

**SUBSTITUTE FOR  
HOUSE BILL NO. 5881**

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 6, 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a,  
31d, 32a, 32b, 32c, 32d, 32f, 39a, 41, 51a, 51c, 51d, 53a, 54,  
55, 56, 57, 61a, 62, 67, 68, 74, 81, 94, 94a, 96, 98, 99, 99a,  
104a, 107, 108, and 147 (MCL 388.1606, 388.1611, 388.1611f,  
388.1611g, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a,  
388.1631a, 388.1631d, 388.1632a, 388.1632b, 388.1632c, 388.1632d,  
388.1632f, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d,  
388.1653a, 388.1654, 388.1655, 388.1656, 388.1657, 388.1661a,  
388.1662, 388.1667, 388.1668, 388.1674, 388.1681, 388.1694,  
388.1694a, 388.1696, 388.1698, 388.1699, 388.1699a, 388.1704a,  
388.1707, 388.1708, and 388.1747), sections 6, 11, 11f, 11g, 20,  
22a, 22b, 24, 26a, 31a, 31d, 32a, 32b, 32c, 32d, 32f, 41, 51a,  
51c, 53a, 54, 56, 57, 61a, 62, 67, 68, 74, 81, 94, 94a, 96, 98,

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99, 107, 108, and 147 as amended and sections 39a, 51d, 55, and 99a as added by 2002 PA 191 and section 104a as amended by 1999 PA 119; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 6. (1) "Center program" means a program operated by a  
2 district or intermediate district for special education pupils  
3 from several districts in programs for the autistically impaired,  
4 trainable mentally impaired, severely mentally impaired, severely  
5 multiply impaired, hearing impaired, physically and otherwise  
6 health impaired, and visually impaired. Programs for emotionally  
7 impaired pupils housed in buildings that do not serve regular  
8 education pupils also qualify. Unless otherwise approved by the  
9 department, a center program either shall serve all constituent  
10 districts within an intermediate district or shall serve several  
11 districts with less than 50% of the pupils residing in the oper-  
12 ating district. In addition, special education center program  
13 pupils placed part-time in noncenter programs to comply with the  
14 least restrictive environment provisions of section 612 of part B  
15 of the individuals with disabilities education act, title VI of  
16 Public Law 91-230, 20 U.S.C. 1412, may be considered center pro-  
17 gram pupils for pupil accounting purposes for the time scheduled  
18 in either a center program or a noncenter program.

19           (2) "District pupil retention rate" means the proportion of  
20 pupils who have not dropped out of school in the immediately pre-  
21 ceding school year and is equal to 1 minus the quotient of the  
22 number of pupils unaccounted for in the immediately preceding

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1 school year, as determined pursuant to subsection (3), divided by  
2 the pupils of the immediately preceding school year.

3 (3) "District pupil retention report" means a report of the  
4 number of pupils, excluding migrant and adult, in the district  
5 for the immediately preceding school year, adjusted for those  
6 pupils who have transferred into the district, transferred out of  
7 the district, transferred to alternative programs, and have grad-  
8 uated, to determine the number of pupils who are unaccounted  
9 for. The number of pupils unaccounted for shall be calculated as  
10 determined by the department.

11 (4) "Membership", except as otherwise provided in this act,  
12 means for a district, public school academy, university school,  
13 or intermediate district the sum of the product of .8 times the  
14 number of full-time equated pupils in grades K to 12 actually  
15 enrolled and in regular daily attendance on the pupil membership  
16 count day for the current school year, plus the product of .2  
17 times the final audited count from the supplemental count day for  
18 the immediately preceding school year. All pupil counts used in  
19 this subsection are as determined by the department and calcu-  
20 lated by adding the number of pupils registered for attendance  
21 plus pupils received by transfer and minus pupils lost as defined  
22 by rules promulgated by the superintendent, and as corrected by a  
23 subsequent department audit. The amount of the foundation allow-  
24 ance for a pupil in membership is determined under section 20.  
25 In making the calculation of membership, all of the following, as  
26 applicable, apply to determining the membership of a district,

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1 public school academy, university school, or intermediate  
2 district:

3 (a) Except as otherwise provided in this subsection, and  
4 pursuant to subsection (6), a pupil shall be counted in member-  
5 ship in the pupil's educating district or districts. An individ-  
6 ual pupil shall not be counted for more than a total of 1.0  
7 full-time equated membership.

8 (b) If a pupil is educated in a district other than the  
9 pupil's district of residence, if the pupil is not being educated  
10 as part of a cooperative education program, if the pupil's dis-  
11 trict of residence does not give the educating district its  
12 approval to count the pupil in membership in the educating dis-  
13 trict, and if the pupil is not covered by an exception specified  
14 in subsection (6) to the requirement that the educating district  
15 must have the approval of the pupil's district of residence to  
16 count the pupil in membership, the pupil shall not be counted in  
17 membership in any district.

18 (c) A special education pupil educated by the intermediate  
19 district shall be counted in membership in the intermediate  
20 district.

21 (d) A pupil placed by a court or state agency in an  
22 on-grounds program of a juvenile detention facility, a child  
23 caring institution, or a mental health institution, or a pupil  
24 funded under section 53a, shall be counted in membership in the  
25 district or intermediate district approved by the department to  
26 operate the program.

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1 (e) A pupil enrolled in the Michigan schools for the deaf  
2 and blind shall be counted in membership in the pupil's  
3 intermediate district of residence.

4 (f) A pupil enrolled in a vocational education program sup-  
5 ported by a millage levied over an area larger than a single dis-  
6 trict or in an area vocational-technical education program estab-  
7 lished pursuant to section 690 of the revised school code,  
8 MCL 380.690, shall be counted only in the pupil's district of  
9 residence.

10 (g) A pupil enrolled in a university school shall be counted  
11 in membership in the university school.

12 (h) A pupil enrolled in a public school academy shall be  
13 counted in membership in the public school academy.

14 (i) For a new district, university school, or public school  
15 academy beginning its operation after December 31, 1994, member-  
16 ship for the first 2 full or partial fiscal years of operation  
17 shall be determined as follows:

18 (i) If operations begin before the pupil membership count  
19 day for the fiscal year, membership is the average number of  
20 full-time equated pupils in grades K to 12 actually enrolled and  
21 in regular daily attendance on the pupil membership count day for  
22 the current school year and on the supplemental count day for the  
23 current school year, as determined by the department and calcu-  
24 lated by adding the number of pupils registered for attendance on  
25 the pupil membership count day plus pupils received by transfer  
26 and minus pupils lost as defined by rules promulgated by the  
27 superintendent, and as corrected by a subsequent department

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1 audit, plus the final audited count from the supplemental count  
2 day for the current school year, and dividing that sum by 2.

3 (ii) If operations begin after the pupil membership count  
4 day for the fiscal year and not later than the supplemental count  
5 day for the fiscal year, membership is the final audited count of  
6 the number of full-time equated pupils in grades K to 12 actually  
7 enrolled and in regular daily attendance on the supplemental  
8 count day for the current school year.

9 (j) If a district is the authorizing body for a public  
10 school academy, then, in the first school year in which pupils  
11 are counted in membership on the pupil membership count day in  
12 the public school academy, the determination of the district's  
13 membership shall exclude from the district's pupil count for the  
14 immediately preceding supplemental count day any pupils who are  
15 counted in the public school academy on that first pupil member-  
16 ship count day who were also counted in the district on the imme-  
17 diately preceding supplemental count day.

18 (k) In a district, public school academy, university school,  
19 or intermediate district operating an extended school year pro-  
20 gram approved by the superintendent, a pupil enrolled, but not  
21 scheduled to be in regular daily attendance on a pupil membership  
22 count day, shall be counted.

23 (l) Pupils to be counted in membership shall be not less  
24 than 5 years of age on December 1 and less than 20 years of age  
25 on September 1 of the school year except a special education  
26 pupil who is enrolled and receiving instruction in a special  
27 education program approved by the department and not having a

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1 high school diploma who is less than 26 years of age as of  
2 September 1 of the current school year shall be counted in  
3 membership.

4 (m) An individual who has obtained a high school diploma  
5 shall not be counted in membership. An individual who has  
6 obtained a general education development (G.E.D.) certificate  
7 shall not be counted in membership. An individual participating  
8 in a job training program funded under former section 107a or a  
9 jobs program funded under former section 107b, administered by  
10 the Michigan strategic fund or the department of career develop-  
11 ment, or participating in any successor of either of those 2 pro-  
12 grams, shall not be counted in membership.

13 (n) If a pupil counted in membership in a public school  
14 academy is also educated by a district or intermediate district  
15 as part of a cooperative education program, the pupil shall be  
16 counted in membership only in the public school academy, and the  
17 instructional time scheduled for the pupil in the district or  
18 intermediate district shall be included in the full-time equated  
19 membership determination under subdivision (q). However, for  
20 pupils receiving instruction in both a public school academy and  
21 in a district or intermediate district but not as a part of a  
22 cooperative education program, the following apply:

23 (i) If the public school academy provides instruction for at  
24 least 1/2 of the class hours specified in subdivision (q), the  
25 public school academy shall receive as its prorated share of the  
26 full-time equated membership for each of those pupils an amount  
27 equal to 1 times the product of the hours of instruction the

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1 public school academy provides divided by the number of hours  
2 specified in subdivision (q) for full-time equivalency, and the  
3 remainder of the full-time membership for each of those pupils  
4 shall be allocated to the district or intermediate district pro-  
5 viding the remainder of the hours of instruction.

6 (ii) If the public school academy provides instruction for  
7 less than 1/2 of the class hours specified in subdivision (q),  
8 the district or intermediate district providing the remainder of  
9 the hours of instruction shall receive as its prorated share of  
10 the full-time equated membership for each of those pupils an  
11 amount equal to 1 times the product of the hours of instruction  
12 the district or intermediate district provides divided by the  
13 number of hours specified in subdivision (q) for full-time equiv-  
14 alency, and the remainder of the full-time membership for each of  
15 those pupils shall be allocated to the public school academy.

16 (o) An individual less than 16 years of age as of September  
17 1 of the current school year who is being educated in an alterna-  
18 tive education program shall not be counted in membership if  
19 there are also adult education participants being educated in the  
20 same program or classroom.

21 (p) The department shall give a uniform interpretation of  
22 full-time and part-time memberships.

23 (q) The number of class hours used to calculate full-time  
24 equated memberships shall be consistent with section 101(3). In  
25 determining full-time equated memberships for pupils who are  
26 enrolled in a postsecondary institution, a pupil shall not be  
27 considered to be less than a full-time equated pupil solely



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1 because of the effect of his or her postsecondary enrollment,  
2 including necessary travel time, on the number of class hours  
3 provided by the district to the pupil.

4 (r) Full-time equated memberships for pupils in kindergarten  
5 shall be determined by dividing the number of class hours sched-  
6 uled and provided per year per kindergarten pupil by a number  
7 equal to 1/2 the number used for determining full-time equated  
8 memberships for pupils in grades 1 to 12.

9 (s) For a district, university school, or public school  
10 academy that has pupils enrolled in a grade level that was not  
11 offered by the district, university school, or public school  
12 academy in the immediately preceding school year, the number of  
13 pupils enrolled in that grade level to be counted in membership  
14 is the average of the number of those pupils enrolled and in reg-  
15 ular daily attendance on the pupil membership count day and the  
16 supplemental count day of the current school year, as determined  
17 by the department. Membership shall be calculated by adding the  
18 number of pupils registered for attendance in that grade level on  
19 the pupil membership count day plus pupils received by transfer  
20 and minus pupils lost as defined by rules promulgated by the  
21 superintendent, and as corrected by subsequent department audit,  
22 plus the final audited count from the supplemental count day for  
23 the current school year, and dividing that sum by 2.

24 (t) A pupil enrolled in a cooperative education program may  
25 be counted in membership in the pupil's district of residence  
26 with the written approval of all parties to the cooperative  
27 agreement.

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1 (u) If, as a result of a disciplinary action, a district  
2 determines through the district's alternative or disciplinary  
3 education program that the best instructional placement for a  
4 pupil is in the pupil's home, if that placement is authorized in  
5 writing by the district superintendent and district alternative  
6 or disciplinary education supervisor, and if the district pro-  
7 vides appropriate instruction as described in this subdivision to  
8 the pupil at the pupil's home, the district may count the pupil  
9 in membership on a pro rata basis, with the proration based on  
10 the number of hours of instruction the district actually provides  
11 to the pupil divided by the number of hours specified in  
12 subdivision (q) for full-time equivalency. For the purposes of  
13 this subdivision, a district shall be considered to be providing  
14 appropriate instruction if all of the following are met:

15 (i) The district provides at least 2 nonconsecutive hours of  
16 instruction per week to the pupil at the pupil's home under the  
17 supervision of a certificated teacher.

18 (ii) The district provides instructional materials,  
19 resources, and supplies, except computers, that are comparable to  
20 those otherwise provided in the district's alternative education  
21 program.

22 (iii) Course content is comparable to that in the district's  
23 alternative education program.

24 (iv) Credit earned is awarded to the pupil and placed on the  
25 pupil's transcript.

26 (v) A pupil enrolled in an alternative or disciplinary  
27 education program described in section 25 shall be counted in

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1 membership in the district or public school academy that expelled  
2 the pupil.

3 (w) If a pupil was enrolled in a public school academy on  
4 the pupil membership count day, if the public school academy's  
5 contract with its authorizing body is revoked, and if the pupil  
6 enrolls in a district within 45 days after the pupil membership  
7 count day, the department shall adjust the district's pupil count  
8 for the pupil membership count day to include the pupil in the  
9 count.

10 (x) For a public school academy that has been in operation  
11 for at least 2 years and that suspended operations for at least 1  
12 semester and is resuming operations, membership is the sum of the  
13 product of .8 times the number of full-time equated pupils in  
14 grades K to 12 actually enrolled and in regular daily attendance  
15 on the first pupil membership count day or supplemental count  
16 day, whichever is first, occurring after operations resume, plus  
17 the product of .2 times the final audited count from the most  
18 recent pupil membership count day or supplemental count day that  
19 occurred before suspending operations, as determined by the  
20 superintendent.

21 ~~(y) For districts located in the Lower Peninsula only, if~~  
22 ~~the~~ IF A district's membership for a particular fiscal year, as  
23 otherwise calculated under this subsection, would be less than  
24 1,550 pupils and the district has 4.5 or fewer pupils per square  
25 mile, as determined by the department, the district's membership  
26 shall be considered to be the membership figure calculated under  
27 this subdivision. HOWEVER, BEGINNING IN 2003-2004, THIS

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1 SUBDIVISION APPLIES ONLY TO DISTRICTS LOCATED IN THE LOWER  
2 PENINSULA. If a district educates and counts in its membership  
3 pupils in grades 9 to 12 who reside in a contiguous district that  
4 does not operate grades 9 to 12 and if 1 or both of the affected  
5 districts request the department to use the determination allowed  
6 under this sentence, the department shall include the square  
7 mileage of both districts in determining the number of pupils per  
8 square mile for each of the districts for the purposes of this  
9 subdivision. The membership figure calculated under this subdivi-  
10 vision is the greater of the following:

11 (i) The average of the district's membership for the  
12 3-fiscal-year period ending with that fiscal year, calculated by  
13 adding the district's actual membership for each of those 3  
14 fiscal years, as otherwise calculated under this subsection, and  
15 dividing the sum of those 3 membership figures by 3.

16 (ii) The district's actual membership for that fiscal year  
17 as otherwise calculated under this subsection.

18 (z) If a public school academy that is not in its first or  
19 second year of operation closes at the end of a school year and  
20 does not reopen for the next school year, the department shall  
21 adjust the membership count of the district in which a former  
22 pupil of the public school academy enrolls and is in regular  
23 daily attendance for the next school year to ensure that the dis-  
24 trict receives the same amount of membership aid for the pupil as  
25 if the pupil were counted in the district on the supplemental  
26 count day of the preceding school year.

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1 (5) "Public school academy" means a public school academy or  
2 strict discipline academy operating under the revised school  
3 code.

4 (6) "Pupil" means a person in membership in a public  
5 school. A district must have the approval of the pupil's dis-  
6 trict of residence to count the pupil in membership, except  
7 approval by the pupil's district of residence shall not be  
8 required for any of the following:

9 (a) A nonpublic part-time pupil enrolled in grades 1 to 12  
10 in accordance with section 166b.

11 (b) A pupil receiving 1/2 or less of his or her instruction  
12 in a district other than the pupil's district of residence.

13 (c) A pupil enrolled in a public school academy or univer-  
14 sity school.

15 (d) A pupil enrolled in a district other than the pupil's  
16 district of residence under an intermediate district schools of  
17 choice pilot program as described in section 91a or former  
18 section 91 if the intermediate district and its constituent dis-  
19 tricts have been exempted from section 105.

20 (e) A pupil enrolled in a district other than the pupil's  
21 district of residence but within the same intermediate district  
22 if the educating district enrolls nonresident pupils in accord-  
23 ance with section 105.

24 (f) A pupil enrolled in a district other than the pupil's  
25 district of residence if the pupil has been continuously enrolled  
26 in the educating district since a school year in which the pupil  
27 enrolled in the educating district under section 105 or 105c and

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1 in which the educating district enrolled nonresident pupils in  
2 accordance with section 105 or 105c.

3 (g) A pupil who has made an official written complaint or  
4 whose parent or legal guardian has made an official written com-  
5 plaint to law enforcement officials and to school officials of  
6 the pupil's district of residence that the pupil has been the  
7 victim of a criminal sexual assault or other serious assault, if  
8 the official complaint either indicates that the assault occurred  
9 at school or that the assault was committed by 1 or more other  
10 pupils enrolled in the school the pupil would otherwise attend in  
11 the district of residence or by an employee of the district of  
12 residence. A person who intentionally makes a false report of a  
13 crime to law enforcement officials for the purposes of this sub-  
14 division is subject to section 411a of the Michigan penal code,  
15 1931 PA 328, MCL 750.411a, which provides criminal penalties for  
16 that conduct. As used in this subdivision:

17 (i) "At school" means in a classroom, elsewhere on school  
18 premises, on a school bus or other school-related vehicle, or at  
19 a school-sponsored activity or event whether or not it is held on  
20 school premises.

21 (ii) "Serious assault" means an act that constitutes a  
22 felony violation of chapter XI of the Michigan penal code, 1931  
23 PA 328, MCL 750.81 to 750.90g, or that constitutes an assault and  
24 infliction of serious or aggravated injury under section 81a of  
25 the Michigan penal code, 1931 PA 328, MCL 750.81a.

26 (h) A pupil enrolled in a district located in a contiguous  
27 intermediate district, as described in section 105c, if the

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1 educating district enrolls those nonresident pupils in accordance  
2 with section 105c.

3 (i) A pupil whose district of residence changed after the  
4 pupil membership count day and before the supplemental count day  
5 and who continues to be enrolled on the supplemental count day as  
6 a nonresident in the district in which he or she was enrolled as  
7 a resident on the pupil membership count day of the same school  
8 year.

9 (j) A pupil enrolled in an alternative education program  
10 operated by a district other than his or her district of resi-  
11 dence who meets 1 or more of the following:

12 (i) The pupil has been suspended or expelled from his or her  
13 district of residence for any reason, including, but not limited  
14 to, a suspension or expulsion under section 1310, 1311, or 1311a  
15 of the revised school code, MCL 380.1310, 380.1311, and  
16 380.1311a.

17 (ii) The pupil had previously dropped out of school.

18 (iii) The pupil is pregnant or is a parent.

19 (iv) The pupil has been referred to the program by a court.

20 (k) A pupil enrolled in the Michigan virtual high school,  
21 for the pupil's enrollment in the Michigan virtual high school.

22 However, if a district that is not a first class district  
23 educates pupils who reside in a first class district and if the  
24 primary instructional site for those pupils is located within the  
25 boundaries of the first class district, the educating district  
26 must have the approval of the first class district to count those  
27 pupils in membership. As used in this subsection, "first class

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1 district" means a district organized as a school district of the  
2 first class under the revised school code.

3 (7) "Pupil membership count day" of a district or intermedi-  
4 ate district means:

5 (a) Except as provided in subdivision (b), the fourth  
6 Wednesday in September each school year.

7 (b) For a district or intermediate district maintaining  
8 school during the entire school year, the following days:

9 (i) Fourth Wednesday in July.

10 (ii) Fourth Wednesday in September.

11 (iii) Second Wednesday in February.

12 (iv) Fourth Wednesday in April.

13 (8) "Pupils in grades K to 12 actually enrolled and in regu-  
14 lar daily attendance" means pupils in grades K to 12 in  
15 attendance and receiving instruction in all classes for which  
16 they are enrolled on the pupil membership count day or the sup-  
17 plemental count day, as applicable. A pupil who is absent from  
18 any of the classes in which the pupil is enrolled on the pupil  
19 membership count day or supplemental count day and who does not  
20 attend each of those classes during the 10 consecutive school  
21 days immediately following the pupil membership count day or sup-  
22 plemental count day, except for a pupil who has been excused by  
23 the district, shall not be counted as 1.0 full-time equated  
24 membership. In addition, a pupil who is excused from attendance  
25 on the pupil membership count day or supplemental count day and  
26 who fails to attend each of the classes in which the pupil is  
27 enrolled within 30 calendar days after the pupil membership count



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1 day or supplemental count day shall not be counted as 1.0  
2 full-time equated membership. Pupils not counted as 1.0  
3 full-time equated membership due to an absence from a class shall  
4 be counted as a prorated membership for the classes the pupil  
5 attended. For purposes of this subsection, "class" means a  
6 period of time in 1 day when pupils and a certificated teacher or  
7 legally qualified substitute teacher are together and instruction  
8 is taking place.

9 (9) "Rule" means a rule promulgated pursuant to the adminis-  
10 trative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
11 24.328.

12 (10) "The revised school code" means 1976 PA 451, MCL 380.1  
13 to 380.1852.

14 (11) "School fiscal year" means a fiscal year that commences  
15 July 1 and continues through June 30.

16 (12) "State board" means the state board of education.

17 (13) "Superintendent", unless the context clearly refers to  
18 a district or intermediate district superintendent, means the  
19 superintendent of public instruction described in section 3 of  
20 article VIII of the state constitution of 1963.

21 (14) "Supplemental count day" means the day on which the  
22 supplemental pupil count is conducted under section 6a.

23 (15) "Tuition pupil" means a pupil of school age attending  
24 school in a district other than the pupil's district of residence  
25 for whom tuition may be charged. Tuition pupil does not include  
26 a pupil who is a special education pupil or a pupil described in  
27 subsection (6)(d) to (k). A pupil's district of residence shall

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1 not require a high school tuition pupil, as provided under  
2 section 111, to attend another school district after the pupil  
3 has been assigned to a school district.

4 (16) "State school aid fund" means the state school aid fund  
5 established in section 11 of article IX of the state constitution  
6 of 1963.

7 (17) "Taxable value" means the taxable value of property as  
8 determined under section 27a of the general property tax act,  
9 1893 PA 206, MCL 211.27a.

10 (18) "Total state aid" or "total state school aid" means the  
11 total combined amount of all funds due to a district, intermedi-  
12 ate district, or other entity under all of the provisions of this  
13 act.

14 (19) "University school" means an instructional program  
15 operated by a public university under section 23 that meets the  
16 requirements of section 23.

17 Sec. 11. (1) For the fiscal year ending September 30, 2002,  
18 there is appropriated for the public schools of this state and  
19 certain other state purposes relating to education the sum of  
20 \$10,990,148,200.00 from the state school aid fund established by  
21 section 11 of article IX of the state constitution of 1963 and  
22 the sum of \$198,413,500.00 from the general fund. For the fiscal  
23 year ending September 30, 2003, there is appropriated for the  
24 public schools of this state and certain other state purposes  
25 relating to education the sum of ~~-\$11,240,941,400.00~~  
26 \$11,259,441,400.00 from the state school aid fund established by  
27 section 11 of article IX of the state constitution of 1963, ~~and~~

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1 the sum of \$198,413,500.00 from the general fund, AND THE SUM OF  
2 \$700,000.00 FROM LOCAL REVENUES. However, if legislation autho-  
3 rizing the transfer of \$79,500,000.00 from the Michigan employ-  
4 ment security act contingent fund, penalties and interest subac-  
5 count, is not enacted and in effect on or before October 1, 2002,  
6 there is instead appropriated from the general fund for 2002-2003  
7 the sum of \$122,656,500.00. FOR THE FISCAL YEAR ENDING SEPTEMBER  
8 30, 2004, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS  
9 STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE  
10 SUM OF \$11,246,667,400.00 FROM THE STATE SCHOOL AID FUND ESTAB-  
11 LISHED BY SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF  
12 1963 AND THE SUM OF \$198,413,500.00 FROM THE GENERAL FUND. In  
13 addition, available federal funds are appropriated for each of  
14 those fiscal years.

15 (2) The appropriations under this section shall be allocated  
16 as provided in this act. Money appropriated under this section  
17 from the general fund and from available federal funds shall be  
18 expended to fund the purposes of this act before the expenditure  
19 of money appropriated under this section from the state school  
20 aid fund. If the maximum amount appropriated under this section  
21 from the state school aid fund for a fiscal year exceeds the  
22 amount necessary to fully fund allocations under this act from  
23 the state school aid fund, that excess amount shall not be  
24 expended in that state fiscal year and shall not lapse to the  
25 general fund, but instead shall remain in the state school aid  
26 fund.

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1           (3) If the maximum amount appropriated under this section  
2 and section 11f from the state school aid fund for a fiscal year  
3 exceeds the amount available for expenditure from the state  
4 school aid fund for that fiscal year, payments under sections  
5 11f, 11g, 22a, 31d, 51a(2), and 51c shall be made in full. In  
6 addition, for districts beginning operations after 1994-95 that  
7 qualify for payments under section 22b, payments under  
8 section 22b shall be made so that the qualifying districts  
9 receive an amount equal to the 1994-95 foundation allowance of  
10 the district in which the district beginning operations after  
11 1994-95 is located. The amount of the payment to be made under  
12 section 22b for these qualifying districts shall be as calculated  
13 under section 22a, with the balance of the payment under  
14 section 22b being subject to the proration otherwise provided  
15 under this subsection. State payments under each of the other  
16 sections of this act from all state funding sources shall be pro-  
17 rated on an equal percentage basis as necessary to reflect the  
18 amount available for expenditure from the state school aid fund  
19 for that fiscal year. However, if the department of treasury  
20 determines that proration will be required under this subsection,  
21 the department of treasury shall notify the state budget direc-  
22 tor, and the state budget director shall notify the legislature  
23 at least 30 calendar days or 6 legislative session days, which-  
24 ever is more, before the department reduces any payments under  
25 this act because of the proration. During the 30 calendar day or  
26 6 legislative session day period after that notification by the  
27 state budget director, the department shall not reduce any

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1 payments under this act because of proration under this  
2 subsection. The legislature may prevent proration from occurring  
3 by, within the 30 calendar day or 6 legislative session day  
4 period after that notification by the state budget director,  
5 enacting legislation appropriating additional funds from the gen-  
6 eral fund, countercyclical budget and economic stabilization  
7 fund, state school aid fund balance, or another source to fund  
8 the amount of the projected shortfall.

9 (4) Except for the allocation under section 26a, any general  
10 fund allocations under this act that are not expended by the end  
11 of the state fiscal year are transferred to the state school aid  
12 fund.

