

HOUSE BILL No. 4385

EXECUTIVE BUDGET BILL

February 23, 2005, Introduced by Rep. Whitmer and referred to the Committee on Appropriations.

A bill to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2006; to provide for the expenditures of those appropriations; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this bill, the amounts listed in this part are appropriated for higher education for the fiscal year ending September 30, 2006, from the funds

1 indicated in this part. The following is a summary of the
 2 appropriations in this part:

3 **HIGHER EDUCATION**

4 APPROPRIATION SUMMARY:

5	Full-time equated classified position.....	1.0	
6	GROSS APPROPRIATION.....		\$ 1,642,834,100
7	Interdepartmental grant revenues:		
8	Total interdepartmental grants and intradepartmental		
9	transfers		0
10	ADJUSTED GROSS APPROPRIATION		\$ 1,642,834,100
11	Federal revenues:		
12	Total federal revenues.....		3,500,000
13	Special revenue funds:		
14	Total local revenues.....		0
15	Total private revenues.....		0
16	Total other state restricted revenues.....		146,500,000
17	State general fund/general purpose.....		\$ 1,492,834,100
18	Sec. 102. CENTRAL MICHIGAN UNIVERSITY		
19	Operations.....		\$ 72,904,400
20	Tuition restraint incentive.....		<u>4,892,600</u>
21	GROSS APPROPRIATION.....		\$ 77,797,000
22	Appropriated from:		
23	Special revenue funds:		
24	Michigan merit award trust fund.....		538,440
25	State general fund/general purpose.....		\$ 77,258,560
26	Sec. 103. EASTERN MICHIGAN UNIVERSITY		
27	Operations.....		\$ 70,979,600

1	Tuition restraint incentive.....		<u>4,732,400</u>
2	GROSS APPROPRIATION.....	\$	75,712,000
3	Appropriated from:		
4	State general fund/general purpose.....	\$	75,712,000
5	Sec. 104. FERRIS STATE UNIVERSITY		
6	Operations.....	\$	45,012,900
7	Tuition restraint incentive.....		<u>2,998,000</u>
8	GROSS APPROPRIATION.....	\$	48,010,900
9	Appropriated from:		
10	State general fund/general purpose.....	\$	48,010,900
11	Sec. 105. GRAND VALLEY STATE UNIVERSITY		
12	Operations.....	\$	53,260,900
13	Tuition restraint incentive.....		<u>3,545,200</u>
14	GROSS APPROPRIATION.....	\$	56,806,100
15	Appropriated from:		
16	Special revenue funds:		
17	Michigan merit award trust fund.....		5,000,000
18	State general fund/general purpose.....	\$	51,806,100
19	Sec. 106. LAKE SUPERIOR STATE UNIVERSITY		
20	Operations.....	\$	11,632,800
21	Tuition restraint incentive.....		<u>770,600</u>
22	GROSS APPROPRIATION.....	\$	12,403,400
23	Appropriated from:		
24	State general fund/general purpose.....	\$	12,403,400
25	Sec. 107. MICHIGAN STATE UNIVERSITY		
26	Operations.....	\$	264,527,700
27	Tuition restraint incentive.....		17,603,000

1	Agricultural experiment station.....		29,863,800
2	Cooperative extension service.....		<u>21,904,300</u>
3	GROSS APPROPRIATION.....	\$	333,898,800
4	Appropriated from:		
5	State general fund/general purpose.....	\$	333,898,800
6	Sec. 108. MICHIGAN TECHNOLOGICAL UNIVERSITY		
7	Operations.....	\$	44,724,500
8	Tuition restraint incentive.....		<u>2,983,000</u>
9	GROSS APPROPRIATION.....	\$	47,707,500
10	Appropriated from:		
11	State general fund/general purpose.....	\$	47,707,500
12	Sec. 109. NORTHERN MICHIGAN UNIVERSITY		
13	Operations.....	\$	42,078,800
14	Tuition restraint incentive.....		<u>2,808,600</u>
15	GROSS APPROPRIATION.....	\$	44,887,400
16	Appropriated from:		
17	State general fund/general purpose.....	\$	44,887,400
18	Sec. 110. OAKLAND UNIVERSITY		
19	Operations.....	\$	44,130,800
20	Tuition restraint incentive.....		<u>2,945,200</u>
21	GROSS APPROPRIATION.....	\$	47,076,000
22	Appropriated from:		
23	Special revenue funds:		
24	Michigan merit award trust fund.....		1,941,768
25	State general fund/general purpose.....	\$	45,134,232
26	Sec. 111. SAGINAW VALLEY STATE UNIVERSITY		
27	Operations.....	\$	24,011,200

