

the powers and duties of the state administrative board and state officers with respect thereto; to provide for acceptance of financial and other assistance from the federal government; to provide for certain administrative expenses; to make certain appropriations; and to prescribe penalties for violations of the provisions of this act,” by amending section 8 (MCL 35.928).

The People of the State of Michigan enact:

35.928 Administration of act; expenses; payment; appropriation.

Sec. 8. The expenses of the administration of this act and of 1947 PA 4, MCL 35.901 to 35.906, subsequent to the issuance of the bonds, shall be paid from the veterans’ military pay fund in accordance with the accounting laws of the state. For this purpose there is hereby appropriated a sum of not to exceed \$1,500,000 from said veterans’ military pay fund which shall be released by the state administrative board at such time and in amounts determined and recommended by the budget director, to the adjutant general, and the state treasurer as required to carry out the provisions of this act and 1947 PA 4, MCL 35.901 to 35.906, subsequent to the issuance of the bonds.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 23, 2002.

[No. 174]

(SB 910)

AN ACT to amend 1955 PA 8, entitled “An act to provide for payments to persons who served in the armed forces of the United States between June 27, 1950, and December 31, 1953, and to beneficiaries of such persons; to prescribe the power and duties of the state administrative board and state officers with respect thereto; to provide for acceptance of financial and other assistance from the federal government; to create the Korean veterans’ military pay fund in the state treasury; to make certain appropriations; and to prescribe penalties for violations of the provisions of this act,” by amending sections 7 and 9 (MCL 35.977 and 35.979).

The People of the State of Michigan enact:

35.977 Korean veterans’ military pay fund; creation; payment procedure; nonassignability of claims; rejection of claim; notice; appeal.

Sec. 7. (1) Upon submission to the adjutant general of satisfactory proof that the applicant is entitled to payment under this act, the adjutant general shall compute the amount of payment due the applicant, make a record of the payment, and transmit the claim for payment directly to the state treasurer for payment upon the form as the state treasurer shall prescribe. Payment shall be made from the Korean veterans’ military pay fund of 1955, which is hereby created as a special fund in the state treasury to consist of all money received from the issuance and sale of bonds pursuant to former section 26 of article 10 of the constitution of 1908, and under section 13 of schedule and temporary provision of the state constitution of 1963, and which money is hereby appropriated for that purpose and for the administration of this act: Provided, That no claim for payment under this act shall be assignable, or subject to garnishment, attachment, or levy of execution.

(2) Whenever the proof as to eligibility for payment submitted by an applicant either with or as a part of his or her initial application, or pursuant to request of the adjutant general thereafter, is not satisfactory to the adjutant general, the adjutant general shall reject the claim.

(3) Upon rejection of a claim the adjutant general shall cause to be mailed to each claimant whose claim has been rejected, a notice of rejection and the notice shall inform the claimant of his or her right to file with the adjutant general a request for appeal to the court of claims of the state of Michigan within 6 months after the mailing of the notice by the adjutant general.

(4) The notice of rejection shall also inform the claimant that a failure to file a request for appeal to the Michigan court of claims within the stipulated time shall render the determination of the adjutant general final without any further right of claimant to appeal from same.

(5) The claimant shall have 6 months from the mailing by the adjutant general of a notice of rejection of the claim in which to appeal to the court of claims from the rejection, and upon failure by the claimant to file with the adjutant general a request for appeal to the court of claims within such 6 months' period the determination by the adjutant general in the claim shall be final.

(6) Upon the filing of a request for appeal to the Michigan court of claims, and in that event only, the adjutant general shall forthwith certify the entire record of the claim to the court of claims and shall furnish to the court any additional information in or which may thereafter come into his or her possession or which may be requested by the court.

(7) Upon receipt of an order by the court of claims that a claimant whose claim has been so certified as in this act provided is entitled to payment and upon said order becoming final the claim shall be paid in the same manner as provided in this act.

(8) In each case in which the court of claims shall enter its order allowing or denying a claim, and upon the order becoming final, the files and records in that case shall be returned by the court of claims to the adjutant general, to be retained by him or her as permanent records.

35.979 Administration of act; expenses; payment; appropriation.

Sec. 9. The expenses of the administration of this act subsequent to the issuance of the bonds authorized in this act, shall be paid from the Korean veterans' military pay fund of 1955, in accordance with the accounting laws of the state. For this purpose there is hereby appropriated a sum of not to exceed \$655,000.00 from said Korean veterans' military pay fund of 1955, which shall be released by the state administrative board at the time and in amounts determined and recommended by the director of the department of management and budget, to the adjutant general, and the state treasurer as required to carry out the provisions of this act, subsequent to the issuance of the bonds authorized in this act. Any necessary expense incurred by the adjutant general prior to the effective date of this act in preparation for the prompt payment of veterans' claims in administering the purposes of this act shall be refunded to the military establishment, out of the appropriation hereby made, after an itemized claim shall have been submitted to and approved by the state administrative board.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 23, 2002.

[No. 175]**(SB 911)**

AN ACT to amend 1945 PA 72, entitled “An act to prevent the importation from other states, and the spread within this state, of all serious insect pests and contagious plant diseases and to provide for their repression and control, imposing certain powers and duties on the commissioner of agriculture; to prescribe penalties for the violation of the provisions of this act; and to repeal certain acts and parts of acts,” by amending section 5 (MCL 286.255).

The People of the State of Michigan enact:

286.255 Authority to enter upon premises; treatment to prevent spread of disease; owners recompensed for loss.

Sec. 5. The director of the department of agriculture and his or her inspectors, deputies, assistants, and employees may enter upon any premises in the state for the purpose of examining trees, shrubs, vines, and plants for the presence of destructive insects or diseases, and, if any such insects or diseases are found, may, under the provisions of this act, take the steps as may be necessary to exterminate them. No damage shall be awarded for the destruction of any trees, shrubs, vines, plants, or fruit or for injury to same if done by the director of the department of agriculture or his or her authorized inspectors and assistants, in accordance with the provisions of this act, and the director considers it necessary in order to suppress dangerous insects and diseases, when the trees, shrubs, vines, and plants have already been attacked by dangerous insects or diseases. Whenever any dangerous plant disease, or destructive insect, which is new to or which has not become widely prevalent or distributed through or within the state is found upon any trees, shrubs, vines, or plants, in case it is considered necessary in order to prevent the spread and the dissemination of said insect, or disease, the director of the department of agriculture may cause any tree, shrub, vine, or plant likely to be attacked by such insect or disease, and which are growing within 3,000 feet of where the dangerous insect or disease has been found, to be treated with approved remedies, or, if this is not feasible, to be destroyed. However, if it becomes necessary to destroy any trees, shrubs, vines, or plants which have not already become attacked by said new and dangerous insect or disease, the owner shall be recompensed for their actual value, the amount to be fixed by 3 parties, 1 to be selected by the owner, another by the director of the department of agriculture, and the third party to be selected by the other 2 so selected. The amount awarded, when approved by the director of the department of agriculture, shall be certified to the state treasurer, who shall draw a warrant on the state treasurer for the payment of the same from the general fund of the state.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 23, 2002.

[No. 176]**(SB 912)**

AN ACT to amend 1905 PA 311, entitled “An act with respect to the furnishing of bonds by state officers, their deputies, and officers of state institutions; to provide for the

payment of the cost of such bonds, and to prescribe the places of filing the same,” by amending sections 1 and 2 (MCL 15.71 and 15.72).

The People of the State of Michigan enact:

15.71 Procurement of bonds by certain state officers; cost.

Sec. 1. Whenever a bond is required by the laws of this state to be given by the secretary of state, state treasurer, director of the department of natural resources, attorney general, or superintendent of public instruction, the deputy or deputies of those officers, any other civil or military officer of this state, or any officer of any state institution, whether elected or appointed, who is charged with the duty of being the custodian of any state or institution funds, money, or property, that state or institution officer may procure the required bond from any surety company authorized by the laws of this state to execute the bond, and the cost of the bond, not exceeding 1/2 of 1% per year, shall be paid out of the treasury of this state.

15.72 Bonds; filing; safekeeping.

Sec. 2. The various bonds referred to in section 1 shall be filed in the office of the secretary of state, any requirement in any other statute of this state to the contrary notwithstanding. However, the bond required to be furnished by the secretary of state, his or her deputy, or any employee connected with that office, required by law to file a bond, shall be filed with the state treasurer. The secretary of state and the state treasurer shall receive and make adequate provision for the safekeeping of the bonds described in this act.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 23, 2002.

[No. 177]

(SB 913)

AN ACT to amend 1846 RS 60, entitled “Of the superintendence and disposition of the public lands,” by amending section 19 (MCL 322.319).

The People of the State of Michigan enact:

322.319 University and school lands; payment of amount due; receipt.

Sec. 19. Any purchaser of university or school lands may pay to the state treasurer the amount due on his or her certificate of purchase, whether principal or interest, and for the amount so paid, the treasurer shall provide a receipt.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 23, 2002.

[No. 178]**(SB 915)**

AN ACT to amend 1933 PA 162, entitled “An act to provide for the levy of certain additional taxes in municipal school districts,” by amending section 5 (MCL 211.255).

The People of the State of Michigan enact:

211.255 Rules and regulations by state treasurer.

Sec. 5. The state treasurer shall issue any rules, regulations, and instructions that he or she considers necessary to the proper administration and enforcement of this act.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 23, 2002.

[No. 179]**(SB 916)**

AN ACT to amend 1943 PA 92, entitled “An act to protect the interest of the public, acquired other than through taxation, in lands under the jurisdiction and control of the state land office board and department of conservation, and to make an appropriation therefor,” by amending sections 1, 2, 3, and 4 (MCL 211.371, 211.372, 211.373, and 211.374).

The People of the State of Michigan enact:

211.371 Withholding certain land from sale; notice to state treasurer; “department” defined.

Sec. 1. (1) If the department of natural resources discovers before the execution and delivery of a deed or the execution of a contract for the sale of any land, apparent title to which vested in this state by virtue of a tax sale, that this state, or any board, officer, commission, department, public corporation, governmental subdivision, agency, municipal or quasi-municipal corporation of this state owned any parcel of land or part of a parcel or interest in a parcel prior to the apparent vesting of title to that parcel in this state, the department having jurisdiction over the land shall withhold the land or that part of land publicly owned or in which the public had an interest, from public sale, and notify the state treasurer of the withholding and the reason for the withholding.

(2) As used in this act, “department” means the department of natural resources.

