

assistance to districts for school accreditation purposes as described in section 1280 of the revised school code, MCL 380.1280.

388.1694a Center for educational performance and information.

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

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

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

(c) Establish procedures to ensure the validity and reliability of the data and the collection process.

(d) Develop state and model local data collection policies, including, but not limited to, policies that ensure the privacy of individual student data. State privacy policies shall ensure that student social security numbers are not released to the public for any purpose.

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

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

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

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

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

(a) One representative from the house fiscal agency.

(b) One representative from the senate fiscal agency.

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

(d) One representative from the state education agency.

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

(f) Three representatives from intermediate school districts.

(g) One representative from each of the following educational organizations:

(i) Michigan association of school boards.

(ii) Michigan association of school administrators.

(iii) Michigan school business officials.

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

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

(3) The CEPI advisory committee appointed under subsection (2) shall provide advice to the director of the center regarding the management of the center's data collection activities, including, but not limited to:

(a) Determining what data is necessary to collect and maintain in order to perform the center's functions in the most efficient manner possible.

- (b) Defining the roles of all stakeholders in the data collection system.
 - (c) Recommending timelines for the implementation and ongoing collection of data.
 - (d) Establishing and maintaining data definitions, data transmission protocols, and system specifications and procedures for the efficient and accurate transmission and collection of data.
 - (e) Establishing and maintaining a process for ensuring the accuracy of the data.
 - (f) Establishing and maintaining state and model local policies related to data collection, including, but not limited to, privacy policies related to individual student data.
 - (g) Ensuring the data is made available to state and local policymakers and citizens of this state in the most useful format possible.
 - (h) Other matters as determined by the state budget director or the director of the center.
- (4) The center may enter into any interlocal agreements necessary to fulfill its functions.
- (5) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$2,332,000.00 for 2001-2002 for payments to the center. From the general fund appropriation in section 11, there is allocated an amount not to exceed \$4,500,000.00 each fiscal year for 2002-2003 and for 2003-2004 to the department of management and budget to support the operations of the center. The center shall cooperate with the state education agency to ensure that this state is in compliance with federal law and is maximizing opportunities for increased federal funding to improve education in this state. In addition, from the federal funds appropriated in section 11 for 2002-2003 and for 2003-2004, there is allocated the following amounts each fiscal year in order to fulfill federal reporting requirements:
- (a) An amount estimated at \$1,000,000.00 funded from DED-OESE, title I, disadvantaged children funds.
 - (b) An amount estimated at \$284,700.00 funded from DED-OESE, title I, reading first state grant funds.
 - (c) An amount estimated at \$46,750.00 funded from DED-OESE, title I, migrant education funds.
 - (d) An amount estimated at \$500,000.00 funded from DED-OESE, improving teacher quality funds.
 - (e) An amount estimated at \$526,100.00 funded from DED-OESE, drug-free schools and communities funds.
- (6) Funds allocated under this section that are not expended in the fiscal year in which they were allocated may be carried forward to a subsequent fiscal year. From the funds allocated for 1999-2000 that were carried forward under this section and from the general funds appropriated under this section for 2002-2003, the center shall make grants to intermediate districts for the purpose of assisting the intermediate districts and their constituent districts in data collection required by state and federal law or necessary for audits according to generally accepted accounting procedures. Grants to each intermediate district shall be made at the rate of \$2.00 per each full-time equated membership pupil times the total number of 2000-2001 pupils in membership in the intermediate district and its constituent districts. An intermediate district shall develop a plan in cooperation with its constituent districts to distribute the grants between the intermediate district and its constituent districts. These grants shall be paid to intermediate districts no later than the next regularly scheduled school aid payment after the effective date of this section.

(7) If the applicable intermediate district determines that the pupil counts submitted by a district for the February 2002 supplemental pupil count using the single record student database cannot be audited by the intermediate district pursuant to section 101, all of the following apply:

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

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

(8) At least 30 days before implementing a proposed electronic data collection, submission, or collation process, or a proposed change to 1 or more of those processes, the center shall submit the proposal and an analysis of the proposal to the senate and house of representatives appropriations subcommittees responsible for this act. The analysis shall include at least a determination of the cost of the proposal for districts and intermediate districts and of available funding for districts and intermediate districts.

(9) As used in this section:

(a) “Center” means the center for educational performance and information created under this section.

(b) “DED-OESE” means the United States department of education office of elementary and secondary education.

(c) “State education agency” means the department.

388.1696 Golden apple awards.

Sec. 96. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$0.00 for 2001-2002 and \$1,320,000.00 each fiscal year for 2002-2003 and for 2003-2004 for golden apple awards under this section. The awards shall be based on elementary school achievement on the fourth grade and fifth grade Michigan education assessment program (MEAP) tests.

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

(a) Has at least 50 pupils in membership.

(b) At least 90% of the fourth and fifth grade pupils enrolled and in regular daily attendance in the school on the pupil membership count day in that school year took the applicable MEAP tests.

(c) Meets 1 or both of the following:

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

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

(3) A golden apple award under this section shall be allocated to and used by a district exclusively for the purpose of distributing funds to each eligible elementary school. Beginning in 2002-2003, the monetary amount of a golden apple award shall be \$10,000.00 to be allocated to each eligible elementary school. All money allocated under this section

shall be used for school improvements, as determined collectively by a majority vote of the full-time employees of the eligible elementary school.

(4) If the Michigan assessment governing board is established by law, the Michigan assessment governing board shall administer the golden apple award program under this section.

388.1698 Michigan virtual high school; powers and duties of Michigan virtual university.

Sec. 98. (1) From the general fund money appropriated in section 11, there is allocated an amount not to exceed \$1,500,000.00 for 2001-2002 and an amount not to exceed \$5,000,000.00 each fiscal year for 2002-2003 and for 2003-2004 to the department to provide a grant to the Michigan virtual university for the development, implementation, and operation of the Michigan virtual high school and to fund other purposes described in this section. In addition, from the federal funds appropriated in section 11, there is allocated each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004 the following amounts:

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

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

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

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

(2) The Michigan virtual high school shall have the following goals:

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

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

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

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

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

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

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

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

(a) Information technology courses.

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

(c) Courses and dual enrollment opportunities.

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

- (e) General education development test preparation courses for adjudicated youth.
- (f) Special interest courses.
- (g) Professional development programs and services for teachers.

(4) From the allocation in subsection (1), there is allocated \$3,500,000.00 each fiscal year for 2002-2003 and for 2003-2004 for the purpose of developing innovative strategies to use wireless technology to improve student academic achievement in this state. The Michigan virtual university shall identify not more than 5 pilot project sites for these initiatives. The pilot project sites shall be geographically diverse and at least 1 of the pilot project sites shall be in the Upper Peninsula. The pilot projects shall be funded through public-private partnerships. In addition, the Michigan virtual university shall establish local fund matching requirements for the pilot project sites.

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

(a) Develop, and assist districts in the development and use of, proven, innovative strategies to deliver intensive professional development programs that are both cost-effective and easily accessible, such as strategies that involve delivery through the use of technology, peer networks, and distance learning.

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

(c) Coordinate the activities of eligible partnerships that include higher education institutions for the purposes of providing professional development activities for teachers, paraprofessionals, and principals as defined in federal law.

(6) The state education agency shall sign a memorandum of understanding with the Michigan virtual university regarding DED-OESE, title II, educational technology grants as provided under this subsection. The Michigan virtual university shall coordinate activities described in this subsection with the pilot project sites identified in subsection (4). The memorandum of understanding shall require that the Michigan virtual university coordinate the following state activities related to DED-OESE, title II, educational technology grants in accordance with federal law:

(a) Assist in the development of innovative strategies for the delivery of specialized or rigorous academic courses and curricula through the use of technology, including distance learning technologies.

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

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

(a) Programs for the development or acquisition and use of instructional and educational materials, including computer software and hardware for instructional use,

that will be used to improve student academic achievement as part of an overall education reform strategy.

(b) Programs and activities that expand learning opportunities through best-practice models designed to improve classroom learning and teaching.

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

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

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

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

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

(11) As used in this section:

(a) “DED-OESE” means the United States department of education office of elementary and secondary education.

(b) “State education agency” means the department.

388.1699 Mathematics and science centers.

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

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

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

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

(5) Allocations under this section to support the activities and programs of mathematics and science centers shall be continuing support grants to all 25 established mathematics and science centers and, subject to subsection (9), the 8 satellite extensions that were funded in 1996-97. Each established mathematics and science center that was funded in 1999-2000 shall receive an amount equal to 105.3% of the amount it received under this section in 1999-2000.

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

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

(a) \$68,000.00 each to the central Michigan science, mathematics, and technology center; the Hillsdale-Lenawee-Monroe mathematics and science center; the St. Clair mathematics, science, and technology network; the Saginaw valley state university regional center; the Genesee area mathematics, science, and technology center; the Grand Traverse area regional mathematics, science, and technology center; and the Livingston/Washtenaw mathematics and science center.

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

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

(8) Not later than June 30, 2000, the department shall reevaluate and update the comprehensive master plan described in subsection (1), including any recommendations for upgrading satellite extensions to full centers.

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

388.1699a School health education curriculum; composition of comprehensive school education steering committee; request by parent or guardian to examine textbooks and materials.

Sec. 99a. (1) From the appropriation in section 11, there is allocated each fiscal year for 2002-2003 and for 2003-2004 an amount not to exceed \$3,180,000.00 for grants to intermediate districts and districts for providing a school health education curriculum. The curriculum

provided, such as the Michigan model or another comprehensive school health curriculum, shall be in accordance with the health education goals established by the Michigan model for comprehensive school health education steering committee. This state steering committee shall be comprised of a representative from each of the following offices and departments:

- (a) The department.
 - (b) The department of community health.
 - (c) The health administration in the department of community health.
 - (d) The bureau of mental and substance abuse services in the department of community health.
 - (e) The family independence agency.
 - (f) The department of state police.
- (2) Upon written or oral request by a pupil who is at least 18 years of age or a parent or legal guardian of a pupil less than 18 years of age, school officials shall inform the pupil or parent, within a reasonable period of time after the request is made, of the content of a course in the health education curriculum and shall allow the pupil or parent to examine textbooks and other classroom materials that are provided to the pupil or materials that are presented to the pupil in the classroom. This subsection does not require a district to permit pupil or parental examination of test questions and answers, scoring keys, or other examination instruments or data used to administer an academic examination.