13 Sec. 11f. (1) In addition to any other money appropriated  
14 under this act, there is appropriated from the state school aid  
15 fund an amount not to exceed \$32,000,000.00 each fiscal year for  
16 the fiscal year ending September 30, 2002, for the fiscal year  
17 ending September 30, 2003, FOR THE FISCAL YEAR ENDING  
18 SEPTEMBER 30, 2004, and for each succeeding fiscal year through  
19 the fiscal year ending September 30, 2008. Payments under this  
20 section will cease after September 30, 2008. These appropria-  
21 tions are for paying the amounts described in subsection (4) to  
22 districts and intermediate districts, other than those receiving  
23 a lump sum payment under subsection (2), that were not plaintiffs  
24 in the consolidated cases known as Durant v State of Michigan,  
25 Michigan supreme court docket no. 104458-104492 and that, on or  
26 before March 2, 1998, submitted to the state treasurer a board  
27 resolution waiving any right or interest the district or

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1 intermediate district has or may have in any claim or litigation  
2 based on or arising out of any claim or potential claim through  
3 September 30, 1997 that is or was similar to the claims asserted  
4 by the plaintiffs in the consolidated cases known as Durant v  
5 State of Michigan. The waiver resolution shall be in form and  
6 substance as required under subsection (8). The state treasurer  
7 is authorized to accept such a waiver resolution on behalf of  
8 this state. The amounts described in this subsection represent  
9 offers of settlement and compromise of any claim or claims that  
10 were or could have been asserted by these districts and interme-  
11 diate districts, as described in this subsection.

12 (2) In addition to any other money appropriated under this  
13 act, there was appropriated from the state school aid fund an  
14 amount not to exceed \$1,700,000.00 for the fiscal year ending  
15 September 30, 1999. This appropriation was for paying the  
16 amounts described in this subsection to districts and intermedi-  
17 ate districts that were not plaintiffs in the consolidated cases  
18 known as Durant v State of Michigan; that, on or before March 2,  
19 1998, submitted to the state treasurer a board resolution waiving  
20 any right or interest the district or intermediate district had  
21 or may have had in any claim or litigation based on or arising  
22 out of any claim or potential claim through September 30, 1997  
23 that is or was similar to the claims asserted by the plaintiffs  
24 in the consolidated cases known as Durant v State of Michigan;  
25 and for which the total amount listed in section 11h and paid  
26 under this section was less than \$75,000.00. For a district or  
27 intermediate district qualifying for a payment under this

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1 subsection, the entire amount listed for the district or  
2 intermediate district in section 11h was paid in a lump sum on  
3 November 15, 1998 or on the next business day following that  
4 date. The amounts paid under this subsection represent offers of  
5 settlement and compromise of any claim or claims that were or  
6 could have been asserted by these districts and intermediate dis-  
7 tricts, as described in this subsection.

8 (3) This section does not create any obligation or liability  
9 of this state to any district or intermediate district that does  
10 not submit a waiver resolution described in this section. This  
11 section, any other provision of this act, and section 353e of the  
12 management and budget act, 1984 PA 431, MCL 18.1353e, are not  
13 intended to admit liability or waive any defense that is or would  
14 be available to this state or its agencies, employees, or agents  
15 in any litigation or future litigation with a district or inter-  
16 mediate district.

17 (4) The amount paid each fiscal year to each district or  
18 intermediate district under subsection (1) shall be 1/20 of the  
19 total amount listed in section 11h for each listed district or  
20 intermediate district that qualifies for a payment under subsec-  
21 tion (1). The amounts listed in section 11h and paid in part  
22 under this subsection and in a lump sum under subsection (2) are  
23 offers of settlement and compromise to each of these districts or  
24 intermediate districts to resolve, in their entirety, any claim  
25 or claims that these districts or intermediate districts may have  
26 asserted for violations of section 29 of article IX of the state  
27 constitution of 1963 through September 30, 1997, which claims are

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1 or were similar to the claims asserted by the plaintiffs in the  
2 consolidated cases known as Durant v State of Michigan. This  
3 section, any other provision of this act, and section 353e of the  
4 management and budget act, 1984 PA 431, MCL 18.1353e, shall not  
5 be construed to constitute an admission of liability to the dis-  
6 tricts or intermediate districts listed in section 11h or a  
7 waiver of any defense that is or would have been available to the  
8 state or its agencies, employees, or agents in any litigation or  
9 future litigation with a district or intermediate district.

10 (5) The entire amount of each payment under subsection (1)  
11 each fiscal year shall be paid on November 15 of the applicable  
12 fiscal year or on the next business day following that date.

13 (6) Funds paid to a district or intermediate district under  
14 this section shall be used only for textbooks, electronic  
15 instructional material, software, technology, infrastructure or  
16 infrastructure improvements, school buses, school security,  
17 training for technology, or to pay debt service on voter-approved  
18 bonds issued by the district or intermediate district before the  
19 effective date of this section. For intermediate districts only,  
20 funds paid under this section may also be used for other nonre-  
21 curring instructional expenditures including, but not limited to,  
22 nonrecurring instructional expenditures for vocational education,  
23 or for debt service for acquisition of technology for academic  
24 support services. Funds received by an intermediate district  
25 under this section may be used for projects conducted for the  
26 benefit of its constituent districts at the discretion of the  
27 intermediate board. To the extent payments under this section



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1 are used by a district or intermediate district to pay debt  
2 service on debt payable from millage revenues, and to the extent  
3 permitted by law, the district or intermediate district may make  
4 a corresponding reduction in the number of mills levied for that  
5 debt service.

6 (7) The appropriations under this section are from the money  
7 appropriated and transferred to the state school aid fund from  
8 the countercyclical budget and economic stabilization fund under  
9 section 353e(2) and (3) of the management and budget act, 1984  
10 PA 431, MCL 18.1353e.

11 (8) The resolution to be adopted and submitted by a district  
12 or intermediate district under this section and section 11g shall  
13 read as follows:

14 "Whereas, the board of \_\_\_\_\_ (name of dis-  
15 trict or intermediate district) desires to settle and compromise,  
16 in their entirety, any claim or claims that the district (or  
17 intermediate district) has or had for violations of section 29 of  
18 article IX of the state constitution of 1963, which claim or  
19 claims are or were similar to the claims asserted by the plain-  
20 tiffs in the consolidated cases known as Durant v State of  
21 Michigan, Michigan supreme court docket no. 104458-104492.

22 Whereas, the district (or intermediate district) agrees to  
23 settle and compromise these claims for the consideration  
24 described in sections 11f and 11g of the state school aid act of  
25 1979, 1979 PA 94, MCL 388.1611f and 388.1611g, and in the amount  
26 specified for the district (or intermediate district) in

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1 section 11h of the state school aid act of 1979, 1979 PA 94,  
2 MCL 388.1611h.

3       Whereas, the board of \_\_\_\_\_ (name of district or  
4 intermediate district) is authorized to adopt this resolution.

5       Now, therefore, be it resolved as follows:

6       1. The board of \_\_\_\_\_ (name of district or  
7 intermediate district) waives any right or interest it may have  
8 in any claim or potential claim through September 30, 1997 relat-  
9 ing to the amount of funding the district or intermediate dis-  
10 trict is, or may have been, entitled to receive under the state  
11 school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, or  
12 any other source of state funding, by reason of the application  
13 of section 29 of article IX of the state constitution of 1963,  
14 which claims or potential claims are or were similar to the  
15 claims asserted by the plaintiffs in the consolidated cases known  
16 as Durant v State of Michigan, Michigan supreme court docket  
17 no. 104458-104492.

18       2. The board of \_\_\_\_\_ (name of district or  
19 intermediate district) directs its secretary to submit a certi-  
20 fied copy of this resolution to the state treasurer no later than  
21 5 p.m. eastern standard time on March 2, 1998, and agrees that it  
22 will not take any action to amend or rescind this resolution.

23       3. The board of \_\_\_\_\_ (name of district or  
24 intermediate district) expressly agrees and understands that, if  
25 it takes any action to amend or rescind this resolution, the  
26 state, its agencies, employees, and agents shall have available  
27 to them any privilege, immunity, and/or defense that would

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1 otherwise have been available had the claims or potential claims  
2 been actually litigated in any forum.

3 4. This resolution is contingent on continued payments by  
4 the state each fiscal year as determined under sections 11f and  
5 11g of the state school aid act of 1979, 1979 PA 94,  
6 MCL 388.1611f and 388.1611g. However, this resolution shall be  
7 an irrevocable waiver of any claim to amounts actually received  
8 by the school district or intermediate school district under sec-  
9 tions 11f and 11g of the state school aid act of 1979.".

10 Sec. 11g. (1) From the general fund money appropriated in  
11 section 11, there is allocated an amount not to exceed  
12 \$40,000,000.00 for the fiscal year ending September 30, 2002, for  
13 the fiscal year ending September 30, 2003, FOR THE FISCAL YEAR  
14 ENDING SEPTEMBER 30, 2004, and for each succeeding fiscal year  
15 through the fiscal year ending September 30, 2013. Payments  
16 under this section will cease after September 30, 2013. These  
17 appropriations are for paying the amounts described in  
18 subsection (3) to districts and intermediate districts, other  
19 than those receiving a lump sum payment under section 11f(2),  
20 that were not plaintiffs in the consolidated cases known as  
21 Durant v State of Michigan, Michigan supreme court docket  
22 no. 104458-104492 and that, on or before March 2, 1998, submitted  
23 to the state treasurer a waiver resolution described in section  
24 11f. The amounts paid under this section represent offers of  
25 settlement and compromise of any claim or claims that were or  
26 could have been asserted by these districts and intermediate  
27 districts, as described in this section.

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1           (2) This section does not create any obligation or liability  
2 of this state to any district or intermediate district that does  
3 not submit a waiver resolution described in section 11f. This  
4 section, any other provision of this act, and section 353e of the  
5 management and budget act, 1984 PA 431, MCL 18.1353e, are not  
6 intended to admit liability or waive any defense that is or would  
7 be available to this state or its agencies, employees, or agents  
8 in any litigation or future litigation with a district or inter-  
9 mediate district regarding these claims or potential claims.

10           (3) The amount paid each fiscal year to each district or  
11 intermediate district under this section shall be the sum of the  
12 following:

13           (a) 1/30 of the total amount listed in section 11h for the  
14 district or intermediate district.

15           (b) If the district or intermediate district borrows money  
16 and issues bonds under section 11i, an additional amount in each  
17 fiscal year calculated by the department of treasury that, when  
18 added to the amount described in subdivision (a), will cause the  
19 net present value as of November 15, 1998 of the total of the 15  
20 annual payments made to the district or intermediate district  
21 under this section, discounted at a rate as determined by the  
22 state treasurer, to equal the amount of the bonds issued by that  
23 district or intermediate district under section 11i and that will  
24 result in the total payments made to all districts and intermedi-  
25 ate districts in each fiscal year under this section being no  
26 more than the amount appropriated under this section in each  
27 fiscal year.

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1           (4) The entire amount of each payment under this section  
2 each fiscal year shall be paid on May 15 of the applicable fiscal  
3 year or on the next business day following that date. If a dis-  
4 trict or intermediate district borrows money and issues bonds  
5 under section 11i, the district or intermediate district shall  
6 use funds received under this section to pay debt service on  
7 bonds issued under section 11i. If a district or intermediate  
8 district does not borrow money and issue bonds under section 11i,  
9 the district or intermediate district shall use funds received  
10 under this section only for the following purposes, in the fol-  
11 lowing order of priority:

12           (a) First, to pay debt service on voter-approved bonds  
13 issued by the district or intermediate district before the effec-  
14 tive date of this section.

15           (b) Second, to pay debt service on other limited tax  
16 obligations.

17           (c) Third, for deposit into a sinking fund established by  
18 the district or intermediate district under the revised school  
19 code.

20           (5) To the extent payments under this section are used by a  
21 district or intermediate district to pay debt service on debt  
22 payable from millage revenues, and to the extent permitted by  
23 law, the district or intermediate district may make a correspond-  
24 ing reduction in the number of mills levied for debt service.

25           (6) A district or intermediate district may pledge or assign  
26 payments under this section as security for bonds issued under

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1 section 11i, but shall not otherwise pledge or assign payments  
2 under this section.

3       Sec. 20. (1) For 2001-2002, the basic foundation allowance  
4 is \$6,300.00 per membership pupil. For 2002-2003 AND FOR  
5 2003-2004, the basic foundation allowance is \$6,700.00 per mem-  
6 bership pupil.

7       (2) The amount of each district's foundation allowance shall  
8 be calculated as provided in this section, using a basic founda-  
9 tion allowance in the amount specified in subsection (1).

10       (3) Except as otherwise provided in this section, the amount  
11 of a district's foundation allowance shall be calculated as fol-  
12 lows, using in all calculations the total amount of the  
13 district's foundation allowance as calculated before any  
14 proration:

15       (a) Except as otherwise provided in this subsection, for a  
16 district that in the immediately preceding state fiscal year had  
17 a foundation allowance in an amount at least equal to the amount  
18 of the basic foundation allowance for the immediately preceding  
19 state fiscal year, the district shall receive a foundation allow-  
20 ance in an amount equal to the sum of the district's foundation  
21 allowance for the immediately preceding state fiscal year plus  
22 the dollar amount of the adjustment from the immediately preced-  
23 ing state fiscal year to the current state fiscal year in the  
24 basic foundation allowance. However, for 2002-2003, the founda-  
25 tion allowance for a district under this subdivision is an amount  
26 equal to the sum of the district's foundation allowance for the  
27 immediately preceding state fiscal year plus \$200.00.

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1           (b) For a district that in the 1994-95 state fiscal year had  
2 a foundation allowance greater than \$6,500.00, the district's  
3 foundation allowance is an amount equal to the sum of the  
4 district's foundation allowance for the immediately preceding  
5 state fiscal year plus the lesser of the increase in the basic  
6 foundation allowance for the current state fiscal year, as com-  
7 pared to the immediately preceding state fiscal year, or the pro-  
8 duct of the district's foundation allowance for the immediately  
9 preceding state fiscal year times the percentage increase in the  
10 United States consumer price index in the calendar year ending in  
11 the immediately preceding fiscal year as reported by the May rev-  
12 enue estimating conference conducted under section 367b of the  
13 management and budget act, 1984 PA 431, MCL 18.1367b. For  
14 2002-2003, for a district that in the 1994-95 state fiscal year  
15 had a foundation allowance greater than \$6,500.00, the district's  
16 foundation allowance is an amount equal to the sum of the  
17 district's foundation allowance for the immediately preceding  
18 state fiscal year plus the lesser of \$200.00 or the product of  
19 the district's foundation allowance for the immediately preceding  
20 state fiscal year times the percentage increase in the United  
21 States consumer price index in the calendar year ending in the  
22 immediately preceding fiscal year as reported by the May revenue  
23 estimating conference conducted under section 367b of the manage-  
24 ment and budget act, 1984 PA 431, MCL 18.1367b.

25           (c) For a district that has a foundation allowance that is  
26 not a whole dollar amount, the district's foundation allowance  
27 shall be rounded up to the nearest whole dollar.

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1 (d) Beginning in 2002-2003, for a district that receives a  
2 payment under section 22c for 2001-2002, the district's 2001-2002  
3 foundation allowance shall be considered to have been an amount  
4 equal to the sum of the district's actual 2001-2002 foundation  
5 allowance as otherwise calculated under this section plus the per  
6 pupil amount of the district's equity payment for 2001-2002 under  
7 section 22c.

8 (4) Except as otherwise provided in this subsection, the  
9 state portion of a district's foundation allowance is an amount  
10 equal to the district's foundation allowance or \$6,500.00, which-  
11 ever is less, minus the difference between the product of the  
12 taxable value per membership pupil of all property in the dis-  
13 trict that is not a homestead or qualified agricultural property  
14 times the lesser of 18 mills or the number of mills of school  
15 operating taxes levied by the district in 1993-94 and the quo-  
16 tient of the ad valorem property tax revenue of the district cap-  
17 tured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax incre-  
18 ment finance authority act, 1980 PA 450, MCL 125.1801 to  
19 125.1830, the local development financing act, 1986 PA 281,  
20 MCL 125.2151 to 125.2174, or the brownfield redevelopment financ-  
21 ing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the  
22 district's membership excluding special education pupils. For a  
23 district described in subsection (3)(b), the state portion of the  
24 district's foundation allowance is an amount equal to \$6,962.00  
25 plus the difference between the district's foundation allowance  
26 for the current state fiscal year and the district's foundation  
27 allowance for 1998-99, minus the difference between the product



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1 of the taxable value per membership pupil of all property in the  
2 district that is not a homestead or qualified agricultural prop-  
3 erty times the lesser of 18 mills or the number of mills of  
4 school operating taxes levied by the district in 1993-94 and the  
5 quotient of the ad valorem property tax revenue of the district  
6 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax  
7 increment finance authority act, 1980 PA 450, MCL 125.1801 to  
8 125.1830, the local development financing act, 1986 PA 281,  
9 MCL 125.2151 to 125.2174, or the brownfield redevelopment financ-  
10 ing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the  
11 district's membership excluding special education pupils. For a  
12 district that has a millage reduction required under section 31  
13 of article IX of the state constitution of 1963, the state por-  
14 tion of the district's foundation allowance shall be calculated  
15 as if that reduction did not occur. The \$6,500.00 amount pre-  
16 scribed in this subsection shall be adjusted each year by an  
17 amount equal to the dollar amount of the difference between the  
18 basic foundation allowance for the current state fiscal year and  
19 \$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount  
20 prescribed in this subsection shall be adjusted each year by an  
21 amount equal to the dollar amount of the difference between the  
22 basic foundation allowance for the current state fiscal year and  
23 \$5,000.00, minus \$200.00.

24 (5) The allocation calculated under this section for a pupil  
25 shall be based on the foundation allowance of the pupil's dis-  
26 trict of residence. However, for a pupil enrolled pursuant to  
27 section 105 or 105c in a district other than the pupil's district

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1 of residence, the allocation calculated under this section shall  
2 be based on the lesser of the foundation allowance of the pupil's  
3 district of residence or the foundation allowance of the educat-  
4 ing district. For a pupil in membership in a K-5, K-6, or K-8  
5 district who is enrolled in another district in a grade not  
6 offered by the pupil's district of residence, the allocation cal-  
7 culated under this section shall be based on the foundation  
8 allowance of the educating district if the educating district's  
9 foundation allowance is greater than the foundation allowance of  
10 the pupil's district of residence. The calculation under this  
11 subsection shall take into account a district's per pupil alloca-  
12 tion under section 20j(2).

13 (6) Subject to subsection (7) and section 22b(3) and except  
14 as otherwise provided in this subsection, for pupils in member-  
15 ship, other than special education pupils, in a public school  
16 academy or a university school, the allocation calculated under  
17 this section is an amount per membership pupil other than special  
18 education pupils in the public school academy or university  
19 school equal to the sum of the local school operating revenue per  
20 membership pupil other than special education pupils for the dis-  
21 trict in which the public school academy or university school is  
22 located and the state portion of that district's foundation  
23 allowance, or the sum of the basic foundation allowance under  
24 subsection (1) plus \$500.00, whichever is less. However, begin-  
25 ning in 2002-2003, this \$500.00 amount shall instead be \$300.00.  
26 Notwithstanding section 101(2), for a public school academy that  
27 begins operations in 2001-2002, ~~or~~ 2002-2003, OR 2003-2004, as

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1 applicable, after the pupil membership count day, the amount per  
2 membership pupil calculated under this subsection shall be  
3 adjusted by multiplying that amount per membership pupil by the  
4 number of hours of pupil instruction provided by the public  
5 school academy after it begins operations, as determined by the  
6 department, divided by the minimum number of hours of pupil  
7 instruction required under section 101(3). The result of this  
8 calculation shall not exceed the amount per membership pupil oth-  
9 erwise calculated under this subsection.

10 (7) If more than 25% of the pupils residing within a dis-  
11 trict are in membership in 1 or more public school academies  
12 located in the district, then the amount per membership pupil  
13 calculated under this section for a public school academy located  
14 in the district shall be reduced by an amount equal to the dif-  
15 ference between the product of the taxable value per membership  
16 pupil of all property in the district that is not a homestead or  
17 qualified agricultural property times the lesser of 18 mills or  
18 the number of mills of school operating taxes levied by the dis-  
19 trict in 1993-94 and the quotient of the ad valorem property tax  
20 revenue of the district captured under 1975 PA 197, MCL 125.1651  
21 to 125.1681, the tax increment finance authority act, 1980  
22 PA 450, MCL 125.1801 to 125.1830, the local development financing  
23 act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield  
24 redevelopment financing act, 1996 PA 381, MCL 125.2651 to  
25 125.2672, divided by the district's membership excluding special  
26 education pupils, in the school fiscal year ending in the current  
27 state fiscal year, calculated as if the resident pupils in

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1 membership in 1 or more public school academies located in the  
2 district were in membership in the district. In order to receive  
3 state school aid under this act, a district described in this  
4 subsection shall pay to the authorizing body that is the fiscal  
5 agent for a public school academy located in the district for  
6 forwarding to the public school academy an amount equal to that  
7 local school operating revenue per membership pupil for each res-  
8 ident pupil in membership other than special education pupils in  
9 the public school academy, as determined by the department.

10 (8) If a district does not receive an amount calculated  
11 under subsection (9); if the number of mills the district may  
12 levy on a homestead and qualified agricultural property under  
13 section 1211(1) of the revised school code, MCL 380.1211, is 0.5  
14 mills or less; and if the district elects not to levy those  
15 mills, the district instead shall receive a separate supplemental  
16 amount calculated under this subsection in an amount equal to the  
17 amount the district would have received had it levied those  
18 mills, as determined by the department of treasury. A district  
19 shall not receive a separate supplemental amount calculated under  
20 this subsection for a fiscal year unless in the calendar year  
21 ending in the fiscal year the district levies 18 mills or the  
22 number of mills of school operating taxes levied by the district  
23 in 1993, whichever is less, on property that is not a homestead  
24 or qualified agricultural property.

25 (9) For a district that had combined state and local revenue  
26 per membership pupil in the 1993-94 state fiscal year of more  
27 than \$6,500.00 and that had fewer than 350 pupils in membership,

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1 if the district elects not to reduce the number of mills from  
2 which a homestead and qualified agricultural property are exempt  
3 and not to levy school operating taxes on a homestead and quali-  
4 fied agricultural property as provided in section 1211(1) of the  
5 revised school code, MCL 380.1211, and not to levy school operat-  
6 ing taxes on all property as provided in section 1211(2) of the  
7 revised school code, MCL 380.1211, there is calculated under this  
8 subsection for 1994-95 and each succeeding fiscal year a separate  
9 supplemental amount in an amount equal to the amount the district  
10 would have received per membership pupil had it levied school  
11 operating taxes on a homestead and qualified agricultural prop-  
12 erty at the rate authorized for the district under  
13 section 1211(1) of the revised school code, MCL 380.1211, and  
14 levied school operating taxes on all property at the rate autho-  
15 rized for the district under section 1211(2) of the revised  
16 school code, MCL 380.1211, as determined by the department of  
17 treasury. If in the calendar year ending in the fiscal year a  
18 district does not levy 18 mills or the number of mills of school  
19 operating taxes levied by the district in 1993, whichever is  
20 less, on property that is not a homestead or qualified agricul-  
21 tural property, the amount calculated under this subsection will  
22 be reduced by the same percentage as the millage actually levied  
23 compares to the 18 mills or the number of mills levied in 1993,  
24 whichever is less.

25 (10) For a district that is formed or reconfigured after  
26 June 1, 2002 by consolidation of 2 or more districts or by  
27 annexation, the resulting district's foundation allowance under

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1 this section beginning after the effective date of the  
2 consolidation or annexation shall be the lesser of an amount  
3 equal to the sum of the highest foundation allowance, as calcu-  
4 lated under this section, among the original or affected dis-  
5 tricts plus \$50.00 or an amount equal to \$6,500.00 adjusted by  
6 the dollar amount of the difference between the basic foundation  
7 allowance under this section for the current state fiscal year  
8 and \$5,000.00. However, beginning in 2002-2003, the \$6,500.00  
9 amount prescribed in this subsection shall be adjusted each year  
10 by an amount equal to the dollar amount of the difference between  
11 the basic foundation allowance for the current state fiscal year  
12 and \$5,000.00, minus \$200.00.

13 (11) Each fraction used in making calculations under this  
14 section shall be rounded to the fourth decimal place and the  
15 dollar amount of an increase in the basic foundation allowance  
16 shall be rounded to the nearest whole dollar.

17 (12) State payments related to payment of the foundation  
18 allowance for a special education pupil are not calculated under  
19 this section but are instead calculated under section 51a.

20 (13) To assist the legislature in determining the basic  
21 foundation allowance for the subsequent state fiscal year, each  
22 revenue estimating conference conducted under section 367b of the  
23 management and budget act, 1984 PA 431, MCL 18.1367b, shall cal-  
24 culate a pupil membership factor, a revenue adjustment factor,  
25 and an index as follows:

26 (a) The pupil membership factor shall be computed by  
27 dividing the estimated membership in the school year ending in

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1 the current state fiscal year, excluding intermediate district  
2 membership, by the estimated membership for the school year  
3 ending in the subsequent state fiscal year, excluding intermedi-  
4 ate district membership. If a consensus membership factor is not  
5 determined at the revenue estimating conference, the principals  
6 of the revenue estimating conference shall report their estimates  
7 to the house and senate subcommittees responsible for school aid  
8 appropriations not later than 7 days after the conclusion of the  
9 revenue conference.

10 (b) The revenue adjustment factor shall be computed by  
11 dividing the sum of the estimated total state school aid fund  
12 revenue for the subsequent state fiscal year plus the estimated  
13 total state school aid fund revenue for the current state fiscal  
14 year, adjusted for any change in the rate or base of a tax the  
15 proceeds of which are deposited in that fund and excluding money  
16 transferred into that fund from the countercyclical budget and  
17 economic stabilization fund under section 353e of the management  
18 and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the  
19 estimated total school aid fund revenue for the current state  
20 fiscal year plus the estimated total state school aid fund reve-  
21 nue for the immediately preceding state fiscal year, adjusted for  
22 any change in the rate or base of a tax the proceeds of which are  
23 deposited in that fund. If a consensus revenue factor is not  
24 determined at the revenue estimating conference, the principals  
25 of the revenue estimating conference shall report their estimates  
26 to the house and senate subcommittees responsible for school aid

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1 appropriations not later than 7 days after the conclusion of the  
2 revenue conference.

3 (c) The index shall be calculated by multiplying the pupil  
4 membership factor by the revenue adjustment factor. If a consen-  
5 sus index is not determined at the revenue estimating conference,  
6 the principals of the revenue estimating conference shall report  
7 their estimates to the house and senate subcommittees responsible  
8 for school aid appropriations not later than 7 days after the  
9 conclusion of the revenue conference.

10 (14) If the principals at the revenue estimating conference  
11 reach a consensus on the index described in subsection (13)(c),  
12 the basic foundation allowance for the subsequent state fiscal  
13 year shall be at least the amount of that consensus index multi-  
14 plied by the basic foundation allowance specified in subsection  
15 (1).

16 (15) If at the January revenue estimating conference it is  
17 estimated that pupil membership, excluding intermediate district  
18 membership, for the subsequent state fiscal year will be greater  
19 than 101% of the pupil membership, excluding intermediate dis-  
20 trict membership, for the current state fiscal year, then it is  
21 the intent of the legislature that the executive budget proposal  
22 for the school aid budget for the subsequent state fiscal year  
23 include a general fund/general purpose allocation sufficient to  
24 support the membership in excess of 101% of the current year  
25 pupil membership.

