

	For Fiscal Year Ending Sept. 30, 2005
DOI, federal	\$ 542,600
EPA, brownfield cleanup revolving loan fund	1,000,000
EPA, multiple.....	127,425,800
FEMA, federal	892,900
Total federal revenues.....	133,766,800
Special revenue funds:	
Private funds	445,900
Total private revenues.....	445,900
Aboveground storage tank fees	752,600
Air emissions fees.....	12,089,000
Aquifer protection revolving fund.....	450,000
CESARS service fee.....	27,700
Clean Michigan initiative - administration.....	3,081,600
Clean Michigan initiative - clean water fund.....	3,129,000
Clean Michigan initiative - response activities	2,455,600
Cleanup and redevelopment fund	20,951,100
Commercial laboratory fees	15,000
Community pollution prevention fund	250,000
Drinking water revolving fund	6,163,200
Environmental education fund	186,400
Environmental pollution prevention fund	1,516,100
Environmental protection fund.....	613,300
Environmental response fund	4,513,300
Fees and collections	1,152,400
Financial instruments	5,000,000
Great Lakes protection fund	2,516,800
Groundwater discharge permit fees.....	1,846,700
Hazardous materials transportation permit fund.....	94,300
Land and water permit fees	3,364,300
Landfill maintenance trust fund	50,600
Manufactured housing commission fees.....	621,200
Medical waste emergency response fund.....	250,400
Metallic mining surveillance fee revenue.....	68,800
Mineral well regulatory fee revenue.....	222,200
NPDES fees	3,092,400
Oil and gas regulatory fund	9,118,900
Orphan well fund	2,015,300
Public utility assessments	793,900
Public water supply fees	4,449,500
Publication revenue.....	109,900
Refined petroleum fund.....	11,921,000
Retired engineers technical assistance fund.....	1,500,000
Revolving loan revenue bonds	16,300,000
Saginaw bay and river restoration revenue	162,300
Sand extraction fee revenue.....	188,000
Scrap tire regulatory fund	4,697,400
Septage waste license fees.....	2,060,300
Settlement funds.....	3,740,400

	For Fiscal Year Ending Sept. 30, 2005
Sewage sludge land application fee	\$ 804,200
Soil erosion and sedimentation control training fund	106,300
Solid waste program fees	4,104,600
Stormwater permit fees	2,576,000
Strategic water quality initiatives fund	10,007,600
Underground storage tank fees	4,335,800
Waste reduction fee revenue.....	4,619,500
Wastewater operator training fees	174,800
Water analysis fees	3,084,200
Water pollution control revolving fund	2,946,900
Water quality protection fund.....	25,000
Water use reporting fees	135,000
Total other state restricted revenues.....	164,450,800
State general fund/general purpose	\$ 28,722,800

Executive.

Sec. 102. EXECUTIVE

Full-time equated unclassified positions	6.0
Full-time equated classified positions	15.0
Unclassified salaries—6.0 FTE positions	\$ 482,600
Executive direction	
Salaries and fringe benefits—8.0 FTE positions	696,400
Travel.....	26,400
Other operational expenses	160,800
Subtotal - executive direction	883,600
Office of the Great Lakes	
Salaries and fringe benefits—7.0 FTE positions	597,400
Travel.....	10,300
Other operational expenses	245,200
Subtotal - office of the Great Lakes	852,900
GROSS APPROPRIATION.....	\$ 2,219,100
Appropriated from:	
Federal revenues:	
DOI, federal	127,700
EPA, multiple.....	107,600
Special revenue funds:	
Environmental education fund.....	186,400
Environmental response fund	45,100
Great Lakes protection fund	516,800
Oil and gas regulatory fund	93,900
Refined petroleum fund.....	210,600
Settlement funds.....	224,300
State general fund/general purpose	\$ 706,700

Department support services.

