

Sec. 510. Crime Statistics

Requires colleges to make materials prepared in accordance with federal crime and campus security reporting requirements available through the Internet.

Sec. 511. On-Site Visits and Audits

States legislative intent that the frequency of on-site visits, evaluations, and audits of community colleges be limited and requires DLEG to provide a state plan under federal Perkins Act to Legislature prior to submission to U.S. Department of Education.

Sec. 513. Tax Loss Data

Requires Department of Treasury to collect, compile, and distribute data on revenue losses to colleges related to tax increment financing authorities and tax abatements.

Sec. 1201. FY 2003-04 Tuition Restraint

Provides that an amount equal to 3.0 percent of each college's original FY 2003-04 enacted appropriation be paid in FY 2003-04 only if the college certified by June 30, 2004, that it will comply with the same tuition restraint provisions specified for FY 2004-05 in section 207. Includes language shifting the appropriations from FY 2003-04 to FY 2004-05 if the Northville Psychiatric Hospital property is not sold by October 1, 2004, with intent that the funds be paid in full by October 15, 2004. (Enacting section 1 repeals section 251 of 2003 PA 237, which previously governed FY 2003-04 tuition restraint).

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November 2004



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