388.1704a State assessments to high school pupils.

Sec. 104a. (1) In order to receive state aid under this act, a district shall comply with this section and shall administer state assessments to high school pupils in the subject areas of communications skills, mathematics, science, and social studies. If the department or the Michigan assessment governing board, as applicable, determines that it would be consistent with the purposes of this section, the department or the Michigan assessment governing board, as applicable, may designate the grade 11 Michigan education assessment program tests as the assessments to be used for the purposes of this section. The district shall include on the pupil's high school transcript all of the following:

- (a) For each high school graduate who has completed a subject area assessment under this section, the pupil's scaled score on the assessment.
- (b) If the pupil's scaled score on a subject area assessment falls within the range required under subsection (2) for a category established under subsection (2), an indication that the pupil has achieved state endorsement for that subject area.
- (c) The number of school days the pupil was in attendance at school each school year during high school and the total number of school days in session for each of those school years.

(2) The department shall develop scaled scores for reporting subject area assessment results for each of the subject areas under this section. The superintendent shall establish 3 categories for each subject area indicating basic competency, above average, and outstanding, and shall establish the scaled score range required for each category. The department shall design and distribute to districts, intermediate districts, and nonpublic schools a simple and concise document that describes these categories in each subject area and indicates the scaled score ranges for each category in each subject area. A district may award a high school diploma to a pupil who successfully completes local district requirements established in accordance with state law for high school graduation, regardless of whether the pupil is eligible for any state endorsement.

(3) The assessments administered for the purposes of this section shall be administered to pupils during the last 30 school days of grade 11. The department shall ensure that the assessments are scored and the scores are returned to pupils, their parents or legal guardians, and districts not later than the beginning of the pupil's first semester of grade 12. The department shall arrange for those portions of a pupil's assessment that cannot be scored mechanically to be scored in Michigan by persons who are Michigan teachers, retired Michigan teachers, or Michigan school administrators and who have been trained in scoring the assessments. The returned scores shall indicate the pupil's scaled score for each subject area assessment, the range of scaled scores for each subject area, and the range of scaled scores required for each category established under subsection (2). In reporting the scores to pupils, parents, and schools, the department shall provide specific, meaningful, and timely feedback on the pupil's performance on the assessment.

(4) For each pupil who does not achieve state endorsement in 1 or more subject areas, the board of the district in which the pupil is enrolled shall provide that there be at least 1 meeting attended by at least the pupil and a member of the district's staff or a local or intermediate district consultant who is proficient in the measurement and evaluation of pupils. The district may provide the meeting as a group meeting for pupils in similar circumstances. If the pupil is a minor, the district shall invite and encourage the pupil's parent, legal guardian, or person in loco parentis to attend the meeting and shall mail a notice of the meeting to the pupil's parent, legal guardian, or person in loco parentis. The purpose of this meeting and any subsequent meeting under this subsection shall be to determine an educational program for the pupil designed to have the pupil achieve state endorsement in each subject area in which he or she did not achieve state endorsement. In addition, a district may provide for subsequent meetings with the pupil conducted by a high school counselor or teacher designated by the pupil's high school principal, and shall invite and encourage the pupil's parent, legal guardian, or person in loco parentis to attend the subsequent meetings. The district shall provide special programs for the pupil or develop a program using the educational programs regularly provided by the district unless the board of the district decides otherwise and publishes and explains its decision in a public justification report.

(5) A pupil who wants to repeat an assessment administered under this section may repeat the assessment, without charge to the pupil, in the next school year or after graduation. An individual may repeat an assessment at any time the district administers an applicable assessment instrument or during a retesting period under subsection (7).

(6) The department shall ensure that the length of the assessments used for the purposes of this section and the combined total time necessary to administer all of the assessments are the shortest possible that will still maintain the degree of reliability and validity of the assessment results determined necessary by the department. The department shall ensure that the maximum total combined length of time that schools are required to set aside for administration of all of the assessments used for the purposes of this section does not exceed 8 hours. However, this subsection does not limit the amount of time that individuals may have to complete the assessments.

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

(8) A district shall provide accommodations to a pupil with disabilities for the assessments required under this section, as provided under section 504 of title V of the

rehabilitation act of 1973, Public Law 93-112, 29 U.S.C. 794; subtitle A of title II of the Americans with disabilities act of 1990, Public Law 101-336, 42 U.S.C. 12131 to 12134; and the implementing regulations for those statutes.

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

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

(11) All assessment instruments developed or selected and approved by the state under any statute or rule for a purpose related to K to 12 education shall be objective-oriented and consistent with the model core academic content standards objectives under section 1278 of the revised school code, MCL 380.1278.

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

(13) A child who is a student in a nonpublic school or home school may take an assessment under this section. To take an assessment, a child who is a student in a home school shall contact the district in which the child resides, and that district shall administer the assessment, or the child may take the assessment at a nonpublic school if allowed by the nonpublic school. Upon request from a nonpublic school, the department shall supply assessments and the nonpublic school may administer the assessment.

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

(15) If the Michigan assessment governing board is established by law, the Michigan assessment governing board shall administer this section and shall have all of the powers

and duties as otherwise provided under this section for the department or the superintendent.

(16) As used in this section:

(a) “Communications skills” means reading and writing.

(b) “Social studies” means geography, history, economics, and American government.

388.1707 Allocation for adult education programs.

Sec. 107. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$75,000,000.00 for 2001-2002 and an amount not to exceed \$77,500,000.00 each fiscal year for 2002-2003 and for 2003-2004 for adult education programs authorized under this section.

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

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

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

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

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

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

(b) If the individual has not obtained a high school diploma or G.E.D. certificate, the individual meets 1 of the following:

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

(ii) Is at least 16 years of age on September 1 of the school year, has been permanently expelled from school under section 1311(2) or 1311a of the revised school code, MCL 380.1311 and 380.1311a, and has no appropriate alternative education program available through his or her district of residence.

(3) The amount allocated under subsection (1) shall be distributed as follows:

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

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

(c) For districts and consortia that meet the conditions of both subdivisions (a) and (b), the amount allocated each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004 shall be the sum of the allocations to the district or consortium under subdivisions (a) and (b).

(d) A district or consortium that received funding in 1996-97 under this section as in effect for 1996-97 may operate independently of a consortium or join or form a consortium for 2001-2002, for 2002-2003, or for 2003-2004. The allocation for 2001-2002, for 2002-2003, or for 2003-2004 to the district or the newly formed consortium under this subsection shall be determined by the department of career development and shall be based on the proportion of the amounts specified in subdivision (a) or (b), or both, that are attributable to the district or consortium that received funding in 1996-97. A district or consortium described in this subdivision shall notify the department of career development of its intention with regard to 2001-2002, 2002-2003, or for 2003-2004 by October 1 of the affected fiscal year.

(4) A district that operated an adult education program in 1996-97 and does not intend to operate a program in 2001-2002, 2002-2003, or 2003-2004 shall notify the department of career development by October 1 of the affected fiscal year of its intention. The funds intended to be allocated under this section to a district that does not operate a program in 2001-2002, 2002-2003, or 2003-2004 and the unspent funds originally allocated under this section to a district or consortium that subsequently operates a program at less than the level of funding allocated under subsection (3) shall instead be proportionately reallocated to the other districts described in subsection (3)(a) that are operating an adult education program in 2001-2002, 2002-2003, or 2003-2004 under this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Ninety percent for enrollment of eligible participants.

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

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

(12) A person who is not eligible to be a participant funded under this section may receive adult education services upon the payment of tuition. In addition, a person who is not eligible to be served in a program under this section due to the program limitations specified in subsection (6), (7), (8), or (9) may continue to receive adult education services in that program upon the payment of tuition. The tuition level shall be determined by the local or intermediate district conducting the program.

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

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

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

388.1708 Adult learning programs.

Sec. 108. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$20,000,000.00 for 2001-2002 and an amount not to exceed \$20,000,000.00 each fiscal year for 2002-2003 and for 2003-2004 for partnership for adult learning programs authorized under this section.

(2) To be eligible to be enrolled as a participant in an adult learning program funded under this section, a person shall be at least 16 years of age as of September 1 of the immediately preceding state fiscal year and shall meet the following, as applicable:

(a) If the individual has obtained a high school diploma or a general education development (G.E.D.) certificate, the individual is determined to have English language proficiency, reading, writing, or math skills below workforce readiness standards as determined by tests approved by the department of career development and is not enrolled in a postsecondary institution. An individual who has obtained a high school diploma is not eligible for enrollment in a G.E.D. test preparation program funded under this section.

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

(3) From the allocation under subsection (1), an amount not to exceed \$19,800,000.00 is allocated for 2001-2002 and an amount not to exceed \$19,800,000.00 is allocated each fiscal year for 2002-2003 and for 2003-2004 to local workforce development boards for the purpose of providing regional adult learning programs. An application for a grant under this subsection shall be in the form and manner prescribed by the department of career development. Subject to subsections (4), (5), and (6), the amount allocated to each local workforce development board shall be as provided in this subsection, except that an eligible local workforce development board shall not receive an initial allocation under this section that is less than \$70,000.00. The maximum amount of a grant awarded to an eligible local workforce development board shall be the sum of the following components:

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

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

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

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

(5) Not more than 9% of a grant awarded to a local workforce development board may be used for program administration, including contracting for the provision of career and educational information, counseling services, and assessment services.

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

(a) The local workforce development board shall document the need for adult learning programs in the local workforce development region.

(b) The local workforce development board shall report participant outcomes and other measurements of program performance.

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

(d) The local workforce development board shall furnish to the department of career development, in a form and manner determined by the department of career development, the information the department of career development determines is necessary to administer this section.