1	Tuition restraint incentive.....		<u>1,600,400</u>
2	GROSS APPROPRIATION.....	\$	25,611,600
3	Appropriated from:		
4	Special revenue funds:		
5	Michigan merit award trust fund.....		2,019,792
6	State general fund/general purpose.....	\$	23,591,808
7	Sec. 112. UNIVERSITY OF MICHIGAN - ANN ARBOR		
8	Operations.....	\$	295,100,600
9	Tuition restraint incentive.....		<u>19,632,400</u>
10	GROSS APPROPRIATION.....	\$	314,733,000
11	Appropriated from:		
12	State general fund/general purpose.....	\$	314,733,000
13	Sec. 113. UNIVERSITY OF MICHIGAN - DEARBORN		
14	Operations.....	\$	22,667,900
15	Tuition restraint incentive.....		<u>1,511,600</u>
16	GROSS APPROPRIATION.....	\$	24,179,500
17	Appropriated from:		
18	State general fund/general purpose.....	\$	24,179,500
19	Sec. 114. UNIVERSITY OF MICHIGAN - FLINT		
20	Operations.....	\$	19,482,400
21	Tuition restraint incentive.....		<u>1,299,600</u>
22	GROSS APPROPRIATION.....	\$	20,782,000
23	Appropriated from:		
24	State general fund/general purpose.....	\$	20,782,000
25	Sec. 115. WAYNE STATE UNIVERSITY		
26	Operations.....	\$	200,317,100
27	Tuition restraint incentive.....		<u>13,696,800</u>

1	GROSS APPROPRIATION.....	\$	214,013,900
2	Appropriated from:		
3	State general fund/general purpose.....	\$	214,013,900
4	Sec. 116. WESTERN MICHIGAN UNIVERSITY		
5	Operations.....	\$	101,887,200
6	Tuition restraint incentive.....		<u>6,786,600</u>
7	GROSS APPROPRIATION.....	\$	108,673,800
8	Appropriated from:		
9	State general fund/general purpose.....	\$	108,673,800
10	Sec. 117. HIGHER EDUCATION DATABASE		
11	Full-time equated position		1.0
12	Higher education database modernization and		
13	conversion--1.0 FTE position	\$	<u>200,000</u>
14	GROSS APPROPRIATION.....	\$	200,000
15	Appropriated from:		
16	State general fund/general purpose.....	\$	200,000
17	Sec. 118. MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA PARKS		
18	PROGRAM		
19	Martin Luther King, Jr. - Cesar Chavez - Rosa Parks		
20	education opportunity grant program.....	\$	4,998,300
21	Morris Hood, Jr. educator development program.....		<u>148,600</u>
22	GROSS APPROPRIATION.....	\$	5,146,900
23	Appropriated from:		
24	State general fund/general purpose.....	\$	5,146,900
25	Sec. 119. GRANTS AND FINANCIAL AID		
26	State competitive scholarships.....	\$	34,630,500
27	Michigan work-study program.....		7,326,300

1	Part-time independent student program.....	2,653,300
2	Michigan education opportunity grants.....	2,084,200
3	Robert C. Byrd honors scholarship program.....	1,500,000
4	Nursing scholarship program.....	4,000,000
5	Michigan merit award program.....	121,000,000
6	Tuition incentive program.....	<u>12,000,000</u>
7	GROSS APPROPRIATION.....	\$ 185,194,300
8	Appropriated from:	
9	Federal revenues:	
10	Higher education act of 1965, title IV, 20 USC.....	2,000,000
11	Higher education act of 1965, title IV, part A.....	1,500,000
12	Special revenue funds:	
13	Michigan merit award trust fund.....	137,000,000
14	State general fund/general purpose.....	\$ 44,694,300

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

18 Sec. 201. Pursuant to section 30 of article IX of the state
19 constitution of 1963, total state spending from state resources
20 under part 1 for fiscal year 2005-2006 is \$1,639,334,100.00 and
21 state spending from state resources to be paid to local units of
22 government for fiscal year 2005-2006 is \$0.00.