Sec. 103. DEPARTMENT SUPPORT SERVICES

Full-time equated classified positions	70.0
Administrative hearings	
Salaries and fringe benefits—4.0 FTE positions	\$ 347,600

	For Fiscal Year Ending Sept. 30, 2005
Travel.....	\$ 1,000
Other operational expenses	30,400
Subtotal - administrative hearings	379,000
Automated data processing	2,053,400
Environmental support projects	5,000,000
Field operations support	
Salaries and fringe benefits—20.0 FTE positions	1,197,100
Travel.....	48,000
Other operational expenses	144,000
Subtotal - field operations support.....	1,389,100
Financial and business services	
Salaries and fringe benefits—32.0 FTE positions	1,387,800
Travel.....	5,600
Other operational expenses	238,900
Subtotal - financial and business services	1,632,300
Human resource optimization user charges.....	59,100
Office of special environmental projects	
Salaries and fringe benefits—3.0 FTE positions	374,900
Travel.....	2,000
Other operational expenses	50,900
Subtotal - office of special environmental projects	427,800
Personnel	
Salaries and fringe benefits—11.0 FTE positions	611,600
Travel.....	6,700
Other operational expenses	37,200
Subtotal - personnel	655,500
Building occupancy charges.....	7,274,200
Rent - privately owned property.....	1,836,900
GROSS APPROPRIATION.....	\$ 20,707,300
Appropriated from:	
Interdepartmental grant revenues:	
IDT, interdivisional charges	2,053,400
Federal revenues:	
EPA, multiple.....	62,100
Special revenue funds:	
Aboveground storage tank fees	27,400
Air emissions fees.....	559,100
Clean Michigan initiative - administration.....	174,700
Cleanup and redevelopment fund	1,042,100
Environmental pollution prevention fund	58,600
Environmental response fund	1,444,100
Fees and collections	91,900
Financial instruments	5,000,000
Groundwater discharge permit fees.....	46,700
Land and water permit fees	105,900
NPDES fees	84,800
Oil and gas regulatory fund	1,254,400
Public utility assessments	11,600

	For Fiscal Year Ending Sept. 30, 2005
Public water supply fees	\$ 510,000
Refined petroleum fund	3,635,600
Scrap tire regulatory fund	97,800
Settlement funds	184,100
Sewage sludge land application fee	36,300
Solid waste program fees	64,900
Stormwater permit fees	207,700
Underground storage tank fees	194,200
Waste reduction fee revenue	51,700
Water analysis fees	345,700
Water pollution control revolving fund	13,700
Water use reporting fees	7,700
State general fund/general purpose	\$ 3,341,100

Air quality.

Sec. 104. AIR QUALITY

Full-time equated classified positions	242.0
Air quality programs	
Salaries and fringe benefits—242.0 FTE positions	\$ 18,662,600
Travel	426,000
Other operational expenses	3,271,400
Subtotal - air quality programs	22,360,000
GROSS APPROPRIATION	\$ 22,360,000
Appropriated from:	
Federal revenues:	
EPA, multiple	5,009,800
Special revenue funds:	
Air emissions fees	10,347,500
Environmental response fund	96,000
Fees and collections	368,900
Refined petroleum fund	2,975,000
State general fund/general purpose	\$ 3,562,800

Environmental science and services.

Sec. 105. ENVIRONMENTAL SCIENCE AND SERVICES

Full-time equated classified positions	182.0
Environmental services	
Salaries and fringe benefits—26.5 FTE positions	\$ 2,031,000
Travel	15,100
Other operational expenses	402,000
Subtotal - environmental services	2,448,100
Laboratory services	
Salaries and fringe benefits—68.0 FTE positions	4,247,700
Travel	40,100
Other operational expenses	1,833,000
Subtotal - laboratory services	6,120,800
Municipal assistance	
Salaries and fringe benefits—35.5 FTE positions	1,936,000