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

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

(a) Not less than 85% of a grant award shall be used to support programs that improve reading, writing, and math skills to workforce readiness standards; English as a second language programs; G.E.D. preparation programs; high school completion programs; or workforce readiness programs in the local workforce development board region. These programs may include the provision of career and educational information, counseling services, and assessment services.

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

(8) Local workforce development boards shall award competitive grants to eligible adult learning providers for the purpose of providing adult learning programs in the local workforce development board region. Applications shall be in a form and manner

prescribed by the department of career development. In awarding grants, local workforce development boards shall consider all of the following:

(a) The ability of the provider to assess individuals before enrollment using assessment tools approved by the department of career development and to develop individual adult learner plans from those assessments for each participant.

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

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

(d) Whether the program is of sufficient intensity and duration for participants to achieve substantial learning gains.

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

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

(g) Whether the programs are staffed by well-trained teachers, counselors, and administrators.

(h) Whether the activities coordinate with other available resources in the community, such as schools, postsecondary institutions, job training programs, and social service agencies.

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

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

(k) Whether the provider can maintain an information management system that has the capacity to report participant outcomes and monitor program performance against performance measures approved by the department of career development.

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

(m) The cost per participant contact hour or unit of measurable outcome for each type of adult learning program for which the provider is applying.

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

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

(11) Local workforce development boards shall reimburse eligible adult learning providers under this section as follows:

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

(i) Fifty percent of the contract amount shall be allocated to eligible adult learning providers based upon enrollment of participants in adult learning programs. "Enrollment"

means a participant enrolled in the program who received a preenrollment assessment using assessment tools approved by the department of career development and for whom an individual adult learner plan has been developed.

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

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

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

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

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

(c) A provider is eligible for reimbursement for a participant in an adult learning program until the participant's reading, writing, or math proficiency, as applicable, is assessed at workforce readiness levels or the participant fails to show progress on 2 successive assessments as determined by the department of career development.

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

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

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

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

(13) Adult learning providers may collect refundable deposits from participants for the use of reusable equipment and supplies and may provide incentives for program completion.

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

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

(a) Develop and provide guidelines to local workforce development boards for the development of strategic plans that incorporate adult learning.

(b) Develop and provide adult learning minimum program performance standards to be implemented by local workforce development boards.

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

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

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

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

(18) As used in this section:

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

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

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

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

(e) "Strategic plan" means a document approved by the department of career development that incorporates adult learning goals and objectives for the local workforce development board region and is developed jointly by the local workforce development board and the education advisory groups.

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

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

388.1747 Allocations to public school employees' retirement system.

Sec. 147. (1) The allocations for 2001-2002, for 2002-2003, and for 2003-2004 for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. The annual

level percentage of payroll contribution rate is estimated at 12.17% for the 2001-2002 state fiscal year and at 12.99% for the 2002-2003 state fiscal year. The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This contribution rate reflects an amortization period of 35 years for 2001-2002, 34 years for 2002-2003, and 33 years for 2003-2004. The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

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

Total state spending; payments to local units of government.

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

Repeal of section 1713 of 2002 PA 519.

Enacting section 2. Section 1713 of 2002 PA 519 (Enrolled Senate Bill No. 1101 of the 91st Legislature) is repealed.

Conditional effective date.

Enacting section 3. This amendatory act does not take effect unless the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 50 cents or more per pack of cigarettes (25 mills per cigarette) effective on or before September 30, 2002 and the revenue from not less than 20 cents per pack of cigarettes (10 mills per cigarette) of that increase is dedicated by law for deposit into the state school aid fund established by section 11 of article IX of the state constitution of 1963.

This act is ordered to take immediate effect.

Approved July 25, 2002.

Filed with Secretary of State July 25, 2002.

[No. 522]

(SB 1103)

AN ACT to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; department of education.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of education for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF EDUCATION

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	436.1	
GROSS APPROPRIATION.....		\$ 214,393,000
Interdepartmental grant revenues:		
Interdepartmental grant from corrections academy lease		1,000,000
Total interdepartmental grants and intradepartmental transfers		1,000,000
ADJUSTED GROSS APPROPRIATION.....		\$ 213,393,000
Federal revenues:		
Total federal revenues		165,731,500
Special revenue funds:		
Local cost sharing (schools for blind/deaf)		4,641,600
Local school district service fees		102,600
Total local revenues		4,744,200
Gifts, bequests, and donations.....		504,200
Private foundations		197,200
Total private revenues.....		701,400
Total local and private revenues.....		5,445,600
Certification fees.....		2,782,600
Commodity distribution fees		71,400
Driver fees		8,124,600
Lansing, Michigan school for the blind rent		739,000
Motorcycle license fees		1,543,800
Safety education fund		414,700
School loan exception fees.....		67,300
Student insurance revenue		205,100
Teacher testing fees		280,800
Training and orientation workshop fees.....		100,000
Total other state restricted revenues.....		14,329,300
State general fund/general purpose		\$ 27,886,600

State board of education/office of the superintendent.

Sec. 102. STATE BOARD OF EDUCATION/OFFICE OF THE SUPERINTENDENT

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	14.0	
State board of education, per diem payments.....		\$ 24,400
Unclassified positions—6.0 FTE positions.....		515,600

		For Fiscal Year Ending Sept. 30, 2003
State board/superintendent operations—14.0 FTE positions	\$	1,984,400
GROSS APPROPRIATION	\$	<u>2,524,400</u>
Appropriated from:		
Federal revenues:		
Federal revenues		577,200
Special revenue funds:		
Private foundations		23,000
State general fund/general purpose	\$	1,924,200

Central support.

Sec. 103. CENTRAL SUPPORT

Full-time equated classified positions		45.3
Central support—45.3 FTE positions	\$	5,414,600
Worker's compensation		101,000
Education commission of the states		99,300
Building occupancy charges - property management services		1,439,600
Training and orientation workshops		100,000
Terminal leave payments		260,500
GROSS APPROPRIATION	\$	<u>7,415,000</u>
Appropriated from:		
Federal revenues:		
Federal revenues		4,066,400
Special revenue funds:		
Certification fees		172,000
Commodity distribution fees		6,100
Driver fees		24,700
Local cost sharing		48,900
Motorcycle license fees		4,600
Safety education fund		2,600
School loan exception fees		67,300
Teacher testing fees		11,000
Training and orientation workshop fees		100,000
State general fund/general purpose	\$	2,911,400

School support services.

Sec. 104. SCHOOL SUPPORT SERVICES

Full-time equated classified positions		41.4
School support operations—41.4 FTE positions	\$	5,260,800
GROSS APPROPRIATION	\$	<u>5,260,800</u>
Appropriated from:		
Federal revenues:		
Federal revenues		4,010,500
Special revenue funds:		
Commodity distribution fees		65,300
Driver fees		499,900
Motorcycle license fees		339,200
Safety education fund		117,800
State general fund/general purpose	\$	228,100

For Fiscal Year
Ending Sept. 30,
2003

Information technology services.

Sec. 105. INFORMATION TECHNOLOGY SERVICES

Information technology operations.....	\$	3,288,100
GROSS APPROPRIATION.....	\$	<u>3,288,100</u>
Appropriated from:		
Interdepartmental grant revenues:		
Federal revenues:		
Federal revenues		1,063,800
Special revenue funds:		
Certification fees.....		168,200
State general fund/general purpose	\$	2,056,100

Special education services.

Sec. 106. SPECIAL EDUCATION SERVICES

Full-time equated classified positions.....	69.6	
Special education operations—69.6 FTE positions.....	\$	11,477,300
GROSS APPROPRIATION.....	\$	<u>11,477,300</u>
Appropriated from:		
Federal revenues:		
Federal revenues		11,139,700
Special revenue funds:		
Certification fees.....		35,200
State general fund/general purpose	\$	302,400

Lansing, Michigan school for the blind former site.

Sec. 107. LANSING, MICHIGAN SCHOOL FOR THE BLIND FORMER SITE

General services.....	\$	1,749,000
GROSS APPROPRIATION.....	\$	<u>1,749,000</u>
Appropriated from:		
Interdepartmental grant revenues:		
Interdepartmental grant from corrections academy lease		1,000,000
Special revenue funds:		
Gifts, bequests, and donations.....		10,000
Lansing, Michigan school for the blind rent		739,000
State general fund/general purpose	\$	0

Michigan schools for the deaf and blind.

Sec. 108. MICHIGAN SCHOOLS FOR THE DEAF AND BLIND

Full-time equated classified positions.....	96.0	
Michigan schools for the deaf and blind operations—		
95.0 FTE positions.....	\$	9,422,000
Summer institute		90,000
Camp Tuhsmeheeta—1.0 FTE position.....		250,100
Private gifts - blind		90,000
Private gifts - deaf.....		50,000
GROSS APPROPRIATION.....	\$	<u>9,902,100</u>

For Fiscal Year
Ending Sept. 30,
2003

Appropriated from:	
Federal revenues:	
Federal revenues	\$ 4,507,500
Special revenue funds:	
Local cost sharing (schools for blind/deaf)	4,592,700
Local school district service fees	102,600
Gifts, bequests, and donations.....	494,200
Student insurance revenue	205,100
State general fund/general purpose	\$ 0

Professional preparation services.

Sec. 109. PROFESSIONAL PREPARATION SERVICES

Full-time equated classified positions.....	31.0
Professional preparation operations—31.0 FTE positions.....	\$ 4,503,100
Department of attorney general.....	50,000
GROSS APPROPRIATION.....	\$ 4,553,100

Appropriated from:	
Federal revenues:	
Federal revenues	1,976,100
Special revenue funds:	
Certification fees.....	2,307,200
Teacher testing fees	269,800
State general fund/general purpose	\$ 0

Field services.

Sec. 110. FIELD SERVICES

Full-time equated classified positions.....	44.0
Field services operations—44.0 FTE positions.....	\$ 5,279,200
GROSS APPROPRIATION.....	\$ 5,279,200

Appropriated from:	
Federal revenues:	
Federal revenues	4,873,500
State general fund/general purpose	\$ 405,700

Office of school excellence.