23 Sec. 202. The appropriations authorized under this bill are
24 subject to the management and budget act, 1984 PA 431, MCL 18.1101
25 to 18.1594.

1 Sec. 208. Unless otherwise specified, the institutions of higher
2 education receiving appropriations in part 1 shall use the Internet
3 to fulfill the reporting requirements of this bill. This
4 requirement may include transmission of reports via electronic mail
5 to the recipients identified for each reporting requirement, or it
6 may include placement of reports on an Internet or Intranet site.

7 Sec. 209. Funds appropriated in part 1 shall not be used for the
8 purchase of foreign goods or services, or both, if competitively
9 priced and of comparable quality American goods and services, or
10 both, are available. Preference should be given to goods or
11 services, or both, manufactured or provided by Michigan businesses
12 if they are competitively priced and of comparable value.

13 Sec. 212. (1) The funds appropriated in part 1 to state
14 institutions of higher education shall be paid out of the state
15 treasury and distributed by the state treasurer to the respective
16 institutions in 11 equal monthly installments on the sixteenth of
17 each month, or the next succeeding business day, beginning with
18 October 16, 2005. Except for Wayne State University, each
19 institution shall accrue its July and August 2006 payments to its
20 institutional fiscal year ending June 30, 2006.

21 (2) All universities shall submit higher education institutional
22 data inventory (HEIDI) data and associated financial and program
23 information requested by and in a manner prescribed by the state
24 budget director. For universities with fiscal years ending June
25 30, 2005, these data shall be submitted to the state budget
26 director by October 15, 2005. Universities with a fiscal year
27 ending September 30, 2005 shall submit preliminary HEIDI data by

1 November 15, 2005 and final data by December 15, 2005. If a
2 university fails to submit HEIDI data and associated financial aid
3 program information in accordance with this reporting schedule, the
4 state treasurer shall withhold the monthly installments under
5 subsection (1) to the university until those data are submitted.

6 Sec. 213. Funds received by the state from the federal
7 government or private sources for the use of a college or
8 university are appropriated for the purposes for which they are
9 provided. The acceptance and use of federal or private funds do
10 not place an obligation upon the legislature to continue the
11 purposes for which the funds are made available.

12 Sec. 215. A state institution of higher education that receives
13 funds under this bill shall furnish all program and financial
14 information that is required by and in a manner prescribed by the
15 state budget director or the house or senate appropriations
16 committee.

17 **GRANTS AND FINANCIAL AID**

18 Sec. 301. (1) Payments of the amounts included in part 1 for the
19 state competitive scholarship program shall be distributed pursuant
20 to 1964 PA 208, MCL 390.971 to 390.981.

21 (2) The Michigan higher education assistance authority shall
22 implement a proportional competitive scholarship maximum award
23 level for recipients enrolled less than full-time in a given
24 semester or term.

25 (3) If a student who receives an award under this section has
26 his or her tuition and fees paid under the Michigan educational
27 trust program, pursuant to the Michigan education trust act, 1986

1 PA 316, MCL 390.1421 to 390.1444, and still has financial need, the
2 funds awarded under this section may be used for educational
3 expenses other than tuition and fees.

4 (4) If the Michigan higher education assistance authority
5 increases the maximum award per eligible student from that provided
6 in the previous fiscal year, it shall not have the effect of
7 reducing the number of eligible students receiving awards in
8 relation to the total number of eligible applicants. Any increase
9 in the maximum grant shall be proportional for all eligible
10 students receiving awards.