26 (16) For a district that had combined state and local  
27 revenue per membership pupil in the 1993-94 state fiscal year of



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1 more than \$6,500.00, that had fewer than 7 pupils in membership  
2 in the 1993-94 state fiscal year, that has at least 1 child edu-  
3 cated in the district in the current state fiscal year, and that  
4 levies the number of mills of school operating taxes authorized  
5 for the district under section 1211 of the revised school code,  
6 MCL 380.1211, a minimum amount of combined state and local reve-  
7 nue shall be calculated for the district as provided under this  
8 subsection. The minimum amount of combined state and local reve-  
9 nue for 1999-2000 shall be \$67,000.00 plus the district's addi-  
10 tional expenses to educate pupils in grades 9 to 12 educated in  
11 other districts as determined and allowed by the department. The  
12 minimum amount of combined state and local revenue under this  
13 subsection, before adding the additional expenses, shall increase  
14 each fiscal year by the same percentage increase as the percen-  
15 tage increase in the basic foundation allowance from the immedi-  
16 ately preceding fiscal year to the current fiscal year. The  
17 state portion of the minimum amount of combined state and local  
18 revenue under this subsection shall be calculated by subtracting  
19 from the minimum amount of combined state and local revenue under  
20 this subsection the sum of the district's local school operating  
21 revenue and an amount equal to the product of the sum of the  
22 state portion of the district's foundation allowance plus the  
23 amount calculated under section 20j times the district's  
24 membership. As used in this subsection, "additional expenses"  
25 means the district's expenses for tuition or fees, not to exceed  
26 \$6,500.00 as adjusted each year by an amount equal to the dollar  
27 amount of the difference between the basic foundation allowance

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1 for the current state fiscal year and \$5,000.00, plus a room and  
2 board stipend not to exceed \$10.00 per school day for each pupil  
3 in grades 9 to 12 educated in another district, as approved by  
4 the department. However, beginning in 2002-2003, the \$6,500.00  
5 amount prescribed in this subsection shall be adjusted each year  
6 by an amount equal to the dollar amount of the difference between  
7 the basic foundation allowance for the current state fiscal year  
8 and \$5,000.00, minus \$200.00.

9 (17) For a district in which 7.75 mills levied in 1992 for  
10 school operating purposes in the 1992-93 school year were not  
11 renewed in 1993 for school operating purposes in the 1993-94  
12 school year, the district's combined state and local revenue per  
13 membership pupil shall be recalculated as if that millage reduc-  
14 tion did not occur and the district's foundation allowance shall  
15 be calculated as if its 1994-95 foundation allowance had been  
16 calculated using that recalculated 1993-94 combined state and  
17 local revenue per membership pupil as a base. A district is not  
18 entitled to any retroactive payments for fiscal years before  
19 2000-2001 due to this subsection.

20 (18) For a district in which an industrial facilities exemp-  
21 tion certificate that abated taxes on property with a state  
22 equalized valuation greater than the total state equalized valua-  
23 tion of the district at the time the certificate was issued or  
24 \$700,000,000.00, whichever is greater, was issued under 1974  
25 PA 198, MCL 207.551 to 207.572, before the calculation of the  
26 district's 1994-95 foundation allowance, the district's  
27 foundation allowance for 2002-2003 is an amount equal to the sum

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1 of the district's foundation allowance for 2002-2003, as  
2 otherwise calculated under this section, plus \$250.00.

3 (19) For a district that received a grant under former sec-  
4 tion 32e for 2001-2002, the district's foundation allowance for  
5 2002-2003 shall be adjusted to be an amount equal to the sum of  
6 the district's foundation allowance, as otherwise calculated  
7 under this section, plus the quotient of the amount of the grant  
8 award to the district for 2001-2002 under former section 32e  
9 divided by the district's membership for 2001-2002. A district  
10 qualifying for a foundation allowance adjustment under this sec-  
11 tion shall use the funds resulting from this adjustment for pur-  
12 poses allowable under former section 32e as in effect for  
13 2001-2002.

14 (20) FOR A DISTRICT THAT IS A QUALIFYING SCHOOL DISTRICT  
15 WITH A SCHOOL REFORM BOARD IN PLACE UNDER PART 5A OF THE REVISED  
16 SCHOOL CODE, MCL 380.371 TO 380.376, THE DISTRICT'S FOUNDATION  
17 ALLOWANCE FOR 2002-2003 SHALL BE ADJUSTED TO BE AN AMOUNT EQUAL  
18 TO THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE, AS OTHERWISE  
19 CALCULATED UNDER THIS SECTION, PLUS THE QUOTIENT OF  
20 \$15,000,000.00 DIVIDED BY THE DISTRICT'S MEMBERSHIP FOR  
21 2002-2003. IF A DISTRICT CEASES TO MEET THE REQUIREMENTS OF THIS  
22 SUBSECTION, THE DEPARTMENT SHALL ADJUST THE DISTRICT'S FOUNDATION  
23 ALLOWANCE IN EFFECT AT THAT TIME BASED ON A 2002-2003 FOUNDATION  
24 ALLOWANCE FOR THE DISTRICT THAT DOES NOT INCLUDE THE 2002-2003  
25 ADJUSTMENT UNDER THIS SUBSECTION.

26 (21) ~~(20)~~ Payments to districts, university schools, or  
27 public school academies shall not be made under this section.

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1 Rather, the calculations under this section shall be used to  
2 determine the amount of state payments under section 22b.

3 (22) ~~-(21)-~~ If an amendment to section 2 of article VIII of  
4 the state constitution of 1963 allowing state aid to some or all  
5 nonpublic schools is approved by the voters of this state, each  
6 foundation allowance or per pupil payment calculation under this  
7 section may be reduced.

8 (23) ~~-(22)-~~ As used in this section:

9 (a) "Combined state and local revenue" means the aggregate  
10 of the district's state school aid received by or paid on behalf  
11 of the district under this section and the district's local  
12 school operating revenue.

13 (b) "Combined state and local revenue per membership pupil"  
14 means the district's combined state and local revenue divided by  
15 the district's membership excluding special education pupils.

16 (c) "Current state fiscal year" means the state fiscal year  
17 for which a particular calculation is made.

18 (d) "Homestead" means that term as defined in section 1211  
19 of the revised school code, MCL 380.1211.

20 (e) "Immediately preceding state fiscal year" means the  
21 state fiscal year immediately preceding the current state fiscal  
22 year.

23 (f) "Local school operating revenue" means school operating  
24 taxes levied under section 1211 of the revised school code,  
25 MCL 380.1211.

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1 (g) "Local school operating revenue per membership pupil"  
2 means a district's local school operating revenue divided by the  
3 district's membership excluding special education pupils.

4 (h) "Membership" means the definition of that term under  
5 section 6 as in effect for the particular fiscal year for which a  
6 particular calculation is made.

7 (i) "Qualified agricultural property" means that term as  
8 defined in section 1211 of the revised school code,  
9 MCL 380.1211.

10 (j) "School operating purposes" means the purposes included  
11 in the operation costs of the district as prescribed in  
12 sections 7 and 18.

13 (k) "School operating taxes" means local ad valorem property  
14 taxes levied under section 1211 of the revised school code,  
15 MCL 380.1211, and retained for school operating purposes.

16 (l) "Taxable value per membership pupil" means taxable  
17 value, as certified by the department of treasury, for the calen-  
18 dar year ending in the current state fiscal year divided by the  
19 district's membership excluding special education pupils for the  
20 school year ending in the current state fiscal year.

21 Sec. 22a. (1) From the appropriation in section 11, there  
22 is allocated an amount not to exceed \$7,022,000,000.00 for  
23 2001-2002 and an amount not to exceed \$6,953,000,000.00 EACH  
24 FISCAL YEAR for 2002-2003 AND FOR 2003-2004 for payments to dis-  
25 tricts, qualifying university schools, and qualifying public  
26 school academies to guarantee each district, qualifying  
27 university school, and qualifying public school academy an amount

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1 equal to its 1994-95 total state and local per pupil revenue for  
2 school operating purposes under section 11 of article IX of the  
3 state constitution of 1963. Pursuant to section 11 of article IX  
4 of the state constitution of 1963, this guarantee does not apply  
5 to a district in a year in which the district levies a millage  
6 rate for school district operating purposes less than it levied  
7 in 1994. However, subsection (2) applies to calculating the pay-  
8 ments under this section. Funds allocated under this section  
9 that are not expended in the state fiscal year for which they  
10 were allocated, as determined by the department, may be used to  
11 supplement the allocations under sections 22b and 51c in order to  
12 fully fund those calculated allocations for the same fiscal  
13 year.

14 (2) To ensure that a district receives an amount equal to  
15 the district's 1994-95 total state and local per pupil revenue  
16 for school operating purposes, there is allocated to each dis-  
17 trict a state portion of the district's 1994-95 foundation allow-  
18 ance in an amount calculated as follows:

19 (a) Except as otherwise provided in this subsection, the  
20 state portion of a district's 1994-95 foundation allowance is an  
21 amount equal to the district's 1994-95 foundation allowance or  
22 \$6,500.00, whichever is less, minus the difference between the  
23 product of the taxable value per membership pupil of all property  
24 in the district that is not a homestead or qualified agricultural  
25 property times the lesser of 18 mills or the number of mills of  
26 school operating taxes levied by the district in 1993-94 and the  
27 quotient of the ad valorem property tax revenue of the district

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1 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax  
2 increment finance authority act, 1980 PA 450, MCL 125.1801 to  
3 125.1830, the local development financing act, 1986 PA 281,  
4 MCL 125.2151 to 125.2174, or the brownfield redevelopment financ-  
5 ing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the  
6 district's membership. For a district that has a millage reduc-  
7 tion required under section 31 of article IX of the state consti-  
8 tution of 1963, the state portion of the district's foundation  
9 allowance shall be calculated as if that reduction did not  
10 occur.

11 (b) For a district that had a 1994-95 foundation allowance  
12 greater than \$6,500.00, the state payment under this subsection  
13 shall be the sum of the amount calculated under subdivision (a)  
14 plus the amount calculated under this subdivision. The amount  
15 calculated under this subdivision shall be equal to the differ-  
16 ence between the district's 1994-95 foundation allowance minus  
17 \$6,500.00 and the current year hold harmless school operating  
18 taxes per pupil. If the result of the calculation under  
19 subdivision (a) is negative, the negative amount shall be an  
20 offset against any state payment calculated under this  
21 subdivision. If the result of a calculation under this subdivi-  
22 sion is negative, there shall not be a state payment or a deduc-  
23 tion under this subdivision. The taxable values per membership  
24 pupil used in the calculations under this subdivision are as  
25 adjusted by ad valorem property tax revenue captured under 1975  
26 PA 197, MCL 125.1651 to 125.1681, the tax increment finance  
27 authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local

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1 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,  
2 or the brownfield redevelopment financing act, 1996 PA 381,  
3 MCL 125.2651 to 125.2672, divided by the district's membership.

4 (3) For pupils in membership in a qualifying public school  
5 academy or qualifying university school, there is allocated under  
6 this section each fiscal year for 2001-2002, ~~and~~ for 2002-2003,  
7 AND FOR 2003-2004 to the authorizing body that is the fiscal  
8 agent for the qualifying public school academy for forwarding to  
9 the qualifying public school academy, or to the board of the  
10 public university operating the qualifying university school, an  
11 amount equal to the 1994-95 per pupil payment to the qualifying  
12 public school academy or qualifying university school under  
13 section 20.

14 (4) A district, qualifying university school, or qualifying  
15 public school academy may use funds allocated under this section  
16 in conjunction with any federal funds for which the district,  
17 qualifying university school, or qualifying public school academy  
18 otherwise would be eligible.

19 (5) For a district that is formed or reconfigured after  
20 June 1, 2000 by consolidation of 2 or more districts or by annex-  
21 ation, the resulting district's 1994-95 foundation allowance  
22 under this section beginning after the effective date of the con-  
23 solidation or annexation shall be the average of the 1994-95  
24 foundation allowances of each of the original or affected dis-  
25 tricts, calculated as provided in this section, weighted as to  
26 the percentage of pupils in total membership in the resulting  
27 district in the state fiscal year in which the consolidation



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1 takes place who reside in the geographic area of each of the  
2 original districts. If an affected district's 1994-95 foundation  
3 allowance is less than the 1994-95 basic foundation allowance,  
4 the amount of that district's 1994-95 foundation allowance shall  
5 be considered for the purpose of calculations under this subsec-  
6 tion to be equal to the amount of the 1994-95 basic foundation  
7 allowance.

8 (6) As used in this section:

9 (a) "1994-95 foundation allowance" means a district's  
10 1994-95 foundation allowance calculated and certified by the  
11 department of treasury or the superintendent under former  
12 section 20a as enacted in 1993 PA 336 and as amended by 1994  
13 PA 283.

14 (b) "Current state fiscal year" means the state fiscal year  
15 for which a particular calculation is made.

16 (c) "Current year hold harmless school operating taxes per  
17 pupil" means the per pupil revenue generated by multiplying a  
18 district's 1994-95 hold harmless millage by the district's cur-  
19 rent year taxable value per membership pupil.

20 (d) "Hold harmless millage" means, for a district with a  
21 1994-95 foundation allowance greater than \$6,500.00, the number  
22 of mills by which the exemption from the levy of school operating  
23 taxes on a homestead and qualified agricultural property could be  
24 reduced as provided in section 1211(1) of the revised school  
25 code, MCL 380.1211, and the number of mills of school operating  
26 taxes that could be levied on all property as provided in section

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1 1211(2) of the revised school code, MCL 380.1211, as certified by  
2 the department of treasury for the 1994 tax year.

3 (e) "Homestead" means that term as defined in section 1211  
4 of the revised school code, MCL 380.1211.

5 (f) "Membership" means the definition of that term under  
6 section 6 as in effect for the particular fiscal year for which a  
7 particular calculation is made.

8 (g) "Qualified agricultural property" means that term as  
9 defined in section 1211 of the revised school code,  
10 MCL 380.1211.

11 (h) "Qualifying public school academy" means a public school  
12 academy that was in operation in the 1994-95 school year and is  
13 in operation in the current state fiscal year.

14 (i) "Qualifying university school" means a university school  
15 that was in operation in the 1994-95 school year and is in opera-  
16 tion in the current fiscal year.

17 (j) "School operating taxes" means local ad valorem property  
18 taxes levied under section 1211 of the revised school code,  
19 MCL 380.1211, and retained for school operating purposes.

20 (k) "Taxable value per membership pupil" means each of the  
21 following divided by the district's membership:

22 (i) For the number of mills by which the exemption from the  
23 levy of school operating taxes on a homestead and qualified agri-  
24 cultural property may be reduced as provided in section 1211(1)  
25 of the revised school code, MCL 380.1211, the taxable value of  
26 homestead and qualified agricultural property for the calendar  
27 year ending in the current state fiscal year.

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1           (ii) For the number of mills of school operating taxes that  
2 may be levied on all property as provided in section 1211(2) of  
3 the revised school code, MCL 380.1211, the taxable value of all  
4 property for the calendar year ending in the current state fiscal  
5 year.

6           Sec. 22b. (1) From the appropriation in section 11, there  
7 is allocated an amount not to exceed \$2,368,000,000.00 for  
8 2001-2002, ~~and~~ an amount not to exceed ~~-\$2,865,000,000.00~~  
9 \$2,883,500,000.00 for 2002-2003, AND AN AMOUNT NOT TO EXCEED  
10 \$2,880,000,000.00 FOR 2003-2004 for discretionary nonmandated  
11 payments to districts under this section. Funds allocated under  
12 this section that are not expended in the state fiscal year for  
13 which they were allocated, as determined by the department, may  
14 be used to supplement the allocations under sections 22a and 51c  
15 in order to fully fund those calculated allocations for the same  
16 fiscal year.

17           (2) Subject to subsection (3), subsections (5) to (9), and  
18 section 11, the allocation to a district under this section shall  
19 be an amount equal to the sum of the amounts calculated under  
20 sections 20, 20j, 51a(2), 51a(3), and 51a(12), minus the sum of  
21 the allocations to the district under sections 22a and 51c.

22           (3) In order to receive an allocation under this section,  
23 each district shall administer in each grade level that it oper-  
24 ates in grades 1 to 5 a standardized assessment approved by the  
25 department of grade-appropriate basic educational skills. A dis-  
26 trict may use the Michigan literacy progress profile to satisfy  
27 this requirement for grades 1 to 3. ALSO, IF THE REVISED SCHOOL

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1 CODE IS AMENDED TO REQUIRE ANNUAL ASSESSMENTS AT ADDITIONAL GRADE  
2 LEVELS, IN ORDER TO RECEIVE AN ALLOCATION UNDER THIS SECTION EACH  
3 DISTRICT SHALL COMPLY WITH THAT REQUIREMENT.

4 (4) From the allocation in subsection (1), the department  
5 shall expend funds to pay for necessary costs associated with  
6 resolving matters pending in federal court impacting payments to  
7 districts, including, but not limited to, expert witness fees.  
8 Beginning in 2001-2002, from the allocation in subsection (1),  
9 the department shall also pay up to \$1,000,000.00 in litigation  
10 costs incurred by this state associated with lawsuits filed by 1  
11 or more districts or intermediate districts against this state.  
12 If the allocation under this section is insufficient to fully  
13 fund all payments required under this section, the payments under  
14 this subsection shall be made in full before any proration of  
15 remaining payments under this section.

16 (5) It is the intent of the legislature that all constitu-  
17 tional obligations of this state have been fully funded under  
18 sections 22a, 31d, 51a, and 51c. If a claim is made by an entity  
19 receiving funds under this act that challenges the legislative  
20 determination of the adequacy of this funding or alleges that  
21 there exists an unfunded constitutional requirement, the state  
22 budget director may escrow or allocate from the discretionary  
23 funds for nonmandated payments under this section the amount as  
24 may be necessary to satisfy the claim before making any payments  
25 to districts under subsection (2). If funds are escrowed, the  
26 escrowed funds are a work project appropriation and the funds are  
27 carried forward into the following fiscal year. The purpose of

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1 the work project is to provide for any payments that may be  
2 awarded to districts as a result of litigation. The work project  
3 shall be completed upon resolution of the litigation.

4 (6) If the local claims review board or a court of competent  
5 jurisdiction makes a final determination that this state is in  
6 violation of section 29 of article IX of the state constitution  
7 of 1963 regarding state payments to districts, the state budget  
8 director shall use work project funds under subsection (5) or  
9 allocate from the discretionary funds for nonmandated payments  
10 under this section the amount as may be necessary to satisfy the  
11 amount owed to districts before making any payments to districts  
12 under subsection (2).

13 (7) If a claim is made in court that challenges the legisla-  
14 tive determination of the adequacy of funding for this state's  
15 constitutional obligations or alleges that there exists an  
16 unfunded constitutional requirement, any interested party may  
17 seek an expedited review of the claim by the local claims review  
18 board. If the claim exceeds \$10,000,000.00, this state may  
19 remove the action to the court of appeals, and the court of  
20 appeals shall have and shall exercise jurisdiction over the  
21 claim.

22 (8) If payments resulting from a final determination by the  
23 local claims review board or a court of competent jurisdiction  
24 that there has been a violation of section 29 of article IX of  
25 the state constitution of 1963 exceed the amount allocated for  
26 discretionary nonmandated payments under this section, the

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1 legislature shall provide for adequate funding for this state's  
2 constitutional obligations at its next legislative session.

3       (9) If a lawsuit challenging payments made to districts  
4 related to costs reimbursed by federal title XIX medicaid funds  
5 is filed against this state during 2001-2002, ~~or~~ 2002-2003, OR  
6 2003-2004, 50% of the amount allocated in subsection (1) not pre-  
7 viously paid out for 2002-2003 and each succeeding fiscal year is  
8 a work project appropriation and the funds are carried forward  
9 into the following fiscal year. The purpose of the work project  
10 is to provide for any payments that may be awarded to districts  
11 as a result of the litigation. The work project shall be com-  
12 pleted upon resolution of the litigation. In addition, this  
13 state reserves the right to terminate future federal title XIX  
14 medicaid reimbursement payments to districts if the amount or  
15 allocation of reimbursed funds is challenged in the lawsuit. As  
16 used in this subsection, "title XIX" means title XIX of the  
17 social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to  
18 1396r-6 and 1396r-8 to 1396v.

19       Sec. 24. (1) Subject to subsection (2), from the appropria-  
20 tion in section 11, there is allocated EACH FISCAL YEAR for  
21 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to the educat-  
22 ing district or intermediate district an amount equal to 100% of  
23 the added cost each fiscal year for educating all pupils assigned  
24 by a court or the family independence agency to reside in or to  
25 attend a juvenile detention facility or child caring institution  
26 licensed by the family independence agency or the department of  
27 consumer and industry services and approved by the department to

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1 provide an on-grounds education program. The total amount to be  
2 paid under this section for added cost shall not exceed  
3 \$8,400,000.00 for 2001-2002 and \$8,900,000.00 EACH FISCAL YEAR  
4 for 2002-2003 AND FOR 2003-2004. For the purposes of this sec-  
5 tion, "added cost" shall be computed by deducting all other reve-  
6 nue received under this act for pupils described in this section  
7 from total costs, as approved by the department, for educating  
8 those pupils in the on-grounds education program or in a program  
9 approved by the department that is located on property adjacent  
10 to a juvenile detention facility or child caring institution.  
11 Costs reimbursed by federal funds are not included.

12 (2) A district or intermediate district educating pupils  
13 described in this section at a residential child caring institu-  
14 tion may operate, and receive funding under this section for, a  
15 department-approved on-grounds educational program for those  
16 pupils that is longer than 181 days, but not longer than 233  
17 days, if the child caring institution was licensed as a child  
18 caring institution and offered in 1991-92 an on-grounds educa-  
19 tional program that was longer than 181 days but not longer than  
20 233 days and that was operated by a district or intermediate  
21 district.

22 (3) Special education pupils funded under section 53a shall  
23 not be funded under this section.

24 Sec. 26a. From the general fund appropriation in section  
25 11, there is allocated an amount not to exceed \$8,800,000.00 for  
26 2001-2002 and an amount not to exceed \$10,174,000.00 EACH FISCAL  
27 YEAR for 2002-2003 AND FOR 2003-2004 to reimburse districts,

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1 intermediate districts, and the state school aid fund pursuant to  
2 section 12 of the Michigan renaissance zone act, 1996 PA 376,  
3 MCL 125.2692, for taxes levied in 2001, ~~and~~ 2002, AND 2003,  
4 respectively. This reimbursement shall be made by adjusting pay-  
5 ments under section 22a to eligible districts, adjusting payments  
6 under section 56, 62, or 81 to eligible intermediate districts,  
7 and adjusting the state school aid fund. The adjustments shall  
8 be made not later than 60 days after the department of treasury  
9 certifies to the department and to the state budget director that  
10 the department of treasury has received all necessary information  
11 to properly determine the amounts due to each eligible  
12 recipient.

13       Sec. 31a. (1) From the state school aid fund money appro-  
14 priated in section 11, there is allocated for 2001-2002 an amount  
15 not to exceed \$314,200,000.00 and there is allocated EACH FISCAL  
16 YEAR for 2002-2003 AND FOR 2003-2004 an amount not to exceed  
17 \$314,200,000.00 for payments to eligible districts and eligible  
18 public school academies under this section. Subject to subsec-  
19 tion (11), the amount of the additional allowance under this sec-  
20 tion shall be based on the number of actual pupils in membership  
21 in the district or public school academy who met the income eli-  
22 gibility criteria for free breakfast, lunch, or milk in the imme-  
23 diately preceding state fiscal year, as determined under the  
24 Richard B. Russell national school lunch act, chapter 281,  
25 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765  
26 to 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, and reported  
27 to the department by October 31 of the immediately preceding



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1 fiscal year and adjusted not later than December 31 of the  
2 immediately preceding fiscal year. However, for a public school  
3 academy that began operations as a public school academy after  
4 the pupil membership count day of the immediately preceding  
5 school year, the basis for the additional allowance under this  
6 section shall be the number of actual pupils in membership in the  
7 public school academy who met the income eligibility criteria for  
8 free breakfast, lunch, or milk in the current state fiscal year,  
9 as determined under the Richard B. Russell national school lunch  
10 act.

11 (2) To be eligible to receive funding under this section,  
12 other than funding under subsection (6), a district or public  
13 school academy that has not been previously determined to be eli-  
14 gible shall apply to the department, in a form and manner pre-  
15 scribed by the department, and a district or public school acad-  
16 emy must meet all of the following:

17 (a) The sum of the district's or public school academy's  
18 combined state and local revenue per membership pupil in the cur-  
19 rent state fiscal year, as calculated under section 20, plus the  
20 amount of the district's per pupil allocation under section  
21 20j(2), is less than or equal to \$6,500.00 adjusted by the dollar  
22 amount of the difference between the basic foundation allowance  
23 under section 20 for the current state fiscal year and  
24 \$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount  
25 prescribed in this subdivision shall be adjusted each year by an  
26 amount equal to the dollar amount of the difference between the

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1 basic foundation allowance for the current state fiscal year and  
2 \$5,000.00, minus \$200.00.

3 (b) The district or public school academy agrees to use the  
4 funding only for purposes allowed under this section and to  
5 comply with the program and accountability requirements under  
6 this section.

7 (3) Except as otherwise provided in this subsection, an eli-  
8 gible district or eligible public school academy shall receive  
9 under this section for each membership pupil in the district or  
10 public school academy who met the income eligibility criteria for  
11 free breakfast, lunch, or milk, as determined under the Richard  
12 B. Russell national school lunch act and as reported to the  
13 department by October 31 of the immediately preceding fiscal year  
14 and adjusted not later than December 31 of the immediately pre-  
15 ceding fiscal year, an amount per pupil equal to 11.5% of the sum  
16 of the district's foundation allowance or public school academy's  
17 per pupil amount calculated under section 20, plus the amount of  
18 the district's per pupil allocation under section 20j(2), not to  
19 exceed \$6,500.00 adjusted by the dollar amount of the difference  
20 between the basic foundation allowance under section 20 for the  
21 current state fiscal year and \$5,000.00, or of the public school  
22 academy's per membership pupil amount calculated under section 20  
23 for the current state fiscal year. However, beginning in  
24 2002-2003, the \$6,500.00 amount prescribed in this subsection  
25 shall be adjusted each year by an amount equal to the dollar  
26 amount of the difference between the basic foundation allowance  
27 for the current state fiscal year and \$5,000.00, minus \$200.00.

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1 A public school academy that began operations as a public school  
2 academy after the pupil membership count day of the immediately  
3 preceding school year shall receive under this section for each  
4 membership pupil in the public school academy who met the income  
5 eligibility criteria for free breakfast, lunch, or milk, as  
6 determined under the Richard B. Russell national school lunch act  
7 and as reported to the department by October 31 of the current  
8 fiscal year and adjusted not later than December 31 of the cur-  
9 rent fiscal year, an amount per pupil equal to 11.5% of the  
10 public school academy's per membership pupil amount calculated  
11 under section 20 for the current state fiscal year.

12 (4) Except as otherwise provided in this section, a district  
13 or public school academy receiving funding under this section  
14 shall use that money only to provide instructional programs and  
15 direct noninstructional services, including, but not limited to,  
16 medical or counseling services, for at-risk pupils; for school  
17 health clinics; and for the purposes of subsection (5) or (6),  
18 and shall not use any of that money for administrative costs or  
19 to supplant another program or other funds, except for funds  
20 allocated to the district or public school academy under this  
21 section in the immediately preceding year and already being used  
22 by the district or public school academy for at-risk pupils. The  
23 instruction or direct noninstructional services provided under  
24 this section may be conducted before or after regular school  
25 hours or by adding extra school days to the school year and may  
26 be conducted using a tutorial method, with paraprofessionals  
27 working under the supervision of a certificated teacher. The

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1 ratio of pupils to paraprofessionals shall be between 10:1 and  
2 15:1. Only 1 certificated teacher is required to supervise  
3 instruction using a tutorial method. As used in this subsection,  
4 "to supplant another program" means to take the place of a previ-  
5 ously existing instructional program or direct noninstructional  
6 services funded from a funding source other than funding under  
7 this section.

8 (5) A district or public school academy that receives funds  
9 under this section and that operates a school breakfast program  
10 under section 1272a of the revised school code, MCL 380.1272a,  
11 shall use from the funds received under this section an amount,  
12 not to exceed \$10.00 per pupil for whom the district or public  
13 school academy receives funds under this section, necessary to  
14 operate the school breakfast program.