Sec. 111. OFFICE OF SCHOOL EXCELLENCE

Full-time equated classified positions.....	61.5
School excellence operations—61.5 FTE positions.....	\$ 12,389,100
GROSS APPROPRIATION.....	\$ 12,389,100

Appropriated from:	
Federal revenues:	
Federal revenues	10,235,100
Private foundations	79,400
State general fund/general purpose	\$ 2,074,600

Government services.

Sec. 112. GOVERNMENT SERVICES

Full-time equated classified positions.....	13.0
Government services operations—13.0 FTE positions.....	\$ 1,284,800
GROSS APPROPRIATION.....	\$ 1,284,800

For Fiscal Year
Ending Sept. 30,
2003

Appropriated from:

Federal revenues:

Federal revenues	\$	828,900
State general fund/general purpose	\$	455,900

Safe schools and administrative law.

Sec. 113. SAFE SCHOOLS AND ADMINISTRATIVE LAW

Full-time equated classified positions	11.5	
Safe schools operations—2.5 FTE positions	\$	498,600
Administrative law operations—9.0 FTE positions		852,700
State tenure commission per diem		11,100
GROSS APPROPRIATION	\$	<u>1,362,400</u>

Appropriated from:

Federal revenues:

Federal revenues		562,100
Special revenue funds:		
State general fund/general purpose	\$	800,300

Education options, charters, and choice.

Sec. 114. EDUCATION OPTIONS, CHARTERS, AND CHOICE

Full-time equated classified positions	8.8	
Education options operations—8.8 FTE positions	\$	<u>1,412,700</u>
GROSS APPROPRIATION	\$	1,412,700

Appropriated from:

Federal revenues:

Federal revenues		986,600
State general fund/general purpose	\$	426,100

Grants and distributions.

Sec. 115. GRANTS AND DISTRIBUTIONS

FEDERAL PROGRAMS:

Class size reduction grants	\$	50,275,700
Eisenhower mathematics and science grants		12,940,000
Goals 2000 grants		6,000,000
Technology literacy challenge grants		6,000,000
Urgent school renovation		45,688,400

STATE PROGRAMS:

Christa McAuliffe grants	\$	94,800
Driver education		7,600,000
Motorcycle safety education		1,200,000
National board certification		100,000
Off-road vehicle safety training grant		294,300
School breakfast programs		6,274,900
School readiness grants		11,050,000
GROSS APPROPRIATION	\$	<u>147,518,100</u>

For Fiscal Year
Ending Sept. 30,
2003

Appropriated from:

Federal revenues:

DED-OESE, class size reduction.....	\$	50,275,700
DED-OESE, goals 2000.....		6,000,000
DED-OESE, Eisenhower mathematics and science administration ..		12,940,000
DED-OESE, technology literacy challenge fund.....		6,000,000
DED-OESE, urgent school renovation.....		45,688,400

Special revenue funds:

Certification fees.....		100,000
Driver fees		7,600,000
Motorcycle license fees		1,200,000
Safety education fund		294,300
Private foundations		94,800
State general fund/general purpose	\$	17,324,900

Early retirement and budgetary savings.

Sec. 116. EARLY RETIREMENT AND BUDGETARY

SAVINGS

Early retirement savings	\$	(721,900)
Budgetary savings.....		<u>(301,200)</u>
GROSS APPROPRIATION.....	\$	(1,023,100)

Appropriated from:

State general fund/general purpose	\$	(1,023,100)
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PART 2

PROVISIONS CONCERNING APPROPRIATIONS

Total state spending; payments to local units of government.

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$42,215,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$16,436,800.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

GRANTS AND DISTRIBUTIONS

STATE PROGRAMS:

Driver education	\$	7,600,000
School readiness grants		1,626,900
Motorcycle safety education		890,000
Off-road vehicle safety training grant		45,000
School lunch and breakfast		<u>6,274,900</u>
TOTAL	\$	16,436,800

Appropriations subject to §§ 18.1101 to 18.1594.

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

Definitions.

Sec. 203. As used in this act:

(a) “DED-OESE” means the United States department of education office of elementary and secondary education.

(b) “Department” means the Michigan department of education.

(c) “District” means a local school district as defined in section 6 of the revised school code, 1976 PA 451, MCL 380.6, or a public school academy as defined in section 5 of the revised school code, 1976 PA 451, MCL 380.5.

(d) “FTE” means full-time equated.

Billing by department of civil service.

Sec. 204. The department of civil service shall bill departments and agencies at the end of the first fiscal quarter for the 1% charge authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Hiring freeze; exceptions.

Sec. 205. (1) A hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The department shall transmit all required reports by electronic mail to the chairpersons of the senate and house appropriations subcommittees on education and the house and senate fiscal agencies, including the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exceptions.

Contingency funds; availability for expenditure.

Sec. 206. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$20,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$700,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$250,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$3,000,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this bill under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Reporting requirements; use of Internet.

Sec. 207. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. The department shall place reports on the Internet or Intranet site and shall transmit all required reports by electronic mail to the senate and house appropriations subcommittees on education, the house and senate fiscal agencies, and the state budget office.

Federal funds not requiring additional state matching funds.

Sec. 208. The department may carry into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 and that do not require additional state matching funds are appropriated for the purposes intended.

State board of education agenda.

Sec. 209. The department shall provide the state budget director and the senate and house fiscal agencies with copies of the state board of education agenda and all supporting documents at the time the agenda and supporting documents are provided to state board of education members.

School loan exception fee fund.

Sec. 210. Money in the school loan exception fee fund that is unexpended at the end of the fiscal year shall not revert to the general fund but shall be carried over to the succeeding fiscal year.

Office for safe schools.

Sec. 211. (1) Upon receipt of the federal drug free grant, the department shall allocate \$225,000.00 of the grant to the office for safe schools within the department. The office for safe schools shall work with local school boards, law enforcement agencies, community leaders, and the office of drug control policy for the prevention of school violence. The office for safe schools shall develop and implement, and serve as coordinator of, a statewide clearinghouse for information, program development, model programs and policies, and technical assistance on school violence prevention.

(2) To accomplish its functions under this section, the office for safe schools shall do all of the following:

(a) Evaluate the effectiveness of, and make recommendations to local school boards concerning public school violence prevention programs, including, but not limited to, programs aimed at reducing the possession of weapons and the incidence of other violent behaviors on school campuses, violence prevention curricula, conflict resolution and peer mediation training, interagency cooperative referral and treatment programs, parental involvement programs, and school safety planning.

(b) In consultation with appropriate organizations, develop and distribute to school districts and public school academies a model code of conduct for pupils.

(c) Coordinate with the office of drug control policy in the department of community health to ensure that there is a meaningful linkage between the efforts under this act to

provide safe schools and the initiatives undertaken through that office, including, but not limited to, school districts' safe and drug-free school plans, and to facilitate timely applications for and distribution of available grant money.

(d) Provide through the Internet the availability to and information regarding the state model policy on locker searches, the state model policy on firearm safety and awareness, and any other state or local safety policies that the office considers exemplary.

(e) From the funds appropriated in part 1 for safe schools operations, the department shall expend not more than \$50,000.00 to advertise the toll-free antiviolence school hotline.

Sexual misconduct; record of disciplinary actions.

Sec. 212. The department shall require all public school districts to maintain complete records within the personnel file of a teacher or school employee of any disciplinary actions taken by the local school board against the teacher or employee for sexual misconduct. The records shall not be destroyed or removed from the teacher's or employee's personnel file except as required by a court order.

Special education auditors.

Sec. 213. From the general funds appropriated in part 1 for special education services, the department shall provide funding for 2.0 special education auditors to audit school districts.

Technology services and projects; user fees.

Sec. 214. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Information technology as work project; carrying forward funds; availability for expenditure.

Sec. 215. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Receipt and retention of reports.

Sec. 216. The departments and state agencies receiving appropriations under this act shall receive and retain copies of all reports funded from appropriations in part 1. The departments and state agencies shall follow federal and state guidelines for short-term and long-term retention of these reports and records.

Privatization; project plan.

Sec. 217. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of

Compiler's note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoes."

representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Purchase of foreign goods or services.

Sec. 218. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available. Preference should be given to goods and services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value.

Businesses in deprived and depressed communities; contracts to provide services or supplies.

Sec. 219. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Personal service contracts; report; listing of bid requests.

Sec. 220. (1) The department of management and budget and each principal executive department and agency shall provide to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies a monthly report on all personal service contracts awarded without competitive bidding, pricing, or rate-setting. The notification shall include all of the following:

- (a) The total dollar amount of the contract.
- (b) The duration of the contract.
- (c) The name of the vendor.
- (d) The type of service to be provided.

(2) For personal service contracts of \$100,000.00 or more, the department of management and budget shall provide a monthly report including all of the following:

- (a) The total dollar amount of the contract.
- (b) The duration of the contract.
- (c) The name of the vendor.
- (d) The type of service to be provided.

(3) The department of management and budget shall provide a monthly listing of all bid requests or requests for proposal that were issued.

(4) Each principal executive department and agency shall provide a monthly summary listing of information that identifies any authorization for personal service contracts that are provided to the department of civil service pursuant to delegated authority granted to each principal executive department and agency related to personal service contracts.

Sec. 221. From the funds appropriated in part 1, the department may establish a position of school health services consultant, to be filled by a certified school nurse or an individual with comparable education and experience.

Compiler's note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoed."

Early retirement and budgetary savings; satisfaction of negative appropriation.

Sec. 222. (1) The negative appropriation for early retirement savings in part 1 shall be satisfied by savings realized from not filling all of the positions lost due to the early retirement plan for state employees enacted in 2002 PA 93 amendments to the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69. Any position funded with 100% of federal or restricted funds is exempt from the early retirement replacement policy.

(2) The negative appropriation for budgetary savings in part 1 shall be satisfied by savings from the hiring freeze imposed under section 205, efficiencies, and other savings identified by the department director and approved by the state budget director.