11 Sec. 303. (1) Included in the appropriation in part 1 is funding
12 for the Michigan work-study program established under 1986 PA 288,
13 MCL 390.1371 to 390.1382, and 1986 PA 303, MCL 390.1321 to
14 390.1332. An effort should be made by each institution
15 participating in the Michigan work-study program to assure that not
16 less than 10% of those undergraduate, graduate, and professional
17 students eligible to participate in the program are placed with
18 for-profit employers no later than December 31 of each year for
19 which funding is provided under this bill.

20 (2) The Michigan higher education assistance authority shall
21 allocate funds to institutions eligible for work-study money based
22 upon each institution's specific Pell grant index and each
23 institution's utilization rate of work-study funds for the 3 most
24 recent years for which statistics are available.

25 (3) The Michigan higher education assistance authority shall set
26 aside not more than 5% of the total work-study appropriation to
27 process requests from participating institutions for allocation

1 adjustments. Allocation adjustments shall be based on criteria set
2 by the authority prior to making the allocations under subsection
3 (2).

4 Sec. 307. The auditor general may audit selected enrollments,
5 degrees, and awards at selected independent colleges and
6 universities receiving awards administered by the department of
7 treasury. The audits shall be based upon definitions and
8 requirements established by the Michigan higher education
9 assistance authority, the state budget director, and the senate and
10 house fiscal agencies. The auditor general shall accept the Free
11 Application for Federal Student Aid (FAFSA) form as the standard of
12 residency documentation. The auditor general shall submit a report
13 of findings to the senate and house appropriations committees and
14 state budget director by May 1, 2006.

15 Sec. 308. The sums appropriated in part 1 for the student
16 financial aid programs shall be paid out of the state treasury and
17 shall be distributed to the respective institutions under a
18 quarterly payment system as follows:

19 (a) For the state competitive scholarship, nursing scholarship,
20 part-time independent student, Michigan education opportunity
21 grant, and tuition incentive programs, 25% shall be paid at the
22 beginning of the state's first fiscal quarter, 25% at the beginning
23 of the state's second fiscal quarter, 25% at the beginning of the
24 state's third fiscal quarter, and 25% at the beginning of the
25 state's fourth fiscal quarter.

26 (b) For the work-study program, payments shall be made in 11
27 monthly installments from October 1 to August 31 of any year.

1 (c) For the Robert C. Byrd honors scholarship program, 50% shall
2 be paid at the beginning of the state's first fiscal quarter and
3 50% at the beginning of the state's second fiscal quarter.

4 Sec. 309. The Michigan higher education assistance authority
5 shall determine the needs analysis criteria for students to qualify
6 for the competitive scholarship program. To be consistent with
7 federal requirements, student wages may be taken into consideration
8 when determining the amount of the award.

9 Sec. 310. (1) The funds appropriated in part 1 for the tuition
10 incentive program/high school completion program shall be
11 distributed as provided in this section and pursuant to the
12 administrative procedures for the tuition incentive program/high
13 school completion program of the department of treasury.

14 (2) As used in this section:

15 (a) "Phase I" means the first part of the tuition incentive
16 assistance program defined as the academic period of 80 semester or
17 120 term credits, or less, leading to an associate degree or
18 certificate.

19 (b) "Phase II" means the second part of the tuition incentive
20 assistance program which provides assistance in the third and
21 fourth year of 4-year degree programs.

22 (c) "Department" means the department of treasury.

23 (3) A person shall meet the following basic criteria and
24 financial thresholds to be eligible for tuition incentive benefits:

25 (a) To be eligible for phase I, a person shall meet all of the
26 following criteria:

27 (i) Apply for certification to the department before graduating

1 from high school or completing the general education development
2 (GED) certificate.

3 (ii) Be less than 20 years of age at the time of high school
4 graduation or GED completion.

5 (iii) Be a United States citizen and a resident of Michigan
6 according to institutional criteria.

7 (iv) Be at least a half-time student, earning less than 80
8 semester or 120 term credits at a participating educational
9 institution within 4 years of high school graduation or GED
10 certificate completion.