211.372 Withholding certain land from sale; conveyance to grantees; delinquent taxes and special assessments; payment and certification; liens.

Sec. 2. (1) The land or part of the land withheld shall be conveyed by deed by the department to the grantee or grantees, including this state, that would have had title to the land if the apparent title had not vested in this state as a result of tax sale proceedings.

(2) If any taxes or special assessments are lawfully due upon the land because the public interest was acquired after the tax day, after the special assessments had become

a lien, or for any other reason, the taxes and special assessments shall be paid to the county treasurer and to the city treasurer if the land lies within the limits of a city collecting its own delinquent taxes and special assessments and the fact of the payment shall be certified to the department by the state treasurer prior to the execution and delivery of the conveyance. The taxes and special assessments shall be distributed and accounted for in the same manner as if paid at the time of the acquisition of the interest of the public in the land.

(3) Interest and penalties due upon the taxes and special assessments shall not be required to be computed or paid beyond the time when the public acquired an interest in the land.

(4) If the public interest in the land was less than a fee simple absolute prior to the apparent vesting of title in this state, this state or any board, officer, commission, department, public corporation, governmental subdivision, agency, municipal or quasi-municipal corporation of this state paying the valid taxes and special assessments shall have a lien on the land or interest in the land not publicly owned for the portion of the amount paid that is lawfully chargeable to the interest not owned by the public, as described in this section. The lien may be foreclosed in the circuit court for the county in which the land or any part of the land is situated. The lien shall bear interest at the rate of 6% per annum from the date of the payment.

211.373 Withholding certain lands from sale; taxes and special assessments subsequently assessed rejected by state treasurer and reassessed.

Sec. 3. Taxes and special assessments subsequently assessed upon property acquired by the public prior to the tax day shall be rejected by the state treasurer and shall be reassessed in the same manner as if the land or part of the land had not been sold at tax sale. In case a geographical part only of the land was owned by the public prior to the apparent vesting of title in this state as the result of tax sale proceedings, the remaining part of the land shall be disposed of by the department in the usual manner, and a division of the taxes and special assessments shall be made in the same manner as though the taxes had not yet become delinquent.

211.374 Withholding certain lands from sale; payment of valid taxes and special assessments when interest acquired by state; approval.

Sec. 4. (1) Payment of valid taxes and special assessments due on lands in which an interest was acquired by this state, or any board, officer, commission, department, public corporation, governmental subdivision, or agency of this state, except lands under the jurisdiction and control of the state transportation department, shall be made by the state treasurer in the usual manner.

(2) In the case of lands in which an interest was acquired by any governmental subdivision or agency of this state, the functions of which are local and for the support of which real property taxes are required or permitted to be raised locally, the valid taxes and special assessments on the land shall be paid by the governmental subdivision or agency of this state.

(3) In all cases in which payment is required to be made out of the state treasury, payment shall be made only upon the written approval of the state treasurer and the attorney general. The approval shall be filed and kept in the office of the state treasurer.

Payment shall be made by the interested municipal or quasi-municipal corporation or the state transportation department in all other cases.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 23, 2002.

[No. 180]

(SB 918)

AN ACT to amend 1897 PA 263, entitled “An act to authorize the auditor general to accept payment of taxes and charges from the owner of any description of land held by the state as state tax lands,” by amending section 1 (MCL 211.541).

The People of the State of Michigan enact:

211.541 Land held as state tax land with other land; tax application; affidavit; proportionate payment; deed.

Sec. 1. If any person, firm, or corporation, owning or claiming to own 1 or more government subdivisions of land or 1 or more lots or blocks included within the limits of any township, village, or city plat included in the assessment with other government subdivisions of land or with other lots or blocks upon the tax roll, makes an affidavit, or causes an affidavit to be made by any person having knowledge of the facts, to the state treasurer, setting forth that the person, firm, or corporation owns at the time of making the affidavit the government subdivision of land or the lot, lots, or blocks and that the government subdivision or lot, lots, or blocks have been included upon the assessment roll and have been sold and are held as state tax land with other government subdivisions of land or with other lots or blocks and that the affiant seeks to pay all the taxes assessed against the land, and upon tender by the person, firm, or corporation to the state treasurer, the proportionate amount of taxes, interest, and charges accrued against that description of land as appearing by the tax lists and records at the time the tender or payment and affidavit is made, the state treasurer shall, upon payment, issue to that person, firm, or corporation, a deed of the description or descriptions of land described in the affidavit.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 23, 2002.

[No. 181]

(HB 5415)

AN ACT to amend 1976 PA 451, entitled “An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, and intermediate school districts; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, and intermediate school districts; to provide for

the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts," by amending section 1356 (MCL 380.1356), as amended by 1993 PA 312.

The People of the State of Michigan enact:

380.1356 Operating deficit; notes or bonds; determining amount of deficit; resolution; pledge of security; maturity; interest; installments; redemption; valid and binding general obligations; payment; use of proceeds; review and approval of budget.

Sec. 1356. (1) Notwithstanding section 1351, a school district that has an operating or projected operating deficit in excess of \$100.00 per membership pupil may borrow and issue its negotiable interest bearing notes or bonds for the purpose of funding the deficit in accordance with this section. This authority is in addition to and not in derogation of any power granted to a school district by any other provision of this act. However, except for the purpose of funding an operating or projected operating deficit resulting from a state tax tribunal order or a court order, a school district shall not initiate the procedures to borrow money or issue notes or bonds under this section after January 1, 1994.

(2) Before a board of a school district issues notes or bonds under this section, the board shall provide by resolution for the submission of the following certified and substantiated information to the department of treasury:

(a) There exists or will exist an operating deficit in the school district in excess of \$100.00 per membership pupil.

(b) During or before the fiscal year in which the application is made, the school district has made every available effort to offset the deficit, including submission of a question to the school electors of the district to increase the rate of ad valorem property taxes levied in the school district.

(c) The school district has a plan approved by the school board that outlines actions to be taken to balance future expenditures with anticipated revenues.

(3) The existence of the operating or projected operating deficit and the amount of the operating or projected operating deficit shall be determined by the department of treasury, using normal school accounting practices. If a financial audit is required to arrive at a conclusive determination as to the amount of the deficit, the state treasurer shall charge all necessary expenses for the audit, including per diem and travel expenses, to the school district, and the school district shall make payment to the state treasurer for these expenses. The determination by the department of treasury is final and conclusive as to the existence of an operating or projected operating deficit, the amount of the deficit, and the amount of the deficit per membership pupil.

(4) The notes or bonds may be issued in 1 or more series by resolution adopted by the school board, which resolution in each case shall make reference to the determination of the department of treasury. The amount of a note or bond issued shall not exceed the amount of the operating deficit as shown by the determination.

(5) The school district shall pledge as secondary security for the notes or bonds future state school aid payments, if any, and other funds of the district legally available as security.

(6) The notes or bonds shall mature serially with annual maturities not more than 10 years from their date and shall bear interest, payable annually or semiannually, at a rate or

rates not exceeding a rate determined by the school board in the school district's borrowing resolution. The first principal installment on the notes or bonds shall be due not more than 18 months from the date of the notes or bonds, and a principal installment on the notes shall not be less than 1/3 of the principal amount of a subsequent principal installment. The notes or bonds may be made subject to redemption before maturity with or without premium in a manner and at times provided in the resolution authorizing the issuance of the notes or bonds.

(7) Notes or bonds issued under this section are valid and binding general obligations of the school district, it being the intent and purpose that the notes or bonds and the interest on the notes or bonds be promptly paid when due from the first money available to the district not pledged for other indebtedness and except to the extent that the use is restricted by the state constitution of 1963 or the laws of the United States.

(8) Except as otherwise provided in this section, bonds and notes issued under this section are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(9) The proceeds of the sale of notes authorized under this section, after payment of the costs of issuance of the notes or bonds and interest on the notes or bonds for a period not to exceed 9 months, shall be used solely for the purpose of paying necessary operating expenses of the school district, including the payment of principal of and interest on notes or bonds of the school district issued for operating purposes under this or any other act.

(10) A board of a school district that borrows pursuant to subsections (1) to (9) shall submit its budget for review and approval to the department of education. The department of education shall take necessary steps, subject to the school district's contracts and statutory obligations, to assure that the expenditures of a school district that receives money under this part shall not exceed revenues on an annual basis and that the school district maintains a balanced budget.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 23, 2002.

[No. 182]

(HB 5421)

AN ACT to amend 1966 PA 331, entitled "An act to revise and consolidate the laws relating to community colleges; to provide for the creation of community college districts; to provide a charter for such districts; to provide for the government, control and administration of such districts; to provide for the election of a board of trustees; to define the powers and duties of the board of trustees; to provide for the assessment, levy, collection and return of taxes therefor; to prescribe penalties and provide remedies; and to repeal acts and parts of acts," by amending section 126 (MCL 389.126).

The People of the State of Michigan enact:

389.126 Board of trustees; acquiring lands or erecting or equipping buildings; financing.

Sec. 126. Notwithstanding the provisions of sections 121 and 122, the board of trustees may acquire lands or acquire or erect and equip buildings or maintain them to be used as residence halls, apartments, dining facilities, student centers, health centers, parking facilities, stadiums, athletic fields, gymnasiums, auditoriums, and other educational facilities and finance the acquisition of those by borrowing money and issuing bonds or other obligations under the terms and provisions as it considers best, and the board shall obligate

itself for the repayment of the bonds or other obligations, together with interest, solely out of the income and revenues from the facilities or other facilities acquired or any combination of these facilities or from allocations and pledges of fees and charges required to be paid by students enrolling in the college, or any combination of these. The bonds shall be for a period not to exceed 50 years, and shall never constitute a debt of this state or any political subdivision of this state. The bonds shall be subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

This act is ordered to take immediate effect.
Approved April 23, 2002.
Filed with Secretary of State April 23, 2002.

[No. 183]

(HB 5516)

AN ACT to amend 1999 PA 276, entitled “An act to revise and codify the laws relating to banks, out-of-state banks, and foreign banks; to provide for their regulation and supervision; to prescribe the powers and duties of banks; to prescribe the powers and duties of certain state agencies and officials; to prescribe penalties; and to repeal acts and parts of acts,” (MCL 487.11101 to 487.15105) by adding section 4406.

The People of the State of Michigan enact:

487.14406 Filing transaction report with department of state police; liability.

Sec. 4406. (1) If a bank is required to file a transaction report under sections 5313 to 5318 of title 31 of the United States Code, 31 U.S.C. 5313 to 5318, the bank shall also within 24 hours file a copy of the transaction report with the department of state police.