(3) Appropriation authorization adjustments required due to negative appropriations for early retirement savings and budgetary savings shall be made only after the approval of transfers by the legislature under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

School readiness grants; condition.

Sec. 223. (1) Subject to subsection (2), in addition to the amounts appropriated under part 1, \$1,200,000.00 is appropriated to school readiness grants from the state general fund.

(2) The appropriation in subsection (1) shall become effective only if the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 30 cents or more per pack of cigarettes on or before September 30, 2002.

STATE BOARD/OFFICE OF THE SUPERINTENDENT

Members of boards, committees, and commissions; per diem payments; report.

Sec. 301. (1) The appropriations in part 1 may be used for per diem payments to members of boards, committees, and commissions for each day's board, committee, or commission work at which a quorum is present; for attending a hearing as authorized by the respective board, committee, or commission; or for performing official business as authorized by the respective board, committee, or commission. The per diem payments shall be at a rate as follows:

- (a) State board of education - president..... \$ 110.00 per day
- (b) State board of education - member other than president \$ 100.00 per day
- (c) State tenure commission - member..... \$ 50.00 per day

(2) A state board of education member shall not be paid a per diem for more than 30 days per year.

(3) The administrative secretary of the state board of education shall report to the public, the senate and house fiscal agencies, and the state budget director the previous quarter's expenses by fund source for members of the state board of education related to the performance of their responsibilities.

Travel expenditures.

Sec. 302. From the amount appropriated in part 1 to the state board of education, not more than \$35,000.00 shall be expended for travel.

MICHIGAN SCHOOLS FOR THE DEAF AND BLIND**Michigan schools for the deaf and blind; annual employees.**

Sec. 401. The employees at the Michigan schools for the deaf and blind who work on a school year basis shall be considered annual employees for purposes of service credits, retirement, and insurance benefits.

Student's instructional program; assessment of operating costs.

Sec. 402. For each student enrolled at the Michigan schools for the deaf and blind, the department shall assess the intermediate school district of residence 100% of the cost of operating the student's instructional program. The amount shall exclude room and board related costs and the cost of weekend transportation between the school and the student's home.

Michigan school for the blind's former site in Lansing; rent and leasing agreements.

Sec. 403. (1) The department may assess rent to any state agency for the use of any facility at the Michigan school for the blind's former site in Lansing. The rental rates and all leasing arrangements shall be subject to the approval of the department of management and budget.

(2) In addition to those funds appropriated in part 1, the department may receive and expend additional funds from lease agreements at the Michigan school for the blind's former site in Lansing that have been negotiated with the approval of the department of management and budget. These funds are appropriated to the department for operation, maintenance, and renovation expenses associated with the leased space.

(3) The department shall not rent, lease, or declare as surplus property the superintendent's house on the Michigan school for the blind's former site without prior consent from the house and senate appropriations subcommittees on education. Amounts received under section 107 for general services may be expended by the department for operation, maintenance, and renovation expenses associated with the superintendent's house.

(4) Security guards or other patrols at the Michigan school for the blind's former site shall not be funded through section 108 funds appropriated for the Michigan schools for the deaf and blind.

(5) If the department leases real property to a person or organization that is not a department of state government, the department shall not expend funds in excess of the lease revenue received to replace, renovate, or repair that real property. This section shall not apply to emergency repairs or costs associated with technological renovations.

(6) The department shall not lease real property for less than fair market value.

(7) The unexpended balances of appropriations and any surplus restricted revenue for the former school for the blind site in Lansing shall not lapse to the state general fund at the end of the fiscal year. Any unexpended and unencumbered funds remaining on September 30, 2003 shall be carried forward as a work project or as restricted revenue and expended for special maintenance and repairs of facilities at the former Michigan school for the blind site in Lansing. The work project shall be performed by state employees or by contract when necessary at an estimated cost of \$100,000.00. The estimated completion date of the work project is September 30, 2004.

Michigan schools for the deaf and blind in Flint; rental and lease agreements.

Sec. 404. (1) The department may assess rent or lease excess property located on the campus of the Michigan schools for the deaf and blind in Flint to private or publicly funded organizations.

(2) In addition to those funds appropriated in part 1, the department may receive and expend additional funds from lease agreements at the Michigan schools for the deaf and blind Flint campus that have been negotiated with the approval of the department of management and budget. These funds are appropriated to the department for the operation, maintenance, and renovation expenses associated with the leased space.

(3) Proceeds from the sale of surplus property and facilities at the Michigan schools for the deaf and blind are appropriated for the purposes of repairs, renovations, and maintenance of the Flint campus.

(4) The unexpended balances of appropriations for the schools for the deaf and blind operations, and from proceeds of the sale of surplus property and facilities at the Michigan schools for the deaf and blind shall not lapse to the state general fund at the end of the fiscal year. Any unexpended and unencumbered funds remaining on September 30, 2003, shall be carried forward as a work project or as restricted revenue and expended for special maintenance and repairs of facilities at the campus of the Michigan schools for the deaf and blind in Flint. The work shall be carried out by state employees, or by contract as necessary, at an estimated cost of \$250,000.00. The estimated completion date of the work is September 30, 2004.

(5) The department shall request the department of civil service to conduct a review of all positions within the Michigan schools for the deaf and blind and consider any appropriate reclassifications.

Medicaid program services; reimbursement.

Sec. 405. The department may assist the department of community health, other departments, and local school districts to secure reimbursement for eligible services provided in Michigan schools from the federal Medicaid program. The department may submit reports of direct expenses related to this effort to the department of community health for reimbursement.

Promotion of residential program; literature distribution.

Sec. 406. (1) The Michigan schools for the deaf and blind may promote its residential program as a possible appropriate option for children who are deaf or hard of hearing or who are blind or visually impaired. The Michigan schools for the deaf and blind shall distribute information detailing its services to all intermediate school districts in the state.

(2) Upon knowledge of or recognition by an intermediate school district that a child in the district is deaf or hard of hearing or blind or visually impaired, the intermediate school district shall provide to the parents of the child the literature distributed by the Michigan schools for the deaf and blind to intermediate school districts under subsection (1).

(3) It is the intent of the legislature that parents continue to have a choice regarding the educational placement of their deaf or hard of hearing children.

Mid-Michigan academy; capital improvements.

Sec. 407. In addition to those funds appropriated in part 1, the department may receive and expend funds from the mid-Michigan academy for capital improvements. The department shall report to the house and senate fiscal agencies on a quarterly basis any expenditures made under this section. These additional funds are appropriated specifically for capital improvements authorized by the department of management and budget and shall be negotiated as part of the lease agreement.

General services.

Sec. 408. The department shall report to the house and senate appropriations subcommittees on education detailed information on the expenditures made from the amount authorized in part 1 quarterly for general services for the Michigan school for the blind's former site.

Use of rental payments.

Sec. 409. The department shall ensure that rental payments made by each tenant for space at the Michigan school for the blind former site are used for operation, maintenance, and renovation expenses associated with the leased space designated in the tenant's lease agreement.

PROFESSIONAL PREPARATION SERVICES**Professional personnel register and certificate revocation/felony conviction files.**

Sec. 501. From the funds appropriated in part 1 for professional preparation services, the department shall maintain the professional personnel register and certificate revocation/felony conviction files.

Alternative student teaching program; credit earned through substitute teaching.

Sec. 502. The department shall authorize teacher preparation institutions to provide an alternative program by which up to 1/2 of the required student internship or student teaching credits may be earned through substitute teaching. The department shall require that teacher preparation institutions collaborate with school districts to ensure that the quality of instruction provided to student teachers is comparable to that required in a traditional student teaching program.

Restricted fund balances, projected revenues, and expenditures; annual report.

Sec. 503. (1) By February 15, 2003, the department shall provide the state budget director, house and senate appropriations subcommittees on education, and the senate and house fiscal agencies with an annual report on restricted fund balances, projected revenues, and expenditures for the fiscal years ending September 30, 2002 and September 30, 2003.

(2) It is the intent of the legislature that the department annually review the teacher certification and the teacher testing fund balances and explore ways to minimize the costs to teachers and other educational professionals for services rendered by the department.

EDUCATION OPTIONS, CHARTERS, AND CHOICE**Charter school office.**

Sec. 601. (1) From the amount appropriated in part 1 for education options, charters, and choice, there is allocated \$350,000.00 and 3.5 FTE positions to operate a charter school office to administer charter school legislation and associated regulations, and to coordinate the activities of the department relating to charter schools.

(2) If an audit finds that a public school district has significantly misrepresented its enrollment membership or financial data to the department, its funding shall be withheld and the public school district shall be required to reimburse the state any appropriations made as a result of the misrepresentations.

GRANTS AND DISTRIBUTIONS

Fund disbursements; restriction; waiver.

Sec. 701. The department shall disburse the funds to a general fund grantee in accordance with the same standards of timing and amount that apply to disbursements made by the department to a federal fund grantee. The disbursement shall be restricted to the minimum amount needed for immediate disbursement by the grantee. The department may waive this section if extenuating circumstances warrant and are substantiated in the grantee's application or other appropriate documentation. A waiver granted pursuant to this section shall not be effective until 15 days after written notice of the proposed waiver is given to the state budget director and the chairpersons of the senate and house appropriations subcommittees having jurisdiction over the department budget.

School breakfast programs.

Sec. 702. The funds appropriated in part 1 for school breakfast programs shall be made available to all eligible applicant public school districts as follows:

(a) The public school district participates in the federal school breakfast program and meets all standards as prescribed by 7 C.F.R. parts 220 and 245.

(b) Payment is made for each breakfast served meeting standards prescribed in subdivision (a).

(c) The payment for a public school district is at a per meal rate equal to the lesser of the district's actual cost, or 100% of the cost of a breakfast served by an efficiently operated breakfast program as determined by the department, less federal reimbursement, participant payments, and other state reimbursement. Determination of efficient cost by the department shall be determined by using a statistical sampling of statewide and regional cost as reported in a manner approved by the department for the preceding school year.

(d) The payment determined under subdivision (c) is prorated if the appropriation in part 1 is not sufficient to fund all payments determined under this section.