11 (b) To be eligible for phase II, a person shall meet either of
12 the following criteria in addition to the criteria in subdivision

13 (a):

14 (i) Complete at least 56 transferable semester or 84 transferable
15 term credits.

16 (ii) Obtain an associate degree or certificate at a participating
17 institution.

18 (c) To be eligible for phase I or phase II, a person must be
19 financially eligible as determined by the department. A person is
20 financially eligible for the tuition incentive program if that
21 person was Medicaid eligible for 24 months within the 36 months
22 before application. Certification of eligibility may begin in the
23 sixth grade and continue until the time of enrollment in a
24 participating institution.

25 (4) For phase I, the department shall provide payment on behalf
26 of a person eligible under subsection (3). The department shall
27 reject billings that are excessive or outside the guidelines for

1 the type of educational institution.

2 (5) For phase I, all of the following apply:

3 (a) Payments for associate degree or certificate programs shall
4 not be made for more than 80 semester or 120 term credits for any
5 individual student at any participating institution.

6 (b) For persons enrolled at a Michigan community college, the
7 department shall pay the current in-district tuition and mandatory
8 fees. For persons residing in an area that is not included in any
9 community college district, the out-of-district tuition rate may be
10 authorized.

11 (c) For persons enrolled at a Michigan public university, the
12 department shall pay lower level resident tuition and mandatory
13 fees for the current year.

14 (d) For persons enrolled at a Michigan independent, nonprofit
15 degree granting college or university, or a Michigan federal
16 tribally controlled community college, or Focus: HOPE, the
17 department shall pay mandatory fees for the current year and a per-
18 credit payment that does not exceed the average community college
19 in-district per-credit tuition rate as reported on August 1, for
20 the immediately preceding academic year.

21 (6) A person participating in phase II may be eligible for
22 additional funds not to exceed \$500.00 per semester or \$400.00 per
23 term up to a maximum of \$2,000.00 subject to the following
24 conditions:

25 (a) Credits are earned in a 4-year program at a Michigan degree
26 granting 4-year college or university.

27 (b) The tuition reimbursement is for coursework completed within

1 30 months of completion of the phase I requirements.

2 (7) The department shall work closely with participating
3 institutions to develop an application and eligibility
4 determination process that will provide the highest level of
5 participation and ensure that all requirements of the program are
6 met.

7 (8) Applications for the tuition incentive program may be
8 approved at any time after the student begins the sixth grade. If
9 a determination of financial eligibility is made, that
10 determination is valid as long as the student meets all other
11 program requirements and conditions.

12 (9) Each institution shall ensure that all known available
13 restricted grants for tuition and fees are used prior to billing
14 the tuition incentive program for any portion of a student's
15 tuition and fees.

16 (10) The department shall ensure that the tuition incentive
17 program is well publicized and that potentially eligible Medicaid
18 clients are provided information on the program. The department
19 shall provide the necessary funding and staff to fully operate the
20 program.

21 Sec. 311. To enable the legislature and the state budget
22 director to evaluate the appropriation needs of higher education,
23 each independent college and university shall make available to the
24 legislature or state budget director, upon request, data regarding
25 grants for the preceding, current, and ensuing fiscal years.

26 Sec. 312. From the funds appropriated in part 1, the Michigan
27 higher education assistance authority shall administer the nursing

1 scholarship program pursuant to 2002 PA 591, MCL 390.1181 to
2 390.1189.

3 **STATE UNIVERSITIES**

4 Sec. 433. (1) Included in part 1 is \$2,953,400.00 for the
5 agricultural experiment station and \$2,619,000.00 for the
6 cooperative extension service for project GREEN. Project GREEN
7 is intended to address critical regulatory, food safety, economic,
8 and environmental problems faced by this state's plant-based
9 agriculture, forestry, and processing industries. "GREEN" is an
10 acronym for generating research and extension to meet environmental
11 and economic needs.

12 (2) The department of agriculture and Michigan State University,
13 in consultation with agricultural commodity groups and other
14 interested parties, shall develop project GREEN and its program
15 priorities.