(2) Except for a violation of sections 5313 to 5318 of title 31 of the United States Code, 31 U.S.C. 5313 to 5318, a bank or a director, officer, employee, or agent of the bank is not liable in any civil or governmental action for the filing of a copy of the transaction report as required under subsection (1) or for the failure to notify the account holder or any other person of the filing.

Effective date.

Enacting section 1. This amendatory act takes effect May 1, 2002.

This act is ordered to take immediate effect.
Approved April 23, 2002.
Filed with Secretary of State April 24, 2002.

[No. 184]

(HB 5517)

AN ACT to amend 1925 PA 285, entitled “An act to provide for the organization, operation, and supervision of credit unions; to provide for the conversion of a state credit union into a federal credit union or a credit union organized and supervised under the laws of any other state or territory of the United States or any other federally insured

depository institution and for the conversion of a federal credit union or a credit union organized and supervised under the laws of any other state or territory of the United States or any other federally insured depository institution into a state credit union; and to provide for the merger of credit unions organized and supervised under the laws of this state, credit unions organized and supervised under the laws of any other state or territory of the United States, and federal credit unions,” (MCL 490.1 to 490.31) by adding section 16c.

The People of the State of Michigan enact:

490.16c Filing transaction report with department of state police; liability.

Sec. 16c. (1) If a credit union is required to file a transaction report under sections 5313 to 5318 of title 31 of the United States Code, 31 U.S.C. 5313 to 5318, the credit union shall also within 24 hours file a copy of the transaction report with the department of state police.

(2) Except for a violation of sections 5313 to 5318 of title 31 of the United States Code, 31 U.S.C. 5313 to 5318, a credit union or a director, officer, employee, or agent of the credit union is not liable in any civil or governmental action for the filing of a copy of the transaction report as required under subsection (1) or for the failure to notify the account holder or any other person of the filing.

Effective date.

Enacting section 1. This amendatory act takes effect May 1, 2002.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 24, 2002.

[No. 185]

(HB 5518)

AN ACT to amend 1980 PA 307, entitled “An act to revise and codify the laws relating to savings and loan associations; to provide for the incorporation, regulation, supervision, and internal administration of associations; to prescribe the rights, powers, and immunities of associations; to provide for voluntary and involuntary changes in the corporate structure of associations; to prescribe the powers, rights, and duties of certain state agencies in relation to associations; to require certain reports and examinations of associations; to prescribe remedies and penalties for violations of this act; and to repeal certain acts and parts of acts,” (MCL 491.102 to 491.1202) by adding section 1135.

The People of the State of Michigan enact:

491.1135 Filing transaction report with department of state police; liability.

Sec. 1135. (1) If an association is required to file a transaction report under sections 5313 to 5318 of title 31 of the United States Code, 31 U.S.C. 5313 to 5318, the association shall

also within 24 hours file a copy of the transaction report with the department of state police.

(2) Except for a violation of sections 5313 to 5318 of title 31 of the United States Code, 31 U.S.C. 5313 to 5318, an association or a director, officer, employee, or agent of the association is not liable in any civil or governmental action for the filing of a copy of the transaction report as required under subsection (1) or for the failure to notify the account holder or any other person of the filing.

Effective date.

Enacting section 1. This amendatory act takes effect May 1, 2002.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 24, 2002.

[No. 186]

(SB 829)

AN ACT to amend 1967 PA 55, entitled “An act relating to the management of state funds; to prescribe the powers and duties of the state treasurer and the state administrative board; and to repeal certain acts and parts of acts,” by amending section 1 (MCL 12.51).

The People of the State of Michigan enact:

12.51 Transfer of cash on hand; approval; advance appropriations.

Sec. 1. In order that state obligations may be paid as they become due, the state treasurer, with the approval of the state administrative board, may transfer cash on hand and on deposit among the various funds in the state treasury in such manner as to best manage the available cash on hand. Notwithstanding the provisions of any other act to the contrary, no advance appropriations shall be made to any municipality as defined in the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, without the approval of the state administrative board.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 24, 2002.

[No. 187]

(SB 830)

AN ACT to amend 1965 PA 380, entitled “An act to organize the executive and administrative agencies of state government; to establish principal departments and department heads; to define the powers and duties of the principal departments and their governing agents; to allocate executive and administrative powers, duties, functions, and

services among the principal departments; to provide for a method for the gradual implementation of the provisions of this act and for the transfer of existing funds and appropriations of the principal departments herein created and established,” by repealing section 88 (MCL 16.188).

The People of the State of Michigan enact:

Repeal of § 16.188.

Enacting section 1. Section 88 of the executive organization act of 1965, 1965 PA 380, MCL 16.188, is repealed.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 24, 2002.

[No. 188]

(SB 831)

AN ACT to amend 1984 PA 431, entitled “An act to prescribe the powers and duties of the department of management and budget; to define the authority and functions of its director and its organizational entities; to authorize the department to issue directives; to provide for the capital outlay program; to provide for the leasing, planning, constructing, maintaining, altering, renovating, demolishing, conveying of lands and facilities; to provide for centralized administrative services such as purchasing, payroll, record retention, data processing, and publishing and for access to certain services; to provide for a system of internal accounting and administrative control for certain principal departments; to provide for an internal auditor in certain principal departments; to provide for certain powers and duties of certain state officers and agencies; to codify, revise, consolidate, classify, and add to the powers, duties, and laws relative to budgeting, accounting, and the regulating of appropriations; to provide for the implementation of certain constitutional provisions; to create funds and accounts; to make appropriations; to prescribe remedies and penalties; to rescind certain executive reorganization orders; to prescribe penalties; and to repeal certain acts and parts of acts,” by amending section 389 (MCL 18.1389), as amended by 1988 PA 504.

The People of the State of Michigan enact:

18.1389 Withholding of payment to municipality; purpose; report; “municipality” defined.

Sec. 389. (1) The department or the department of treasury may withhold all or part of any payment that a municipality is entitled to receive under a budget act to the extent the withholdings are a component part of a plan, developed and implemented under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, for financing an outstanding obligation upon which the municipality defaulted. Amounts withheld shall be used to pay, on behalf of the municipality, unpaid amounts or subsequently due amounts, or both, of principal and interest on the outstanding obligation upon which the municipality defaulted.

(2) Within 30 days after any amount is withheld from any municipality pursuant to this section, the department withholding the payment shall report in writing the name of the municipality and the amount that is being withheld from that municipality to the appropriations committees and the fiscal agencies.

(3) For purposes of this section, “municipality” means that term as defined in section 103 of the revised municipal finance act, 2001 PA 34, MCL 141.2103.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 24, 2002.

[No. 189]

(SB 832)

AN ACT to amend 1955 PA 70, entitled “An act to authorize cities to acquire and operate exhibition areas for commercial, industrial and agricultural products; to provide for the issuance of bonds to finance the cost thereof; to authorize the fixing and collecting of fees and other charges for the use of facilities therein; and to authorize the making of reasonable rules and regulations relative to the public use of facilities therein,” by amending section 5 (MCL 123.655).

The People of the State of Michigan enact:

123.655 Exhibition areas; bonds; appropriation of revenues.

Sec. 5. Any city may issue bonds pledging the full faith and credit of the city for the purpose of acquiring any facility or facilities as authorized in this act when the issuance of bonds has been approved by a 3/5 vote in favor of the issuance by the electors of the city voting at any regular or special election. The issue and sale of the bonds is subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. The legislative body of the city shall appropriate annually for the payment of principal and interest on the bonds, sufficient of the revenues derived from the operation of the exhibition area or areas for which bonds are issued above the amount required to meet the reasonable expenses of administration, operation, and maintenance of the facilities.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 24, 2002.

[No. 190]

(SB 835)

AN ACT to amend 1980 PA 450, entitled “An act to prevent urban deterioration and encourage economic development and activity and to encourage neighborhood revitalization and historic preservation; to provide for the establishment of tax increment finance authorities and to prescribe their powers and duties; to authorize the acquisition and disposal of interests in real and personal property; to provide for the creation and imple-

mentation of development plans; to provide for the creation of a board to govern an authority and to prescribe its powers and duties; to permit the issuance of bonds and other evidences of indebtedness by an authority; to permit the use of tax increment financing; to reimburse authorities for certain losses of tax increment revenues; and to prescribe the powers and duties of certain state agencies and officers,” by amending section 15 (MCL 125.1815), as amended by 1996 PA 271.

The People of the State of Michigan enact:

125.1815 Tax increment bonds; qualified refunding obligation.

Sec. 15. (1) By resolution of its board, the authority may authorize, issue, and sell its tax increment bonds, subject to the limitations set forth in this section, to finance a development program. The bonds are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. The bonds issued under this section shall be considered a single series for the purposes of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(2) The municipality by majority vote of the members of its governing body may pledge its full faith and credit for the payment of the principal of and interest on the authority’s tax increment bonds. The municipality may pledge as additional security for the bonds any money received by the authority or the municipality pursuant to section 11.

(3) Notwithstanding any other provision of this act, if the state treasurer determines that an authority or municipality can issue a qualified refunding obligation and the authority or municipality does not make a good faith effort to issue the qualified refunding obligation as determined by the state treasurer, the state treasurer may reduce the amount claimed by the authority or municipality under section 12a by an amount equal to the net present value saving that would have been realized had the authority or municipality refunded the obligation or the state treasurer may require a reduction in the capture of tax increment revenues from taxes levied by a local or intermediate school district or this state by an amount equal to the net present value savings that would have been realized had the authority or municipality refunded the obligation. This subsection does not authorize the state treasurer to require the authority or municipality to pledge security greater than the security pledged for the obligation being refunded.

This act is ordered to take immediate effect.

Approved April 23, 2002.

Filed with Secretary of State April 24, 2002.