15 (6) From the funds allocated under subsection (1), there is  
16 allocated for 2001-2002 an amount not to exceed \$2,400,000.00 to  
17 support teen health centers. These 2001-2002 funds shall be dis-  
18 tributed to existing teen health centers in a manner determined  
19 by the department in collaboration with the department of commu-  
20 nity health. From the funds allocated under subsection (1),  
21 there is allocated EACH FISCAL YEAR for 2002-2003 AND FOR  
22 2003-2004 an amount not to exceed \$3,743,000.00 for competitive  
23 grants to support teen health centers. These grants for  
24 2002-2003 AND 2003-2004 shall be awarded in a form and manner  
25 approved jointly by the department and the department of commu-  
26 nity health. If any funds allocated under this subsection are  
27 not used for the purposes of this subsection for the fiscal year

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1 in which they are allocated, those unused funds shall be used  
2 that fiscal year to avoid or minimize any proration that would  
3 otherwise be required under subsection (11) for that fiscal  
4 year.

5 (7) Each district or public school academy receiving funds  
6 under this section shall submit to the department by July 15 of  
7 each fiscal year a report, not to exceed 10 pages, on the usage  
8 by the district or public school academy of funds under this sec-  
9 tion, which report shall include at least a brief description of  
10 each program conducted by the district or public school academy  
11 using funds under this section, the amount of funds under this  
12 section allocated to each of those programs, the number of  
13 at-risk pupils eligible for free or reduced price school lunch  
14 who were served by each of those programs, and the total number  
15 of at-risk pupils served by each of those programs. If a dis-  
16 trict or public school academy does not comply with this subsec-  
17 tion, the department shall withhold an amount equal to the August  
18 payment due under this section until the district or public  
19 school academy complies with this subsection. If the district or  
20 public school academy does not comply with this subsection by the  
21 end of the state fiscal year, the withheld funds shall be for-  
22 feited to the school aid fund.

23 (8) In order to receive funds under this section, a district  
24 or public school academy shall allow access for the department or  
25 the department's designee to audit all records related to the  
26 program for which it receives those funds. The district or

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1 public school academy shall reimburse the state for all  
2 disallowances found in the audit.

3 (9) Subject to subsections (5) and (6), any district may use  
4 up to 100% of the funds it receives under this section to reduce  
5 the ratio of pupils to teachers in grades K-6, or any combination  
6 of those grades, in school buildings in which the percentage of  
7 pupils described in subsection (1) exceeds the district's aggregate  
8 percentage of those pupils. Subject to subsections (5) and  
9 (6), if a district obtains a waiver from the department, the dis-  
10 trict may use up to 100% of the funds it receives under this sec-  
11 tion to reduce the ratio of pupils to teachers in grades K-6, or  
12 any combination of those grades, in school buildings in which the  
13 percentage of pupils described in subsection (1) is at least 60%  
14 of the district's aggregate percentage of those pupils and at  
15 least 30% of the total number of pupils enrolled in the school  
16 building. To obtain a waiver, a district must apply to the  
17 department and demonstrate to the satisfaction of the department  
18 that the class size reductions would be in the best interests of  
19 the district's at-risk pupils.

20 (10) A district or public school academy may use funds  
21 received under this section for adult high school completion,  
22 general education development (G.E.D.) test preparation, or  
23 adult basic education programs described in section 107.

24 (11) If necessary, and before any proration required under  
25 section 11, the department shall prorate payments under this sec-  
26 tion by reducing the amount of the per pupil payment under this  
27 section by a dollar amount calculated by determining the amount

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1 by which the amount necessary to fully fund the requirements of  
2 this section exceeds the maximum amount allocated under this sec-  
3 tion and then dividing that amount by the total statewide number  
4 of pupils who met the income eligibility criteria for free break-  
5 fast, lunch, or milk in the immediately preceding fiscal year, as  
6 described in subsection (1).

7 (12) Funds allocated under this section that are unexpended  
8 and unencumbered at the end of the fiscal year for which they  
9 were allocated shall be carried forward and used in subsequent  
10 fiscal years to avoid or minimize any proration that would other-  
11 wise be required under subsection (11).

12 (13) If a district is formed by consolidation after June 1,  
13 1995, and if 1 or more of the original districts was not eligible  
14 before the consolidation for an additional allowance under this  
15 section, the amount of the additional allowance under this sec-  
16 tion for the consolidated district shall be based on the number  
17 of pupils described in subsection (1) enrolled in the consoli-  
18 dated district who reside in the territory of an original dis-  
19 trict that was eligible before the consolidation for an addi-  
20 tional allowance under this section.

21 (14) A district or public school academy that does not meet  
22 the eligibility requirement under subsection (2)(a) is eligible  
23 for funding under this section if at least 1/4 of the pupils in  
24 membership in the district or public school academy met the  
25 income eligibility criteria for free breakfast, lunch, or milk in  
26 the immediately preceding state fiscal year, as determined and  
27 reported as described in subsection (1), and at least 4,500 of

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1 the pupils in membership in the district or public school academy  
2 met the income eligibility criteria for free breakfast, lunch, or  
3 milk in the immediately preceding state fiscal year, as deter-  
4 mined and reported as described in subsection (1). A district or  
5 public school academy that is eligible for funding under this  
6 section because the district meets the requirements of this sub-  
7 section shall receive under this section for each membership  
8 pupil in the district or public school academy who met the income  
9 eligibility criteria for free breakfast, lunch, or milk in the  
10 immediately preceding fiscal year, as determined and reported as  
11 described in subsection (1), an amount per pupil equal to 5.75%  
12 for 2001-2002 and 11.5% for 2002-2003 and subsequent fiscal years  
13 of the sum of the district's foundation allowance or public  
14 school academy's per pupil allocation under section 20, plus the  
15 amount of the district's per pupil allocation under section  
16 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of  
17 the difference between the basic foundation allowance under sec-  
18 tion 20 for the current state fiscal year and \$5,000.00.

19 However, beginning in 2002-2003, the \$6,500.00 amount prescribed  
20 in this subsection shall be adjusted each year by an amount equal  
21 to the dollar amount of the difference between the basic founda-  
22 tion allowance for the current state fiscal year and \$5,000.00,  
23 minus \$200.00.

24 (15) As used in this section, "at-risk pupil" means a pupil  
25 for whom the district has documentation that the pupil meets at  
26 least 2 of the following criteria: is a victim of child abuse or  
27 neglect; is below grade level in English language and



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1 communication skills or mathematics; is a pregnant teenager or  
2 teenage parent; is eligible for a federal free or reduced-price  
3 lunch subsidy; has atypical behavior or attendance patterns; or  
4 has a family history of school failure, incarceration, or sub-  
5 stance abuse. For pupils for whom the results of at least the  
6 applicable Michigan education assessment program (MEAP) test have  
7 been received, at-risk pupil also includes a pupil who does not  
8 meet the other criteria under this subsection but who did not  
9 achieve at least a score of moderate on the most recent MEAP  
10 reading test for which results for the pupil have been received,  
11 did not achieve at least a score of moderate on the most recent  
12 MEAP mathematics test for which results for the pupil have been  
13 received, or did not achieve at least a score of novice on the  
14 most recent MEAP science test for which results for the pupil  
15 have been received. For pupils in grades K-3, at-risk pupil also  
16 includes a pupil who is at risk of not meeting the district's  
17 core academic curricular objectives in English language, communi-  
18 cation skills, or mathematics.

19       Sec. 31d. (1) From the state school aid fund appropriation  
20 in section 11, there is allocated an amount not to exceed  
21 \$16,477,700.00 for 2001-2002 and an amount not to exceed  
22 \$17,337,200.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004,  
23 and from the general fund appropriation in section 11, there is  
24 allocated an amount not to exceed \$722,300.00 for 2001-2002 and  
25 an amount not to exceed \$762,800.00 EACH FISCAL YEAR for  
26 2002-2003 AND FOR 2003-2004 for the purpose of making payments to

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1 districts, intermediate districts, and other eligible entities  
2 under this section.

3 (2) The amounts allocated from state sources under this sec-  
4 tion shall be used to pay the amount necessary to reimburse dis-  
5 tricts for 6.0127% of the necessary costs of the state mandated  
6 portion of the school lunch programs provided by those  
7 districts. The amount due to each district under this section  
8 shall be computed by the department using the methods of calcula-  
9 tion adopted by the Michigan supreme court in the consolidated  
10 cases known as Durant v State of Michigan, Michigan supreme court  
11 docket no. 104458-104492.

12 (3) The payments made under this section include all state  
13 payments made to districts so that each district receives at  
14 least 6.0127% of the necessary costs of operating the state man-  
15 dated portion of the school lunch program in a fiscal year.

16 (4) From the federal funds appropriated in section 11, there  
17 is allocated EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004 all  
18 available federal funding, estimated at \$272,125,000.00 EACH  
19 FISCAL YEAR, for the national school lunch program and all avail-  
20 able federal funding, estimated at \$2,506,000.00, for the emer-  
21 gency food assistance program.

22 (5) Notwithstanding section 17b, payments to intermediate  
23 districts and other eligible entities under this section shall be  
24 paid on a schedule determined by the department.

25 Sec. 32a. (1) From the state school aid fund appropriation  
26 in section 11, there is allocated an amount not to exceed  
27 \$189,250,000.00 for 2001-2002 and an amount not to exceed

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1 \$72,600,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004  
2 to fund the all students achieve program (ASAP) as provided under  
3 sections 32b to 32h. In addition, from the general fund appro-  
4 priations in section 11, there is allocated an amount not to  
5 exceed \$2,200,100.00 for 2001-2002 and an amount not to exceed  
6 \$2,200,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004  
7 for the purposes of sections 32b to 32f. The programs funded  
8 through this section are for the purposes of improving parenting  
9 skills, improving school readiness, reducing the number of pupils  
10 retained in grade, and reducing the number of pupils requiring  
11 special education services.

12 (2) Each grant recipient approved by the department shall  
13 implement department-approved data collection methods and evalu-  
14 ation or assessment tools to measure the impact of the proposed  
15 program.

16 (3) A district shall not use funds received under sections  
17 32b to 32f to supplant any local or federal funds it currently  
18 receives. A district may use these funds in combination with  
19 other federal, local, public, or private funds to enhance exist-  
20 ing programs with similar purposes.

21 Sec. 32b. (1) From the state school aid fund allocation in  
22 section 32a(1), there is allocated an amount not to exceed  
23 \$45,000,000.00 for 2001-2002 and \$0.00 for 2002-2003 AND  
24 2003-2004 for grants to intermediate districts and districts for  
25 programs for preschool children and their parents. The purpose  
26 of these programs is to improve school readiness and foster the  
27 maintenance of stable families by encouraging positive parenting

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1 skills; enhancing parent-child interaction; providing learning  
2 opportunities to promote intellectual, physical, and social  
3 growth; and promoting access to needed community services through  
4 a community-school-home partnership that provides parents with  
5 information on child development from birth to age 5.

6 (2) To qualify for funding under this section, a program  
7 shall meet all of the following:

8 (a) The program must provide services to all families with  
9 children age 5 or younger residing within the intermediate dis-  
10 trict or district who choose to participate, including at least  
11 all of the following services:

12 (i) Home visits by parent educators trained in child devel-  
13 opment to help parents understand appropriate expectations for  
14 each stage of their child's development, to encourage learning  
15 opportunities, and to promote strong parent-child relationships.

16 (ii) Group meetings of participating families.

17 (iii) Periodic developmental screening of the child's over-  
18 all development, health, hearing, and vision.

19 (iv) A community resource network that provides referrals to  
20 other state, local, and private agencies as appropriate to assist  
21 parents in preparing their children for academic success and to  
22 foster the maintenance of stable families.

23 (v) Connection with quality preschool programs.

24 (b) The program must be a collaborative community effort  
25 that includes at least the intermediate district or district,  
26 local multipurpose collaborative bodies, local health and welfare

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1 agencies, and private nonprofit agencies involved in programs and  
2 services for preschool children and their parents.

3 (3) To compete for a grant under this section, an intermedi-  
4 ate district or district shall apply to the superintendent not  
5 later than December 1, 2000 in the form and manner prescribed by  
6 the superintendent. To be considered for a grant under this sec-  
7 tion, a grant application must provide all of the following in a  
8 manner prescribed by the department:

9 (a) Provide a plan for the delivery of the program compo-  
10 nents described in subsection (2).

11 (b) Demonstrate an adequate collaboration of local entities  
12 involved in providing programs and services for preschool chil-  
13 dren and their parents.

14 (c) Provide evidence of a review and approval by the local  
15 multipurpose collaborative body of the program plan.

16 (d) Provide a projected budget for the program to be  
17 funded. The intermediate district shall provide at least a 20%  
18 local match from local public or private resources for the funds  
19 received under this section. Not more than 1/2 of this matching  
20 requirement, up to a total of 10% of the total project budget,  
21 may be satisfied through in-kind services provided by participat-  
22 ing providers of programs or services. In addition, not more  
23 than 10% of the grant may be used for program administration.

24 (4) Each successful grant recipient shall agree to include a  
25 data collection system and an evaluation tool approved by the  
26 department to measure the impact of the program on improving  
27 school readiness, reducing the number of children needing special

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1 education programs and services, and fostering the maintenance of  
2 stable families. The data collection system shall provide a  
3 report by October 15 of each year on the number of children in  
4 families with income below 200% of the federal poverty level that  
5 received services under this program and the total number of  
6 children who received services under this program.

7 (5) From the general fund allocation under section 32a(1),  
8 there is allocated an amount not to exceed \$100.00 for 2001-2002  
9 and \$0.00 for 2002-2003 AND 2003-2004 to the department, includ-  
10 ing the office for safe schools, for implementation and evalu-  
11 ation of activities under this section. Further, upon receipt of  
12 the federal drug-free schools grant, the department shall allo-  
13 cate \$200,000.00 of that grant to the office for safe schools  
14 within the department.

15 (6) The department and superintendent shall do all of the  
16 following:

17 (a) The department shall make applications available for the  
18 purposes of this section not later than October 15, 2000.

19 (b) The superintendent shall approve or disapprove applica-  
20 tions and notify the applying intermediate district or district  
21 of that decision not later than February 1, 2001. Priority in  
22 awarding grants shall be given to programs that focus on reducing  
23 the percentage of children needing special education programs and  
24 services when they enter school. The superintendent shall ensure  
25 that the intermediate districts and districts receiving grants  
26 under this section are geographically and economically diverse  
27 and that not more than 10% of the total allocation under this

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1 section is paid to any 1 particular intermediate district or  
2 district.

3 (c) The department shall ensure that all programs funded  
4 under this section utilize the most current validated  
5 research-based methods and curriculum for providing the program  
6 components described in subsection (2).

7 (d) The department shall submit a report to the legislature,  
8 the state budget director, and the senate and house fiscal agen-  
9 cies detailing the evaluations described in subsection (4) by  
10 December 1 of each year.

11 (7) Except as otherwise provided in subsection (8), an  
12 intermediate district or district receiving funds under this sec-  
13 tion shall use the funds only for the program funded under this  
14 section. Subject to subsection (8), grants awarded by  
15 February 1, 2001 may be used for the following school year.

16 (8) A district or intermediate district receiving funds  
17 under this section may carry over any unexpended funds received  
18 under this section to subsequent fiscal years and may expend  
19 those unused funds in subsequent fiscal years. Notwithstanding  
20 any other provision of this section, funds carried over under  
21 this subsection may be used to facilitate programs that are sub-  
22 stantially similar in purpose to those funded under this  
23 section.

24 Sec. 32c. (1) From the general fund allocation in  
25 section 32a(1), there is allocated an amount not to exceed  
26 \$2,000,000.00 each fiscal year for 2001-2002, ~~and~~ for  
27 2002-2003, AND FOR 2003-2004 to the department for grants for

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1 community-based collaborative prevention services designed to  
2 foster positive parenting skills; improve parent/child interac-  
3 tion, especially for children 0-3 years of age; promote access to  
4 needed community services; increase local capacity to serve fami-  
5 lies at risk; improve school readiness; and support healthy  
6 family environments that discourage alcohol, tobacco, and other  
7 drug use. The allocation under this section is to fund secondary  
8 prevention programs as defined by the children's trust fund for  
9 the prevention of child abuse and neglect.

10 (2) The funds allocated under subsection (1) shall be dis-  
11 tributed through a joint request for proposals process estab-  
12 lished by the department in conjunction with the children's trust  
13 fund and the state's interagency systems reform workgroup.  
14 Projects funded with grants awarded under this section shall meet  
15 all of the following:

16 (a) Be secondary prevention initiatives and voluntary to  
17 consumers. This appropriation is not intended to serve the needs  
18 of children for whom and families in which neglect or abuse has  
19 been substantiated.

20 (b) Demonstrate that the planned services are part of a  
21 community's integrated comprehensive family support strategy  
22 endorsed by the local multi-purpose collaborative body.

23 (c) Provide a 25% local match, of which not more than 10%  
24 may be in-kind services, unless this requirement is waived by the  
25 interagency systems reform workgroup.

26 (3) Notwithstanding section 17b, payments under this section  
27 may be made pursuant to an agreement with the department.



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1           Sec. 32d. (1) From the state school aid fund allocation  
2 under section 32a(1), there is allocated an amount not to exceed  
3 \$72,600,000.00 for 2001-2002, and from the state school aid fund  
4 money allocated under section 32a, there is allocated an amount  
5 not to exceed \$72,600,000.00 EACH FISCAL YEAR for 2002-2003 AND  
6 FOR 2003-2004, for school readiness grants to enable eligible  
7 districts, as determined under section 37, to develop or expand,  
8 in conjunction with whatever federal funds may be available,  
9 including, but not limited to, federal funds under title I of the  
10 elementary and secondary education act of 1965, Public Law 89-10,  
11 108 Stat. 3519, chapter 1 of title I of the Hawkins-Stafford ele-  
12 mentary and secondary school improvement amendments of 1988,  
13 Public Law 89-10, 102 Stat. 140, and the head start act, subchap-  
14 ter B of chapter 8 of subtitle A of title VI of the omnibus  
15 budget reconciliation act of 1981, Public Law 97-35, comprehen-  
16 sive compensatory programs designed to improve the readiness and  
17 subsequent achievement of educationally disadvantaged children as  
18 defined by the department who will be at least 4, but less than 5  
19 years of age, as of December 1 of the school year in which the  
20 programs are offered, and who show evidence of 2 or more risk  
21 factors as defined in the state board report entitled "children  
22 at risk" that was adopted by the state board on April 5, 1988. A  
23 comprehensive compensatory program funded under this section  
24 shall include an age-appropriate educational curriculum, nutri-  
25 tional services, health screening for participating children, a  
26 plan for parent and legal guardian involvement, and provision of  
27 referral services for families eligible for community social

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1 services. In addition, from the general fund allocations under  
2 section 32a(1), there is allocated an amount not to exceed  
3 \$200,000.00 for 2001-2002 for the purposes of subsection (2), and  
4 from the general fund money allocated under section 32a, there is  
5 allocated an amount not to exceed \$200,000.00 EACH FISCAL YEAR  
6 for 2002-2003 AND FOR 2003-2004 for the purposes of subsection  
7 (2).

8 (2) From the general fund allocation in subsection (1),  
9 there is allocated each fiscal year for 2001-2002, ~~and~~ for  
10 2002-2003, AND FOR 2003-2004 an amount not to exceed \$200,000.00  
11 for a competitive grant to continue a longitudinal evaluation of  
12 children who have participated in the Michigan school readiness  
13 program.

14 (3) A district receiving a grant under this section may con-  
15 tract for the provision of the comprehensive compensatory program  
16 and retain for administrative services an amount equal to not  
17 more than 5% of the grant amount.

18 (4) A grant recipient receiving funds under this section  
19 shall report to the department no later than October 15 of each  
20 year the number of children participating in the program who meet  
21 the income or other eligibility criteria specified under section  
22 37(3)(g) and the total number of children participating in the  
23 program. For children participating in the program who meet the  
24 income or other eligibility criteria specified under section  
25 37(3)(g), grant recipients shall also report whether or not a  
26 parent is available to provide care based on employment status.  
27 For the purposes of this subsection, "employment status" shall be

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1 defined by the family independence agency in a manner consistent  
2 with maximizing the amount of spending that may be claimed for  
3 temporary assistance for needy families maintenance of effort  
4 purposes.

5       Sec. 32f. (1) From the state school aid fund allocation  
6 under section 32a(1), there is allocated for 2001-2002 an amount  
7 not to exceed \$45,000,000.00 and for 2002-2003 AND 2003-2004  
8 \$0.00, for grants under this section. From the general fund  
9 allocation under section 32a(1), there is allocated each fiscal  
10 year for 2001-2002, ~~and for~~ 2002-2003, AND 2003-2004 \$0.00 for  
11 the purposes of subsection (3).

12       (2) From the allocation in subsection (1), there is allo-  
13 cated for 2001-2002 an amount not to exceed \$2,000,000.00 and for  
14 2002-2003 AND 2003-2004 \$0.00, for providing grants to the 8  
15 regional literacy centers for the purposes of expanding training  
16 programs for trainers and teachers in the use of strategies for  
17 reading instruction and assessment, including the Michigan liter-  
18 acy progress profile.

19       (3) From the general fund allocation in subsection (1),  
20 there is allocated to the department \$0.00 each fiscal year for  
21 2001-2002, ~~and for~~ 2002-2003, AND 2003-2004 for the development  
22 and dissemination of read, educate, and develop youth (READY)  
23 kits to parents of preschool and kindergarten children to provide  
24 these parents with information about how they can prepare their  
25 children for reading success.

26       (4) From the general fund allocation in subsection (1),  
27 there is allocated to the department each fiscal year for

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1 2001-2002, ~~and~~ 2002-2003, AND 2003-2004 \$0.00 for the grant  
2 review process and grant administration under this section.

3 (5) Except as otherwise provided in subsection (17), to be  
4 eligible for a grant under this section, a district must have had  
5 at least 1,500 pupils in membership in 1998-99, and the number of  
6 pupils in the district that have been determined to have a spe-  
7 cific learning disability according to R 340.1713 of the Michigan  
8 administrative code, as determined in the December 1, 1998 head  
9 count required under the individuals with disabilities education  
10 act, title VI of Public Law 91-230, must equal or exceed 5% of  
11 the district's membership. In addition, a district is eligible  
12 for a grant under this section if the district had at least 1,500  
13 pupils in membership in 1998-99 and if not more than 41% of the  
14 district's pupils who took the spring 1999 fourth grade MEAP  
15 reading test achieved a score of at least satisfactory. Except  
16 as otherwise provided in subsection (17), for a public school  
17 academy to be eligible for a grant under this section, the public  
18 school academy must be located in a district that is eligible  
19 under this subsection.

20 (6) From the allocation in subsection (1), there is allo-  
21 cated for 2001-2002 an amount not to exceed \$43,000,000.00 and  
22 for 2002-2003 AND 2003-2004 \$0.00, for competitive grants to eli-  
23 gible districts, to intermediate districts, and to public school  
24 academies located within eligible districts for reading improve-  
25 ments programs for pupils in grades K to 4, reading disorders and  
26 reading methods programs, mentoring programs, language and  
27 literacy outreach programs, or cognitive development programs.

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1 For 2001-2002, grants under this subsection shall be paid to  
2 grant recipients in the same proportion of the total allocation  
3 under this subsection as for 2000-2001. If the legislature  
4 enacts legislation authorizing the appropriation of federal funds  
5 for reading improvement programs for 2001-2002, ~~or~~ for  
6 2002-2003, OR FOR 2003-2004, then it is the intent of the legis-  
7 lature that these funds be used to the extent possible for the  
8 purposes of this subsection. Federal funds received for reading  
9 improvement programs that can be used for substantially similar  
10 purposes as described under this section shall be first expended  
11 for the purposes of this subsection before funds appropriated  
12 from the state school aid fund allocated under this subsection,  
13 and the expenditure of funds under this subsection from the state  
14 school aid fund shall be reduced by an amount equal to the amount  
15 of the expenditure of federal funds under this subsection. If  
16 any conflict exists between federal reading program guidelines  
17 and this section, federal law will control.

18 (7) Except as otherwise provided in subsection (17), to  
19 qualify for funding under this section, a proposed reading  
20 improvement program must meet all of the following:

21 (a) The program shall include assessment of reading skills  
22 of pupils in grades K to 4 to identify those pupils who are read-  
23 ing below grade level and must provide special reading assistance  
24 for these pupils.

25 (b) The program shall be a research-based, validated, struc-  
26 tured reading program.

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1 (c) The program shall include continuous assessment of  
2 pupils and individualized education plans for pupils.

3 (d) The program shall align learning resources to state  
4 standards.

5 (e) For each school building receiving funding under this  
6 section for a reading improvement program, the program shall  
7 serve at least 25% of pupils who are identified as at-risk, as  
8 determined by the Michigan literacy progress profile, of reading  
9 failure, and the amount of the grant shall not exceed \$85,000.00  
10 per school building annually.

11 (8) Funds allocated for programs described in subsection (7)  
12 may be used to reimburse grant recipients for funds paid by dis-  
13 tricts for up to 1/2 of the salaries and benefits for each  
14 teacher trained and certified to provide a reading improvement  
15 program.

16 (9) Except as otherwise provided under subsection (17), to  
17 qualify for funding under this section, a proposed mentoring pro-  
18 gram must be a research-based, validated program or a statewide  
19 1-to-1 mentoring program to enhance the independence and life  
20 quality of pupils who are mentally impaired by providing opportu-  
21 nities for mentoring and integrated employment.

22 (10) Except as otherwise provided under subsection (17), to  
23 qualify for funding under this section, a proposed cognitive  
24 development program must be a research-based, validated educa-  
25 tional service program, focused on assessing and building essen-  
26 tial cognitive and perceptual learning abilities to strengthen  
27 pupil concentration and learning.

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1           (11) Except as otherwise provided under subsection (17), to  
2 qualify for funding under this section, a proposed structured  
3 mentoring-tutorial reading program for preschool to grade 4  
4 pupils must be a research-based, validated program that develops  
5 individualized instructional plans based on each pupil's age,  
6 assessed needs, reading level, interests, and learning style.

7           (12) A program receiving funding under this section may be  
8 conducted outside of regular school hours or outside the regular  
9 school calendar.

10          (13) To compete for a grant under this section, an applicant  
11 shall apply to the superintendent in the form and manner pre-  
12 scribed by the superintendent. The department shall make appli-  
13 cations available for this purpose. An applicant shall include  
14 in its application a projected budget for the programs. The  
15 grant recipient shall provide at least a 20% local match from  
16 local public or private resources for the funds received under  
17 this section. Not more than 1/2 of this matching requirement, up  
18 to a total of 10% of the total project budget, may be satisfied  
19 through in-kind services provided by participating providers of  
20 programs or services. In addition, not more than 10% of the  
21 grant may be used for program administration.

22          (14) The superintendent shall approve or disapprove applica-  
23 tions and notify the applicant of that decision. Priority in  
24 awarding grants shall be given to programs that focus on acceler-  
25 ating student achievement on a cost-effective basis, reducing the  
26 number of pupils requiring special education programs and

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1 services, and improving pupil scores on standardized tests and  
2 assessments.

3 (15) A grant recipient receiving funds under this section  
4 shall report to the department, in the form and manner prescribed  
5 by the department, on the results achieved by the program. At a  
6 minimum, the grant recipient shall report to the department by  
7 October 15 regarding the program's impact on reducing the number  
8 of pupils requiring special education programs and services and  
9 on improving pupil scores on standardized tests and assessments,  
10 and information on the costs and benefits per unit of pupil  
11 improvement. In addition, the report shall state the number of  
12 pupils eligible for free or reduced price school lunch who  
13 received services under the program and the total number of  
14 pupils who received services under the program. Not later than  
15 November 15 of each fiscal year, the department shall submit a  
16 report to the legislature, the state budget director, and the  
17 senate and house fiscal agencies detailing the results of the  
18 programs. It is the intent of the legislature that further fund-  
19 ing for the programs under this section will reflect the results  
20 achieved in these programs.