	For Fiscal Year Ending Sept. 30, 2005
Travel.....	\$ 34,300
Other operational expenses	3,018,000
Subtotal - municipal assistance	4,988,300
Pollution prevention and technical assistance	
Salaries and fringe benefits—52.0 FTE positions	2,954,100
Travel.....	77,700
Other operational expenses	1,771,600
Subtotal - pollution prevention and technical assistance	4,803,400
Pollution prevention outreach	300,000
Retired engineers technical assistance program	1,500,000
Revitalization revolving loan program	1,000,000
GROSS APPROPRIATION.....	\$ 21,160,600
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDA.....	106,200
Federal revenues:	
DOC-NOAA, federal	323,900
EPA, brownfield cleanup revolving loan fund	1,000,000
EPA, multiple.....	2,256,300
Special revenue funds:	
Private funds	300,000
Air emissions fees.....	695,500
Clean Michigan initiative - administration.....	153,600
Clean Michigan initiative - response activities	1,655,600
Commercial laboratory fees	15,000
Drinking water revolving fund	1,325,300
Environmental protection fund.....	62,900
Environmental response fund	265,800
Public water supply fees	231,600
Retired engineers technical assistance fund.....	1,500,000
Settlement funds.....	385,800
Stormwater permit fees	89,800
Strategic water quality initiatives fund	207,600
Waste reduction fee revenue.....	4,116,100
Wastewater operator training fees	174,800
Water analysis fees	2,583,100
Water pollution control revolving fund	2,193,500
State general fund/general purpose	\$ 1,518,200

Geological and land management.

Sec. 106. GEOLOGICAL AND LAND MANAGEMENT

Full-time equated classified positions.....192.0

 Program direction

Salaries and fringe benefits—8.0 FTE positions	\$ 710,400
Travel.....	2,600
Other operational expenses	113,500
Subtotal - program direction	826,500
Coal and sand dune management	
Salaries and fringe benefits—3.0 FTE positions	126,000

	For Fiscal Year Ending Sept. 30, 2005
Travel.....	\$ 2,500
Other operational expenses	474,400
Subtotal - coal and sand dune management	602,900
Field permitting and project assistance	
Salaries and fringe benefits—69.0 FTE positions	5,731,700
Travel.....	202,300
Other operational expenses	218,000
Subtotal - field permitting and project assistance.....	6,152,000
Great Lakes shorelands	
Salaries and fringe benefits—28.0 FTE positions	2,288,500
Travel.....	35,400
Other operational expenses	167,900
Subtotal - Great Lakes shorelands.....	2,491,800
Metallic mine reclamation	
Salaries and fringe benefits—1.0 FTE positions	9,000
Travel.....	3,200
Other operational expenses	56,600
Subtotal - metallic mine reclamation.....	68,800
Mineral wells management	
Salaries and fringe benefits—3.0 FTE positions	121,500
Travel.....	3,500
Other operational expenses	97,200
Subtotal - mineral wells management.....	222,200
Orphan well	
Salaries and fringe benefits—2.0 FTE positions	188,200
Travel.....	14,800
Other operational expenses	1,812,300
Subtotal - orphan well.....	2,015,300
Services to oil and gas	
Salaries and fringe benefits—57.0 FTE positions	4,644,300
Travel.....	171,100
Other operational expenses	2,072,200
Subtotal - services to oil and gas.....	6,887,600
Water management	
Salaries and fringe benefits—21.0 FTE positions	2,276,400
Travel.....	30,900
Other operational expenses	386,100
Subtotal - water management.....	2,693,400
GROSS APPROPRIATION.....	\$ 21,960,500
Appropriated from:	
Interdepartmental grant revenues:	
IDG, Michigan transportation fund	907,900
Federal revenues:	
DOC-NOAA, federal	1,344,700
DOI, federal	414,900
EPA, multiple.....	470,800
FEMA, federal	892,900
Special revenue funds:	
Land and water permit fees	2,705,500
Metallic mining surveillance fee revenue.....	68,800

		For Fiscal Year Ending Sept. 30, 2005
Mineral well regulatory fee revenue.....	\$	222,200
Oil and gas regulatory fund		6,777,700
Orphan well fund		2,015,300
Publication revenue.....		109,900
Sand extraction fee revenue.....		188,000
State general fund/general purpose	\$	5,841,900

Remediation and redevelopment.