[No. 191]

(SB 1107)

AN ACT to amend 1979 PA 94, entitled “An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to prescribe penalties; and to repeal acts and parts of acts,” by amending sections 6, 11, 11f, 11g, 19, 20, 22a, 22b, 24, 26a,

31a, 31d, 32a, 32b, 32c, 32d, 32f, 37, 38, 39, 41, 51a, 51c, 53a, 54, 56, 57, 61a, 62, 67, 68, 74, 81, 94, 94a, 96, 98, 99, 101, 105, 107, 108, and 147 (MCL 388.1606, 388.1611, 388.1611f, 388.1611g, 388.1619, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a, 388.1631a, 388.1631d, 388.1632a, 388.1632b, 388.1632c, 388.1632d, 388.1632f, 388.1637, 388.1638, 388.1639, 388.1641, 388.1651a, 388.1651c, 388.1653a, 388.1654, 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, 388.1701, 388.1705, 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, 98, 99, 107, and 147 as amended by 2001 PA 121 and sections 19, 37, 38, 39, 101, and 105 as amended and sections 96 and 108 as added by 2000 PA 297, and by adding sections 8b, 8c, 11j, 32i, 39a, 51d, 55, 99a, and 121a; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

388.1606 Additional definitions.

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

(2) “District pupil retention rate” means the proportion of pupils who have not dropped out of school in the immediately preceding school year and is equal to 1 minus the quotient of the number of pupils unaccounted for in the immediately preceding school year, as determined pursuant to subsection (3), divided by the pupils of the immediately preceding school year.

(3) “District pupil retention report” means a report of the number of pupils, excluding migrant and adult, in the district for the immediately preceding school year, adjusted for those pupils who have transferred into the district, transferred out of the district, transferred to alternative programs, and have graduated, to determine the number of pupils who are unaccounted for. The number of pupils unaccounted for shall be calculated as determined by the department.

(4) “Membership”, except as otherwise provided in this act, means for a district, public school academy, university school, or intermediate district the sum of the product of .8 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year, plus the product of .2 times the final audited count from the supplemental count day for the immediately preceding school year. All pupil counts used in this subsection are as determined by the department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit. The amount of the foundation allowance for a pupil in membership is determined under section 20. In making the calculation of membership, all of the following, as applicable, apply

to determining the membership of a district, public school academy, university school, or intermediate district:

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

(b) If a pupil is educated in a district other than the pupil's district of residence, if the pupil is not being educated as part of a cooperative education program, if the pupil's district of residence does not give the educating district its approval to count the pupil in membership in the educating district, and if the pupil is not covered by an exception specified in subsection (6) to the requirement that the educating district must have the approval of the pupil's district of residence to count the pupil in membership, the pupil shall not be counted in membership in any district.

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

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

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

(f) A pupil enrolled in a vocational education program supported by a millage levied over an area larger than a single district or in an area vocational-technical education program established pursuant to section 690 of the revised school code, MCL 380.690, shall be counted only in the pupil's district of residence.

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

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

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

(i) If operations begin before the pupil membership count day for the fiscal year, membership is the average number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year and on the supplemental count day for the current school year, as determined by the department and calculated by adding the number of pupils registered for attendance on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

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

(j) If a district is the authorizing body for a public school academy, then, in the first school year in which pupils are counted in membership on the pupil membership count day in the public school academy, the determination of the district's membership shall exclude

from the district's pupil count for the immediately preceding supplemental count day any pupils who are counted in the public school academy on that first pupil membership count day who were also counted in the district on the immediately preceding supplemental count day.

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

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

(m) An individual who has obtained a high school diploma shall not be counted in membership. An individual who has obtained a general education development (G.E.D.) certificate shall not be counted in membership. An individual participating in a job training program funded under former section 107a or a jobs program funded under former section 107b, administered by the Michigan strategic fund or the department of career development, or participating in any successor of either of those 2 programs, shall not be counted in membership.

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

(i) If the public school academy provides instruction for at least 1/2 of the class hours specified in subdivision (q), the public school academy shall receive as its prorated share of the full-time equated membership for each of those pupils an amount equal to 1 times the product of the hours of instruction the public school academy provides divided by the number of hours specified in subdivision (q) for full-time equivalency, and the remainder of the full-time membership for each of those pupils shall be allocated to the district or intermediate district providing the remainder of the hours of instruction.

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

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

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

(q) The number of class hours used to calculate full-time equated memberships shall be consistent with section 101(3). In determining full-time equated memberships for pupils who are enrolled in a postsecondary institution, a pupil shall not be considered to be less than a full-time equated pupil solely because of the effect of his or her postsecondary enrollment, including necessary travel time, on the number of class hours provided by the district to the pupil.

(r) Full-time equated memberships for pupils in kindergarten shall be determined by dividing the number of class hours scheduled and provided per year per kindergarten pupil by a number equal to $\frac{1}{2}$ the number used for determining full-time equated memberships for pupils in grades 1 to 12.

(s) For a district, university school, or public school academy that has pupils enrolled in a grade level that was not offered by the district, university school, or public school academy in the immediately preceding school year, the number of pupils enrolled in that grade level to be counted in membership is the average of the number of those pupils enrolled and in regular daily attendance on the pupil membership count day and the supplemental count day of the current school year, as determined by the department. Membership shall be calculated by adding the number of pupils registered for attendance in that grade level on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

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

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

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

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

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

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

(v) A pupil enrolled in an alternative or disciplinary education program described in section 25 shall be counted in membership in the district or public school academy that expelled the pupil.

(w) If a pupil was enrolled in a public school academy on the pupil membership count day, if the public school academy's contract with its authorizing body is revoked, and if the pupil enrolls in a district within 45 days after the pupil membership count day, the

department shall adjust the district's pupil count for the pupil membership count day to include the pupil in the count.

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

(y) For districts located in the Lower Peninsula only, if the district's membership for a particular fiscal year, as otherwise calculated under this subsection, would be less than 1,550 pupils and the district has 4.5 or fewer pupils per square mile, as determined by the department, the district's membership shall be considered to be the membership figure calculated under this subdivision. If a district educates and counts in its membership pupils in grades 9 to 12 who reside in a contiguous district that does not operate grades 9 to 12 and if 1 or both of the affected districts request the department to use the determination allowed under this sentence, the department shall include the square mileage of both districts in determining the number of pupils per square mile for each of the districts for the purposes of this subdivision. The membership figure calculated under this subdivision is the greater of the following:

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

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

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

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

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

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

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

(c) A pupil enrolled in a public school academy or university school.

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

(e) A pupil enrolled in a district other than the pupil's district of residence but within the same intermediate district if the educating district enrolls nonresident pupils in accordance with section 105.

(f) A pupil enrolled in a district other than the pupil's district of residence if the pupil has been continuously enrolled in the educating district since a school year in which the pupil enrolled in the educating district under section 105 or 105c and in which the educating district enrolled nonresident pupils in accordance with section 105 or 105c.

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

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

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

(h) A pupil enrolled in a district located in a contiguous intermediate district, as described in section 105c, if the educating district enrolls those nonresident pupils in accordance with section 105c.

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

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

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

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

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

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

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

However, if a district that is not a first class district educates pupils who reside in a first class district and if the primary instructional site for those pupils is located within the boundaries of the first class district, the educating district must have the approval of the first class district to count those pupils in membership. As used in this subsection, "first class district" means a district organized as a school district of the first class under the revised school code.

(7) “Pupil membership count day” of a district or intermediate district means:

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

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

(i) Fourth Wednesday in July.

(ii) Fourth Wednesday in September.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

(8) “Pupils in grades K to 12 actually enrolled and in regular daily attendance” means pupils in grades K to 12 in attendance and receiving instruction in all classes for which they are enrolled on the pupil membership count day or the supplemental count day, as applicable. A pupil who is absent from any of the classes in which the pupil is enrolled on the pupil membership count day or supplemental count day and who does not attend each of those classes during the 10 consecutive school days immediately following the pupil membership count day or supplemental count day, except for a pupil who has been excused by the district, shall not be counted as 1.0 full-time equated membership. In addition, a pupil who is excused from attendance on the pupil membership count day or supplemental count day and who fails to attend each of the classes in which the pupil is enrolled within 30 calendar days after the pupil membership count day or supplemental count day shall not be counted as 1.0 full-time equated membership. Pupils not counted as 1.0 full-time equated membership due to an absence from a class shall be counted as a prorated membership for the classes the pupil attended. For purposes of this subsection, “class” means a period of time in 1 day when pupils and a certificated teacher or legally qualified substitute teacher are together and instruction is taking place.

(9) “Rule” means a rule promulgated pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(10) “The revised school code” means 1976 PA 451, MCL 380.1 to 380.1852.

(11) “School fiscal year” means a fiscal year that commences July 1 and continues through June 30.

(12) “State board” means the state board of education.

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

(14) “Supplemental count day” means the day on which the supplemental pupil count is conducted under section 6a.

(15) “Tuition pupil” means a pupil of school age attending school in a district other than the pupil’s district of residence for whom tuition may be charged. Tuition pupil does not include a pupil who is a special education pupil or a pupil described in subsection (6)(d) to (k). A pupil’s district of residence shall not require a high school tuition pupil, as provided under section 111, to attend another school district after the pupil has been assigned to a school district.

(16) “State school aid fund” means the state school aid fund established in section 11 of article IX of the state constitution of 1963.

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

(18) “Total state aid” or “total state school aid” means the total combined amount of all funds due to a district, intermediate district, or other entity under all of the provisions of this act.

(19) “University school” means an instructional program operated by a public university under section 23 that meets the requirements of section 23.

388.1608b Public school academy district code; assignment.

Sec. 8b. (1) The department shall assign a district code to each public school academy that is authorized under the revised school code and is eligible to receive funding under this act.

(2) If the department does not assign a district code to a public school academy in a timely manner, the department of treasury may assign a temporary district code to the public school academy for the purpose of making payments under this act.

388.1608c Broadband telecommunications infrastructure information; report; form and manner; “broadband infrastructure” and “broadband services” defined.

Sec. 8c. (1) Not later than November 1, 2002, an intermediate district shall report broadband telecommunications infrastructure information under this section to the state budget director, in a form and manner approved by the state budget director, on behalf of itself and its constituent districts. This information shall include information on ownership, construction, or operation of broadband telecommunications infrastructure whether the infrastructure and services are provided under section 307 of the Michigan telecommunications act, 1991 PA 179, MCL 484.2307, or the infrastructure and services are beyond those allowed under that section.

(2) As used in this section:

(a) “Broadband infrastructure” means all facilities, hardware, and software and other intellectual property necessary to provide broadband services in this state.

(b) “Broadband services” means those services, including, but not limited to, voice, video, and data, that provide capacity for transmission in excess of 200 kilobits per second in at least 1 direction regardless of the technology or medium used, including, but not limited to, wireless, copper wire, fiber optic cable, or coaxial cable. If voice transmission capacity is offered in conjunction with other services utilizing transmission in excess of 200 kilobits per second, the voice transmission capacity may be less than 200 kilobits per second.