16 (3) Not later than September 30, 2006, a report shall be
17 submitted by Michigan State University to the state budget
18 director, the house and senate appropriations subcommittees on
19 agriculture and on higher education, and the house and senate
20 fiscal agencies for the preceding fiscal year regarding project
21 GREEN projects. The report shall include, but is not limited to,
22 the dollar amount of each project and a review of each project's
23 performance and accomplishments.

24 Sec. 436. (1) The amounts appropriated in part 1 for state
25 university tuition restraint incentives shall only be paid to a
26 state university certifying to the state budget director by no
27 later than August 31, 2005 that the state university meets all of

1 the following criteria:

2 (a) That the state university will not adopt an increase in
3 resident undergraduate tuition and required fees in the 2005-2006
4 academic year greater than 5.0% or \$307, whichever is greater, of
5 the average lower and upper division fall and winter resident
6 undergraduate tuition and required fees for that university for the
7 2004-2005 academic year.

8 (b) That the state university will not adopt any new type of
9 student fees.

10 (c) That the state university will increase institutional
11 resident undergraduate financial aid spending by at least the same
12 percentage as tuition and fees are increased.

13 (2) Under the reporting requirement established under subsection
14 (3), a state university creating or increasing a tuition or fee
15 amount applying to a specific subset of students or courses shall
16 provide sufficient information to demonstrate that such action will
17 not cause the increase in the average amount of total tuition and
18 fees paid by resident undergraduate students in the 2005-2006
19 academic year to exceed the limit established in subsection (1).

20 (3) The state budget director shall implement a uniform
21 reporting requirement to ensure that a state university receiving
22 an appropriation under sections 102 through 116 has satisfied the
23 tuition restraint requirements of this section.

24 Sec. 440. All universities shall submit the amount of tuition
25 and fees actually charged to a full-time resident undergraduate
26 student for academic year 2005-2006 as part of their higher
27 education institutional data inventory (HEIDI) data by August 31,

1 2005. A university shall report any revisions for any semester of
2 the reported academic year 2005-2006 tuition and fee charges to
3 HEIDI within 15 days of being adopted.

4 Sec. 461. From the amount appropriated in part 1 to Lake
5 Superior State University for operations, \$100,000.00 shall be paid
6 to Bay Mills Community College for the costs of waiving tuition for
7 North American Indians under 1976 PA 174, MCL 390.1251 to 390.1253.

8 **MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA PARKS PROGRAMS**

9 Sec. 501. (1) Included in part 1 is funding for the Martin
10 Luther King, Jr. - Cesar Chavez - Rosa Parks education opportunity
11 grant program. The purpose of the Martin Luther King, Jr. - Cesar
12 Chavez - Rosa Parks education opportunity grant program is to
13 increase the participation of underrepresented minority students
14 and to ensure their success in postsecondary education
15 institutions.

16 (2) Awards shall be made to Michigan public community colleges
17 and universities for programs to assist underrepresented minority
18 high school students to realize the economic benefit of a college
19 education, to improve retention and success of underrepresented
20 minority students in college, and to help underrepresented minority
21 students graduate.

22 (3) An award made under this program to any 1 institution shall
23 not be greater than \$150,000.00 and the amount awarded shall be
24 matched on a 50% state, 50% college or university basis.

25 (4) The program shall be administered by the Michigan department
26 of labor and economic growth.

27 (5) Each award recipient shall provide an annual report in a

1 form and manner determined by the Michigan department of labor and
2 economic growth that tracks each student served in the program and
3 specifies if the student enrolled in a postsecondary education
4 program made satisfactory educational progress, or graduated.

5 (6) Notwithstanding the award limitation in subsection (3), any
6 remaining funding not allocated under the initial awards may be
7 awarded to an institution submitting an initial proposal that
8 exceeds this limitation or a subsequent proposal for an expanded
9 program.

10 **STUDENT PERFORMANCE REPORTING**

11 Sec. 601. (1) From the amount appropriated in part 1 for state
12 universities, the state universities shall systematically inform
13 Michigan high schools regarding the academic status of students
14 from each high school in a manner prescribed by the presidents
15 council, state universities of Michigan in cooperation with the
16 Michigan association of secondary school principals.