21 (16) Notwithstanding section 17b, payments under this sec-  
22 tion shall be paid on a schedule determined by the department.

23 (17) For a district or public school academy awarded a grant  
24 under former section 32, the determination of whether the dis-  
25 trict or public school academy is eligible for a grant under this  
26 section may be made according to the eligibility standards in  
27 effect under former section 32. Further, the district or public



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1 school academy may continue to use the grant proceeds for any use  
2 permissible under this section or former section 32 as in effect  
3 at the time the district or public school academy was awarded the  
4 grant.

5 (18) If the maximum amount appropriated under this section  
6 exceeds the amount necessary to fully fund allocations under this  
7 section, that excess amount shall not be expended in that state  
8 fiscal year but shall instead be carried forward to the succeed-  
9 ing fiscal year and added to any funds appropriated for that  
10 fiscal year for expenditure in that fiscal year.

11 (19) A district that received funding for 1999-2000 under  
12 former section 32 shall receive funding under this section for  
13 2001-2002.

14 (20) A district or intermediate district receiving funds  
15 under this section may carry over any unexpended funds received  
16 under this section to subsequent fiscal years and may expend  
17 those unused funds in subsequent fiscal years.

18 Sec. 39a. (1) From the appropriation in section 11, there  
19 is allocated EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004 to  
20 districts, intermediate districts, and other eligible entities  
21 all available federal funding, estimated at \$634,919,400.00 EACH  
22 FISCAL YEAR, for the federal programs under the no child left  
23 behind act of 2001, Public Law 107-110, 115 Stat. 1425. These  
24 funds are allocated FOR EACH FISCAL YEAR as follows:

25 (a) An amount estimated at \$1,666,300.00 for community serv-  
26 ice state grants, funded from DED-OESE, community service state  
27 grant funds.

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1 (b) An amount estimated at \$15,520,100.00 to provide  
2 students with drug- and violence-prevention programs and to  
3 implement strategies to improve school safety, funded from  
4 DED-OESE, drug-free schools and communities funds.

5 (c) An amount estimated at \$22,572,000.00 for the purpose of  
6 improving teaching and learning through a more effective use of  
7 technology, funded from DED-OESE, educational technology state  
8 grant funds.

9 (d) An amount estimated at \$104,568,800.00 for the purpose  
10 of preparing, training, and recruiting high-quality teachers and  
11 class size reduction, funded from DED-OESE, improving teacher  
12 quality funds.

13 (e) An amount estimated at \$4,647,700.00 for programs to  
14 teach English to limited English proficient (LEP) children,  
15 funded from DED-OESE, language acquisition state grant funds.

16 (f) An amount estimated at \$8,550,000.00 for the Michigan  
17 charter school subgrant program, funded from DED-OESE, charter  
18 school funds.

19 (g) An amount estimated at \$247,600.00 for Michigan model  
20 partnership for character education programs, funded from  
21 DED-OESE, title X, fund for improvement of education funds.

22 (h) An amount estimated at \$1,909,600.00 for rural and low  
23 income schools, funded from DED-OESE, rural and low income school  
24 funds.

25 (i) An amount estimated at \$11,123,700.00 to help schools  
26 develop and implement comprehensive school reform programs,

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1 funded from DED-OESE, title I and title X, comprehensive school  
2 reform funds.

3 (j) An amount estimated at \$401,388,600.00 to provide sup-  
4 plemental programs to enable educationally disadvantaged children  
5 to meet challenging academic standards, funded from DED-OESE,  
6 title I, disadvantaged children funds.

7 (k) An amount estimated at \$8,246,600.00 for the purpose of  
8 providing unified family literacy programs, funded from DED-OESE,  
9 title I, even start funds.

10 (l) An amount estimated at \$8,953,100.00 for the purpose of  
11 identifying and serving migrant children, funded from DED-OESE,  
12 title I, migrant education funds.

13 (m) An amount estimated at \$22,779,000.00 to promote  
14 high-quality school reading instruction for grades K-3, funded  
15 from DED-OESE, title I, reading first state grant funds.

16 (n) An amount estimated at \$11,585,100.00 for the purpose of  
17 implementing innovative strategies for improving student achieve-  
18 ment, funded from DED-OESE, title VI, innovative strategies  
19 funds.

20 (o) An amount estimated at \$11,161,200.00 for the purpose of  
21 providing high-quality extended learning opportunities, after  
22 school and during the summer, for children in low-performing  
23 schools, funded from DED-OESE, twenty-first century community  
24 learning center funds.

25 (2) From the federal funds appropriation in section 11,  
26 there is allocated EACH FISCAL YEAR for 2002-2003 AND FOR  
27 2003-2004 to districts, intermediate districts, and other

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1 eligible entities all available federal funding, estimated at  
2 \$6,495,300.00 EACH FISCAL YEAR, for the following programs that  
3 are funded by federal grants:

4 (a) An amount estimated at \$600,000.00 for acquired immuno-  
5 deficiency syndrome education grants, funded from HHS-center for  
6 disease control, AIDS funding.

7 (b) An amount estimated at \$976,000.00 for at-risk child  
8 care, funded from HHS-ACF, at-risk child care funds.

9 (c) An amount estimated at \$1,553,500.00 for emergency serv-  
10 ices to immigrants, funded from DED-OBEMLA, emergency immigrant  
11 education assistance funds.

12 (d) An amount estimated at \$1,468,300.00 to provide services  
13 to homeless children and youth, funded from DED-OVAE, homeless  
14 children and youth funds.

15 (e) An amount estimated at \$400,000.00 for refugee children  
16 school impact grants, funded from HHS-ACF, refugee children  
17 school impact funds.

18 (f) An amount estimated at \$857,500.00 for school-age child  
19 care grants, funded from HHS-ACF, dependent care block grant  
20 funds.

21 (g) An amount estimated at \$640,000.00 for serve America  
22 grants, funded from the corporation for national and community  
23 service funds.

24 (3) All federal funds allocated under this section shall be  
25 distributed in accordance with federal law and with flexibility  
26 provisions outlined in Public Law 107-116 and in the education  
27 flexibility partnership act of 1999, Public Law 106-25, 113

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1 Stat. 41. Notwithstanding section 17b, payments of federal funds  
2 to districts, intermediate districts, and other eligible entities  
3 under this section shall be paid on a schedule determined by the  
4 department.

5 (4) As used in this section:

6 (a) "DED" means the United States department of education.

7 (b) "DED-OBEMLA" means the DED office of bilingual education  
8 and minority languages affairs.

9 (c) "DED-OESE" means the DED office of elementary and sec-  
10 ondary education.

11 (d) "DED-OVAE" means the DED office of vocational and adult  
12 education.

13 (e) "HHS" means the United States department of health and  
14 human services.

15 (f) "HHS-ACF" means the HHS administration for children and  
16 families.

17 Sec. 41. From the appropriation in section 11, there is  
18 allocated an amount not to exceed \$4,212,000.00 each fiscal year  
19 for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to appli-  
20 cant districts and intermediate districts offering programs of  
21 bilingual instruction for pupils of limited English-speaking  
22 ability under section 1153 of the revised school code,  
23 MCL 380.1153. Reimbursement shall be on a per pupil basis and  
24 shall be based on the number of pupils of limited  
25 English-speaking ability in membership on the pupil membership  
26 count day. Funds allocated under this section shall be used

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1 solely for bilingual instruction in speaking, reading, writing,  
2 or comprehension of pupils of limited English-speaking ability.

3       Sec. 51a. (1) From the appropriation in section 11, there  
4 is allocated for 2001-2002 an amount not to exceed  
5 \$796,401,900.00 from state sources and all available federal  
6 funding under sections 611 to 619 of part B of the individuals  
7 with disabilities education act, title VI of Public Law 91-230,  
8 20 U.S.C. 1411 to 1419, estimated at \$203,000,000.00, plus any  
9 carryover federal funds from previous year appropriations; and  
10 there is allocated EACH FISCAL YEAR for 2002-2003 AND FOR  
11 2003-2004 an amount not to exceed \$852,721,900.00 from state  
12 sources and all available federal funding, estimated at  
13 \$235,000,000.00 EACH FISCAL YEAR, plus any carryover federal  
14 funds from previous year appropriations. The allocations under  
15 this subsection are for the purpose of reimbursing districts and  
16 intermediate districts for special education programs, services,  
17 and special education personnel as prescribed in article 3 of the  
18 revised school code, MCL 380.1701 to 380.1766; net tuition pay-  
19 ments made by intermediate districts to the Michigan schools for  
20 the deaf and blind; and special education programs and services  
21 for pupils who are eligible for special education programs and  
22 services according to statute or rule. For meeting the costs of  
23 special education programs and services not reimbursed under this  
24 article, a district or intermediate district may use money in  
25 general funds or special education funds, not otherwise  
26 restricted, or contributions from districts to intermediate  
27 districts, tuition payments, gifts and contributions from

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1 individuals, or federal funds that may be available for this  
2 purpose, as determined by the intermediate district plan prepared  
3 pursuant to article 3 of the revised school code, MCL 380.1701 to  
4 380.1766. All federal funds allocated under this section in  
5 excess of those allocated under this section for 2001-2002 may be  
6 distributed in accordance with 34 C.F.R. 300.234 and section  
7 613(a)(2)(D) of part B of title VI of the individuals with dis-  
8 abilities education act, Public Law 91-230, 20 U.S.C. 1413.  
9 Notwithstanding section 17b, payments of federal funds to dis-  
10 tricts, intermediate districts, and other eligible entities under  
11 this section shall be paid on a schedule determined by the  
12 department.

13 (2) From the funds allocated under subsection (1), there is  
14 allocated EACH FISCAL YEAR for 2001-2002, ~~and~~ for 2002-2003,  
15 AND FOR 2003-2004 the amount necessary, estimated at  
16 \$139,200,000.00 for 2001-2002 ~~—~~ and \$149,500,000.00 EACH FISCAL  
17 YEAR for 2002-2003 AND FOR 2003-2004, for payments toward reim-  
18 bursing districts and intermediate districts for 28.6138% of  
19 total approved costs of special education, excluding costs reim-  
20 bursed under section 53a, and 70.4165% of total approved costs of  
21 special education transportation. Allocations under this subsec-  
22 tion shall be made as follows:

23 (a) The initial amount allocated to a district under this  
24 subsection toward fulfilling the specified percentages shall be  
25 calculated by multiplying the district's special education pupil  
26 membership, excluding pupils described in subsection (12), times  
27 the sum of the foundation allowance under section 20 of the

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1 pupil's district of residence plus the amount of the district's  
2 per pupil allocation under section 20j(2), not to exceed  
3 \$6,500.00 adjusted by the dollar amount of the difference between  
4 the basic foundation allowance under section 20 for the current  
5 fiscal year and \$5,000.00, or, for a special education pupil in  
6 membership in a district that is a public school academy or uni-  
7 versity school, times an amount equal to the amount per member-  
8 ship pupil calculated under section 20(6). For an intermediate  
9 district, the amount allocated under this subdivision toward ful-  
10 filling the specified percentages shall be an amount per special  
11 education membership pupil, excluding pupils described in subsec-  
12 tion (12), and shall be calculated in the same manner as for a  
13 district, using the foundation allowance under section 20 of the  
14 pupil's district of residence, not to exceed \$6,500.00 adjusted  
15 by the dollar amount of the difference between the basic founda-  
16 tion allowance under section 20 for the current fiscal year and  
17 \$5,000.00, and that district's per pupil allocation under  
18 section 20j(2). However, beginning in 2002-2003, the \$6,500.00  
19 amount prescribed in this subdivision shall be adjusted each year  
20 by an amount equal to the dollar amount of the difference between  
21 the basic foundation allowance for the current state fiscal year  
22 and \$5,000.00, minus \$200.00.

23 (b) After the allocations under subdivision (a), districts  
24 and intermediate districts for which the payments under  
25 subdivision (a) do not fulfill the specified percentages shall be  
26 paid the amount necessary to achieve the specified percentages  
27 for the district or intermediate district.



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1           (3) From the funds allocated under subsection (1), there is  
2 allocated each fiscal year for 2001-2002, ~~and~~ for 2002-2003,  
3 AND FOR 2003-2004 the amount necessary, estimated at  
4 \$2,000,000.00 each fiscal year, to make payments to districts and  
5 intermediate districts under this subsection. If the amount  
6 allocated to a district or intermediate district for a fiscal  
7 year under subsection (2)(b) is less than the sum of the amounts  
8 allocated to the district or intermediate district for 1996-97  
9 under sections 52 and 58, there is allocated to the district or  
10 intermediate district for the fiscal year an amount equal to that  
11 difference, adjusted by applying the same proration factor that  
12 was used in the distribution of funds under section 52 in 1996-97  
13 as adjusted to the district's or intermediate district's neces-  
14 sary costs of special education used in calculations for the  
15 fiscal year. This adjustment is to reflect reductions in special  
16 education program operations between 1996-97 and subsequent  
17 fiscal years. Adjustments for reductions in special education  
18 program operations shall be made in a manner determined by the  
19 department and shall include adjustments for program shifts.

20           (4) If the department determines that the sum of the amounts  
21 allocated for a fiscal year to a district or intermediate dis-  
22 trict under subsection (2)(a) and (b) is not sufficient to ful-  
23 fill the specified percentages in subsection (2), then the short-  
24 fall shall be paid to the district or intermediate district  
25 during the fiscal year beginning on the October 1 following the  
26 determination and payments under subsection (3) shall be adjusted  
27 as necessary. If the department determines that the sum of the

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1 amounts allocated for a fiscal year to a district or intermediate  
2 district under subsection (2)(a) and (b) exceeds the sum of the  
3 amount necessary to fulfill the specified percentages in subsec-  
4 tion (2), then the department shall deduct the amount of the  
5 excess from the district's or intermediate district's payments  
6 under this act for the fiscal year beginning on the October 1  
7 following the determination and payments under subsection (3)  
8 shall be adjusted as necessary. However, if the amount allocated  
9 under subsection (2)(a) in itself exceeds the amount necessary to  
10 fulfill the specified percentages in subsection (2), there shall  
11 be no deduction under this subsection.

12 (5) State funds shall be allocated on a total approved cost  
13 basis. Federal funds shall be allocated under applicable federal  
14 requirements, except that an amount not to exceed \$3,500,000.00  
15 each fiscal year may be allocated by the department for  
16 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to districts or  
17 intermediate districts on a competitive grant basis for programs,  
18 equipment, and services that the department determines to be  
19 designed to benefit or improve special education on a statewide  
20 scale.

21 (6) From the amount allocated in subsection (1), there is  
22 allocated an amount not to exceed \$2,200,000.00 each fiscal year  
23 for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to reim-  
24 burse 100% of the net increase in necessary costs incurred by a  
25 district or intermediate district in implementing the revisions  
26 in the administrative rules for special education that became  
27 effective on July 1, 1987. As used in this subsection, "net

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1 increase in necessary costs" means the necessary additional costs  
2 incurred solely because of new or revised requirements in the  
3 administrative rules minus cost savings permitted in implementing  
4 the revised rules. Net increase in necessary costs shall be  
5 determined in a manner specified by the department.

6 (7) For purposes of this article, all of the following  
7 apply:

8 (a) "Total approved costs of special education" shall be  
9 determined in a manner specified by the department and may  
10 include indirect costs, but shall not exceed 115% of approved  
11 direct costs for section 52 and section 53a programs. The total  
12 approved costs include salary and other compensation for all  
13 approved special education personnel for the program, including  
14 payments for social security and medicare and public school  
15 employee retirement system contributions. The total approved  
16 costs do not include salaries or other compensation paid to  
17 administrative personnel who are not special education personnel  
18 as defined in section 6 of the revised school code, MCL 380.6.  
19 Costs reimbursed by federal funds, other than those federal funds  
20 included in the allocation made under this article, are not  
21 included. Special education approved personnel not utilized full  
22 time in the evaluation of students or in the delivery of special  
23 education programs, ancillary, and other related services shall  
24 be reimbursed under this section only for that portion of time  
25 actually spent providing these programs and services, with the  
26 exception of special education programs and services provided to  
27 youth placed in child caring institutions or juvenile detention

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1 programs approved by the department to provide an on-grounds  
2 education program.

3 (b) Reimbursement for ancillary and other related services,  
4 as defined by R 340.1701 of the Michigan administrative code,  
5 shall not be provided when those services are covered by and  
6 available through private group health insurance carriers or fed-  
7 eral reimbursed program sources unless the department and dis-  
8 trict or intermediate district agree otherwise and that agreement  
9 is approved by the state budget director. Expenses, other than  
10 the incidental expense of filing, shall not be borne by the  
11 parent. In addition, the filing of claims shall not delay the  
12 education of a pupil. A district or intermediate district shall  
13 be responsible for payment of a deductible amount and for an  
14 advance payment required until the time a claim is paid.

15 (8) From the allocation in subsection (1), there is allo-  
16 cated each fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND  
17 FOR 2003-2004 an amount not to exceed \$15,313,900.00 each fiscal  
18 year to intermediate districts. The payment under this subsec-  
19 tion to each intermediate district shall be equal to the amount  
20 of the 1996-97 allocation to the intermediate district under sub-  
21 section (6) of this section as in effect for 1996-97.

22 (9) A pupil who is enrolled in a full-time special education  
23 program conducted or administered by an intermediate district or  
24 a pupil who is enrolled in the Michigan schools for the deaf and  
25 blind shall not be included in the membership count of a dis-  
26 trict, but shall be counted in membership in the intermediate  
27 district of residence.

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1           (10) Special education personnel transferred from 1 district  
2 to another to implement the revised school code shall be entitled  
3 to the rights, benefits, and tenure to which the person would  
4 otherwise be entitled had that person been employed by the  
5 receiving district originally.

6           (11) If a district or intermediate district uses money  
7 received under this section for a purpose other than the purpose  
8 or purposes for which the money is allocated, the department may  
9 require the district or intermediate district to refund the  
10 amount of money received. Money that is refunded shall be depos-  
11 ited in the state treasury to the credit of the state school aid  
12 fund.

13           (12) From the funds allocated in subsection (1), there is  
14 allocated each fiscal year for 2001-2002, ~~and~~ for 2002-2003,  
15 AND FOR 2003-2004 the amount necessary, estimated at  
16 \$7,200,000.00 each fiscal year, to pay the foundation allowances  
17 for pupils described in this subsection. The allocation to a  
18 district under this subsection shall be calculated by multiplying  
19 the number of pupils described in this subsection who are counted  
20 in membership in the district times the sum of the foundation  
21 allowance under section 20 of the pupil's district of residence  
22 plus the amount of the district's per pupil allocation under  
23 section 20j(2), not to exceed \$6,500.00 adjusted by the dollar  
24 amount of the difference between the basic foundation allowance  
25 under section 20 for the current fiscal year and \$5,000.00, or,  
26 for a pupil described in this subsection who is counted in  
27 membership in a district that is a public school academy or

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1 university school, times an amount equal to the amount per  
2 membership pupil under section 20(6). The allocation to an  
3 intermediate district under this subsection shall be calculated  
4 in the same manner as for a district, using the foundation allow-  
5 ance under section 20 of the pupil's district of residence, not  
6 to exceed \$6,500.00 adjusted by the dollar amount of the differ-  
7 ence between the basic foundation allowance under section 20 for  
8 the current fiscal year and \$5,000.00, and that district's per  
9 pupil allocation under section 20j(2). However, beginning in  
10 2002-2003, the \$6,500.00 amount prescribed in this subsection  
11 shall be adjusted each year by an amount equal to the dollar  
12 amount of the difference between the basic foundation allowance  
13 for the current state fiscal year and \$5,000.00, minus \$200.00.  
14 This subsection applies to all of the following pupils:

15 (a) Pupils described in section 53a.

16 (b) Pupils counted in membership in an intermediate district  
17 who are not special education pupils and are served by the inter-  
18 mediate district in a juvenile detention or child caring  
19 facility.

20 (c) Emotionally impaired pupils counted in membership by an  
21 intermediate district and provided educational services by the  
22 department of community health.

23 (13) After payments under subsections (2) and (12) and sec-  
24 tion 51c, the remaining expenditures from the allocation in sub-  
25 section (1) shall be made in the following order:

26 (a) 100% of the reimbursement required under section 53a.

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1 (b) 100% of the reimbursement required under  
2 subsection (6).

3 (c) 100% of the payment required under section 54.

4 (d) 100% of the payment required under subsection (3).

5 (e) 100% of the payment required under subsection (8).

6 (f) 100% of the payments under section 56.

7 (14) The allocations under subsection (2), subsection (3),  
8 and subsection (12) shall be allocations to intermediate dis-  
9 tricts only and shall not be allocations to districts, but  
10 instead shall be calculations used only to determine the state  
11 payments under section 22b.

12 Sec. 51c. As required by the court in the consolidated  
13 cases known as Durant v State of Michigan, Michigan supreme court  
14 docket no. 104458-104492, from the allocation under section  
15 51a(1), there is allocated EACH FISCAL YEAR for 2001-2002, ~~and~~  
16 for 2002-2003, AND FOR 2003-2004 the amount necessary, estimated  
17 at \$576,100,000.00 for 2001-2002 and \$621,900,000.00 EACH FISCAL  
18 YEAR for 2002-2003 AND FOR 2003-2004, for payments to reimburse  
19 districts for 28.6138% of total approved costs of special educa-  
20 tion excluding costs reimbursed under section 53a, and 70.4165%  
21 of total approved costs of special education transportation.  
22 Funds allocated under this section that are not expended in the  
23 state fiscal year for which they were allocated, as determined by  
24 the department, may be used to supplement the allocations under  
25 sections 22a and 22b in order to fully fund those calculated  
26 allocations for the same fiscal year.

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1           Sec. 51d. (1) From the federal funds appropriated in  
2 section 11, there is allocated EACH FISCAL YEAR for 2002-2003 AND  
3 FOR 2003-2004 all available federal funding, estimated at  
4 \$59,837,200.00 EACH FISCAL YEAR, for special education programs  
5 that are funded by federal grants. All federal funds allocated  
6 under this section shall be distributed in accordance with fed-  
7 eral law. Notwithstanding section 17b, payments of federal funds  
8 to districts, intermediate districts, and other eligible entities  
9 under this section shall be paid on a schedule determined by the  
10 department.

11           (2) From the federal funds allocated under subsection (1),  
12 the following amounts are allocated EACH FISCAL YEAR for  
13 2002-2003 AND FOR 2003-2004:

14           (a) An amount estimated at \$16,000,000.00 for handicapped  
15 infants and toddlers, funded from DED-OSERS, handicapped infants  
16 and toddlers funds.

17           (b) An amount estimated at \$13,500,000.00 for preschool  
18 grants (Public Law 94-142), funded from DED-OSERS, handicapped  
19 preschool incentive funds.

20           (c) An amount estimated at \$30,337,200.00 for special educa-  
21 tion programs funded by DED-OSERS, handicapped program, individu-  
22 als with disabilities act funds.

23           (3) As used in this section, "DED-OSERS" means the United  
24 States department of education office of special education and  
25 rehabilitative services.

26           Sec. 53a. (1) For districts, reimbursement for pupils  
27 described in subsection (2), reimbursement shall be 100% of the



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1 total approved costs of operating special education programs and  
2 services approved by the department and included in the interme-  
3 diate district plan adopted pursuant to article 3 of the revised  
4 school code, MCL 380.1701 to 380.1766, minus the district's foun-  
5 dation allowance calculated under section 20, and minus the  
6 amount calculated for the district under section 20j. For inter-  
7 mediate districts, reimbursement for pupils described in  
8 section (2) shall be calculated in the same manner as for a dis-  
9 trict, using the foundation allowance under section 20 of the  
10 pupil's district of residence, not to exceed \$6,500.00 adjusted  
11 by the dollar amount of the difference between the basic founda-  
12 tion allowance under section 20 for the current fiscal year and  
13 the amount calculated for that district \$5,000.00, and under sec-  
14 tion 20j. However, beginning in 2002-2003, the \$6,500.00 amount  
15 prescribed in this subsection shall be adjusted each year by an  
16 amount equal to the dollar amount of the difference between the  
17 basic foundation allowance for the current state fiscal year and  
18 \$5,000.00, minus \$200.00.

19 (2) Reimbursement under subsection (1) is for the following  
20 special education pupils:

21 (a) Pupils assigned to a district or intermediate district  
22 through the community placement program of the courts or a state  
23 agency, if the pupil was a resident of another intermediate dis-  
24 trict at the time the pupil came under the jurisdiction of the  
25 court or a state agency.

26 (b) Pupils who are residents of institutions operated by the  
27 department of community health.

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1 (c) Pupils who are former residents of department of  
2 community health institutions for the developmentally disabled  
3 who are placed in community settings other than the pupil's  
4 home.

5 (d) Pupils enrolled in a department-approved on-grounds edu-  
6 cational program longer than 180 days, but not longer than 233  
7 days, at a residential child care institution, if the child care  
8 institution offered in 1991-92 an on-grounds educational program  
9 longer than 180 days but not longer than 233 days.

10 (e) Pupils placed in a district by a parent for the purpose  
11 of seeking a suitable home, if the parent does not reside in the  
12 same intermediate district as the district in which the pupil is  
13 placed.

14 (3) Only those costs that are clearly and directly attribut-  
15 able to educational programs for pupils described in subsection  
16 (2), and that would not have been incurred if the pupils were not  
17 being educated in a district or intermediate district, are reim-  
18 bursable under this section.

19 (4) The costs of transportation shall be funded under this  
20 section and shall not be reimbursed under section 58.

21 (5) Not more than \$14,800,000.00 each fiscal year for  
22 2001-2002, ~~and~~ FOR 2002-2003, AND FOR 2003-2004 of the alloca-  
23 tion in section 51a(1) shall be allocated under this section.

24 (6) From the allocation in subsection (5), there is allo-  
25 cated each fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND  
26 FOR 2003-2004 an amount not to exceed \$150,000.00 to an

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1 intermediate district that received at least \$1,000,000.00 for  
2 1999-2000 under subsection (4).

3       Sec. 54. In addition to the aid received under section 52,  
4 each intermediate district shall receive an amount per pupil for  
5 each pupil in attendance at the Michigan schools for the deaf and  
6 blind. The amount shall be proportionate to the total instruc-  
7 tional cost at each school. Not more than \$1,688,000.00 each  
8 fiscal year for 2001-2002, ~~and~~ FOR 2002-2003, AND FOR 2003-2004  
9 of the allocation in section 51a(1) shall be allocated under this  
10 section.

11       Sec. 55. From the state school aid fund money appropriated  
12 in section 11, there is allocated \$500,000.00 EACH FISCAL YEAR  
13 for 2002-2003 AND FOR 2003-2004 to the west Michigan center for  
14 autism spectrum disorders located at Grand Valley State  
15 University for developing cooperative programs with area dis-  
16 tricts and intermediate districts to provide services to qualify-  
17 ing pupils. This funding is for development costs in 2002-2003  
18 and is intended to continue to fund operational and program costs  
19 in succeeding fiscal years.

20       Sec. 56. (1) For the purposes of this section:

21       (a) "Membership" means for a particular fiscal year the  
22 total membership for the immediately preceding fiscal year of the  
23 intermediate district and the districts constituent to the inter-  
24 mediate district.

25       (b) "Millage levied" means the millage levied for special  
26 education pursuant to part 30 of the revised school code,

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1 MCL 380.1711 to 380.1743, including a levy for debt service  
2 obligations.

3 (c) "Taxable value" means the total taxable value of the  
4 districts constituent to an intermediate district, except that if  
5 a district has elected not to come under part 30 of the revised  
6 school code, MCL 380.1711 to 380.1743, membership and taxable  
7 value of the district shall not be included in the membership and  
8 taxable value of the intermediate district.