388.1611 Appropriations.

Sec. 11. (1) For the fiscal year ending September 30, 2002, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$10,990,148,200.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$198,413,500.00 from the general fund. For the fiscal year ending September 30, 2003, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$11,240,941,400.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$198,413,500.00 from the general fund. However, if legislation authorizing the transfer of \$79,500,000.00 from the Michigan employment security act contingent fund, penalties and interest subaccount, is not enacted and in effect on or before October 1, 2002, there is instead appropriated from the general fund

for 2002-2003 the sum of \$122,656,500.00. In addition, available federal funds are appropriated for each of those fiscal years.

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

(3) If the maximum amount appropriated under this section and section 11f from the state school aid fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, payments under sections 11f, 11g, 22a, 31d, 51a(2), and 51c shall be made in full. In addition, for districts beginning operations after 1994-95 that qualify for payments under section 22b, payments under section 22b shall be made so that the qualifying districts receive an amount equal to the 1994-95 foundation allowance of the district in which the district beginning operations after 1994-95 is located. The amount of the payment to be made under section 22b for these qualifying districts shall be as calculated under section 22a, with the balance of the payment under section 22b being subject to the proration otherwise provided under this subsection. State payments under each of the other sections of this act from all state funding sources shall be prorated on an equal percentage basis as necessary to reflect the amount available for expenditure from the state school aid fund for that fiscal year. However, if the department of treasury determines that proration will be required under this subsection, the department of treasury shall notify the state budget director, and the state budget director shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the state budget director, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the state budget director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall.

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

388.1611f Payments to non-plaintiff districts pursuant to Durant v State of Michigan; payments for fiscal years ending September 30, 2002 through September 30, 2008; submission of waiver resolution; creation of obligation or liability; offer of settlement and compromise; payment date; use of payments; appropriation under § 18.1353e; form and substance of resolution.

Sec. 11f. (1) In addition to any other money appropriated under this act, there is appropriated from the state school aid fund an amount not to exceed \$32,000,000.00 each fiscal year for the fiscal year ending September 30, 2002, for the fiscal year ending September 30, 2003, and for each succeeding fiscal year through the fiscal year ending September 30, 2008. Payments under this section will cease after September 30, 2008. These appropriations are for paying the amounts described in subsection (4) to districts

and intermediate districts, other than those receiving a lump sum payment under subsection (2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, submitted to the state treasurer a board resolution waiving any right or interest the district or intermediate district has or may have in any claim or litigation based on or arising out of any claim or potential claim through September 30, 1997 that is or was similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan. The waiver resolution shall be in form and substance as required under subsection (8). The state treasurer is authorized to accept such a waiver resolution on behalf of this state. The amounts described in this subsection represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this subsection.

(2) In addition to any other money appropriated under this act, there was appropriated from the state school aid fund an amount not to exceed \$1,700,000.00 for the fiscal year ending September 30, 1999. This appropriation was for paying the amounts described in this subsection to districts and intermediate districts that were not plaintiffs in the consolidated cases known as Durant v State of Michigan; that, on or before March 2, 1998, submitted to the state treasurer a board resolution waiving any right or interest the district or intermediate district had or may have had in any claim or litigation based on or arising out of any claim or potential claim through September 30, 1997 that is or was similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan; and for which the total amount listed in section 11h and paid under this section was less than \$75,000.00. For a district or intermediate district qualifying for a payment under this subsection, the entire amount listed for the district or intermediate district in section 11h was paid in a lump sum on November 15, 1998 or on the next business day following that date. The amounts paid under this subsection represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this subsection.

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

(4) The amount paid each fiscal year to each district or intermediate district under subsection (1) shall be 1/20 of the total amount listed in section 11h for each listed district or intermediate district that qualifies for a payment under subsection (1). The amounts listed in section 11h and paid in part under this subsection and in a lump sum under subsection (2) are offers of settlement and compromise to each of these districts or intermediate districts to resolve, in their entirety, any claim or claims that these districts or intermediate districts may have asserted for violations of section 29 of article IX of the state constitution of 1963 through September 30, 1997, which claims are or were similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan. This section, any other provision of this act, and section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, shall not be construed to constitute an admission of liability to the districts or intermediate districts listed in section 11h or a waiver of any defense that is or would have been available to the state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district.

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

(6) Funds paid to a district or intermediate district under this section shall be used only for textbooks, electronic instructional material, software, technology, infrastructure or infrastructure improvements, school buses, school security, training for technology, or to pay debt service on voter-approved bonds issued by the district or intermediate district before the effective date of this section. For intermediate districts only, funds paid under this section may also be used for other nonrecurring instructional expenditures including, but not limited to, nonrecurring instructional expenditures for vocational education, or for debt service for acquisition of technology for academic support services. Funds received by an intermediate district under this section may be used for projects conducted for the benefit of its constituent districts at the discretion of the intermediate board. To the extent payments under this section are used by a district or intermediate district to pay debt service on debt payable from millage revenues, and to the extent permitted by law, the district or intermediate district may make a corresponding reduction in the number of mills levied for that debt service.

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

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

“Whereas, the board of _____ (name of district or intermediate district) desires to settle and compromise, in their entirety, any claim or claims that the district (or intermediate district) has or had for violations of section 29 of article IX of the state constitution of 1963, which claim or claims are or were similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492.

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

Whereas, the board of _____ (name of district or intermediate district) is authorized to adopt this resolution.

Now, therefore, be it resolved as follows:

1. The board of _____ (name of district or intermediate district) waives any right or interest it may have in any claim or potential claim through September 30, 1997 relating to the amount of funding the district or intermediate district is, or may have been, entitled to receive under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, or any other source of state funding, by reason of the application of section 29 of article IX of the state constitution of 1963, which claims or potential claims are or were similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492.

2. The board of _____ (name of district or intermediate district) directs its secretary to submit a certified copy of this resolution to the state treasurer no

later than 5 p.m. eastern standard time on March 2, 1998, and agrees that it will not take any action to amend or rescind this resolution.

3. The board of _____ (name of district or intermediate district) expressly agrees and understands that, if it takes any action to amend or rescind this resolution, the state, its agencies, employees, and agents shall have available to them any privilege, immunity, and/or defense that would otherwise have been available had the claims or potential claims been actually litigated in any forum.

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

388.1611g Payments to non-plaintiff districts pursuant to Durant v State of Michigan; payments for fiscal years ending September 30, 2002 through September 30, 2013; waiver resolution; offers of settlement and compromise; creation of obligation or liability; calculation of amount; payment date; use of funds.

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

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

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

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

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

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

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

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

(c) Third, to pay deposit into a sinking fund established by the district or intermediate district under the revised school code.

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

(6) A district or intermediate district may pledge or assign payments under this section as security for bonds issued under section 11i, but shall not otherwise pledge or assign payments under this section.

388.1611j School loan bond redemption fund; allocations.

Sec. 11j. From the general fund money appropriated in section 11, there is allocated an amount not to exceed \$4,674,000.00 for 2002-2003 only, and from district and intermediate district payments to the school loan bond redemption fund appropriated in section 11, there is allocated an amount not to exceed \$700,000.00 for 2002-2003 only, for payments to the school loan bond redemption fund in the department of treasury.

388.1619 Compliance; information to be provided for annual progress report; failure to comply with certain requirements; failure to meet accreditation standards.

Sec. 19. (1) A district shall comply with the requirements of sections 1204a, 1277, 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred to as "public act 25 of 1990".

(2) Each district and intermediate district shall provide to the department, in a form and manner prescribed by the department, information necessary for the development of an annual progress report on the implementation of sections 1204a, 1277, 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred to as "public act 25 of 1990". Additionally, each district and intermediate district shall provide to the department of information technology, in a form and manner prescribed by the department of information technology, on the achievement of national education goals, and information necessary for the development of other performance reports.

(3) If a district or intermediate district fails to meet the requirements of subsection (2) and sections 1204a, 1277, and 1278 of the revised school code, MCL 380.1204a, 380.1277, and 380.1278, the department shall withhold 5% of the total funds for which the district or intermediate district qualifies under this act until the district or intermediate district complies with all of those sections. If the district or intermediate district does not comply with all of those sections by the end of the fiscal year, the department shall place the amount withheld in an escrow account until the district or intermediate district complies with all of those sections.

(4) If a school in a district is not accredited under section 1280 of the revised school code, MCL 380.1280, or is not making satisfactory progress toward meeting the standards for that accreditation, the department shall withhold 5% of the total funds for which the district qualifies under this act that are attributable to pupils attending that school. The department shall place the amount withheld from a district under this subsection in an escrow account and shall not release the funds to the district until the district submits to the department a plan for achieving accreditation for each of the district's schools that are not accredited under section 1280 of the revised school code, MCL 380.1280, or are not making satisfactory progress toward meeting the standards for that accreditation.

388.1620 Foundation allowance per membership pupil; payments to districts, public school academies, and university schools; definitions.

Sec. 20. (1) For 2001-2002, the basic foundation allowance is \$6,300.00 per membership pupil. For 2002-2003, the basic foundation allowance is \$6,700.00 per membership pupil.

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

(3) Except as otherwise provided in this section, the amount of a district's foundation allowance shall be calculated as follows, using in all calculations the total amount of the district's foundation allowance as calculated before any proration:

(a) Except as otherwise provided in this subsection, for a district that in the immediately preceding state fiscal year had a foundation allowance in an amount at least equal to the amount of the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year in the basic foundation allowance. However, for 2002-2003, the foundation allowance for a district under this subdivision is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus \$200.00.

(b) For a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of the increase in the basic foundation allowance for the current state fiscal year, as compared to the immediately preceding state fiscal year, or the product of the district's foundation allowance for the immediately preceding state fiscal year times the percentage increase in the United States consumer price index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b. For 2002-2003, for a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of \$200.00 or the product of the district's foundation allowance for the immediately preceding state fiscal year times the percentage increase in the United States consumer price index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b.

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

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

(4) Except as otherwise provided in this subsection, the state portion of a district's foundation allowance is an amount equal to the district's foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils. For a district described in subsection (3)(b), the state portion of the district's foundation allowance is an amount equal to \$6,962.00 plus the difference between the district's foundation allowance for the current state fiscal year and the district's foundation allowance for 1998-99, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur. The \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.