Sec. 107. REMEDIATION AND REDEVELOPMENT

Full-time equated classified positions.....		297.5
Contaminated site investigation, cleanup, and revitalization		
Salaries and fringe benefits—230.5 FTE positions	\$	17,779,100
Travel.....		457,100
Other operational expenses		2,648,600
Subtotal - contaminated site investigation, cleanup, and revitalization.....		20,884,800
Federal cleanup project management		
Salaries and fringe benefits—67.0 FTE positions		6,000,200
Travel.....		172,500
Other operational expenses		1,332,300
Subtotal - federal cleanup project management		7,505,000
Emergency cleanup actions		4,000,000
State cleanup 451		3,027,900
Superfund cleanup		4,000,000
Dioxin bio-availability study.....		800,000
GROSS APPROPRIATION.....	\$	40,217,700
Appropriated from:		
Federal revenues:		
DOD, federal.....		485,600
EPA, multiple.....		9,037,400
Special revenue funds:		
Private funds		145,900
Clean Michigan initiative - administration.....		2,189,500
Clean Michigan initiative - response activities		800,000
Cleanup and redevelopment fund.....		18,809,000
Environmental protection fund.....		550,400
Environmental response fund		2,000,000
Landfill maintenance trust fund		50,600
Refined petroleum fund.....		4,200,000
Settlement funds.....		1,949,300
State general fund/general purpose	\$	0

Waste and hazardous materials.

Sec. 108. WASTE AND HAZARDOUS MATERIALS

Full-time equated classified positions.....		183.5
Aboveground storage tank program		
Salaries and fringe benefits—8.0 FTE positions	\$	554,700

	For Fiscal Year Ending Sept. 30, 2005
Travel.....	\$ 41,500
Other operational expenses	129,000
Subtotal - aboveground storage tank program.....	725,200
Hazardous waste management program	
Salaries and fringe benefits—61.0 FTE positions	4,085,600
Travel.....	63,500
Other operational expenses	1,472,500
Subtotal - hazardous waste management program	5,621,600
Low-level radioactive waste authority	
Salaries and fringe benefits—2.0 FTE positions	169,300
Travel.....	4,000
Other operational expenses	604,900
Subtotal - low-level radioactive waste authority.....	778,200
Medical waste program	250,400
Radiological protection program	
Salaries and fringe benefits—16.5 FTE positions	959,800
Travel.....	28,600
Other operational expenses	576,600
Subtotal - radiological protection program.....	1,565,000
Scrap tire regulatory program	
Salaries and fringe benefits—11.0 FTE positions	673,300
Travel.....	22,000
Other operational expenses	260,500
Subtotal - scrap tire regulatory program.....	955,800
Solid waste management program	
Salaries and fringe benefits—50.0 FTE positions	3,221,900
Travel.....	97,900
Other operational expenses	726,800
Subtotal - solid waste management program.....	4,046,600
Underground storage tank program	
Salaries and fringe benefits—35.0 FTE positions	1,962,000
Travel.....	117,100
Other operational expenses	2,137,000
Subtotal - underground storage tank program.....	4,216,100
GROSS APPROPRIATION.....	\$ 18,158,900
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDSP.....	672,700
Federal revenues:	
EPA, multiple.....	3,611,100
Special revenue funds:	
Aboveground storage tank fees	725,200
Environmental pollution prevention fund.....	1,457,500
Hazardous materials transportation permit fund.....	94,300
Medical waste emergency response fund.....	250,400
Public utility assessments	778,200
Scrap tire regulatory fund	955,800
Solid waste program fees.....	3,979,700

		For Fiscal Year Ending Sept. 30, 2005
Underground storage tank fees	\$	3,967,700
Waste reduction fee revenue.....		66,900
State general fund/general purpose	\$	1,599,400