School readiness programs.

Sec. 703. (1) The funds appropriated in part 1 for school readiness programs shall be made available through a competitive application process as follows:

(a) An applicant may be any public or private nonprofit legal entity or agency other than a local or intermediate school district except a local or intermediate school district acting as a fiscal agent for a child caring organization regulated under 1973 PA 116, MCL 722.111 to 722.128.

(b) Applications shall be submitted in a form and manner as required by the department.

(c) Applications shall be reviewed by a diverse interagency committee composed of representatives of the department, appropriate community, volunteer, and social service agencies and organizations, and parents.

(d) Priority in the recommendation for awarding of grants by the state board of education to applicants shall be based upon the following criteria:

(i) Compliance with standards for early childhood development consistent with programs for 4-year-olds, as approved by the state board of education.

(ii) Active and continuous involvement of the parents or guardians of the children participating in the program.

(iii) Employment of teachers possessing proper training in early childhood development, including an early childhood (ZA) endorsement or child development associate, and trained support staff.

(iv) Evidence of collaboration with the community of providers in early childhood development programs including documentation of the total number of children in the community who would meet the criteria established in subparagraph (vi), and who are being served by other providers, and the number of children who will remain unserved by other community early childhood programs if this program is funded.

(v) The extent to which these funds will supplement other federal, state, local, or private funds.

(vi) The extent to which these funds will be targeted to children who will be at least 4, but less than 5, years of age as of December 1 of the year in which the programs are offered and who show evidence of 2 or more “at-risk” factors as defined in the state board of education report entitled, “children at risk” that was adopted by the state board on April 5, 1988.

(e) Whether the application contains a comprehensive evaluation plan that includes implementation of all program components required and an assessment of the gains of children participating in an early childhood development program.

(f) Applications shall provide for the establishment of a school readiness advisory committee that shall be involved in the planning and evaluation of the program and provides for the involvement of parents and appropriate community, volunteer, and social service agencies and organizations. There shall be on the committee at least 1 parent or guardian of a program participant for every 18 children enrolled in the program, with a minimum of 2 parent or guardian representatives. The committee shall do all of the following:

(i) Review the mechanisms and criteria used to determine referrals for participation in the school readiness program.

(ii) Review the health screening program for all participants.

(iii) Review the nutritional services provided to all participants.

(iv) Review the mechanisms in place for the referral of families to community social service agencies, as appropriate.

(v) Review the collaboration with and the involvement of appropriate community, volunteer, and social service agencies and organizations in addressing all aspects of education disadvantage.

(vi) Review, evaluate, and make recommendations for changes in the school readiness program.

(g) More than 50% of the children participating in the program shall meet the income eligibility criteria for free or reduced price lunch, as determined under the national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766b, and 1769 to 1769h, or meet income and all other eligibility criteria for participation in the Michigan family independence agency unified child day care program.

(2) Grant awards by the superintendent of public instruction may be at whatever level the superintendent determines appropriate. A grant, when combined with other sources of state revenue for this program, shall not exceed \$3,300.00 per child or the cost of the program, whichever is less.

(3) Except as otherwise provided, an applicant that receives a 2002-2003 grant under this section shall also receive priority for fiscal years 2003-2004 and 2004-2005 funding. However, after 3 fiscal years of continuous funding, an applicant will be required to compete openly with new programs and other programs completing their third year. All grant awards are contingent on the availability of funds and documented evidence of grantee compliance with standards for early childhood development consistent with programs for 4-year-olds, as approved by the state board of education, and with all operational, fiscal, administrative, and other program requirements. A program which offers supplementary day care and thereby offers full-day programs as part of its early childhood development program shall receive priority in the allocation of competitive funds.

National board certification; application fee.

Sec. 704. From the funds appropriated in part 1 for national board certification, the department shall pay 1/2 of the application fee for teachers who are deemed by the department to be qualified to apply to the national board for professional teaching standards for professional teaching certificates or licenses and to provide grants to recognize and reward teachers who receive certification or licensure.

Innovative program demonstration grants; reports.

Sec. 706. The innovative program demonstration (IPD) grants established under 2000 PA 263 awarded grants to programs in areas of school safety, parental involvement, and curriculum development. No later than September 30, 2002, a district that received funding under the IPD program shall report to the department results achieved by each program. No later than November 29, 2002, the department shall compile the information from each grant recipient and forward a comprehensive report to the house and senate standing committees on education, the house and senate fiscal agencies, the state budget director, and the state board of education. This report shall be compiled in accordance with the requirements of 2000 PA 263. The reports shall be posted on the department's website.

Community service grants; 21st century community learning centers; application; assurance.

Sec. 708. Before expending funds for DED-OESE, title IV, part A, community service grants and DED-OESE, title IV, part B, 21st century community learning centers, the department shall provide an assurance to the United States department of education that the application was developed in consultation and coordination with appropriate state officials, including the chief state school officer, and other state agencies administering before and after school programs, the heads of the state health and mental health agencies or their designees, and representatives of teachers, parents, students, the business community, and community-based organizations.

INFORMATION TECHNOLOGY

Comprehensive educational information system.

Sec. 901. The department shall work in collaboration with the center for educational performance and information to support the comprehensive educational information system and all data collection efforts of the department.

Implementation of § 388.1698.

Sec. 902. The department and the Michigan virtual university shall work collaboratively to implement section 98 of the state school aid act of 1979, 1979 PA 94, MCL 388.1698, in accordance with all applicable federal laws and regulations.

This act is ordered to take immediate effect.

Approved July 25, 2002.

Filed with Secretary of State July 25, 2002.

[No. 523]**(HB 5647)**

AN ACT to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2003; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriation; department of history, arts, and libraries.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of history, arts, and libraries for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES**APPROPRIATION SUMMARY:**

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	241.5	
GROSS APPROPRIATION		\$ 59,586,200
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION		\$ 59,586,200
Federal revenues:		
Total federal revenues		8,111,300
Special revenue funds:		
Total local revenues		0
Total private revenues		577,400
Total other state restricted revenues		1,900,900
State general fund/general purpose		\$ 48,996,600

For Fiscal Year
Ending Sept. 30,
2003

Department operations.

Sec. 102. DEPARTMENT OPERATIONS

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	26.0	
Unclassified salaries—6.0 FTE positions		\$ 219,400
Management services—25.0 FTE positions		2,103,600
Building occupancy charges and rent		2,739,300
Worker’s compensation		34,000
Office of film and television services—1.0 FTE position		143,500
GROSS APPROPRIATION		\$ 5,239,800
Appropriated from:		
State general fund/general purpose		\$ 5,239,800

Information technology.

Sec. 103. INFORMATION TECHNOLOGY

Information technology services and projects		\$ 1,166,100
GROSS APPROPRIATION		\$ 1,166,100
Appropriated from:		
State general fund/general purpose		\$ 1,166,100

Michigan council for arts and cultural affairs.

Sec. 104. MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

Full-time equated classified positions	10.0	
Administration—10.0 FTE positions		\$ 839,100
Arts and cultural grants		11,642,600
GROSS APPROPRIATION		\$ 12,481,700
Appropriated from:		
Federal revenues:		
NFAH-NEA, promotion of the arts, partnership agreements		700,000
State general fund/general purpose		\$ 11,781,700

Mackinac Island state park commission.

Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION

Full-time equated classified positions	47.8	
Mackinac Island park operation—22.8 FTE positions		\$ 1,541,300
Historical facilities system—25.0 FTE positions		1,409,500
GROSS APPROPRIATION		\$ 2,950,800
Appropriated from:		
Special revenue funds:		
Airport and park operation fees		76,400
Mackinac Island state park fund		1,037,600
State general fund/general purpose		\$ 1,836,800

Michigan historical program.

Sec. 106. MICHIGAN HISTORICAL PROGRAM

Full-time equated classified positions	78.7	
Federal programs—14.9 FTE positions		\$ 1,853,900

	For Fiscal Year Ending Sept. 30, 2003
Heritage publications	\$ 700,000
Historical administration and services—63.8 FTE positions	4,940,800
Private grants and gifts	502,400
Thunder Bay national marine sanctuary and underwater preserve ..	250,000
GROSS APPROPRIATION	\$ 8,247,100
Appropriated from:	
Federal revenues:	
DOI-NPS, historic preservation grants-in-aid	1,348,000
Federal funds	505,900
Special revenue funds:	
Heritage publication fund	700,000
Private - grants and gifts.....	400,000
Private - Mann house trust fund	102,400
State general fund/general purpose	\$ 5,190,800

Library of Michigan.

Sec. 107. LIBRARY OF MICHIGAN

Full-time equated classified positions	79.0
Book distribution centers.....	\$ 308,400
Collected gifts and fees.....	161,900
Grand Rapids public library	199,200
Grant to the Detroit public library	2,877,100
Library of Michigan operations—79.0 FTE positions.....	7,577,900
Library services and technology act	4,557,400
Renaissance zone reimbursement.....	657,100
State aid to libraries	13,327,000
Subregional state aid	561,200
Wayne County library for the blind and physically handicapped	46,600
GROSS APPROPRIATION	\$ 30,273,800
Appropriated from:	
Federal revenues:	
Federal section 903(d), SSA funds	1,000,000
Library services and technology act	4,557,400
Special revenue funds:	
Private - gifts and bequests revenues	75,000
User fees	86,900
State general fund/general purpose	\$ 24,554,500

Early retirement and budgetary savings.

Sec. 108. EARLY RETIREMENT AND BUDGETARY SAVINGS

Early retirement savings	\$ (146,300)
Budgetary savings	(626,800)
GROSS APPROPRIATION	\$ (773,100)
Appropriated from:	
State general fund/general purpose	\$ (773,100)

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$50,897,500.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$24,168,200.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

Arts and cultural grants.....	\$	7,500,000
State aid to libraries		13,327,000
Detroit public library		1,941,900
Grand Rapids public library		134,400
Subregional state aid		561,200
Wayne County library for the blind and physically handicapped		46,600
Renaissance zone reimbursement.....		657,100
Total department of history, arts, and libraries	\$	<u>24,168,200</u>

Appropriations subject to §§ 18.1101 to 18.1594.