(5) The allocation calculated under this section for a pupil shall be based on the foundation allowance of the pupil's district of residence. However, for a pupil enrolled pursuant to section 105 or 105c in a district other than the pupil's district of residence, the allocation calculated under this section shall be based on the lesser of the foundation allowance of the pupil's district of residence or the foundation allowance of the educating district. For a pupil in membership in a K-5, K-6, or K-8 district who is enrolled in another district in a grade not offered by the pupil's district of residence, the allocation calculated under this section shall be based on the foundation allowance of the educating district if the educating district's foundation allowance is greater than the foundation allowance of the pupil's district of residence. The calculation under this subsection shall take into account a district's per pupil allocation under section 20j(2).

(6) Subject to subsection (7) and section 22b(3) and except as otherwise provided in this subsection, for pupils in membership, other than special education pupils, in a public school academy or a university school, the allocation calculated under this section is an

amount per membership pupil other than special education pupils in the public school academy or university school equal to the sum of the local school operating revenue per membership pupil other than special education pupils for the district in which the public school academy or university school is located and the state portion of that district's foundation allowance, or the sum of the basic foundation allowance under subsection (1) plus \$500.00, whichever is less. However, beginning in 2002-2003, this \$500.00 amount shall instead be \$300.00. Notwithstanding section 101(2), for a public school academy that begins operations in 2001-2002 or 2002-2003, as applicable, after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 101(3). The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection.

(7) If more than 25% of the pupils residing within a district are in membership in 1 or more public school academies located in the district, then the amount per membership pupil calculated under this section for a public school academy located in the district shall be reduced by an amount equal to the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils, in the school fiscal year ending in the current state fiscal year, calculated as if the resident pupils in membership in 1 or more public school academies located in the district were in membership in the district. In order to receive state school aid under this act, a district described in this subsection shall pay to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy an amount equal to that local school operating revenue per membership pupil for each resident pupil in membership other than special education pupils in the public school academy, as determined by the department.

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

(9) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00 and that had fewer than 350 pupils in membership, if the district elects not to reduce the number of mills from which a homestead and qualified agricultural property are exempt and not to levy school operating taxes on a homestead and qualified agricultural property as provided in section 1211(1) of

the revised school code, MCL 380.1211, and not to levy school operating taxes on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, there is calculated under this subsection for 1994-95 and each succeeding fiscal year a separate supplemental amount in an amount equal to the amount the district would have received per membership pupil had it levied school operating taxes on a homestead and qualified agricultural property at the rate authorized for the district under section 1211(1) of the revised school code, MCL 380.1211, and levied school operating taxes on all property at the rate authorized for the district under section 1211(2) of the revised school code, MCL 380.1211, as determined by the department of treasury. If in the calendar year ending in the fiscal year a district does not levy 18 mills or the number of mills of school operating taxes levied by the district in 1993, whichever is less, on property that is not a homestead or qualified agricultural property, the amount calculated under this subsection will be reduced by the same percentage as the millage actually levied compares to the 18 mills or the number of mills levied in 1993, whichever is less.

(10) For a district that is formed or reconfigured after June 1, 2002 by consolidation of 2 or more districts or by annexation, the resulting district's foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the lesser of an amount equal to the sum of the highest foundation allowance, as calculated under this section, among the original or affected districts plus \$50.00 or an amount equal to \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under this section for the current state fiscal year and \$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.

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

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

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

(a) The pupil membership factor shall be computed by dividing the estimated membership in the school year ending in the current state fiscal year, excluding intermediate district membership, by the estimated membership for the school year ending in the subsequent state fiscal year, excluding intermediate district membership. If a consensus membership factor is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(b) The revenue adjustment factor shall be computed by dividing the sum of the estimated total state school aid fund revenue for the subsequent state fiscal year plus the estimated total state school aid fund revenue for the current state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund and excluding money transferred into that fund from the countercyclical budget and economic stabilization fund under section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the estimated total school aid fund revenue for the

current state fiscal year plus the estimated total state school aid fund revenue for the immediately preceding state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund. If a consensus revenue factor is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

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

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

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

(16) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00, that had fewer than 7 pupils in membership in the 1993-94 state fiscal year, that has at least 1 child educated in the district in the current state fiscal year, and that levies the number of mills of school operating taxes authorized for the district under section 1211 of the revised school code, MCL 380.1211, a minimum amount of combined state and local revenue shall be calculated for the district as provided under this subsection. The minimum amount of combined state and local revenue for 1999-2000 shall be \$67,000.00 plus the district's additional expenses to educate pupils in grades 9 to 12 educated in other districts as determined and allowed by the department. The minimum amount of combined state and local revenue under this subsection, before adding the additional expenses, shall increase each fiscal year by the same percentage increase as the percentage increase in the basic foundation allowance from the immediately preceding fiscal year to the current fiscal year. The state portion of the minimum amount of combined state and local revenue under this subsection shall be calculated by subtracting from the minimum amount of combined state and local revenue under this subsection the sum of the district's local school operating revenue and an amount equal to the product of the sum of the state portion of the district's foundation allowance plus the amount calculated under section 20j times the district's membership. As used in this subsection, "additional expenses" means the district's expenses for tuition or fees, not to exceed \$6,500.00 as adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, plus a room and board stipend not to exceed \$10.00 per school day for each pupil in grades 9 to 12 educated in another district, as approved by the department. However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.

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

(18) For a district in which an industrial facilities exemption certificate that abated taxes on property with a state equalized valuation greater than the total state equalized valuation of the district at the time the certificate was issued or \$700,000,000.00, whichever is greater, was issued under 1974 PA 198, MCL 207.551 to 207.572, before the calculation of the district's 1994-95 foundation allowance, the district's foundation allowance for 2002-2003 is an amount equal to the sum of the district's foundation allowance for 2002-2003, as otherwise calculated under this section, plus \$250.00.

(19) For a district that received a grant under former section 32e for 2001-2002, the district's foundation allowance for 2002-2003 shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of the amount of the grant award to the district for 2001-2002 under former section 32e divided by the district's membership for 2001-2002. A district qualifying for a foundation allowance adjustment under this section shall use the funds resulting from this adjustment for purposes allowable under former section 32e as in effect for 2001-2002.

(20) Payments to districts, university schools, or public school academies shall not be made under this section. Rather, the calculations under this section shall be used to determine the amount of state payments under section 22b.

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

(22) As used in this section:

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

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

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

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

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

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

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

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

(i) “Qualified agricultural property” means that term as defined in section 1211 of the revised school code, MCL 380.1211.

(j) “School operating purposes” means the purposes included in the operation costs of the district as prescribed in sections 7 and 18.

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

(l) “Taxable value per membership pupil” means taxable value, as certified by the department of treasury, for the calendar year ending in the current state fiscal year divided by the district’s membership excluding special education pupils for the school year ending in the current state fiscal year.

388.1622a Allocations for 2001-2002 and 2002-2003; payments to districts, university schools, and public school academies; definitions.

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$7,022,000,000.00 for 2001-2002 and an amount not to exceed \$6,953,000,000.00 for 2002-2003 for payments to districts, qualifying university schools, and qualifying public school academies to guarantee each district, qualifying university school, and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the payments under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal year.

(2) To ensure that a district receives an amount equal to the district’s 1994-95 total state and local per pupil revenue for school operating purposes, there is allocated to each district a state portion of the district’s 1994-95 foundation allowance in an amount calculated as follows:

(a) Except as otherwise provided in this subsection, the state portion of a district’s 1994-95 foundation allowance is an amount equal to the district’s 1994-95 foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district’s membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district’s foundation allowance shall be calculated as if that reduction did not occur.

(b) For a district that had a 1994-95 foundation allowance greater than \$6,500.00, the state payment under this subsection shall be the sum of the amount calculated under

subdivision (a) plus the amount calculated under this subdivision. The amount calculated under this subdivision shall be equal to the difference between the district's 1994-95 foundation allowance minus \$6,500.00 and the current year hold harmless school operating taxes per pupil. If the result of the calculation under subdivision (a) is negative, the negative amount shall be an offset against any state payment calculated under this subdivision. If the result of a calculation under this subdivision is negative, there shall not be a state payment or a deduction under this subdivision. The taxable values per membership pupil used in the calculations under this subdivision are as adjusted by ad valorem property tax revenue captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership.

(3) For pupils in membership in a qualifying public school academy or qualifying university school, there is allocated under this section each fiscal year for 2001-2002 and for 2002-2003 to the authorizing body that is the fiscal agent for the qualifying public school academy for forwarding to the qualifying public school academy, or to the board of the public university operating the qualifying university school, an amount equal to the 1994-95 per pupil payment to the qualifying public school academy or qualifying university school under section 20.

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

(5) For a district that is formed or reconfigured after June 1, 2000 by consolidation of 2 or more districts or by annexation, the resulting district's 1994-95 foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the 1994-95 foundation allowances of each of the original or affected districts, calculated as provided in this section, weighted as to the percentage of pupils in total membership in the resulting district in the state fiscal year in which the consolidation takes place who reside in the geographic area of each of the original districts. If an affected district's 1994-95 foundation allowance is less than the 1994-95 basic foundation allowance, the amount of that district's 1994-95 foundation allowance shall be considered for the purpose of calculations under this subsection to be equal to the amount of the 1994-95 basic foundation allowance.

(6) As used in this section:

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

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

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

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

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

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

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

(g) “Qualified agricultural property” means that term as defined in section 1211 of the revised school code, MCL 380.1211.

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

(i) “Qualifying university school” means a university school that was in operation in the 1994-95 school year and is in operation in the current fiscal year.

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

(k) “Taxable value per membership pupil” means each of the following divided by the district’s membership:

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

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

388.1622b Allocations for 2001-2002 and 2002-2003; discretionary nonmandated payments; administration of standardized assessment; payments for court costs; allegation of unfunded constitutional requirement; escrowed funds as work project; use; determination; review of claim by local claims review board; removal to court of appeals; payment provisions.

Sec. 22b. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$2,368,000,000.00 for 2001-2002 and an amount not to exceed \$2,865,000,000.00 for 2002-2003 for discretionary nonmandated payments to districts under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

(3) In order to receive an allocation under this section, each district shall administer in each grade level that it operates in grades 1 to 5 a standardized assessment approved by the department of grade-appropriate basic educational skills. A district may use the Michigan literacy progress profile to satisfy this requirement for grades 1 to 3.

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

(5) It is the intent of the legislature that all constitutional obligations of this state have been fully funded under sections 22a, 31d, 51a, and 51c. If a claim is made by an entity receiving funds under this act that challenges the legislative determination of the adequacy of this funding or alleges that there exists an unfunded constitutional requirement, the state budget director may escrow or allocate from the discretionary funds for nonmandated payments under this section the amount as may be necessary to satisfy the claim before making any payments to districts under subsection (2). If funds are escrowed, the escrowed funds are a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of litigation. The work project shall be completed upon resolution of the litigation.