Water.**Sec. 109. WATER**

Full-time equated classified positions		360.2
Aquifer protection program		
Salaries and fringe benefits	\$	198,000
Travel.....		2,700
Other operational expenses		449,300
Subtotal - aquifer protection program.....		650,000
Drinking water		
Salaries and fringe benefits—84.2 FTE positions		6,549,100
Travel.....		137,900
Other operational expenses		6,307,700
Subtotal - drinking water.....		12,994,700
Environmental health		
Salaries and fringe benefits—30.0 FTE positions		2,505,600
Travel.....		68,800
Other operational expenses		448,300
Subtotal - environmental health		3,022,700
Fish contaminant monitoring		
		316,100
Groundwater discharge		
Salaries and fringe benefits—22.0 FTE positions		1,651,600
Travel.....		12,000
Other operational expenses		252,800
Subtotal - groundwater discharge		1,916,400
NPDES nonstormwater program		
Salaries and fringe benefits—121.4 FTE positions		8,526,700
Travel.....		135,000
Other operational expenses		811,300
Subtotal - NPDES nonstormwater program.....		9,473,000
Sewage sludge land application program		
Salaries and fringe benefits—6.5 FTE positions		441,100
Travel.....		26,600
Other operational expenses		300,200
Subtotal - sewage sludge land application program.....		767,900
Surface water		
Salaries and fringe benefits—96.1 FTE positions		8,025,400
Travel.....		188,000
Other operational expenses		6,517,300
Subtotal - surface water		14,730,700
GROSS APPROPRIATION.....	\$	43,871,500
Appropriated from:		
Federal revenues:		
EPA, multiple.....		13,486,300
Special revenue funds:		
Aquifer protection revolving fund.....		450,000

	For Fiscal Year Ending Sept. 30, 2005
CESARS service fee	\$ 27,700
Clean Michigan initiative - administration.....	563,800
Clean Michigan initiative - clean water fund.....	3,129,000
Drinking water revolving fund	3,422,300
Environmental response fund	155,100
Fees and collections	691,600
Groundwater discharge permit fees.....	1,800,000
Land and water permit fees	446,200
Manufactured housing commission fees.....	621,200
NPDES fees	3,007,600
Public water supply fees	2,042,600
Refined petroleum fund.....	816,100
Saginaw bay and river restoration revenue	162,300
Septage waste license fees.....	535,300
Sewage sludge land application fee	767,900
Soil erosion and sedimentation control training fund	106,300
Stormwater permit fees	2,278,500
Water pollution control revolving fund	619,900
Water use reporting fees	127,300
State general fund/general purpose	\$ 8,614,500

Criminal investigations.

Sec. 110. CRIMINAL INVESTIGATIONS

Full-time equated classified positions.....22.0

Environmental investigations

Salaries and fringe benefits—22.0 FTE positions	\$ 1,681,800
Travel.....	27,100
Other operational expenses	417,500
Subtotal - environmental investigations.....	2,126,400
GROSS APPROPRIATION.....	\$ 2,126,400

Appropriated from:

Federal revenues:

DHS, federal.....	225,700
EPA, multiple.....	139,700

Special revenue funds:

Environmental response fund	100,100
Oil and gas regulatory fund	120,900
Scrap tire regulatory fund	62,500
State general fund/general purpose	\$ 1,477,500

Grants.

Sec. 111. GRANTS

Coastal management grants	\$ 1,800,000
Federal - Great Lakes remedial action plan grants.....	700,000
Federal - nonpoint source water pollution grants.....	6,500,000
Grants to counties—air pollution.....	83,700
Radon grants.....	134,300
Water pollution control and drinking water revolving fund.....	112,153,500