17 (2) The Michigan high schools shall systematically inform the
18 state universities about the use of information received under this
19 section in a manner prescribed by the Michigan association of
20 secondary school principals in cooperation with the presidents
21 council, state universities of Michigan.

22 Sec. 602. From the amount appropriated in part 1 for state
23 universities, the state universities shall inform Michigan
24 community colleges regarding the academic status of community
25 college transfer students in a manner prescribed by the presidents
26 council, state universities of Michigan in cooperation with the
27 Michigan community college association.

1 **GENERAL REPORTS AND AUDITS**

2 Sec. 701. (1) The auditor general shall review higher education
3 institutional data inventory (HEIDI) enrollment data submitted by
4 all public universities and may perform audits of selected public
5 universities if determined necessary. The review and audits shall
6 be based upon the definitions, requirements, and uniform reporting
7 categories established by the state budget director and the senate
8 and house fiscal agencies. The auditor general shall submit a
9 report of findings to the house and senate appropriations
10 committees and the state budget director no later than July 1,
11 2006.

12 (2) Student credit hours reports shall not include the
13 following:

14 (a) Student credit hours generated through instructional
15 activity by faculty or staff in classrooms located outside
16 Michigan, with the exception of instructional activity related to
17 study-abroad programs or field programs.

18 (b) Student credit hours generated through distance learning
19 instruction for students not paying the institution's resident
20 tuition rate.

21 (c) Student credit hours generated through credit by
22 examination.

23 (d) Student credit hours generated through inmate prison
24 programs regardless of teaching location.

25 (e) Student credit hours generated in new degree programs after
26 January 1, 1975, that have not been specifically authorized for
27 funding by the legislature, except spin-off programs converted from

1 existing core programs that do all of the following:

2 (i) Represent new options, fields, or concentrations within
3 existing programs.

4 (ii) Are consistent with the current institutional role and
5 mission.

6 (iii) Are accommodated within the continuing funding base of the
7 institution.

8 (iv) Do not require a new degree level beyond that which the
9 institution is currently authorized to grant within that discipline
10 or field.

11 (v) Do not require funding from the state other than that
12 provided by the student credit hours generated within the program,
13 either before program initiation or within the first 3 years of
14 program operation.

15 (3) The auditor general shall periodically audit higher
16 education institutional data inventory (HEIDI) data as submitted by
17 the state universities for compliance with the definitions approved
18 for the HEIDI database.

19 (4) "Distance learning instruction" as used in subsection (2)
20 means instruction that occurs in other than a traditional classroom
21 setting where the student and instructor are in the same physical
22 location and for which a student receives course credits and is
23 charged tuition and fees. Examples of distance learning
24 instruction are instruction delivered solely through the Internet,
25 cable television, teleconference, or mail.

26 Sec. 702. The principal executive officer of each institution of
27 higher education receiving an appropriation under this bill shall

1 expend a portion of the funds appropriated to that institution to
2 make a report to the auditor general, the house and senate fiscal
3 agencies, and the state budget director within 60 days after the
4 auditor general issues his or her report on the operation of the
5 institution. The institution's report shall specify all of the
6 following:

7 (a) The recommendations of the auditor general implemented by
8 the institution, including projected dates and resources required,
9 if any, to achieve compliance.

10 (b) The recommendations of the auditor general not implemented
11 by the institution or implemented by the institution as modified.

12 (c) The rationale for not implementing a recommendation of the
13 auditor general or of implementing a recommendation as modified.

14 Sec. 708. The auditor general may conduct performance audits of
15 state universities during the fiscal year ending September 30, 2006
16 as the auditor general considers necessary.

17 Sec. 709. An institution receiving funds under this bill and
18 also subject to the student right-to-know and campus security act,
19 Public Law 101-522, 104 Stat. 2381, shall make a copy of all
20 material prepared pursuant to the public information reporting
21 requirements under the crime awareness and campus security act of
22 1990, title II of the student right-to-know and campus security
23 act, Public Law 101-542, 104 Stat. 2381, available in electronic
24 Internet format on their websites.