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

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

(8) If payments resulting from a final determination by the local claims review board or a court of competent jurisdiction that there has been a violation of section 29 of article IX of the state constitution of 1963 exceed the amount allocated for discretionary non-mandated payments under this section, the legislature shall provide for adequate funding for this state's constitutional obligations at its next legislative session.

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

388.1624 Allocations for 2001-2002 and 2002-2003; payments for educating students assigned by court or family independence agency.

Sec. 24. (1) Subject to subsection (2), from the appropriation in section 11, there is allocated for 2001-2002 and for 2002-2003 to the educating district or intermediate district an amount equal to 100% of the added cost each fiscal year for educating all pupils assigned by a court or the family independence agency to reside in or to attend a juvenile detention facility or child caring institution licensed by the family independence agency or the department of consumer and industry services and approved by the department to provide an on-grounds education program. The total amount to be paid under this section for added cost shall not exceed \$8,400,000.00 for 2001-2002 and \$8,900,000.00 for 2002-2003. For the purposes of this section, "added cost" shall be computed by deducting all other revenue received under this act for pupils described in this section from total costs, as approved by the department, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution. Costs reimbursed by federal funds are not included.

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

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

388.1626a Reimbursements to districts, intermediate districts, and school aid fund pursuant to § 125.2692; adjustments.

Sec. 26a. From the general fund appropriation in section 11, there is allocated an amount not to exceed \$8,800,000.00 for 2001-2002 and an amount not to exceed \$10,174,000.00 for 2002-2003 to reimburse districts, intermediate districts, and the state school aid fund pursuant to section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in 2001 and 2002, respectively. This reimbursement shall be made by adjusting payments under section 22a to eligible districts, adjusting payments under section 56, 62, or 81 to eligible intermediate districts, and adjusting the state school aid fund. The adjustments shall be made not later than 60 days after the department of treasury certifies to the department and to the state budget director that the department of treasury has received all necessary information to properly determine the amounts due to each eligible recipient.

388.1631a Funding to eligible districts and public school academies; additional allowance; number of pupils meeting criteria for free breakfast, lunch, or milk; "at risk pupil" defined.

Sec. 31a. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2001-2002 an amount not to exceed \$314,200,000.00 and there is allocated for 2002-2003 an amount not to exceed \$314,200,000.00 for payments to eligible districts and eligible public school academies under this section. Subject to subsection (11), the amount of the additional allowance under this section shall be based on the number of actual pupils in membership in the district or public school academy who met the income eligibility

criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined under the Richard B. Russell national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, and reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year. However, for a public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the Richard B. Russell national school lunch act.

(2) To be eligible to receive funding under this section, other than funding under subsection (6), a district or public school academy that has not been previously determined to be eligible shall apply to the department, in a form and manner prescribed by the department, and a district or public school academy must meet all of the following:

(a) The sum of the district's or public school academy's combined state and local revenue per membership pupil in the current state fiscal year, as calculated under section 20, plus the amount of the district's per pupil allocation under section 20j(2), is less than or equal to \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subdivision shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.

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

(3) Except as otherwise provided in this subsection, an eligible district or eligible public school academy shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the Richard B. Russell national school lunch act and as reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year, an amount per pupil equal to 11.5% of the sum of the district's foundation allowance or public school academy's per pupil amount calculated under section 20, plus the amount of the district's per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00, or of the public school academy's per membership pupil amount calculated under section 20 for the current state fiscal year. However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00. A public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year shall receive under this section for each membership pupil in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the Richard B. Russell national school lunch act and as reported to the department by October 31 of the current fiscal year and adjusted not later than December 31 of the current fiscal year, an amount per pupil equal to 11.5% of the public school academy's per membership pupil amount calculated under section 20 for the current state fiscal year.

(4) Except as otherwise provided in this section, a district or public school academy receiving funding under this section shall use that money only to provide instructional programs and direct noninstructional services, including, but not limited to, medical or counseling services, for at-risk pupils; for school health clinics; and for the purposes of subsection (5) or (6), and shall not use any of that money for administrative costs or to supplant another program or other funds, except for funds allocated to the district or public school academy under this section in the immediately preceding year and already being used by the district or public school academy for at-risk pupils. The instruction or direct noninstructional services provided under this section may be conducted before or after regular school hours or by adding extra school days to the school year and may be conducted using a tutorial method, with paraprofessionals working under the supervision of a certificated teacher. The ratio of pupils to paraprofessionals shall be between 10:1 and 15:1. Only 1 certificated teacher is required to supervise instruction using a tutorial method. As used in this subsection, “to supplant another program” means to take the place of a previously existing instructional program or direct noninstructional services funded from a funding source other than funding under this section.

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

(6) From the funds allocated under subsection (1), there is allocated for 2001-2002 an amount not to exceed \$2,400,000.00 to support teen health centers. These 2001-2002 funds shall be distributed to existing teen health centers in a manner determined by the department in collaboration with the department of community health. From the funds allocated under subsection (1), there is allocated for 2002-2003 an amount not to exceed \$3,743,000.00 for competitive grants to support teen health centers. These grants for 2002-2003 shall be awarded in a form and manner approved jointly by the department and the department of community health. If any funds allocated under this subsection are not used for the purposes of this subsection for the fiscal year in which they are allocated, those unused funds shall be used that fiscal year to avoid or minimize any proration that would otherwise be required under subsection (11) for that fiscal year.

(7) Each district or public school academy receiving funds under this section shall submit to the department by July 15 of each fiscal year a report, not to exceed 10 pages, on the usage by the district or public school academy of funds under this section, which report shall include at least a brief description of each program conducted by the district or public school academy using funds under this section, the amount of funds under this section allocated to each of those programs, the number of at-risk pupils eligible for free or reduced price school lunch who were served by each of those programs, and the total number of at-risk pupils served by each of those programs. If a district or public school academy does not comply with this subsection, the department shall withhold an amount equal to the August payment due under this section until the district or public school academy complies with this subsection. If the district or public school academy does not comply with this subsection by the end of the state fiscal year, the withheld funds shall be forfeited to the school aid fund.

(8) In order to receive funds under this section, a district or public school academy shall allow access for the department or the department’s designee to audit all records related to the program for which it receives those funds. The district or public school academy shall reimburse the state for all disallowances found in the audit.

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

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

(11) If necessary, and before any proration required under section 11, the department shall prorate payments under this section by reducing the amount of the per pupil payment under this section by a dollar amount calculated by determining the amount by which the amount necessary to fully fund the requirements of this section exceeds the maximum amount allocated under this section and then dividing that amount by the total statewide number of pupils who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as described in subsection (1).

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

(13) If a district is formed by consolidation after June 1, 1995, and if 1 or more of the original districts was not eligible before the consolidation for an additional allowance under this section, the amount of the additional allowance under this section for the consolidated district shall be based on the number of pupils described in subsection (1) enrolled in the consolidated district who reside in the territory of an original district that was eligible before the consolidation for an additional allowance under this section.

(14) A district or public school academy that does not meet the eligibility requirement under subsection (2)(a) is eligible for funding under this section if at least 1/4 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1), and at least 4,500 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1). A district or public school academy that is eligible for funding under this section because the district meets the requirements of this subsection shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as determined and reported as described in subsection (1), an amount per pupil equal to 5.75% for 2001-2002 and 11.5% for 2002-2003 and subsequent fiscal years of the sum of the district's foundation allowance or public school academy's per pupil allocation under section 20, plus the amount of the district's per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount

prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.

(15) As used in this section, “at-risk pupil” means a pupil for whom the district has documentation that the pupil meets at least 2 of the following criteria: is a victim of child abuse or neglect; is below grade level in English language and communication skills or mathematics; is a pregnant teenager or teenage parent; is eligible for a federal free or reduced-price lunch subsidy; has atypical behavior or attendance patterns; or has a family history of school failure, incarceration, or substance abuse. For pupils for whom the results of at least the applicable Michigan education assessment program (MEAP) test have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve at least a score of moderate on the most recent MEAP reading test for which results for the pupil have been received, did not achieve at least a score of moderate on the most recent MEAP mathematics test for which results for the pupil have been received, or did not achieve at least a score of novice on the most recent MEAP science test for which results for the pupil have been received. For pupils in grades K-3, at-risk pupil also includes a pupil who is at risk of not meeting the district’s core academic curricular objectives in English language, communication skills, or mathematics.

388.1631d Reimbursement to districts providing school lunch programs.

Sec. 31d. (1) From the state school aid fund appropriation in section 11, there is allocated an amount not to exceed \$16,477,700.00 for 2001-2002 and an amount not to exceed \$17,337,200.00 for 2002-2003, and from the general fund appropriation in section 11, there is allocated an amount not to exceed \$722,300.00 for 2001-2002 and an amount not to exceed \$762,800.00 for 2002-2003 for the purpose of making payments to districts, intermediate districts, and other eligible entities under this section.

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

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

(4) From the federal funds appropriated in section 11, there is allocated for 2002-2003 all available federal funding, estimated at \$272,125,000.00, for the national school lunch program and all available federal funding, estimated at \$2,506,000.00, for the emergency food assistance program.

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

388.1632a Funding for all students achieve program (ASAP); additional funding for improving parenting skills, improving school readiness, reducing number of pupils retained in grade, and reducing number of pupils requiring special education services.

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

exceed \$72,600,000.00 for 2002-2003 to fund the all students achieve program (ASAP) as provided under sections 32b to 32h. In addition, from the general fund appropriations in section 11, there is allocated an amount not to exceed \$2,200,100.00 for 2001-2002 and an amount not to exceed \$2,200,000.00 for 2002-2003 for the purposes of sections 32b to 32f. The programs funded through this section are for the purposes of improving parenting skills, improving school readiness, reducing the number of pupils retained in grade, and reducing the number of pupils requiring special education services.

(2) Each grant recipient approved by the department shall implement department-approved data collection methods and evaluation or assessment tools to measure the impact of the proposed program.

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

388.1632b Programs to improve school readiness and positive parenting skills, enhance parent-child interaction, promote growth, and access community services; grants; data collection system; office for safe schools; duties of department and superintendent; use of funds; carrying over unexpended funds.