	For Fiscal Year Ending Sept. 30, 2005
Drinking water revolving fund implementation	\$ 1,330,000
Great Lakes research and protection grants.....	2,000,000
Local health department operations	10,472,500
Noncommunity water grants.....	1,400,000
Pollution prevention local grants.....	250,000
Real-time water quality monitoring.....	250,000
Septage waste compliance grants.....	1,525,000
Scrap tire grants.....	3,500,000
Volunteer river, stream, and creek cleanup	25,000
GROSS APPROPRIATION.....	\$ 142,124,000
Appropriated from:	
Interdepartmental grant revenues	
IDG-MDCH, local public health operations	10,472,500
Federal revenues:	
DOC-NOAA, federal	1,500,000
EPA, multiple.....	92,590,000
Special revenue funds:	
Community pollution prevention fund.....	250,000
Drinking water revolving fund	1,330,000
Great Lakes protection fund	2,000,000
Public water supply fees	1,400,000
Refined petroleum fund.....	83,700
Revolving loan revenue bonds	16,300,000
Scrap tire regulatory fund	3,500,000
Septage waste license fees.....	1,525,000
Settlement funds.....	199,000
Strategic water quality initiatives fund	9,800,000
Water quality protection fund.....	25,000
State general fund/general purpose	\$ 1,148,800

Information technology.

Sec. 112. INFORMATION TECHNOLOGY

Information technology services and projects.....	\$ 6,743,300
GROSS APPROPRIATION.....	\$ 6,743,300
Appropriated from:	
Interdepartmental grant revenues	
IDG, Michigan transportation fund.....	50,300
Federal revenues:	
DOC-NOAA, federal	25,600
EPA, multiple.....	654,700
Special revenue funds:	
Air emissions fees.....	486,900
Cleanup and redevelopment fund	1,100,000
Drinking water revolving fund	85,600
Environmental response fund	407,100
Land and water permit fees	106,700

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

	For Fiscal Year Ending Sept. 30, 2005
Oil and gas regulatory fund	\$ 872,000
Public utility assessments	4,100
Public water supply fees	265,300
Scrap tire regulatory fund	81,300
Settlement funds	797,900
Solid waste program fees	60,000
Underground storage tank fees	173,900
Waste reduction fee revenue	384,800
Water analysis fees	155,400
Water pollution control revolving fund	119,800
State general fund/general purpose	\$ 911,900

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 2004-2005 is \$193,173,600.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$18,695,500.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF ENVIRONMENTAL QUALITY
GRANTS

Grants to counties - air pollution	\$ 83,700
Local health department operations	10,472,500
Septage waste compliance program	1,525,000
Scrap tire grants	3,500,000
Noncommunity water grants	1,400,000
Radon grants	134,300
Real-time water quality monitoring	250,000
Drinking water grants	1,330,000
TOTAL	\$ 18,695,500

Appropriations subject to MCL 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) "CESARS" means chemical evaluation search and retrieval system.
- (b) "Department" means the department of environmental quality.
- (c) "DHS" means the United States department of homeland security.

- (d) “DOC” means the United States department of commerce.
- (e) “DOC-NOAA” means the DOC national oceanic and atmospheric administration.
- (f) “DOD” means the United States department of defense.
- (g) “DOI” means the United States department of interior.
- (h) “EPA” means the United States environmental protection agency.
- (i) “FEMA” means the federal emergency management agency.
- (j) “FTE” means full-time equated.
- (k) “IDG” means interdepartmental grant.
- (l) “IDT” means intradepartmental transfer.
- (m) “MDA” means the Michigan department of agriculture.
- (n) “MDCH” means the Michigan department of community health.
- (o) “MDSP” means the Michigan department of state police.
- (p) “MI” means Michigan.
- (q) “NPDES” means national pollutant discharge elimination system.

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 the hiring freeze described in subsection (1) 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 of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Reporting requirements; use of Internet.

Sec. 206. 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 an Internet or Intranet site.

Receipt and retention of reports.

Sec. 207. The departments and state agencies receiving appropriations under this act shall receive and retain copies of all reports funded from appropriations in part 1. These

departments and state agencies shall follow federal and state guidelines for short-term and long-term retention of these reports. To the extent consistent with federal and state guidelines, the requirements of this section are satisfied if the reports funded from appropriations in part 1 are retained in electronic format.