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

Definitions.

Sec. 203. As used in this appropriation act:

- (a) “Department” means the department of history, arts, and libraries.
- (b) “Director” means the director of the department of history, arts, and libraries.
- (c) “DOI-NPS” means the United States department of interior, national park service.
- (d) “Fiscal agencies” means the house fiscal agency and the senate fiscal agency.
- (e) “FTE” means full-time equated.
- (f) “NEA” means the national endowment for the arts.
- (g) “NFAH” means the national foundation of the arts and the humanities.
- (h) “Subcommittees” means all members of the appropriate subcommittees of the house and senate appropriations committees.

Billing by department of civil service.

Sec. 204. The department of civil service shall bill departments and agencies at the end of the first fiscal quarter for the 1% charge authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Hiring freeze; exceptions.

Sec. 205. (1) A hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause a loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Contingency funds; availability for expenditure.

Sec. 206. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$750,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Privatization; project plan.

Sec. 207. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the subcommittees and the fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the fiscal agencies and to the subcommittees within 30 months.

Reporting requirements; use of Internet.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on the Internet or Intranet site. Quarterly, the department shall provide to the subcommittees, state budget office, and the fiscal agencies an electronic and paper copy listing of the reports submitted during the most recent 3-month period along with the Internet or Intranet site of each report, if any.

Purchase of foreign goods or services.

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available.

Businesses in deprived and depressed communities; contracts to provide services or supplies.

Sec. 210. The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Affirmative action programs.

Sec. 211. The department shall establish and maintain affirmative action programs based on guidelines developed by the state equal opportunity workforce planning council which was created by Executive Order No. 1996-13 in order to receive general fund/general purpose dollars.

Contributions, gifts, bequests, devises, user fees, grants, and donations; acceptance; expenditures.

Sec. 212. In addition to the funds appropriated in part 1, the department may accept contributions, gifts, bequests, devises, user fees, grants, and donations. Funds accepted by the department are appropriated and allotted when received and may be expended immediately upon receipt or at any later time. Those funds that are not expended in the current fiscal year shall not lapse at the close of the fiscal year and may be carried over by the department for expenditure in the following fiscal years.

Technology related services and projects; user fees.

Sec. 213. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology related services and projects. These user fees are subject to provisions of an interagency agreement between the department and the department of information technology.

Information technology; designation of amounts as work projects; availability for expenditure.

Sec. 214. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Accounting structure; tracking expenditures and revenues within MAIN.

Sec. 215. The department shall maintain an accounting structure within MAIN to track expenditures and revenues of that portion of the library of Michigan-operations line item that are for the purposes of the line item included within 2001 PA 83 entitled "statewide database access".

Early retirement and budgetary savings; satisfaction of negative appropriation.

Sec. 261. (1) The negative appropriation for early retirement savings in part 1 shall be satisfied by savings realized from not filling all of the positions lost due to the early retirement plan for state employees enacted in 2002 PA 93 amendments to the state employees retirement act, 1943 PA 240, MCL 38.1 to 38.69.

(2) The negative appropriation for budgetary savings in part 1 shall be satisfied by savings from the hiring freeze imposed under section 205, efficiencies, and other savings identified by the department director and approved by the state budget director.

(3) Appropriation authorization adjustments required due to negative appropriations for early retirement savings and budgetary savings shall be made only after the approval of transfers by the legislature pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Appropriation to arts and cultural grants; condition.

Sec. 262. (1) Subject to subsection (2), in addition to the amounts appropriated under part 1, for the fiscal year ending September 30, 2003, \$11,900,000.00 is appropriated to the arts and cultural grants from the state general fund.

(2) The appropriations in subsection (1) shall become effective only if the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 30 cents or more per pack of cigarettes on or before September 30, 2002.

DEPARTMENT OPERATIONS

Members of commissions and boards; per diem payments.

Sec. 301. (1) The funds appropriated in part 1 may be used for per diem payments to the members of commissions, boards, or committees for a full day of commission, board, or committee work at which a quorum is present, for attending a hearing as authorized by the respective commission, board, or committee, or for performing official business as authorized by each respective commission, board, or committee.

(2) The per diem payments shall be \$50.00 per day for all commissions and boards.

MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

Arts and cultural grants.

Sec. 401. (1) The Michigan council for arts and cultural affairs in the department shall administer the arts and cultural grants appropriated in part 1. The council shall provide for fair and independent decisions on arts and cultural grant requests based upon published criteria to evaluate program quality. These criteria shall include a prohibition of art projects that include displays of human wastes on religious symbols, displays of sex acts, and depictions of flag desecration. The council shall seek to award grants on an equitable geographic basis to the extent possible given the quality of grant applications received. Priority shall be given to projects that serve multiple counties and that leverage significant additional public and private investment. Counties, cities, villages, townships, community foundations, and organizations, including science museums/centers, may apply for the following categories of grants:

(a) Anchor organization program for organizations that serve a statewide audience. Anchor organizations shall demonstrate a commitment to education, to mentoring smaller organizations, and to reaching underserved audiences.

(b) Arts projects program.

- (c) Arts and learning program.
- (d) Artists in schools program.
- (e) Arts organization development program.
- (f) Capital improvement projects.
- (g) Local, regional, or statewide arts agencies services program.
- (h) Regional regranting program.
- (i) Partnership program.
- (j) Discretionary grants program.
- (k) Rural arts and cultural projects.

(2) Potential applicants, including anchor organizations, that are considered ineligible to apply for grants and applicants that are unsuccessful in obtaining a grant shall be provided by the council with the following:

(a) A written rationale as to why the potential applicant was considered ineligible or why the applicant's grant was not funded.

(b) A description of actions the potential applicant or applicant needs to take in order to become eligible or to receive funding in future years.

(3) The appropriation for arts and cultural grants in part 1 and disbursed under this section shall, at a minimum, be matched on an equal dollar-for-dollar basis from local and private contributions paid and received by each awardee receiving grants under this section. The dollar-for-dollar match may include the reasonable value of services, materials, and equipment as allowed under the federal internal revenue code for charitable contributions subject also to the preapproval of such a match by the Michigan council for arts and cultural affairs. The council shall receive proof of the entire amount of the matching funds, services, materials, or equipment by the end of the award period.

(4) Before any amount appropriated for arts and cultural grants in part 1 may be expended for a grant to eligible applicants for the purposes in this section, the department shall execute a grant agreement with each grantee. The grant agreement shall specify the criteria included in this section with which the application complies. The grant agreement shall include a list of the projects funded.

(5) Counties, cities, villages, townships, community foundations, and organizations receiving funds under this section shall provide the Michigan council for arts and cultural affairs with the following:

(a) A final report covering the grant period within 30 days after the end of the grant period indicating at least the following:

- (i) Project revenues and expenditures indicating grant matching fund amounts.
- (ii) Number of patrons attracted or benefiting during the grant period.
- (iii) A narrative summary of each project and its outcome.

(b) Awardees receiving grants greater than \$100,000.00 shall also submit a report as identified in subdivision (a) on an interim basis by April 7 of the grant year.

(6) Within 1 day following the final council vote, the department shall provide a list of grant awardees to the subcommittees and each legislator whose district is receiving a grant from arts and cultural grants funds appropriated in part 1.

(7) The applicants for arts and cultural grants funds shall be charged a nonrefundable application fee of \$100.00 or 1% of the grant, whichever is less. The application fee may be used by the department to recover direct and indirect costs as appropriated in part 1.

(8) It is the intent of the legislature that the Michigan council for arts and cultural affairs continue to take appropriate steps to ensure that all organizations receiving state arts anchor organization grants have combined grant awards, as defined in subsection (10), of no more than 15.0% of operating revenue for the fiscal year ending September 30, 2005 and beyond. As used in this subsection, “operating revenue” is defined in the same manner as it was defined during the fiscal year 2000 state arts anchor organization application process.

(9) The council shall continue and expand its efforts to encourage and support nonprofit arts and cultural organizations transitioning from solely volunteer-based organizations to professional directed operations. This includes the provision of funds and services from the arts organization development, partnership, arts projects, anchor organization, and regional regranteeing programs as well as the rural arts and culture initiative to support professional development within these organizations. Criteria for support include the requirement of collaboration between these organizations and other community organizations.

(10) Any organizations receiving grants within the anchor organization program category in excess of 10.0% of their operating revenue, as defined in subsection (8), for the fiscal year ending September 30, 2002, shall not receive a combined grant award from all grant categories, except the partnership program, that is greater than the combined grant award from these categories that the organization received for the fiscal year ending September 30, 2002.

(11) The council shall provide for fair, equitable, and efficient distribution of funds granted through the regional regranteeing program. The council shall provide for an annual assessment of grant management and distribution of mini-grant awards by designated regional regranteeing agencies and review the methodology employed.

(12) The council shall make every effort to provide total grant awards in the anchor organization program at a level not to exceed 65% of the total amount appropriated for arts and cultural grants.

(13) The department shall submit 2 annual reports to the appropriations subcommittees, the state budget office, and the fiscal agencies as follows:

(a) The first report is due 30 days after the council makes the annual grant awards. The report shall contain the following:

- (i) A listing of each applicant.
- (ii) The county of residence of an applicant.
- (iii) The amount awarded.
- (iv) The amount requested.
- (v) The grant category under which an applicant applied.
- (vi) A summary of projects funded for each awardee.
- (vii) The expected number of patrons for an applicant during the grant period.
- (viii) The amount of matching funds proposed by an applicant.
- (ix) The review score for each application.

(x) A listing containing the information in subparagraphs (i) to (iii) for any regranteed funds in the preceding fiscal year.

(b) The second report is due when materials are first distributed by the council seeking grant applications for the subsequent fiscal year. The report shall contain the following:

- (i) The guidelines by which the council awards grants.

(ii) A summary of any changes in the program guidelines from the previous fiscal year.