Sec. 32b. (1) From the state school aid fund allocation in section 32a(1), there is allocated an amount not to exceed \$45,000,000.00 for 2001-2002 and \$0.00 for 2002-2003 for grants to intermediate districts and districts for programs for preschool children and their parents. The purpose of these programs is to improve school readiness and foster the maintenance of stable families by encouraging positive parenting skills; enhancing parent-child interaction; providing learning opportunities to promote intellectual, physical, and social growth; and promoting access to needed community services through a community-school-home partnership that provides parents with information on child development from birth to age 5.

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

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

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

(ii) Group meetings of participating families.

(iii) Periodic developmental screening of the child's overall development, health, hearing, and vision.

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

(v) Connection with quality preschool programs.

(b) The program must be a collaborative community effort that includes at least the intermediate district or district, local multipurpose collaborative bodies, local health and welfare agencies, and private nonprofit agencies involved in programs and services for preschool children and their parents.

(3) To compete for a grant under this section, an intermediate district or district shall apply to the superintendent not later than December 1, 2000 in the form and manner

prescribed by the superintendent. To be considered for a grant under this section, a grant application must provide all of the following in a manner prescribed by the department:

(a) Provide a plan for the delivery of the program components described in subsection (2).

(b) Demonstrate an adequate collaboration of local entities involved in providing programs and services for preschool children and their parents.

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

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

(4) Each successful grant recipient shall agree to include a data collection system and an evaluation tool approved by the department to measure the impact of the program on improving school readiness, reducing the number of children needing special education programs and services, and fostering the maintenance of stable families. The data collection system shall provide a report by October 15 of each year on the number of children in families with income below 200% of the federal poverty level that received services under this program and the total number of children who received services under this program.

(5) From the general fund allocation under section 32a(1), there is allocated an amount not to exceed \$100.00 for 2001-2002 and \$0.00 for 2002-2003 to the department, including the office for safe schools, for implementation and evaluation of activities under this section. Further, upon receipt of the federal drug-free schools grant, the department shall allocate \$200,000.00 of that grant to the office for safe schools within the department.

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

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

(b) The superintendent shall approve or disapprove applications and notify the applying intermediate district or district of that decision not later than February 1, 2001. Priority in awarding grants shall be given to programs that focus on reducing the percentage of children needing special education programs and services when they enter school. The superintendent shall ensure that the intermediate districts and districts receiving grants under this section are geographically and economically diverse and that not more than 10% of the total allocation under this section is paid to any 1 particular intermediate district or district.

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

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

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

(8) A district or intermediate district receiving funds under this section may carry over any unexpended funds received under this section to subsequent fiscal years and may expend those unused funds in subsequent fiscal years. Notwithstanding any other provision of this section, funds carried over under this subsection may be used to facilitate programs that are substantially similar in purpose to those funded under this section.

388.1632c Grants for community-based collaborative prevention services; distribution of funds through joint request for proposals process; requirements; agreement.

Sec. 32c. (1) From the general fund allocation in section 32a(1), there is allocated an amount not to exceed \$2,000,000.00 each fiscal year for 2001-2002 and for 2002-2003 to the department for grants for community-based collaborative prevention services designed to foster positive parenting skills; improve parent/child interaction, especially for children 0-3 years of age; promote access to needed community services; increase local capacity to serve families at risk; improve school readiness; and support healthy family environments that discourage alcohol, tobacco, and other drug use. The allocation under this section is to fund secondary prevention programs as defined by the children's trust fund for the prevention of child abuse and neglect.

(2) The funds allocated under subsection (1) shall be distributed through a joint request for proposals process established by the department in conjunction with the children's trust fund and the state's interagency systems reform workgroup. Projects funded with grants awarded under this section shall meet all of the following:

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

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

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

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

388.1632d School readiness grants; evaluation; contract; report; "employment status" defined.

Sec. 32d. (1) From the state school aid fund allocation under section 32a(1), there is allocated an amount not to exceed \$72,600,000.00 for 2001-2002, and from the state school aid fund money allocated under section 32a, there is allocated an amount not to exceed \$72,600,000.00 for 2002-2003, for school readiness grants to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, Public Law 89-10, 108 Stat. 3519, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 89-10, 102 Stat. 140, and the head start act, subchapter B of chapter 8 of subtitle A of title VI of the omnibus budget reconciliation act of 1981, Public Law 97-35, comprehensive compensatory programs designed to improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who show evidence of 2 or more risk

factors as defined in the state board report entitled “children at risk” that was adopted by the state board on April 5, 1988. A comprehensive compensatory program funded under this section shall include an age-appropriate educational curriculum, nutritional services, health screening for participating children, a plan for parent and legal guardian involvement, and provision of referral services for families eligible for community social services. In addition, from the general fund allocations under section 32a(1), there is allocated an amount not to exceed \$200,000.00 for 2001-2002 for the purposes of subsection (2), and from the general fund money allocated under section 32a, there is allocated an amount not to exceed \$200,000.00 for 2002-2003 for the purposes of subsection (2).

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

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

(4) A grant recipient receiving funds under this section shall report to the department no later than October 15 of each year the number of children participating in the program who meet the income or other eligibility criteria specified under section 37(3)(g) and the total number of children participating in the program. For children participating in the program who meet the income or other eligibility criteria specified under section 37(3)(g), grant recipients shall also report whether or not a parent is available to provide care based on employment status. For the purposes of this subsection, “employment status” shall be defined by the family independence agency in a manner consistent with maximizing the amount of spending that may be claimed for temporary assistance for needy families maintenance of effort purposes.

388.1632f Allocations under § 388.1632a(1); purpose; eligibility criteria; application form and manner; availability of matching funds; grant award decision; priority; report; payment schedule; carrying forward excess amount.

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

(2) From the allocation in subsection (1), there is allocated for 2001-2002 an amount not to exceed \$2,000,000.00 and for 2002-2003 \$0.00, for providing grants to the 8 regional literacy centers for the purposes of expanding training programs for trainers and teachers in the use of strategies for reading instruction and assessment, including the Michigan literacy progress profile.

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

(4) From the general fund allocation in subsection (1), there is allocated to the department each fiscal year for 2001-2002 and 2002-2003 \$0.00 for the grant review process and grant administration under this section.

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

(6) From the allocation in subsection (1), there is allocated for 2001-2002 an amount not to exceed \$43,000,000.00 and for 2002-2003 \$0.00, for competitive grants to eligible districts, to intermediate districts, and to public school academies located within eligible districts for reading improvements programs for pupils in grades K to 4, reading disorders and reading methods programs, mentoring programs, language and literacy outreach programs, or cognitive development programs. For 2001-2002, grants under this subsection shall be paid to grant recipients in the same proportion of the total allocation under this subsection as for 2000-2001. If the legislature enacts legislation authorizing the appropriation of federal funds for reading improvement programs for 2001-2002 or for 2002-2003, then it is the intent of the legislature that these funds be used to the extent possible for the purposes of this subsection. Federal funds received for reading improvement programs that can be used for substantially similar purposes as described under this section shall be first expended for the purposes of this subsection before funds appropriated from the state school aid fund allocated under this subsection, and the expenditure of funds under this subsection from the state school aid fund shall be reduced by an amount equal to the amount of the expenditure of federal funds under this subsection. If any conflict exists between federal reading program guidelines and this section, federal law will control.

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

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

(b) The program shall be a research-based, validated, structured reading program.

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

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

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

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

(9) Except as otherwise provided under subsection (17), to qualify for funding under this section, a proposed mentoring program must be a research-based, validated program

or a statewide 1-to-1 mentoring program to enhance the independence and life quality of pupils who are mentally impaired by providing opportunities for mentoring and integrated employment.

(10) Except as otherwise provided under subsection (17), to qualify for funding under this section, a proposed cognitive development program must be a research-based, validated educational service program, focused on assessing and building essential cognitive and perceptual learning abilities to strengthen pupil concentration and learning.

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

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

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

(14) The superintendent shall approve or disapprove applications and notify the applicant of that decision. Priority in awarding grants shall be given to programs that focus on accelerating student achievement on a cost-effective basis, reducing the number of pupils requiring special education programs and services, and improving pupil scores on standardized tests and assessments.

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

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

(17) For a district or public school academy awarded a grant under former section 32, the determination of whether the district or public school academy is eligible for a grant under this section may be made according to the eligibility standards in effect under former section 32. Further, the district or public school academy may continue to use the grant proceeds for any use permissible under this section or former section 32 as in effect at the time the district or public school academy was awarded the grant.

(18) If the maximum amount appropriated under this section exceeds the amount necessary to fully fund allocations under this section, that excess amount shall not be expended in that state fiscal year but shall instead be carried forward to the succeeding fiscal year and added to any funds appropriated for that fiscal year for expenditure in that fiscal year.

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

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

388.1632i May 2002 revenue estimating conference; determination of additional revenue; effect.

Sec. 32i. If it is determined at the May 2002 revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b, that there is additional school aid fund revenue beyond that determined at the January 2002 revenue estimating conference, then it is the intent of the legislature to enact legislation to fund, to the extent that revenues are available, the same programs that were funded under sections 32b, 32f(2), and 32f(7) in 2001-2002 and under section 32d(3) in 2000-2001.

388.1637 Eligibility of district for allocation under § 388.1632d; pre-application; final application; consortium; submission of resolution showing certain risk factors.

Sec. 37. (1) A district is eligible for an allocation under section 32d if the district meets all of the requirements in subsections (2), (3), and (4).

(2) The district shall submit a preapplication, in a manner and on forms prescribed by the department, by a date specified by the department in the immediately preceding state fiscal year. The preapplication shall include a comprehensive needs assessment and community collaboration plan, and shall identify all of the following:

(a) The estimated total number of children in the community who meet the criteria of section 32d and how that calculation was made.

(b) The estimated number of children in the community who meet the criteria of section 32d and are being served by other early childhood development programs operating in the community, and how that calculation was made.

(c) The number of children the district will be able to serve who meet the criteria of section 32d including a verification of physical facility and staff resources capacity.

(d) The estimated number of children who meet the criteria of section 32d who will remain unserved after the district and community early childhood programs have met their funded enrollments. The school district shall maintain a waiting list of identified unserved eligible children who would be served when openings are available.

(3) The district shall submit a final application for approval, in a manner and on forms prescribed by the department, by a date specified by the department. The final application shall indicate all of the following that apply:

(a) The district complies with the state board approved standards of quality and curriculum guidelines for early childhood programs for 4-year-olds.

(b) The district provides for the active and continuous participation of parents or guardians of the children in the program, and describes the district's participation plan as part of the application.