9 (2) From the allocation under section 51a(1), there is allo-  
10 cated an amount not to exceed \$37,900,000.00 for 2001-2002 and an  
11 amount not to exceed \$38,120,000.00 EACH FISCAL YEAR for  
12 2002-2003 AND FOR 2003-2004 to reimburse intermediate districts  
13 levying millages for special education pursuant to part 30 of the  
14 revised school code, MCL 380.1711 to 380.1743. The purpose, use,  
15 and expenditure of the reimbursement shall be limited as if the  
16 funds were generated by these millages and governed by the inter-  
17 mediate district plan adopted pursuant to article 3 of the  
18 revised school code, MCL 380.1701 to 380.1766. As a condition of  
19 receiving funds under this section, an intermediate district dis-  
20 tributing any portion of special education millage funds to its  
21 constituent districts shall submit for departmental approval and  
22 implement a distribution plan.

23 (3) Reimbursement for those millages levied in 2000-2001  
24 shall be made in 2001-2002 at an amount per 2000-2001 membership  
25 pupil computed by subtracting from \$119,200.00 the 2000-2001 tax-  
26 able value behind each membership pupil and multiplying the  
27 resulting difference by the 2000-2001 millage levied.

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1 Reimbursement for those millages levied in 2001-2002 shall be  
2 made in 2002-2003 at an amount per 2001-2002 membership pupil  
3 computed by subtracting from \$125,900.00 the 2001-2002 taxable  
4 value behind each membership pupil and multiplying the resulting  
5 difference by the 2001-2002 millage levied. REIMBURSEMENT FOR  
6 THOSE MILLAGES LEVIED IN 2002-2003 SHALL BE MADE IN 2003-2004 AT  
7 AN AMOUNT PER 2002-2003 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING  
8 FROM \$125,900.00 THE 2002-2003 TAXABLE VALUE BEHIND EACH MEMBER-  
9 SHIP PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE  
10 2002-2003 MILLAGE LEVIED.

11       Sec. 57. (1) From the appropriation in section 11, there is  
12 allocated an amount not to exceed \$600,000.00 each fiscal year  
13 for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to appli-  
14 cant intermediate districts that provide support services for the  
15 education of gifted and talented pupils. An intermediate dis-  
16 trict is entitled to 75% of the actual salary, but not to exceed  
17 \$25,000.00 reimbursement for an individual salary, of a support  
18 services teacher approved by the department, and not to exceed  
19 \$4,000.00 reimbursement for expenditures to support program  
20 costs, excluding in-county travel and salary, as approved by the  
21 department.

22       (2) From the appropriation in section 11, there is allocated  
23 an amount not to exceed \$400,000.00 each fiscal year for  
24 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to support part  
25 of the cost of summer institutes for gifted and talented  
26 students. This amount shall be contracted to applicant

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1 intermediate districts in cooperation with a local institution of  
2 higher education and shall be coordinated by the department.

3 (3) From the appropriation in section 11, there is allocated  
4 an amount not to exceed \$4,000,000.00 each fiscal year for  
5 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 for the devel-  
6 opment and operation of comprehensive programs for gifted and  
7 talented pupils. An eligible district or consortium of districts  
8 shall receive an amount not to exceed \$100.00 per K-12 pupil for  
9 up to 5% of the district's or consortium's K-12 membership for  
10 the immediately preceding fiscal year with a minimum total grant  
11 of \$6,000.00. Funding shall be provided in the following order:  
12 the per pupil allotment, and then the minimum total grant of  
13 \$6,000.00 to individual districts. An intermediate district may  
14 act as the fiscal agent for a consortium of districts. In order  
15 to be eligible for funding under this subsection, the district or  
16 consortium of districts shall submit each year a current 3-year  
17 plan for operating a comprehensive program for gifted and tal-  
18 ented pupils and the district or consortium shall demonstrate to  
19 the department that the district or consortium will contribute  
20 matching funds of at least \$50.00 per K-12 pupil. The plan or  
21 revised plan shall be developed in accordance with criteria  
22 established by the department and shall be submitted to the  
23 department for approval. Within the criteria, the department  
24 shall encourage the development of consortia among districts of  
25 less than 5,000 memberships.

26 Sec. 61a. (1) From the appropriation in section 11, there  
27 is allocated an amount not to exceed \$31,027,600.00 each fiscal

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1 year for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to  
2 reimburse on an added cost basis districts, except for a district  
3 that served as the fiscal agent for a vocational education con-  
4 sortium in the 1993-94 school year, and secondary area  
5 vocational-technical education centers for secondary-level  
6 vocational-technical education programs, including parenthood  
7 education programs, according to rules approved by the  
8 superintendent. Applications for participation in the programs  
9 shall be submitted in the form prescribed by the department. The  
10 department shall determine the added cost for each  
11 vocational-technical program area. The allocation of added cost  
12 funds shall be based on the type of vocational-technical programs  
13 provided, the number of pupils enrolled, and the length of the  
14 training period provided, and shall not exceed 75% of the added  
15 cost of any program. With the approval of the department, the  
16 board of a district maintaining a secondary vocational-technical  
17 education program may offer the program for the period from the  
18 close of the school year until September 1. The program shall  
19 use existing facilities and shall be operated as prescribed by  
20 rules promulgated by the superintendent.

21 (2) Except for a district that served as the fiscal agent  
22 for a vocational education consortium in the 1993-94 school year,  
23 districts and intermediate districts shall be reimbursed for  
24 local vocational administration, shared time vocational adminis-  
25 tration, and career education planning district  
26 vocational-technical administration. The definition of what  
27 constitutes administration and reimbursement shall be pursuant to

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1 guidelines adopted by the superintendent. Not more than  
2 \$800,000.00 of the allocation in subsection (1) shall be distrib-  
3 uted under this subsection.

4 (3) From the allocation in subsection (1), there is allo-  
5 cated an amount not to exceed \$388,700.00 each fiscal year to  
6 intermediate districts with constituent districts that had com-  
7 bined state and local revenue per membership pupil in the 1994-95  
8 state fiscal year of \$6,500.00 or more, served as a fiscal agent  
9 for a state board designated area vocational education center in  
10 the 1993-94 school year, and had an adjustment made to their  
11 1994-95 combined state and local revenue per membership pupil  
12 pursuant to section 20d. The payment under this subsection to  
13 the intermediate district shall equal the amount of the alloca-  
14 tion to the intermediate district for 1996-97 under this  
15 subsection.

16 Sec. 62. (1) For the purposes of this section:

17 (a) "Membership" means for a particular fiscal year the  
18 total membership for the immediately preceding fiscal year of the  
19 intermediate district and the districts constituent to the inter-  
20 mediate district or the total membership for the immediately pre-  
21 ceding fiscal year of the area vocational-technical program.

22 (b) "Millage levied" means the millage levied for area  
23 vocational-technical education pursuant to sections 681 to 690 of  
24 the revised school code, MCL 380.681 to 380.690, including a levy  
25 for debt service obligations incurred as the result of borrowing  
26 for capital outlay projects and in meeting capital projects fund  
27 requirements of area vocational-technical education.



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1           (c) "Taxable value" means the total taxable value of the  
2 districts constituent to an intermediate district or area  
3 vocational-technical education program, except that if a district  
4 has elected not to come under sections 681 to 690 of the revised  
5 school code, MCL 380.681 to 380.690, the membership and taxable  
6 value of that district shall not be included in the membership  
7 and taxable value of the intermediate district. However, the  
8 membership and taxable value of a district that has elected not  
9 to come under sections 681 to 690 of the revised school code,  
10 MCL 380.681 to 380.690, shall be included in the membership and  
11 taxable value of the intermediate district if the district meets  
12 both of the following:

13           (i) The district operates the area vocational-technical edu-  
14 cation program pursuant to a contract with the intermediate  
15 district.

16           (ii) The district contributes an annual amount to the opera-  
17 tion of the program that is commensurate with the revenue that  
18 would have been raised for operation of the program if millage  
19 were levied in the district for the program under sections 681 to  
20 690 of the revised school code, MCL 380.681 to 380.690.

21           (2) From the appropriation in section 11, there is allocated  
22 an amount not to exceed \$9,810,000.00 for 2001-2002 and an amount  
23 not to exceed \$9,860,000.00 EACH FISCAL YEAR for 2002-2003 AND  
24 FOR 2003-2004 to reimburse intermediate districts and area  
25 vocational-technical education programs established under section  
26 690(3) of the revised school code, MCL 380.690, levying millages  
27 for area vocational-technical education pursuant to sections 681

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1 to 690 of the revised school code, MCL 380.681 to 380.690. The  
2 purpose, use, and expenditure of the reimbursement shall be  
3 limited as if the funds were generated by those millages.

4 (3) Reimbursement for the millages levied in 2000-2001 shall  
5 be made in 2001-2002 at an amount per 2000-2001 membership pupil  
6 computed by subtracting from \$122,300.00 the 2000-2001 taxable  
7 value behind each membership pupil, and multiplying the resulting  
8 difference by the 2000-2001 millage levied. Reimbursement for  
9 the millages levied in 2001-2002 shall be made in 2002-2003 at an  
10 amount per 2001-2002 membership pupil computed by subtracting  
11 from \$130,200.00 the 2001-2002 taxable value behind each member-  
12 ship pupil, and multiplying the resulting difference by the  
13 2001-2002 millage levied. REIMBURSEMENT FOR THE MILLAGES LEVIED  
14 IN 2002-2003 SHALL BE MADE IN 2003-2004 AT AN AMOUNT PER  
15 2002-2003 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING FROM  
16 \$130,200.00 THE 2002-2003 TAXABLE VALUE BEHIND EACH MEMBERSHIP  
17 PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2002-2003  
18 MILLAGE LEVIED.

19 Sec. 67. (1) From the general fund appropriation in section  
20 11, there is allocated an amount not to exceed \$350,000.00 each  
21 fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004  
22 for Michigan career preparation system grants under this  
23 section.

24 (2) From the allocation in subsection (1), there is allo-  
25 cated \$150,000.00 each fiscal year for 2001-2002, ~~and~~ for  
26 2002-2003, AND FOR 2003-2004 to the department to identify  
27 uniform career competency standards and assessments for career

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1 clusters, to establish a statewide information system on current  
2 and anticipated employment opportunities and the required level  
3 of skills and education required for employment.

4 (3) From the allocation in subsection (1), there is allo-  
5 cated \$100,000.00 each fiscal year for 2001-2002, ~~and~~ for  
6 2002-2003, AND FOR 2003-2004 to the department to provide infor-  
7 mation to parents, pupils, school personnel, employers, and  
8 others regarding opportunities to receive integrated academic and  
9 technical preparation in the public schools of this state.

10 (4) From the allocation in subsection (1), there is allo-  
11 cated \$100,000.00 each fiscal year for 2001-2002, ~~and~~ for  
12 2002-2003, AND FOR 2003-2004 to the department to provide techni-  
13 cal assistance to eligible education agencies and workforce  
14 development boards.

15 (5) As used in this section and in section 68:

16 (a) "Advanced career academy" means a career-technical edu-  
17 cation program operated by a district, by an intermediate dis-  
18 trict, or by a public school academy, that applies for and  
19 receives advanced career academy designation from the  
20 department. To receive this designation, a career-technical edu-  
21 cation program shall meet criteria established by the department,  
22 which criteria shall include at least all of the following:

23 (i) Operation of programs for those career clusters identi-  
24 fied by the department as being eligible for advanced career  
25 academy status.

26 (ii) Involvement of employers in the design and  
27 implementation of career-technical education programs.

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1           (iii) A fully integrated program of academic and technical  
2 education available to pupils.

3           (iv) Demonstration of an established career preparation  
4 system resulting in industry-validated career ladders for gradu-  
5 ates of the program, including, but not limited to, written  
6 articulation agreements with postsecondary institutions to allow  
7 pupils to receive advanced college placement and credit or feder-  
8 ally registered apprenticeships, as applicable.

9           (b) "Career cluster" means a grouping of occupations from 1  
10 or more industries that share common skill requirements.

11           (c) "Career preparation system" is a system of programs and  
12 strategies providing pupils with opportunities to prepare for  
13 success in careers of their choice.

14           (d) "Department" means the department of career  
15 development.

16           (e) "Eligible education agency" means a district, intermedi-  
17 ate district, or advanced career academy that participates in an  
18 approved regional career preparation plan.

19           (f) "FTE" means full-time equivalent pupil as determined by  
20 the department.

21           (g) "Workforce development board" means a local workforce  
22 development board established pursuant to the workforce invest-  
23 ment act of 1998, Public Law 105-220, 112 Stat. 936, and the  
24 school-to-work opportunities act of 1994, Public Law 103-239, 108  
25 Stat. 568, or the equivalent.

26           (h) "Strategic plan" means a department-approved  
27 comprehensive plan prepared by a workforce development board with

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1 input from local representatives, including the education  
2 advisory group, that includes career preparation system goals and  
3 objectives for the region.

4       Sec. 68. (1) From the general fund appropriation in section  
5 11, there is allocated an amount not to exceed \$21,850,000.00  
6 each fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND FOR  
7 2003-2004 to be used to implement the Michigan career preparation  
8 system in the corresponding school years as provided under this  
9 section. In order to receive funds under this section, an eligi-  
10 ble education agency shall be part of an approved regional career  
11 preparation plan under subsection (2) and shall agree to expend  
12 the funds required under this section in accordance with the  
13 regional career preparation plan. Funds awarded under this sec-  
14 tion that are not expended in accordance with this section may be  
15 recovered by the department.

16       (2) In order to receive funding under this section, an eli-  
17 gible education agency shall be a part of an approved 3-year  
18 regional career preparation plan that is consistent with the  
19 workforce development board's strategic plan and is as described  
20 in this subsection. All of the following apply to a regional  
21 career preparation plan:

22       (a) A 3-year regional career preparation plan shall be  
23 developed under subdivisions (b), (c), and (d) for all public  
24 education agencies participating as part of a regional career  
25 preparation system within the geographical boundaries of a work-  
26 force development board, and revised annually. If an  
27 intermediate district is located within the geographical

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1 boundaries of more than 1 workforce development board, the board  
2 of the intermediate district shall choose 1 workforce development  
3 board with which to align and shall notify the department of this  
4 choice not later than October 31, 1997.

5 (b) The regional career preparation plan shall be developed  
6 by representatives of the education advisory group of each work-  
7 force development board in accordance with guidelines developed  
8 under former section 67(5), and in accordance with subdivisions  
9 (d) and (e). All of the following shall be represented on each  
10 education advisory group: workforce development board members,  
11 other employers, labor, districts, intermediate districts, post-  
12 secondary institutions, career/technical educators, parents of  
13 public school pupils, and academic educators. The representa-  
14 tives of districts, intermediate districts, and postsecondary  
15 institutions appointed to the education advisory group by the  
16 workforce development board shall be individuals designated by  
17 the board of the district, intermediate district, or postsecond-  
18 ary institution.

19 (c) By majority vote, the education advisory group may nomi-  
20 nate 1 education representative, who may or may not be a member  
21 of the education advisory group, for appointment to the workforce  
22 development board. This education representative shall be in  
23 addition to existing education representation on the workforce  
24 development board. This education representative shall meet all  
25 workforce development board membership requirements.

26 (d) The components of the regional career preparation plan  
27 shall include, but are not limited to, all of the following:

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1           (i) The roles of districts, intermediate districts, advanced  
2 career academies, postsecondary institutions, employers, labor  
3 representatives, and others in the career preparation system.

4           (ii) Programs to be offered, including at least career  
5 exploration activities, for middle school pupils.

6           (iii) Identification of integrated academic and technical  
7 curriculum, including related professional development training  
8 for teachers.

9           (iv) Identification of work-based learning opportunities for  
10 pupils and for teachers and other school personnel.

11           (v) Identification of testing and assessments that will be  
12 used to measure pupil achievement.

13           (vi) Identification of all federal, state, local, and pri-  
14 vate sources of funding available for career preparation activi-  
15 ties in the region.

16           (e) The education advisory group shall develop a 3-year  
17 regional career preparation plan consistent with the workforce  
18 development board's strategic plan and submit the plan to the  
19 department for final approval. The submission to the department  
20 shall also include statements signed by the chair of the educa-  
21 tion advisory group and the chair of the workforce development  
22 board certifying that the plan has been reviewed by each entity.  
23 Upon department approval, all eligible education agencies desig-  
24 nated in the regional career preparation plan as part of the  
25 career preparation delivery system are eligible for funding under  
26 this section.

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1           (3) Funding under this section shall be distributed to  
2 eligible education agencies for allowable costs defined in this  
3 subsection and identified as necessary costs for implementing a  
4 regional career preparation plan, as follows:

5           (a) The department shall rank all career clusters, including  
6 career exploration, guidance, and counseling. Rank determination  
7 will be based on median salary data in career clusters and  
8 employment opportunity data provided by the council for career  
9 preparation standards. In addition, rank determination shall be  
10 based on placement data available for prior year graduates of the  
11 programs in the career clusters either in related careers or  
12 postsecondary education. The procedure for ranking of career  
13 clusters shall be determined by the department.

14           (b) Allowable costs to be funded under this section shall be  
15 determined by the department. Budgets submitted by eligible edu-  
16 cation agencies to the department in order to receive funding  
17 shall identify funds and in-kind contributions from the regional  
18 career education plan, excluding funds or in-kind contributions  
19 available as a result of funding received under section 61a,  
20 equal to at least 100% of anticipated funding under this  
21 section. Eligible categories of allowable costs are the  
22 following:

23           (i) Career exploration, guidance, and counseling.

24           (ii) Curriculum development, including integration of aca-  
25 demic and technical content, and professional development for  
26 teachers directly related to career preparation.



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1 (iii) Technology and equipment determined to be necessary.

2 (iv) Supplies and materials directly related to career  
3 preparation programs.

4 (v) Work-based learning expenses for pupils, teachers, and  
5 counselors.

6 (vi) Evaluation, including career competency testing and  
7 peer review.

8 (vii) Career placement services.

9 (viii) Student leadership organizations integral to the  
10 career preparation system.

11 (ix) Up to 10% of the allocation to an eligible education  
12 agency may be expended for planning, coordination, direct over-  
13 sight, and accountability for the career preparation system.

14 (c) The department shall calculate career preparation costs  
15 per FTE for each career cluster, including career exploration,  
16 guidance, and counseling, by dividing the allowable costs for  
17 each career cluster by the prior year FTE enrollment for each  
18 career cluster. Distribution to eligible education agencies  
19 shall be the product of 50% of career preparation costs per FTE  
20 times the current year FTE enrollment of each career cluster.  
21 This allocation shall be distributed to eligible education agen-  
22 cies in decreasing order of the career cluster ranking described  
23 in subdivision (a) until the money allocated for grant recipients  
24 in this section is distributed. Beginning in 2001-2002, funds  
25 shall be distributed to eligible education agencies according to  
26 workforce development board geographic area consistent with  
27 subsection (2)(a) based upon the proportion of each workforce

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1 development board area's K-12 public school membership to the  
2 total state K-12 public school membership.

3 (4) The department shall establish a review procedure for  
4 assessing the career preparation system in each region.

5 (5) An education advisory group is responsible for assuring  
6 the quality of the career preparation system. An education  
7 advisory group shall review the career preparation system in  
8 accordance with evaluation criteria established by the  
9 department.

10 (6) An education advisory group shall report its findings  
11 and recommendations for changes to the participating eligible  
12 education agencies, the workforce development board, and the  
13 department.

14 (7) The next revision of a regional career preparation plan  
15 shall take into account the findings of the education advisory  
16 group in accordance with evaluation criteria established by the  
17 department in order for the affected education agencies to  
18 receive continued funding under this section.

19 Sec. 74. (1) From the amount appropriated in section 11,  
20 there is allocated an amount not to exceed \$1,625,000.00 each  
21 fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004  
22 for the purposes of subsections (2) and (3).

23 (2) From the allocation in subsection (1), there is allo-  
24 cated each fiscal year the amount necessary for payments to state  
25 supported colleges or universities and intermediate districts  
26 providing school bus driver safety instruction or driver skills  
27 road tests pursuant to sections 51 and 52 of the pupil

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1 transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The  
2 payments shall be in an amount determined by the department not  
3 to exceed 75% of the actual cost of instruction and driver com-  
4 pensation for each public or nonpublic school bus driver attend-  
5 ing a course of instruction. For the purpose of computing com-  
6 pensation, the hourly rate allowed each school bus driver shall  
7 not exceed the hourly rate received for driving a school bus.  
8 Reimbursement compensating the driver during the course of  
9 instruction or driver skills road tests shall be made by the  
10 department to the college or university or intermediate district  
11 providing the course of instruction.

12 (3) From the allocation in subsection (1), there is allo-  
13 cated each fiscal year the amount necessary to pay the reasonable  
14 costs of nonspecial education auxiliary services transportation  
15 provided pursuant to section 1323 of the revised school code,  
16 MCL 380.1323. Districts funded under this subsection shall not  
17 receive funding under any other section of this act for nonspe-  
18 cial education auxiliary services transportation.

19 Sec. 81. (1) Except as otherwise provided in this section,  
20 from the appropriation in section 11, there is allocated each  
21 fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004  
22 to the intermediate districts the sum necessary, but not to  
23 exceed \$92,170,800.00 for 2001-2002 and not to exceed  
24 \$95,028,100.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004  
25 to provide state aid to intermediate districts under this  
26 section. Except as otherwise provided in this section, there  
27 shall be allocated to each intermediate district for 2001-2002 an

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1 amount equal to 105% of the amount of funding actually received  
2 by the intermediate district under this subsection for  
3 2000-2001. Except as otherwise provided in this section, there  
4 shall be allocated to each intermediate district EACH FISCAL YEAR  
5 for 2002-2003 AND FOR 2003-2004 an amount equal to 103.1% of the  
6 amount of funding actually received by the intermediate district  
7 under this subsection for 2001-2002. Funding provided under this  
8 section shall be used to comply with requirements of this act and  
9 the revised school code that are applicable to intermediate dis-  
10 tricts, and for which funding is not provided elsewhere in this  
11 act, and to provide technical assistance to districts as autho-  
12 rized by the intermediate school board.

13 (2) From the allocation in subsection (1), there is allo-  
14 cated to an intermediate district, formed by the consolidation or  
15 annexation of 2 or more intermediate districts or the attachment  
16 of a total intermediate district to another intermediate school  
17 district or the annexation of all of the constituent K-12 dis-  
18 tricts of a previously existing intermediate school district  
19 which has disorganized, an additional allotment of \$3,500.00 each  
20 fiscal year for each intermediate district included in the new  
21 intermediate district for 3 years following consolidation, annex-  
22 ation, or attachment.

23 (3) If an intermediate district participated in 1993-94 in a  
24 consortium operating a regional educational media center under  
25 section 671 of the revised school code, MCL 380.671, and rules  
26 promulgated by the superintendent, and if the intermediate  
27 district obtains written consent from each of the other

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1 intermediate districts that participated in the consortium in  
2 1993-94, the intermediate district may notify the department not  
3 later than December 30 of the current fiscal year that it is  
4 electing to directly receive its payment attributable to partici-  
5 pation in that consortium. An intermediate district making that  
6 election, and that has obtained the necessary consent, shall  
7 receive each fiscal year for 2001-2002, ~~or~~ for 2002-2003, OR  
8 FOR 2003-2004, as applicable, for each pupil in membership in the  
9 intermediate district or a constituent district an amount equal  
10 to the quotient of the 1993-94 allocation to the fiscal agent for  
11 that consortium under former section 83, adjusted as determined  
12 by the department to account for that election, divided by the  
13 combined total membership for the current fiscal year in all of  
14 the intermediate districts that participated in that consortium  
15 and their constituent districts. The amount allocated to an  
16 intermediate district under this subsection for a fiscal year  
17 shall be deducted from the total allocation for that fiscal year  
18 under this section to the intermediate district that was the  
19 1993-94 fiscal agent for the consortium.

20 (4) During a fiscal year, the department shall not increase  
21 an intermediate district's allocation under subsection (1)  
22 because of an adjustment made by the department during the fiscal  
23 year in the intermediate district's taxable value for a prior  
24 year. Instead, the department shall report the adjustment and  
25 the estimated amount of the increase to the house and senate  
26 fiscal agencies and the state budget director not later than

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1 June 1 of the fiscal year, and the legislature shall appropriate  
2 money for the adjustment in the next succeeding fiscal year.

3 (5) In order to receive funding under this section, an  
4 intermediate district shall demonstrate to the satisfaction of  
5 the department that the intermediate district employs at least 1  
6 person who is trained in pupil counting procedures, rules, and  
7 regulations.

8 Sec. 94. From the general fund money appropriated in sec-  
9 tion 11, there is allocated to the department an amount not to  
10 exceed \$3,000,000.00 for 2001-2002 and an amount not to exceed  
11 \$2,000,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004 to  
12 provide technical assistance to districts for school accredit-  
13 ation purposes as described in section 1280 of the revised school  
14 code, MCL 380.1280.

15 Sec. 94a. (1) There is created within the office of the  
16 state budget director in the department of management and budget  
17 the center for educational performance and information. The  
18 center shall do all of the following:

19 (a) Coordinate the collection of all data required by state  
20 and federal law from all entities receiving funds under this  
21 act.

22 (b) Collect data in the most efficient manner possible in  
23 order to reduce the administrative burden on reporting entities.

24 (c) Establish procedures to ensure the validity and reli-  
25 ability of the data and the collection process.

26 (d) Develop state and model local data collection policies,  
27 including, but not limited to, policies that ensure the privacy

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1 of individual student data. State privacy policies shall ensure  
2 that student social security numbers are not released to the  
3 public for any purpose.

4 (e) Provide data in a useful manner to allow state and local  
5 policymakers to make informed policy decisions.

6 (f) Provide reports to the citizens of this state to allow  
7 them to assess allocation of resources and the return on their  
8 investment in the education system of this state.

9 (g) Assist all entities receiving funds under this act in  
10 complying with audits performed according to generally accepted  
11 accounting procedures.

12 (h) Other functions as assigned by the state budget  
13 director.

14 (2) The state budget director shall appoint a CEPI advisory  
15 committee, consisting of the following members:

16 (a) One representative from the house fiscal agency.

17 (b) One representative from the senate fiscal agency.

18 (c) One representative from the office of the state budget  
19 director.

20 (d) One representative from the state education agency.

21 (e) One representative each from the department of career  
22 development and the department of treasury.

23 (f) Three representatives from intermediate school  
24 districts.

25 (g) One representative from each of the following educa-  
26 tional organizations:

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1 (i) Michigan association of school boards.

2 (ii) Michigan association of school administrators.

3 (iii) Michigan school business officials.

4 (h) One representative representing private sector firms  
5 responsible for auditing school records.

6 (i) Other representatives as the state budget director  
7 determines are necessary.

8 (3) The CEPI advisory committee appointed under  
9 subsection (2) shall provide advice to the director of the center  
10 regarding the management of the center's data collection activi-  
11 ties, including, but not limited to:

12 (a) Determining what data is necessary to collect and main-  
13 tain in order to perform the center's functions in the most effi-  
14 cient manner possible.

15 (b) Defining the roles of all stakeholders in the data col-  
16 lection system.

17 (c) Recommending timelines for the implementation and ongo-  
18 ing collection of data.

19 (d) Establishing and maintaining data definitions, data  
20 transmission protocols, and system specifications and procedures  
21 for the efficient and accurate transmission and collection of  
22 data.

23 (e) Establishing and maintaining a process for ensuring the  
24 accuracy of the data.

25 (f) Establishing and maintaining state and model local poli-  
26 cies related to data collection, including, but not limited to,  
27 privacy policies related to individual student data.



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1 (g) Ensuring the data is made available to state and local  
2 policymakers and citizens of this state in the most useful format  
3 possible.