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

Sec. 208. By February 15, 2005, the department shall provide the state budget director, the subcommittees on natural resources and environmental quality of the senate and house appropriations committees, 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, 2004 and September 30, 2005.

Grant and loan programs; report.

Sec. 209. (1) From funds appropriated under part 1, the department shall prepare a report that lists all of the following regarding grant or loan or grant and loan programs administered by the department for the fiscal year ending September 30, 2005:

- (a) The name of each program.
 - (b) The goals of the program, the criteria, eligibility, process, filing fees, nominating procedures, and deadlines for each program.
 - (c) The maximum and minimum grant and loan available and whether there is a match requirement for each program.
 - (d) The amount of any required match, and whether in-kind contributions may be used as part or all of a required match.
 - (e) Information pertaining to the application process, timeline for each program, and the contact people within the department.
 - (f) The source of funds for each program, including the citation of pertinent authorizing acts.
 - (g) Information regarding plans for the next fiscal year for the phaseout, expansion, or changes for each program.
 - (h) A listing of all recipients of grants or loans awarded by the department by type and amount of grant or loan.
- (2) The reports required under this section shall be submitted to the state budget office, the senate and house appropriations committees, and senate and house fiscal agencies by January 1, 2005.

Diversion of water from Great Lakes; public meeting and comment.

Sec. 210. The department shall notify the legislature and shall provide a public meeting and public comment opportunity with respect to any request received by the state of Michigan to divert water from the Great Lakes pursuant to the water resources development act of 1986, Public Law 99-662, 100 Stat. 4082.

Allocations to cleanup programs; report; information.

Sec. 211. (1) The department shall report all of the following information relative to allocations made from appropriations for the environmental cleanup and redevelopment program, state cleanup, emergency actions, superfund cleanup, the revitalization revolving loan program, the brownfield grants and loans program, the leaking underground storage tank cleanup program, the contaminated lake and river sediments cleanup program, and the environmental protection bond projects under section 19508(7)

of the natural resources and environmental protection act, 1994 PA 451, MCL 324.19508, to the state budget director, the senate and house appropriations subcommittees on environmental quality, and the senate and house fiscal agencies:

- (a) The name and location of the site for which an allocation is made.
 - (b) The nature of the problem encountered at the site.
 - (c) A brief description of how the problem will be resolved if the allocation is made for a response activity.
 - (d) The estimated date that site closure activities will be completed.
 - (e) The amount of the allocation, or the anticipated financing for the site.
 - (f) A summary of the sites and the total amount of funds expended at the sites at the conclusion of the fiscal year.
 - (g) The number of sites that would qualify as brownfields that were redeveloped.
- (2) The report prepared under subsection (1) shall also include all of the following:
- (a) The status of all state-owned facilities that are on the list compiled under part 201 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101 to 324.20142.
 - (b) The report shall include the total amount of funds expended during the fiscal year and the total amount of funds awaiting expenditure.
 - (c) The total amount of bonds issued for the environmental protection bond program pursuant to part 193 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.19301 to 324.19306, and bonds issued pursuant to the clean Michigan initiative act, 1998 PA 284, MCL 324.95101 to 324.95108.
- (3) The report shall be made available by March 31 of each year.

Use of unexpended and unencumbered amounts.

Sec. 212. (1) The department of environmental quality is authorized to expend amounts remaining from the current and prior fiscal year appropriations to meet funding needs of legislatively approved sites for the environmental cleanup and redevelopment program and the leaking underground storage tank cleanup program.

(2) Unexpended and unencumbered amounts remaining from appropriations from the environmental protection bond fund contained in 2003 PA 173, are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

(3) Unexpended and unencumbered amounts remaining from appropriations from the cleanup and redevelopment fund and unclaimed bottle deposits fund contained in 2003 PA 171, 2003 PA 173, and 2003 PA 237 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

(4) Unexpended and unencumbered amounts remaining from appropriations from the clean Michigan initiative fund - response activities contained in 2000 PA 52, 2001 PA 120, 2003 PA 173, and 2003 PA 237 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

(5) Unexpended and unencumbered amounts remaining from appropriations from the environmental protection fund contained in 2001 PA 43, 2002 PA 520, and 2003 PA 171 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

Michigan youth conservation council.