(iii) A summary of any initiatives the council is taking to improve public access to the arts and culture, including, but not limited to, the use of technology applications.

MICHIGAN HISTORICAL PROGRAM

Historic site preservation grants.

Sec. 501. The federal funds appropriated in part 1 for the historic site preservation grants are for work projects and shall not lapse at the end of the fiscal year but shall continue to be available for expenditure until the projects for which the funds were reserved have been completed or are terminated. The purpose of these work projects is the identification, designation, and preservation of historic resources. The method used will be to solicit applications from eligible recipients, score applications based upon established criteria, and award the contracts and subgrants. The total cost is \$1,348,000.00 and the tentative completion date is September 30, 2003.

Collection of certain funds; purpose; lapse.

Sec. 502. Funds collected by the department under sections 3, 6, 7, and 7a of 1913 PA 271, MCL 399.3, 399.6, 399.7, and 399.7a, are appropriated to the department for the purpose for which they were received and shall not lapse to the general fund at the end of the fiscal year.

Museum store.

Sec. 503. For purposes of administering the museum store as provided in section 7a of 1913 PA 271, MCL 399.7a, the department is exempt from section 261 of the management and budget act, 1984 PA 431, MCL 18.1261.

Michigan lighthouses.

Sec. 504. (1) From the state funds appropriated in part 1, the department may award discretionary historical grants to preserve Michigan lighthouses. The department may award up to \$152,700.00 in grants for this purpose and may use a portion of those funds to assist in the transfer of lighthouses from federal ownership. A portion of the funds may also be dedicated to program administration and project coordination.

(2) The department shall allocate grant funds under this section pursuant to eligibility and scoring requirements established by the department. The method used will be to solicit applications from eligible recipients, score applications based on the established criteria, and award grants through executed contracts.

(3) Grants under this section may be awarded for purposes of stabilization, rehabilitation, or other preservation work on a Michigan lighthouse, but shall not be awarded for operational purposes. The department shall not allocate a grant under this section that exceeds \$40,000.00.

(4) The funds appropriated in part 1 and allocated by this section are for work projects. The funds shall not lapse to the general fund at the end of the fiscal year but shall remain available in subsequent fiscal years, until funds have been expended, the projects for which the funds were reserved have been completed, or the projects are terminated, whichever occurs first. The tentative date for completion is September 30, 2004.

Michigan freedom trail commission.

Sec. 505. From the funds appropriated in part 1 for historical administration and services, \$71,200.00 shall be allocated to support the operations of the Michigan freedom trail commission as specified in section 4 of the Michigan freedom trail commission act, 1998 PA 409, MCL 399.84. These funds shall be used to reimburse commission members, to pay for necessary contractual services of the commission, and to hire not more than 1.0 FTE position in the department's Michigan historical center to support commission operations.

Designation of property as state historic site; application fee.

Sec. 506. (1) In addition to the funds appropriated in part 1, the department shall collect an application fee of \$250.00 for each application submitted under section 1 of 1955 PA 10, MCL 399.151, for property designated as a state historic site.

(2) The department shall deposit the fees collected under subsection (1) in a separate revolving fund. Any revenue remaining in the fund at the end of the fiscal year shall not lapse to the general fund but shall remain available for future expenditures. The department may expend any revenues in the fund immediately upon receipt. Expenditures shall be made only for the purpose of correcting, repairing, or replacing numbered markers erected pursuant to section 2 of 1955 PA 10, MCL 399.152.

LIBRARY OF MICHIGAN**Subregional library services.**

Sec. 651. The funds appropriated in part 1 to the library of Michigan for subregional state aid shall only be expended if the local unit of government agrees to maintain local support at the same level of local support expended for subregional library services in the local unit of government's immediately preceding fiscal year. A reduction in local expenditures that equally affects all agencies within a local unit of government shall not be interpreted as a replacement of local financial or in-kind support with state aid funds.

Library services to blind and persons with disabilities.

Sec. 652. The funds appropriated in part 1 for a subregional library shall not be released until a budget for that subregional library has been approved by the department for expenditures for library services directly serving the blind and persons with disabilities. Subregional state aid shall be used only for providing services to the blind and to persons with disabilities.

Databases; availability.

Sec. 653. The funds appropriated in part 1 for statewide database access shall be used only for making computerized databases, searches of those databases, and the products of those searches available through the libraries of Michigan. Only those libraries that qualify under the federal library services and technology act, subtitle B of title II of the museum and library services act, title II of the arts, humanities, and cultural affairs act of 1976, Public Law 94-462, 110 Stat. 3009-295, are eligible to participate in this project.

Reimbursements to public libraries.

Sec. 654. From the state general fund/general purpose appropriation in part 1, there is allocated \$657,100.00 to reimburse public libraries as provided by section 12 of the

Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for property taxes levied in 2002. Reimbursements shall be made in amounts to each eligible recipient not later than 60 days after the department of treasury certifies to the department that it has received all necessary information to properly determine the amounts due each eligible recipient under section 12(4) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692. Any excess allocations shall lapse to the general fund.

Grand Rapids and Detroit public libraries; use of funds.

Sec. 655. The department shall submit a report on or before October 31, 2003, to the senate and house standing committees on appropriations that details the use of funds appropriated in part 1 within the Grand Rapids public library appropriation line and the grant to the Detroit public library appropriation line.

This act is ordered to take immediate effect.
 Approved July 25, 2002.
 Filed with Secretary of State July 25, 2002.

[No. 524]

(SB 1102)

AN ACT to make appropriations for the department of corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to provide for reports; to provide for the creation of certain advisory committees and boards; to prescribe certain powers and duties of the department of corrections, certain other state officers and agencies, and certain advisory committees and boards; to provide for the collection of certain funds; and to provide for the disposition of fees and other income received by certain state agencies.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; department of corrections.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of corrections for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF CORRECTIONS

APPROPRIATION SUMMARY:

Average population	51,551	
Full-time equated unclassified positions	16.0	
Full-time equated classified positions	18,827.9	
GROSS APPROPRIATION		\$ 1,704,350,600
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		3,318,500
ADJUSTED GROSS APPROPRIATION		\$ 1,701,032,100

	For Fiscal Year Ending Sept. 30, 2003
Federal revenues:	
Total federal revenues	\$ 26,403,400
Special revenue funds:	
Total local revenues	391,100
Total private revenues.....	0
Total other state restricted revenues.....	55,490,600
State general fund/general purpose	\$ 1,618,747,000

Executive.**Sec. 102. EXECUTIVE**

Average population	480
Full-time equated unclassified positions	16.0
Full-time equated classified positions.....	91.5
Unclassified positions—16.0 FTE positions.....	\$ 1,313,600
Executive direction—89.5 FTE positions	8,735,800
Michigan youth correctional facility - management services.....	11,400,700
Michigan youth correctional facility - administration— 2.0 FTE positions.....	197,700
Average population	480
Michigan youth correctional facility - lease payments.....	5,646,100
GROSS APPROPRIATION.....	\$ 27,293,900
Appropriated from:	
Federal revenues:	
Federal revenues and reimbursements.....	17,046,800
State general fund/general purpose	\$ 10,247,100

Administration and programs.**Sec. 103. ADMINISTRATION AND PROGRAMS**

Full-time equated classified positions	345.1
Planning, research, and records—23.0 FTE positions.....	\$ 1,046,900
Administrative services—66.6 FTE positions.....	5,770,700
Substance abuse testing and treatment	20,075,500
Inmate legal services	314,900
Training	12,468,600
Training administration—31.5 FTE positions	3,596,800
Prison industries operations—224.0 FTE positions.....	15,949,300
Rent.....	2,315,800
Equipment and special maintenance.....	2,054,000
Worker's compensation.....	21,303,000
Compensatory buyout and union leave bank.....	275,000
Prosecutorial and detainer expenses	4,051,000
GROSS APPROPRIATION.....	\$ 89,221,500
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDSP, Michigan justice training fund	638,600
Federal revenues:	
Federal revenues and reimbursements.....	2,912,500

For Fiscal Year
Ending Sept. 30,
2003

Special revenue funds:		
Correctional industries revolving fund	\$	15,949,300
State general fund/general purpose	\$	69,721,100

Field operations administration.

Sec. 104. FIELD OPERATIONS ADMINISTRATION

Average population		581
Full-time equated classified positions		2,261.2
Field operations—1,880.9 FTE positions	\$	121,953,700
Parole board operations—28.0 FTE positions.....		2,130,400
Loans to parolees.....		294,400
Parole/probation services		2,455,300
Corrections centers—76.0 FTE positions		9,032,500
Electronic monitoring center—37.0 FTE positions.....		4,384,800
Technical rule violator program—104.3 FTE positions.....		9,638,800
Special alternative incarceration program—135.0 FTE positions.....		10,561,600
GROSS APPROPRIATION	\$	160,451,500

Appropriated from:

Special revenue funds:		
Local restricted revenues and reimbursements		391,100
State restricted revenues and reimbursements.....		16,356,500
State general fund/general purpose	\$	143,703,900

Community corrections.

Sec. 105. COMMUNITY CORRECTIONS

Full-time equated classified positions		14.0
Community corrections administration—14.0 FTE positions	\$	1,328,300
Probation residential centers		14,997,000
Community corrections comprehensive plans and services.....		13,033,000
Public education and training.....		50,000
Regional jail program		100
County jail reimbursement program		17,700,000
GROSS APPROPRIATION	\$	47,108,400

Appropriated from:

Special revenue funds:		
State restricted revenues and reimbursements.....		19,192,100
State general fund/general purpose	\$	27,916,300

Consent decrees.

Sec. 106. CONSENT DECREES

Average population		400
Full-time equated classified positions		574.4
Hadix consent decree—157.0 FTE positions.....	\$	11,109,300
DOJ consent decree—164.5 FTE positions.....		11,324,400
DOJ psychiatric plan - MDCH mental health services.....		68,231,400
DOJ psychiatric plan - MDOC staff and services— 252.9 FTE positions.....		15,761,200
GROSS APPROPRIATION	\$	106,426,300