4 (h) Other matters as determined by the state budget director  
5 or the director of the center.

6 (4) The center may enter into any interlocal agreements nec-  
7 essary to fulfill its functions.

8 (5) From the general fund appropriation in section 11, there  
9 is allocated an amount not to exceed \$2,332,000.00 for 2001-2002  
10 for payments to the center. From the general fund appropriation  
11 in section 11, there is allocated an amount not to exceed  
12 \$4,500,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004 to  
13 the department of management and budget to support the operations  
14 of the center. The center shall cooperate with the state educa-  
15 tion agency to ensure that this state is in compliance with fed-  
16 eral law and is maximizing opportunities for increased federal  
17 funding to improve education in this state. In addition, from  
18 the federal funds appropriated in section 11 for 2002-2003 AND  
19 FOR 2003-2004, there is allocated the following amounts EACH  
20 FISCAL YEAR in order to fulfill federal reporting requirements:

21 (a) An amount estimated at \$1,000,000.00 funded from  
22 DED-OESE, title I, disadvantaged children funds.

23 (b) An amount estimated at \$284,700.00 funded from DED-OESE,  
24 title I, reading first state grant funds.

25 (c) An amount estimated at \$46,750.00 funded from DED-OESE,  
26 title I, migrant education funds.

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1 (d) An amount estimated at \$500,000.00 funded from DED-OESE,  
2 improving teacher quality funds.

3 (e) An amount estimated at \$526,100.00 funded from DED-OESE,  
4 drug-free schools and communities funds.

5 (6) Funds allocated under this section that are not expended  
6 in the fiscal year in which they were allocated may be carried  
7 forward to a subsequent fiscal year. From the funds allocated  
8 for 1999-2000 that were carried forward under this section and  
9 from the general funds appropriated under this section for  
10 2002-2003, the center shall make grants to intermediate districts  
11 for the purpose of assisting the intermediate districts and their  
12 constituent districts in data collection required by state and  
13 federal law or necessary for audits according to generally  
14 accepted accounting procedures. Grants to each intermediate dis-  
15 trict shall be made at the rate of \$2.00 per each full-time  
16 equated membership pupil times the total number of 2000-2001  
17 pupils in membership in the intermediate district and its con-  
18 stituent districts. An intermediate district shall develop a  
19 plan in cooperation with its constituent districts to distribute  
20 the grants between the intermediate district and its constituent  
21 districts. These grants shall be paid to intermediate districts  
22 no later than the next regularly scheduled school aid payment  
23 after the effective date of this section.

24 (7) If the applicable intermediate district determines that  
25 the pupil counts submitted by a district for the February 2002  
26 supplemental pupil count using the single record student database

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1 cannot be audited by the intermediate district pursuant to  
2 section 101, all of the following apply:

3 (a) The district may submit its pupil count data for the  
4 February 2002 supplemental pupil count using the education data  
5 network system.

6 (b) If the applicable intermediate district determines that  
7 the pupil counts submitted by the district for the 2002-2003  
8 pupil membership count day using the single record student data-  
9 base cannot be audited by the intermediate district pursuant to  
10 section 101, the district may submit its pupil count data for the  
11 2002-2003 pupil membership count day using the education data  
12 network system.

[ (8) AT LEAST 30 DAYS BEFORE IMPLEMENTING A PROPOSED ELECTRONIC DATA  
COLLECTION, SUBMISSION, OR COLLATION PROCESS, OR A PROPOSED CHANGE TO 1  
OR MORE OF THOSE PROCESSES, THE CENTER SHALL SUBMIT THE PROPOSAL AND AN  
ANALYSIS OF THE PROPOSAL TO THE SENATE AND HOUSE OF REPRESENTATIVES  
APPROPRIATIONS SUBCOMMITTEES RESPONSIBLE FOR THIS ACT. THE ANALYSIS  
SHALL INCLUDE AT LEAST A DETERMINATION OF THE COST OF THE PROPOSAL FOR  
DISTRICTS AND INTERMEDIATE DISTRICTS AND OF AVAILABLE FUNDING FOR  
DISTRICTS AND INTERMEDIATE DISTRICTS.]

13 [(9) -8-] As used in this section:

14 (a) "Center" means the center for educational performance  
15 and information created under this section.

16 (b) "DED-OESE" means the United States department of educa-  
17 tion office of elementary and secondary education.

18 (c) "State education agency" means the department.

19 Sec. 96. (1) From the state school aid fund money appropri-  
20 ated in section 11, there is allocated an amount not to exceed  
21 \$0.00 for 2001-2002 and \$1,320,000.00 EACH FISCAL YEAR for  
22 2002-2003 AND FOR 2003-2004 for golden apple awards under this  
23 section. The awards shall be based on elementary school achieve-  
24 ment on the fourth grade and fifth grade Michigan education  
25 assessment program (MEAP) tests.

26 (2) To be eligible for a golden apple award, an elementary  
27 school shall meet all of the following:

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1 (a) Has at least 50 pupils in membership.

2 (b) At least 90% of the fourth and fifth grade pupils  
3 enrolled and in regular daily attendance in the school on the  
4 pupil membership count day in that school year took the applica-  
5 ble MEAP tests.

6 (c) Meets 1 or both of the following:

7 (i) The composite score for the pupils in the school who  
8 took the applicable MEAP tests increased by at least 60 points  
9 over the 2 consecutive school years immediately preceding the  
10 state fiscal year in which the award is given.

11 (ii) The test scores for the pupils in the school who took  
12 the applicable MEAP tests are among the highest elementary school  
13 scores statewide, as determined by the department of treasury,  
14 for that school year.

15 (3) A golden apple award under this section shall be allo-  
16 cated to and used by a district exclusively for the purpose of  
17 distributing funds to each eligible elementary school. Beginning  
18 in 2002-2003, the monetary amount of a golden apple award shall  
19 be \$10,000.00 to be allocated to each eligible elementary  
20 school. All money allocated under this section shall be used for  
21 school improvements, as determined collectively by a majority  
22 vote of the full-time employees of the eligible elementary  
23 school.

24 (4) IF THE MICHIGAN ASSESSMENT GOVERNING BOARD IS ESTAB-  
25 LISHED BY LAW, THE MICHIGAN ASSESSMENT GOVERNING BOARD SHALL  
26 ADMINISTER THE GOLDEN APPLE AWARD PROGRAM UNDER THIS SECTION.

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1           Sec. 98. (1) From the general fund money appropriated in  
2 section 11, there is allocated an amount not to exceed  
3 \$1,500,000.00 for 2001-2002 and an amount not to exceed  
4 \$5,000,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004 to  
5 the department to provide a grant to the Michigan virtual univer-  
6 sity for the development, implementation, and operation of the  
7 Michigan virtual high school and to fund other purposes described  
8 in this section. In addition, from the federal funds appropri-  
9 ated in section 11, there is allocated each fiscal year for  
10 2001-2002, ~~and~~ FOR 2002-2003, AND FOR 2003-2004 the following  
11 amounts:

12           (a) An amount estimated at \$3,251,800.00 from DED-OESE,  
13 title II, improving teacher quality funds.

14           (b) An amount estimated at \$1,188,000.00 from DED-OESE,  
15 title II, educational technology grants funds.

16           (c) An amount estimated at \$2,044,400.00 from DED-OESE,  
17 title V, innovative strategies grants funds.

18           (d) An amount estimated at \$100,500.00 from DED-OESE, title  
19 VI, rural and low income schools grants funds.

20           (2) The Michigan virtual high school shall have the follow-  
21 ing goals:

22           (a) Significantly expand curricular offerings for high  
23 schools across this state through agreements with districts or  
24 licenses from other recognized providers. The Michigan virtual  
25 university shall explore options for providing rigorous civics  
26 curricula online.

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1 (b) Create statewide instructional models using interactive  
2 multimedia tools delivered by electronic means, including, but  
3 not limited to, the internet, digital broadcast, or satellite  
4 network, for distributed learning at the high school level.

5 (c) Provide pupils with opportunities to develop skills and  
6 competencies through on-line learning.

7 (d) Offer teachers opportunities to learn new skills and  
8 strategies for developing and delivering instructional services.

9 (e) Accelerate this state's ability to respond to current  
10 and emerging educational demands.

11 (f) Grant high school diplomas through a dual enrollment  
12 method with districts.

13 (g) Act as a broker for college level equivalent courses, as  
14 defined in section 1471 of the revised school code, MCL 380.1471,  
15 and dual enrollment courses from postsecondary education  
16 institutions.

17 (3) The Michigan virtual high school course offerings shall  
18 include, but are not limited to, all of the following:

19 (a) Information technology courses.

20 (b) College level equivalent courses, as defined in section  
21 1471 of the revised school code, MCL 380.1471.

22 (c) Courses and dual enrollment opportunities.

23 (d) Programs and services for at-risk pupils.

24 (e) General education development test preparation courses  
25 for adjudicated youth.

26 (f) Special interest courses.

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1 (g) Professional development programs and services for  
2 teachers.

3 (4) From the allocation in subsection (1), there is allo-  
4 cated \$3,500,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR  
5 2003-2004 for the purpose of developing innovative strategies to  
6 use wireless technology to improve student academic achievement  
7 in this state. The Michigan virtual university shall identify  
8 not more than 5 pilot project sites for these initiatives. The  
9 pilot project sites shall be geographically diverse and at least  
10 1 of the pilot project sites shall be in the Upper Peninsula.  
11 The pilot projects shall be funded through public-private  
12 partnerships. In addition, the Michigan virtual university shall  
13 establish local fund matching requirements for the pilot project  
14 sites.

15 (5) The state education agency shall sign a memorandum of  
16 understanding with the Michigan virtual university regarding the  
17 DED-OESE, title II, improving teacher quality funds as provided  
18 under this subsection. To the extent allowed under federal law,  
19 the Michigan virtual university shall address the unique issues  
20 of providing educational opportunities in rural communities. The  
21 memorandum of understanding under this subsection shall require  
22 that the Michigan virtual university coordinate the following  
23 activities related to DED-OESE, title II, improving teacher qual-  
24 ity funds in accordance with federal law:

25 (a) Develop, and assist districts in the development and use  
26 of, proven, innovative strategies to deliver intensive  
27 professional development programs that are both cost-effective

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1 and easily accessible, such as strategies that involve delivery  
2 through the use of technology, peer networks, and distance  
3 learning.

4 (b) Encourage and support the training of teachers and  
5 administrators to effectively integrate technology into curricula  
6 and instruction.

7 (c) Coordinate the activities of eligible partnerships that  
8 include higher education institutions for the purposes of provid-  
9 ing professional development activities for teachers, paraprofes-  
10 sionals, and principals as defined in federal law.

11 (6) The state education agency shall sign a memorandum of  
12 understanding with the Michigan virtual university regarding  
13 DED-OESE, title II, educational technology grants as provided  
14 under this subsection. The Michigan virtual university shall  
15 coordinate activities described in this subsection with the pilot  
16 project sites identified in subsection (4). The memorandum of  
17 understanding shall require that the Michigan virtual university  
18 coordinate the following state activities related to DED-OESE,  
19 title II, educational technology grants in accordance with fed-  
20 eral law:

21 (a) Assist in the development of innovative strategies for  
22 the delivery of specialized or rigorous academic courses and cur-  
23 ricula through the use of technology, including distance learning  
24 technologies.

25 (b) Establish and support public-private initiatives for the  
26 acquisition of educational technology for students in high-need  
27 districts.



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1           (7) The state education agency shall sign a memorandum of  
2 understanding with the Michigan virtual university regarding  
3 DED-OESE, title V, innovative strategies grants as provided under  
4 this subsection. The Michigan virtual university shall coordi-  
5 nate activities described in this subsection with the pilot  
6 project sites identified in subsection (4). The memorandum of  
7 understanding shall require the Michigan virtual university to  
8 coordinate the following state-level activities related to  
9 DED-OESE, title V, innovative strategies grants in accordance  
10 with federal law:

11           (a) Programs for the development or acquisition and use of  
12 instructional and educational materials, including computer soft-  
13 ware and hardware for instructional use, that will be used to  
14 improve student academic achievement as part of an overall educa-  
15 tion reform strategy.

16           (b) Programs and activities that expand learning opportuni-  
17 ties through best-practice models designed to improve classroom  
18 learning and teaching.

19           (8) The state education agency shall sign a memorandum of  
20 understanding with the Michigan virtual university requiring that  
21 the Michigan virtual university coordinate the awarding of com-  
22 petitive grants to districts and state-level activities related  
23 to DED-OESE, title VI, rural and low income schools grants in  
24 accordance with federal law for the following purposes:

25           (a) Teacher professional development, including programs  
26 that train teachers to utilize technology, programs to improve  
27 teaching, and programs to train special needs teachers.

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1 (b) Educational technology, including software and hardware,  
2 as described in federal law.

3 (9) Funds allocated under this section that are not expended  
4 in the state fiscal year for which they were allocated may be  
5 carried forward to a subsequent state fiscal year.

6 (10) The state education agency and the Michigan virtual  
7 university shall complete the memoranda of understanding required  
8 under this section within 60 days after the effective date of the  
9 amendatory act that added this subsection. It is the intent of  
10 the legislature that all plans or applications submitted by the  
11 state education agency to the United States department of educa-  
12 tion relating to the distribution of federal funds under this  
13 section shall be for the purposes described in this section.

14 (11) As used in this section:

15 (a) "DED-OESE" means the United States department of educa-  
16 tion office of elementary and secondary education.

17 (b) "State education agency" means the department.

18 Sec. 99. (1) From the state school aid fund appropriation  
19 in section 11, there is allocated an amount not to exceed  
20 \$9,684,300.00 each fiscal year for 2001-2002, ~~and~~ for  
21 2002-2003, AND FOR 2003-2004 and from the general fund appropria-  
22 tion in section 11 there is allocated an amount not to exceed  
23 \$548,000.00 each fiscal year for 2001-2002, ~~and~~ for 2002-2003,  
24 AND FOR 2003-2004 for implementing the comprehensive master plan  
25 for mathematics and science centers developed by the department  
26 and approved by the state board on February 17, 1993.

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1           (2) Within a service area designated locally, approved by  
2 the department, and consistent with the master plan described in  
3 subsection (1), an established mathematics and science center  
4 shall address 2 or more of the following 6 basic services, as  
5 described in the master plan, to constituent districts and  
6 communities: leadership, pupil services, curriculum support,  
7 community involvement, professional development, and resource  
8 clearinghouse services.

9           (3) The department shall not award a grant under this sec-  
10 tion to more than 1 mathematics and science center located in a  
11 particular intermediate district unless each of the grants serves  
12 a distinct target population or provides a service that does not  
13 duplicate another program in the intermediate district.

14           (4) As part of the technical assistance process, the depart-  
15 ment shall provide minimum standard guidelines that may be used  
16 by the mathematics and science center for providing fair access  
17 for qualified pupils and professional staff as prescribed in this  
18 section.

19           (5) Allocations under this section to support the activities  
20 and programs of mathematics and science centers shall be continu-  
21 ing support grants to all 25 established mathematics and science  
22 centers and, subject to subsection (9), the 8 satellite exten-  
23 sions that were funded in 1996-97. Each established mathematics  
24 and science center that was funded in 1999-2000 shall receive an  
25 amount equal to 105.3% of the amount it received under this sec-  
26 tion in 1999-2000.

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1 (6) In order to receive funds under this section, a grant  
2 recipient shall allow access for the department or the  
3 department's designee to audit all records related to the program  
4 for which it receives such funds. The grant recipient shall  
5 reimburse the state for all disallowances found in the audit.

6 (7) From the state school aid fund allocation under subsec-  
7 tion (1), there is allocated an amount not to exceed \$611,800.00  
8 each fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND FOR  
9 2003-2004 for additional funding under this subsection for mathe-  
10 matics and science centers that have come into compliance with  
11 the comprehensive master plan described in subsection (1). These  
12 amounts are in addition to the funding determined under subsec-  
13 tion (5) and are as follows for each of those fiscal years:

14 (a) \$68,000.00 each to the central Michigan science, mathe-  
15 matics, and technology center; the Hillsdale-Lenawee-Monroe math-  
16 ematics and science center; the St. Clair mathematics, science,  
17 and technology network; the Saginaw valley state university  
18 regional center; the Genesee area mathematics, science, and tech-  
19 nology center; the Grand Traverse area regional mathematics,  
20 science, and technology center; and the Livingston/Washtenaw  
21 mathematics and science center.

22 (b) \$85,000.00 to the Grand valley state university regional  
23 mathematics and science center.

24 (c) \$50,800.00 to the Seaborg center at Northern Michigan  
25 university.

26 (8) Not later than June 30, 2000, the department shall  
27 reevaluate and update the comprehensive master plan described in

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1 subsection (1), including any recommendations for upgrading  
2 satellite extensions to full centers.

3 (9) During the course of the 2000-2001 and 2001-2002 fiscal  
4 years, the department shall facilitate the conversion of the  
5 8 existing satellite extensions to full mathematics and science  
6 centers. To this end, in 2000-2001 the department shall provide  
7 4 satellite extensions, as selected by the department, with  
8 applications for conversion to full centers, and in 2001-2002 the  
9 department shall provide the remaining 4 satellite extensions  
10 with applications for conversion. The department shall provide  
11 the applications not later than October 15 of the applicable  
12 fiscal year; a satellite extension shall submit the application  
13 and a detail plan as prescribed by the department not later than  
14 November 15 of the applicable fiscal year; and the department  
15 shall review the applications and plans and notify the satellite  
16 extensions of their status not later than December 1 of the  
17 applicable fiscal year. The allocations under this section are  
18 sufficient to fund the conversion of the satellite extensions to  
19 full centers and to fund them as full centers.

20 Sec. 99a. (1) From the appropriation in section 11, there  
21 is allocated EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004 an  
22 amount not to exceed \$3,180,000.00 for grants to intermediate  
23 districts and districts for providing a school health education  
24 curriculum. The curriculum provided, such as the Michigan model  
25 or another comprehensive school health curriculum, shall be in  
26 accordance with the health education goals established by the  
27 Michigan model for comprehensive school health education steering

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1 committee. This state steering committee shall be comprised of a  
2 representative from each of the following offices and  
3 departments:

4 (a) The department.

5 (b) The department of community health.

6 (c) The health administration in the department of community  
7 health.

8 (d) The bureau of mental and substance abuse services in the  
9 department of community health.

10 (e) The family independence agency.

11 (f) The department of state police.

12 (2) Upon written or oral request by a pupil who is at least  
13 18 years of age or a parent or legal guardian of a pupil less  
14 than 18 years of age, school officials shall inform the pupil or  
15 parent, within a reasonable period of time after the request is  
16 made, of the content of a course in the health education curricu-  
17 lum and shall allow the pupil or parent to examine textbooks and  
18 other classroom materials that are provided to the pupil or mate-  
19 rials that are presented to the pupil in the classroom. This  
20 subsection does not require a district to permit pupil or paren-  
21 tal examination of test questions and answers, scoring keys, or  
22 other examination instruments or data used to administer an aca-  
23 demic examination.

24 Sec. 104a. (1) In order to receive state aid under this  
25 act, a district shall comply with this section and shall adminis-  
26 ter state assessments to high school pupils in the subject areas  
27 of communications skills, mathematics, science, and ~~beginning~~

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1 ~~with pupils scheduled to graduate in 2000,~~ social studies. IF  
2 THE DEPARTMENT OR THE MICHIGAN ASSESSMENT GOVERNING BOARD, AS  
3 APPLICABLE, DETERMINES THAT IT WOULD BE CONSISTENT WITH THE PUR-  
4 POSES OF THIS SECTION, THE DEPARTMENT OR THE MICHIGAN ASSESSMENT  
5 GOVERNING BOARD, AS APPLICABLE, MAY DESIGNATE THE GRADE 11  
6 MICHIGAN EDUCATION ASSESSMENT PROGRAM TESTS AS THE ASSESSMENTS TO  
7 BE USED FOR THE PURPOSES OF THIS SECTION. The district shall  
8 include on the pupil's high school transcript all of the  
9 following: The district shall include on the pupil's high school  
10 transcript all of the following:

11 (a) For each high school graduate who has completed a  
12 subject area assessment under this section, the pupil's scaled  
13 score on the assessment.

14 (b) If the pupil's scaled score on a subject area assessment  
15 falls within the range required under subsection (2) for a cate-  
16 gory established under subsection (2), an indication that the  
17 pupil has achieved state endorsement for that subject area.

18 (c) The number of school days the pupil was in attendance at  
19 school each school year during high school and the total number  
20 of school days in session for each of those school years.

21 (2) The department shall develop scaled scores for reporting  
22 subject area assessment results for each of the subject areas  
23 under this section. The superintendent shall establish 3 catego-  
24 ries for each subject area indicating basic competency, above  
25 average, and outstanding, and shall establish the scaled score  
26 range required for each category. The department shall design  
27 and distribute to districts, intermediate districts, and

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1 nonpublic schools a simple and concise document that describes  
2 these categories in each subject area and indicates the scaled  
3 score ranges for each category in each subject area. A district  
4 may award a high school diploma to a pupil who successfully com-  
5 pletes local district requirements established in accordance with  
6 state law for high school graduation, regardless of whether the  
7 pupil is eligible for any state endorsement.

8 (3) The assessments administered for the purposes of this  
9 section shall be administered to pupils during the last 30 school  
10 days of grade 11. The department shall ensure that the assess-  
11 ments are scored and the scores are returned to pupils, their  
12 parents or legal guardians, and districts not later than the  
13 beginning of the pupil's first semester of grade 12. ~~Not later~~  
14 ~~than fall 1999, the~~ THE department shall arrange for those por-  
15 tions of a pupil's assessment that cannot be scored mechanically  
16 to be scored in Michigan by persons who are Michigan teachers,  
17 retired Michigan teachers, or Michigan school administrators and  
18 who have been trained in scoring the assessments. The returned  
19 scores shall indicate the pupil's scaled score for each subject  
20 area assessment, the range of scaled scores for each subject  
21 area, and the range of scaled scores required for each category  
22 established under subsection (2). In reporting the scores to  
23 pupils, parents, and schools, the department shall provide spe-  
24 cific, meaningful, and timely feedback on the pupil's performance  
25 on the assessment.

26 (4) For each pupil who does not achieve state endorsement in  
27 1 or more subject areas, the board of the district in which the



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1 pupil is enrolled shall provide that there be at least 1 meeting  
2 attended by at least the pupil and a member of the district's  
3 staff or a local or intermediate district consultant who is pro-  
4 ficient in the measurement and evaluation of pupils. The dis-  
5 trict may provide the meeting as a group meeting for pupils in  
6 similar circumstances. If the pupil is a minor, the district  
7 shall invite and encourage the pupil's parent, legal guardian, or  
8 person in loco parentis to attend the meeting and shall mail a  
9 notice of the meeting to the pupil's parent, legal guardian, or  
10 person in loco parentis. The purpose of this meeting and any  
11 subsequent meeting under this subsection shall be to determine an  
12 educational program for the pupil designed to have the pupil  
13 achieve state endorsement in each subject area in which he or she  
14 did not achieve state endorsement. In addition, a district may  
15 provide for subsequent meetings with the pupil conducted by a  
16 high school counselor or teacher designated by the pupil's high  
17 school principal, and shall invite and encourage the pupil's  
18 parent, legal guardian, or person in loco parentis to attend the  
19 subsequent meetings. The district shall provide special programs  
20 for the pupil or develop a program using the educational programs  
21 regularly provided by the district unless the board of the dis-  
22 trict decides otherwise and publishes and explains its decision  
23 in a public justification report.

24 (5) A pupil who wants to repeat an assessment administered  
25 under this section may repeat the assessment, without charge to  
26 the pupil, in the next school year or after graduation. An  
27 individual may repeat an assessment at any time the district

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1 administers an applicable assessment instrument or during a  
2 retesting period under subsection (7).

3 (6) The department shall ensure that the length of the  
4 assessments used for the purposes of this section and the com-  
5 bined total time necessary to administer all of the assessments  
6 ~~, including social studies,~~ are the shortest possible that will  
7 still maintain the degree of reliability and validity of the  
8 assessment results determined necessary by the department. The  
9 department shall ensure that the maximum total combined length of  
10 time that schools are required to set aside for administration of  
11 all of the assessments used for the purposes of this section ~~,~~  
12 ~~including social studies,~~ does not exceed 8 hours. However,  
13 this subsection does not limit the amount of time that individu-  
14 als may have to complete the assessments.

15 (7) The department shall establish, schedule, and arrange  
16 periodic retesting periods throughout the year for individuals  
17 who desire to repeat an assessment under this section. The  
18 department shall coordinate the arrangements for administering  
19 the repeat assessments and shall ensure that the retesting is  
20 made available at least within each intermediate district and, to  
21 the extent possible, within each district.

22 (8) A district shall provide accommodations to a pupil with  
23 disabilities for the assessments required under this section, as  
24 provided under section 504 of title V of the rehabilitation act  
25 of 1973, Public Law 93-112, 29 U.S.C. 794; subtitle A of title II  
26 of the Americans with disabilities act of 1990, Public Law

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1 101-336, 42 U.S.C. 12131 to 12134; and the implementing  
2 regulations for those statutes.

3 (9) For the purposes of this section, the superintendent  
4 shall develop or select and approve assessment instruments to  
5 measure pupil performance in communications skills, mathematics,  
6 social studies, and science. The assessment instruments shall be  
7 based on the model core academic content standards objectives  
8 under section 1278 of the revised school code, MCL 380.1278.

9 (10) Upon written request by the pupil's parent or legal  
10 guardian stating that the request is being made for the purpose  
11 of providing the pupil with an opportunity to qualify to take 1  
12 or more postsecondary courses as an eligible student under the  
13 postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to  
14 388.524, the board of a district shall allow a pupil who is in at  
15 least grade 10 to take an assessment administered under this sec-  
16 tion without charge at any time the district regularly adminis-  
17 ters the assessment or during a retesting period established  
18 under subsection (7). A district is not required to include in  
19 an annual education report, or in any other report submitted to  
20 the department for accreditation purposes, results of assessments  
21 taken under this subsection by a pupil in grade 11 or lower until  
22 the results of that pupil's graduating class are otherwise  
23 reported.

24 (11) All assessment instruments developed or selected and  
25 approved by the state under any statute or rule for a purpose  
26 related to K to 12 education shall be objective-oriented and  
27 consistent with the model core academic content standards

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1 objectives under section 1278 of the revised school code,  
2 MCL 380.1278.

3 (12) A person who has graduated from high school after 1996  
4 and who has not previously taken an assessment under this section  
5 may take an assessment used for the purposes of this section,  
6 without charge to the person, at the district from which he or  
7 she graduated from high school at any time that district adminis-  
8 ters the assessment or during a retesting period scheduled under  
9 subsection (7) and have his or her scaled score on the assessment  
10 included on his or her high school transcript. If the person's  
11 scaled score on a subject area assessment falls within the range  
12 required under subsection (2) for a category established under  
13 subsection (2), the district shall also indicate on the person's  
14 high school transcript that the person has achieved state  
15 endorsement for that subject area.

16 ~~(13) Not later than July 1 of each year until 2000, the~~  
17 ~~department shall submit a comprehensive report to the legislature~~  
18 ~~and the state budget director on the status of the assessment~~  
19 ~~program under this section. The report shall include at least~~  
20 ~~all of the following:~~

21 ~~(a) The annual pupil assessment data.~~

22 ~~(b) A description of the feedback provided to pupils, par-~~  
23 ~~ents, and schools.~~

24 ~~(c) A description of any significant alterations made in the~~  
25 ~~program during the period covered by the report.~~

26 ~~(d) Any recommendations for legislative changes to the~~  
27 ~~program.~~

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1       ~~(e) An update of the reports of the assessment advisory~~  
2 ~~committees of the state board.~~

3       (13) ~~(14)~~ A child who is a student in a nonpublic school  
4 or home school may take an assessment under this section. To  
5 take an assessment, a child who is a student in a home school  
6 shall contact the district in which the child resides, and that  
7 district shall administer the assessment, or the child may take  
8 the assessment at a nonpublic school if allowed by the nonpublic  
9 school. Upon request from a nonpublic school, the department  
10 shall supply assessments and the nonpublic school may administer  
11 the assessment.

12       (14) ~~(15)~~ The purpose of the assessment under this section  
13 is to assess pupil performance in mathematics, science, social  
14 studies, and communication arts for the purpose of improving aca-  
15 demic achievement and establishing a statewide standard of  
16 competency. The assessment under this section provides a common  
17 measure of data that will contribute to the improvement of  
18 Michigan schools' curriculum and instruction by encouraging  
19 alignment with Michigan's curriculum framework standards. These  
20 standards are based upon the expectations of what pupils should  
21 know and be able to do by the end of grade 11.

22       (15) IF THE MICHIGAN ASSESSMENT GOVERNING BOARD IS ESTAB-  
23 LISHED BY LAW, THE MICHIGAN ASSESSMENT GOVERNING BOARD SHALL  
24 ADMINISTER THIS SECTION AND SHALL HAVE ALL OF THE POWERS AND  
25 DUTIES AS OTHERWISE PROVIDED UNDER THIS SECTION FOR THE DEPART-  
26 MENT OR THE SUPERINTENDENT.

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1 (16) As used in this section:

2 (a) "Communications skills" means reading and writing.

3 (b) "Social studies" means geography, history, economics,  
4 and American government.

5 Sec. 107. (1) From the appropriation in section 11, there  
6 is allocated an amount not to exceed \$75,000,000.00 for 2001-2002  
7 and an amount not to exceed \$77,500,000.00 EACH FISCAL YEAR for  
8 2002-2003 AND FOR 2003-2004 for adult education programs autho-  
9 rized under this section.

10 (2) To be eligible to be a participant funded under this  
11 section, a person shall be enrolled in an adult basic education  
12 program, an adult English as a second language program, a general  
13 education development (G.E.D.) test preparation program, a job  
14 or employment related program, or a high school completion pro-  
15 gram, that meets the requirements of this section, and shall meet  
16 either of the following, as applicable:

17 (a) If the individual has obtained a high school diploma or  
18 a general education development (G.E.D.) certificate, the indi-  
19 vidual meets 1 of the following:

20 (i) Is less than 20 years of age on September 1 of the  
21 school year and is enrolled in the state technical institute and  
22 rehabilitation center.

23 (ii) Is less than 20 years of age on September 1 of the  
24 school year, is not attending an institution of higher education,  
25 and is enrolled in a job or employment-related program through a  
26 referral by an employer.

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1 (iii) Is enrolled in an English as a second language  
2 program.

3 (iv) Is enrolled in a high school completion program.

4 (b) If the individual has not obtained a high school diploma  
5 or G.E.D. certificate, [~~is~~ THE INDIVIDUAL MEETS 1 OF THE FOLLOWING:

(i) IS] at least 20 years of age on September 1  
6 of the school year.

[ (ii) IS AT LEAST 16 YEARS OF AGE ON SEPTEMBER 1 OF THE SCHOOL  
YEAR, HAS BEEN PERMANENTLY EXPELLED FROM SCHOOL UNDER SECTION 1311(2)  
OR 1311A OF THE REVISED SCHOOL CODE, MCL 380.1311 AND 380.1311A, AND  
HAS NO APPROPRIATE ALTERNATIVE EDUCATION PROGRAM AVAILABLE THROUGH HIS  
OR HER DISTRICT OF RESIDENCE. ]

7 (3) The amount allocated under subsection (1) shall be dis-  
8 tributed as follows:

9 (a) For districts and consortia that received payments for  
10 1995-96 under former section 107f and that received payments for  
11 1996-97 under subsection (4) of this section as in effect in  
12 1996-97, the amount allocated to each for 2001-2002, ~~and~~ for  
13 2002-2003, AND FOR 2003-2004 shall be an amount each fiscal year  
14 equal to 36.76% of the amount the district or consortium received  
15 for 1995-96 under former section 107f.

16 (b) For districts and consortia that received payments under  
17 subsection (3) of this section as in effect for 1996-97, the  
18 amount allocated to each for 2001-2002, ~~and~~ for 2002-2003, AND  
19 FOR 2003-2004 shall be an amount each fiscal year equal to the  
20 product of the number of full-time equated participants actually  
21 enrolled and in attendance during the 1996-97 school fiscal year  
22 in the program funded under subsection (3) of this section as in  
23 effect for 1996-97 as reported to the department of career devel-  
24 opment, audited, and adjusted according to subsection (10) of  
25 this section as in effect for 1996-97, multiplied by \$2,750.00.

26 (c) For districts and consortia that meet the conditions of  
27 both subdivisions (a) and (b), the amount allocated each fiscal

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1 year for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 shall  
2 be the sum of the allocations to the district or consortium under  
3 subdivisions (a) and (b).

4 (d) A district or consortium that received funding in  
5 1996-97 under this section as in effect for 1996-97 may operate  
6 independently of a consortium or join or form a consortium for  
7 2001-2002, ~~or~~ for 2002-2003, OR FOR 2003-2004. The allocation  
8 for 2001-2002, ~~or~~ for 2002-2003, OR FOR 2003-2004 to the dis-  
9 trict or the newly formed consortium under this subsection shall  
10 be determined by the department of career development and shall  
11 be based on the proportion of the amounts specified in  
12 subdivision (a) or (b), or both, that are attributable to the  
13 district or consortium that received funding in 1996-97. A dis-  
14 trict or consortium described in this subdivision shall notify  
15 the department of career development of its intention with regard  
16 to 2001-2002, ~~or~~ 2002-2003, OR FOR 2003-2004 by October 1 of  
17 the affected fiscal year.

18 (4) A district that operated an adult education program in  
19 1996-97 and does not intend to operate a program in 2001-2002,  
20 ~~or~~ 2002-2003, OR 2003-2004 shall notify the department of  
21 career development by October 1 of the affected fiscal year of  
22 its intention. The funds intended to be allocated under this  
23 section to a district that does not operate a program in  
24 2001-2002, ~~or~~ 2002-2003, OR 2003-2004 and the unspent funds  
25 originally allocated under this section to a district or consor-  
26 tium that subsequently operates a program at less than the level  
27 of funding allocated under subsection (3) shall instead be



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1 proportionately reallocated to the other districts described in  
2 subsection (3)(a) that are operating an adult education program  
3 in 2001-2002, ~~or~~ 2002-2003, OR 2003-2004 under this section.

4 (5) The amount allocated under this section per full-time  
5 equated participant is \$2,850.00 for a 450-hour program. The  
6 amount shall be proportionately reduced for a program offering  
7 less than 450 hours of instruction.

8 (6) An adult basic education program or an adult English as  
9 a second language program operated on a year-round or school year  
10 basis may be funded under this section, subject to all of the  
11 following:

12 (a) The program enrolls adults who are determined by an  
13 appropriate assessment to be below ninth grade level in reading  
14 or mathematics, or both, or to lack basic English proficiency.

15 (b) The program tests individuals for eligibility under  
16 subdivision (a) before enrollment and tests participants to  
17 determine progress after every 90 hours of attendance, using  
18 assessment instruments approved by the department of career  
19 development.

20 (c) A participant in an adult basic education program is  
21 eligible for reimbursement until 1 of the following occurs:

22 (i) The participant's reading and mathematics proficiency  
23 are assessed at or above the ninth grade level.

24 (ii) The participant fails to show progress on 2 successive  
25 assessments after having completed at least 450 hours of  
26 instruction.

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1 (d) A funding recipient enrolling a participant in an  
2 English as a second language program is eligible for funding  
3 according to subsection (10) until the participant meets 1 of the  
4 following:

5 (i) The participant is assessed as having attained basic  
6 English proficiency.

7 (ii) The participant fails to show progress on 2 successive  
8 assessments after having completed at least 450 hours of  
9 instruction. The department of career development shall provide  
10 information to a funding recipient regarding appropriate assess-  
11 ment instruments for this program.

12 (7) A general education development (G.E.D.) test prepara-  
13 tion program operated on a year-round or school year basis may be  
14 funded under this section, subject to all of the following:

15 (a) The program enrolls adults who do not have a high school  
16 diploma.

17 (b) The program shall administer a G.E.D. pre-test approved  
18 by the department of career development before enrolling an indi-  
19 vidual to determine the individual's potential for success on the  
20 G.E.D. test, and shall administer other tests after every 90  
21 hours of attendance to determine a participant's readiness to  
22 take the G.E.D. test.

23 (c) A funding recipient shall receive funding according to  
24 subsection (10) for a participant, and a participant may be  
25 enrolled in the program until 1 of the following occurs:

26 (i) The participant passes the G.E.D. test.

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1           (ii) The participant fails to show progress on 2 successive  
2 tests used to determine readiness to take the G.E.D. test after  
3 having completed at least 450 hours of instruction.

4           (8) A high school completion program operated on a  
5 year-round or school year basis may be funded under this section,  
6 subject to all of the following:

7           (a) The program enrolls adults who do not have a high school  
8 diploma.

9           (b) A funding recipient shall receive funding according to  
10 subsection (10) for a participant in a course offered under this  
11 subsection until 1 of the following occurs:

12           (i) The participant passes the course and earns a high  
13 school diploma.

14           (ii) The participant fails to earn credit in 2 successive  
15 semesters or terms in which the participant is enrolled after  
16 having completed at least 900 hours of instruction.

17           (9) A job or employment-related adult education program  
18 operated on a year-round or school year basis may be funded under  
19 this section, subject to all of the following:

20           (a) The program enrolls adults referred by their employer  
21 who are less than 20 years of age, have a high school diploma,  
22 are determined to be in need of remedial mathematics or communi-  
23 cation arts skills and are not attending an institution of higher  
24 education.

25           (b) An individual may be enrolled in this program and the  
26 grant recipient shall receive funding according to subsection  
27 (10) until 1 of the following occurs:

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1           (i) The individual achieves the requisite skills as  
2 determined by appropriate assessment instruments administered at  
3 least after every 90 hours of attendance.

4           (ii) The individual fails to show progress on 2 successive  
5 assessments after having completed at least 450 hours of  
6 instruction. The department of career development shall provide  
7 information to a funding recipient regarding appropriate assess-  
8 ment instruments for this program.

9           (10) A funding recipient shall receive payments under this  
10 section in accordance with the following:

11           (a) Ninety percent for enrollment of eligible participants.

12           (b) Ten percent for completion of the adult basic education  
13 objectives by achieving an increase of at least 1 grade level of  
14 proficiency in reading or mathematics; for achieving basic  
15 English proficiency; for passage of the G.E.D. test; for passage  
16 of a course required for a participant to attain a high school  
17 diploma; or for completion of the course and demonstrated profi-  
18 ciency in the academic skills to be learned in the course, as  
19 applicable.

20           (11) As used in this section, "participant" means the sum of  
21 the number of full-time equated individuals enrolled in and  
22 attending a department-approved adult education program under  
23 this section, using quarterly participant count days on the  
24 schedule described in section 6(7)(b).

25           (12) A person who is not eligible to be a participant funded  
26 under this section may receive adult education services upon the  
27 payment of tuition. In addition, a person who is not eligible to

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1 be served in a program under this section due to the program  
2 limitations specified in subsection (6), (7), (8), or (9) may  
3 continue to receive adult education services in that program upon  
4 the payment of tuition. The tuition level shall be determined by  
5 the local or intermediate district conducting the program.

6 (13) An individual who is an inmate in a state correctional  
7 facility shall not be counted as a participant under this  
8 section.

9 (14) A district shall not commingle money received under  
10 this section or from another source for adult education purposes  
11 with any other funds of the district. A district receiving adult  
12 education funds shall establish a separate ledger account for  
13 those funds. This subsection does not prohibit a district from  
14 using general funds of the district to support an adult education  
15 or community education program.

16 (15) The department shall work with the department of educa-  
17 tion to ensure that this section is administered in the same  
18 manner as in 1998-99.

19 Sec. 108. (1) From the general fund appropriation in  
20 section 11, there is allocated an amount not to exceed  
21 \$20,000,000.00 for 2001-2002 and an amount not to exceed  
22 \$20,000,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004  
23 for partnership for adult learning programs authorized under this  
24 section.

25 (2) To be eligible to be enrolled as a participant in an  
26 adult learning program funded under this section, a person shall  
27 be at least 16 years of age as of September 1 of the immediately

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1 preceding state fiscal year and shall meet the following, as  
2 applicable:

3 (a) If the individual has obtained a high school diploma or  
4 a general education development (G.E.D.) certificate, the indi-  
5 vidual is determined to have English language proficiency, read-  
6 ing, writing, or math skills below workforce readiness standards  
7 as determined by tests approved by the department of career  
8 development and is not enrolled in a postsecondary institution.  
9 An individual who has obtained a high school diploma is not eli-  
10 gible for enrollment in a G.E.D. test preparation program funded  
11 under this section.

12 (b) If the individual has not obtained a high school diploma  
13 or a G.E.D. certificate, the individual has not attended a sec-  
14 ondary institution for at least 6 months before enrollment in an  
15 adult learning program funded under this section and is not  
16 enrolled in a postsecondary institution.

17 (3) From the allocation under subsection (1), an amount not  
18 to exceed \$19,800,000.00 is allocated for 2001-2002 and an amount  
19 not to exceed \$19,800,000.00 is allocated EACH FISCAL YEAR for  
20 2002-2003 AND FOR 2003-2004 to local workforce development boards  
21 for the purpose of providing regional adult learning programs.  
22 An application for a grant under this subsection shall be in the  
23 form and manner prescribed by the department of career  
24 development. Subject to subsections (4), (5), and (6), the  
25 amount allocated to each local workforce development board shall  
26 be as provided in this subsection, except that an eligible local  
27 workforce development board shall not receive an initial

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1 allocation under this section that is less than \$70,000.00. The  
2 maximum amount of a grant awarded to an eligible local workforce  
3 development board shall be the sum of the following components:

4 (a) Thirty-four percent of the allocation under this subsec-  
5 tion multiplied by the proportion of the family independence  
6 agency caseload in the local workforce development board region  
7 to the statewide family independence agency caseload.

8 (b) Thirty-three percent of the allocation under this sub-  
9 section multiplied by the proportion of the number of persons in  
10 the local workforce development board region over age 17 who have  
11 not received a high school diploma compared to the statewide  
12 total of persons over age 17 who have not received a high school  
13 diploma.

14 (c) Thirty-three percent of the allocation under this sub-  
15 section multiplied by the proportion of the number of persons in  
16 the local workforce development board region over age 17 for whom  
17 English is not a primary language compared to the statewide total  
18 of persons over age 17 for whom English is not a primary  
19 language.

20 (4) The amount of a grant to a local workforce development  
21 board under subsection (3) shall not exceed the cost for adult  
22 learning programs needed in the local workforce development board  
23 region, as documented in a manner approved by the department of  
24 career development.

25 (5) Not more than 9% of a grant awarded to a local workforce  
26 development board may be used for program administration,

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1 including contracting for the provision of career and educational  
2 information, counseling services, and assessment services.

3 (6) In order to receive funds under this section, a local  
4 workforce development board shall comply with the following  
5 requirements in a manner approved by the department of career  
6 development:

7 (a) The local workforce development board shall document the  
8 need for adult learning programs in the local workforce develop-  
9 ment region.

10 (b) The local workforce development board shall report par-  
11 ticipant outcomes and other measurements of program performance.

12 (c) The local workforce development board shall develop a  
13 strategic plan that incorporates adult learning programs in the  
14 region. A local workforce development board is not eligible for  
15 state funds under this section without a strategic plan approved  
16 by the department of career development.

17 (d) The local workforce development board shall furnish to  
18 the department of career development, in a form and manner deter-  
19 mined by the department of career development, the information  
20 the department of career development determines is necessary to  
21 administer this section.

22 (e) The local workforce development board shall allow access  
23 for the department of career development or its designee to audit  
24 all records related to adult learning programs for which it  
25 receives funds. The local workforce development board shall  
26 reimburse this state for all disallowances found in the audit in  
27 a manner determined by the department of career development.



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1 (7) Local workforce development boards shall distribute  
2 funds to eligible adult learning providers as follows:

3 (a) Not less than 85% of a grant award shall be used to sup-  
4 port programs that improve reading, writing, and math skills to  
5 workforce readiness standards; English as a second language pro-  
6 grams; G.E.D. preparation programs; high school completion pro-  
7 grams; or workforce readiness programs in the local workforce  
8 development board region. These programs may include the provi-  
9 sion of career and educational information, counseling services,  
10 and assessment services.

11 (b) Up to 15% of a grant award may be used to support work-  
12 force readiness programs for employers in the local workforce  
13 development board region as approved by the department of career  
14 development. Employers or consortia of employers whose employees  
15 participate in these programs must provide matching funds in a  
16 ratio of at least \$1.00 of private funds for each \$1.00 of state  
17 funds.

18 (8) Local workforce development boards shall award competi-  
19 tive grants to eligible adult learning providers for the purpose  
20 of providing adult learning programs in the local workforce  
21 development board region. Applications shall be in a form and  
22 manner prescribed by the department of career development. In  
23 awarding grants, local workforce development boards shall con-  
24 sider all of the following:

25 (a) The ability of the provider to assess individuals before  
26 enrollment using assessment tools approved by the department of

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1 career development and to develop individual adult learner plans  
2 from those assessments for each participant.

3 (b) The ability of the provider to conduct continuing  
4 assessments in a manner approved by the department of career  
5 development to determine participant progress toward achieving  
6 the goals established in individual adult learner plans.

7 (c) The past effectiveness of an eligible provider in  
8 improving adult literacy skills and the success of an eligible  
9 provider in meeting or exceeding performance measures approved by  
10 the department of career development.

11 (d) Whether the program is of sufficient intensity and dura-  
12 tion for participants to achieve substantial learning gains.

13 (e) Whether the program uses research-based instructional  
14 practices that have proven to be effective in teaching adult  
15 learners.

16 (f) Whether the program uses advances in technology, as  
17 appropriate, including computers.

18 (g) Whether the programs are staffed by well-trained teach-  
19 ers, counselors, and administrators.

20 (h) Whether the activities coordinate with other available  
21 resources in the community, such as schools, postsecondary insti-  
22 tutions, job training programs, and social service agencies.

23 (i) Whether the provider offers flexible schedules and sup-  
24 port services, such as child care and transportation, that enable  
25 participants, including individuals with disabilities or other  
26 special needs, to attend and complete programs.

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1           (j) Whether the provider offers adequate job and  
2 postsecondary education counseling services.

3           (k) Whether the provider can maintain an information manage-  
4 ment system that has the capacity to report participant outcomes  
5 and monitor program performance against performance measures  
6 approved by the department of career development.

7           (l) Whether the provider will allow access for the local  
8 workforce development board or its designee to audit all records  
9 related to adult learning programs for which it receives funds.  
10 The adult learning provider shall reimburse the local workforce  
11 development board for all disallowances found in the audit.

12           (m) The cost per participant contact hour or unit of measur-  
13 able outcome for each type of adult learning program for which  
14 the provider is applying.

15           (9) Contracts awarded by local workforce development boards  
16 to adult learning providers shall comply with the priorities  
17 established in a strategic plan approved by the department of  
18 career development.

19           (10) Adult learning providers that do not agree with the  
20 decisions of the local workforce development board in issuing or  
21 administering competitive grants may use the grievance procedure  
22 established by the department of career development.

23           (11) Local workforce development boards shall reimburse eli-  
24 gible adult learning providers under this section as follows:

25           (a) For a first-time provider, as follows:

26           (i) Fifty percent of the contract amount shall be allocated  
27 to eligible adult learning providers based upon enrollment of

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1 participants in adult learning programs. "Enrollment" means a  
2 participant enrolled in the program who received a preenrollment  
3 assessment using assessment tools approved by the department of  
4 career development and for whom an individual adult learner plan  
5 has been developed.

6 (ii) Fifty percent of the contract amount shall be allocated  
7 to eligible adult learning providers based upon the following  
8 performance standards as measured in a manner approved by the  
9 department of career development:

10 (A) The percentage of participants taking both a pretest and  
11 a posttest in English language proficiency, reading, writing, and  
12 math.

13 (B) The percentage of participants showing improvement  
14 toward goals identified in their individual adult learner plan.

15 (C) The percentage of participants achieving their terminal  
16 goals as identified in their individual adult learner plan.

17 (b) Eligible providers that have provided adult learning  
18 programs previously under this section shall be reimbursed 100%  
19 of the contract amount based upon the performance standards in  
20 subdivision (a)(ii) as measured in a manner determined by the  
21 department of career development.

22 (c) A provider is eligible for reimbursement for a partici-  
23 pant in an adult learning program until the participant's read-  
24 ing, writing, or math proficiency, as applicable, is assessed at  
25 workforce readiness levels or the participant fails to show  
26 progress on 2 successive assessments as determined by the  
27 department of career development.

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1 (d) A provider is eligible for reimbursement for a  
2 participant in an English as a second language program until the  
3 participant is assessed as having attained basic English profi-  
4 ciency or the participant fails to show progress on 2 successive  
5 assessments as determined by the department of career  
6 development.

7 (e) A provider is eligible for reimbursement for a partici-  
8 pant in a G.E.D. test preparation program until the participant  
9 passes the G.E.D. test or the participant fails to show progress  
10 on 2 successive assessments as determined by the department of  
11 career development.

12 (f) A provider is eligible for reimbursement for a partici-  
13 pant in a high school completion program until the participant  
14 earns a high school diploma or the participant fails to show  
15 progress as determined by the department of career development.

16 (12) A person who is not eligible to be a participant funded  
17 under this section may receive adult learning services upon the  
18 payment of tuition or fees for service. The tuition or fee level  
19 shall be determined by the adult learning provider and approved  
20 by the local workforce development board.

21 (13) Adult learning providers may collect refundable depos-  
22 its from participants for the use of reusable equipment and sup-  
23 plies and may provide incentives for program completion.

24 (14) A provider shall not be reimbursed under this section  
25 for an individual who is an inmate in a state correctional  
26 facility.

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1           (15) In order to administer the partnership for adult  
2 learning system under this section, the department of career  
3 development shall do all of the following:

4           (a) Develop and provide guidelines to local workforce devel-  
5 opment boards for the development of strategic plans that incor-  
6 porate adult learning.

7           (b) Develop and provide adult learning minimum program per-  
8 formance standards to be implemented by local workforce develop-  
9 ment boards.

10          (c) Identify approved assessment tools for assessing a  
11 participant's English language proficiency, reading, math, and  
12 writing skills.

13          (d) Approve workforce readiness standards for English lan-  
14 guage proficiency, reading, math, and writing skills that can be  
15 measured by nationally recognized assessment tools approved by  
16 the department of career development.

17          (16) Of the amount allocated in subsection (1), up to  
18 \$200,000.00 is allocated to the department of career development  
19 for the development and administration of a standardized data  
20 collection system. Local workforce development boards and adult  
21 learning providers receiving funding under this section shall use  
22 the standardized data collection system for enrolling partici-  
23 pants in adult learning programs, tracking participant progress,  
24 reporting participant outcomes, and reporting other performance  
25 measures.

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1 (17) A provider is not required to use certificated teachers  
2 or certificated counselors to provide instructional and  
3 counseling services in a program funded under this section.

4 (18) As used in this section:

5 (a) "Adult education", for the purposes of complying with  
6 section 3 of article VIII of the state constitution of 1963,  
7 means a high school pupil receiving educational services in a  
8 nontraditional setting from a district or intermediate district  
9 in order to receive a high school diploma.

10 (b) "Adult learning program" means a program approved by the  
11 department of career development that improves reading, writing,  
12 and math skills to workforce readiness standards; an English as a  
13 second language program; a G.E.D. preparation program; a high  
14 school completion program; or a workforce readiness program that  
15 enhances employment opportunities.

16 (c) "Eligible adult learning provider" means a district,  
17 public school academy, intermediate district, community college,  
18 university, community-based organization, or other organization  
19 approved by the department of career development that provides  
20 adult learning programs under a contract with a local workforce  
21 development board.

22 (d) "Participant" means an individual enrolled in an adult  
23 learning program and receiving services from an eligible adult  
24 learning provider.

25 (e) "Strategic plan" means a document approved by the  
26 department of career development that incorporates adult learning  
27 goals and objectives for the local workforce development board

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1 region and is developed jointly by the local workforce  
2 development board and the education advisory groups.

3 (f) "Workforce development board" means a local workforce  
4 development board established pursuant to the workforce invest-  
5 ment act of 1998, Public Law 105-220, 112 Stat. 936, and the  
6 school-to-work opportunities act of 1994, Public Law 103-239, 108  
7 Stat. 568, or the equivalent.

8 (g) "Workforce readiness standard" means a proficiency level  
9 approved by the department of career development in English lan-  
10 guage, reading, writing, or mathematics, or any and all of these,  
11 as determined by results from assessments approved for use by the  
12 department of career development.

13 Sec. 147. (1) The allocations for 2001-2002, ~~and~~ FOR  
14 2002-2003, AND FOR 2003-2004 for the public school employees'  
15 retirement system pursuant to the public school employees retire-  
16 ment act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be  
17 made using the entry age normal cost actuarial method and risk  
18 assumptions adopted by the public school employees retirement  
19 board and the department of management and budget. The annual  
20 level percentage of payroll contribution rate is estimated at  
21 12.17% for the 2001-2002 state fiscal year and at 12.99% for the  
22 2002-2003 state fiscal year. The portion of the contribution  
23 rate assigned to districts and intermediate districts for each  
24 fiscal year is all of the total percentage points. This contri-  
25 bution rate reflects an amortization period of 35 years for  
26 2001-2002, ~~and~~ 34 years for 2002-2003, AND 33 YEARS FOR  
27 2003-2004. The public school employees' retirement system board



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1 shall notify each district and intermediate district by February  
2 28 of each fiscal year of the estimated contribution rate for the  
3 next fiscal year.

4 (2) It is the intent of the legislature that the amortiza-  
5 tion period described in section 41(2) of the public school  
6 employees retirement act of 1979, 1980 PA 300, MCL 38.1341, be  
7 reduced to 30 years by the end of the 2005-2006 state fiscal year  
8 by reducing the amortization period by not more than 1 year each  
9 fiscal year.

10 Enacting section 1. In accordance with section 30 of arti-  
11 cle IX of the state constitution of 1963, total state spending in  
12 this amendatory act and in 2002 PA 191, 2001 PA 121, and 2000  
13 PA 297 from state sources for fiscal year 2002-2003 is estimated  
14 at \$11,490,554,900.00 and state appropriations to be paid to  
15 local units of government for fiscal year 2002-2003 are estimated  
16 at \$11,439,469,500.00. In accordance with section 30 of article  
17 IX of the state constitution of 1963, total state spending in  
18 this amendatory act from state sources for fiscal year 2003-2004  
19 is estimated at \$11,477,080,900.00 and state appropriations to be  
20 paid to local units of government for fiscal year 2003-2004 are  
21 estimated at \$11,431,369,500.00.

22 Enacting section 2. Section 1713 of 2002 PA \_\_\_\_\_ (Enrolled  
23 Senate Bill No. 1101 of the 91st Legislature) is repealed.

24 Enacting section 3. This amendatory act does not take  
25 effect unless the tax on cigarettes under the tobacco products  
26 tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 50  
27 cents or more per pack of cigarettes (25 mills per cigarette)

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1 effective on or before September 30, 2002 and the revenue from  
2 not less than 20 cents per pack of cigarettes (10 mills per  
3 cigarette) of that increase is dedicated by law for deposit into  
4 the state school aid fund established by section 11 of article IX  
5 of the state constitution of 1963.