Sec. 213. Of the money appropriated from the environmental education fund in part 1, \$5,000.00 shall be allocated to Michigan State University Extension Service - 4-H Youth Programs to fund the Michigan Youth Conservation Council.

Technology-related services and projects; payment of user fees to department of information technology.

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. These user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Information technology; designation of amounts as work project.

Sec. 215. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of environmental quality 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.

Out-of-state travel.

Sec. 216. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 shall be limited to situations in which 1 or more of the following conditions apply:

- (a) The travel is required by legal mandate or court order or for law enforcement purposes.
- (b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.
- (c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.
- (d) The travel is necessary to comply with federal requirements.
- (e) The travel is necessary to secure specialized training for staff that is not available within this state.
- (f) The travel is financed entirely by federal or nonstate funds.

(2) If out-of-state travel is necessary but does not meet 1 or more of the conditions in subsection (1), the state budget director may grant an exception to allow the travel. Any exceptions granted by the state budget director shall be reported on a monthly basis to the house and senate appropriations committees.

(3) Not later than January 1 of each year, each department shall prepare a travel report listing all travel by classified and unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The report shall be submitted to the chairs and members of the house and senate appropriations committees, the fiscal agencies, and the state budget director. The report shall include the following information:

- (a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.
- (b) The destination of each travel occurrence.
- (c) The dates of each travel occurrence.

(d) A brief statement of the reason for each travel occurrence.

(e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

(f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

Purchase of foreign goods or services.

Sec. 217. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and comparable quality American goods or services, or both, are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable quality.

Michigan's Great Lakes areas of concern; restoration and formal removal from federal listing.

Sec. 218. The department shall collaborate with the statewide public advisory council, local advisory councils, the United States environmental protection agency and other appropriate federal agencies, the department of natural resources, and other appropriate parties to develop a long-term strategy to restore and formally remove Michigan's Great Lakes areas of concern from the federal listing. Among other information, the strategy should include a list of cleanup, source control, monitoring, and assessment activities eligible for funding under the federal Great Lakes legacy act; their estimated cost; options for meeting any nonfederal funding match requirements for these activities, including recommendations for changes to existing appropriations and program expenditures to qualify as matching funds for federal grant programs; a description of the optimum staffing level for the areas of concern program and available funding options; and a description of the department's role in seeking the formal removal of areas of concern, or specific beneficial use impairments, from the federal list, including minimum cleanup goals for identified impairments based on applicable state and federal regulatory standards and the monitoring programs available for assessing progress in achieving those goals. In addition, the department shall strive to apply for an equitable share of federal funding and technical assistance available to support the area of concern program and strive to provide the funds needed to meet nonfederal funding requirements.

DEPARTMENT SUPPORT SERVICES

Travel expense report.

Sec. 301. In addition to the annual report on travel expenditures required by section 217 of the management and budget act, 1984 PA 431, MCL 18.1217, the department shall provide to the senate and house appropriations subcommittees on natural resources and the senate and house fiscal agencies a quarterly report within 30 days of the end of each quarter on expenses incurred for travel inside and outside the state. The report shall include, but not be limited to, the name of the person who traveled, total expenditures for compensation, fees, or remuneration for meals, transportation, and related contractual services, supplies, and materials, and the destination, reason for, and dates of the travel.

AIR QUALITY**Air quality program expenditures and revenues; report.**

Sec. 401. The department shall report quarterly, via the department's Internet website, on air quality program expenditures and revenues. The report shall include expenditures and revenues by fund source and by program function.

ENVIRONMENTAL SCIENCE AND SERVICES**Implementation of Great Lakes water quality bond; report.**

Sec. 501. By July 1, 2005, the department shall prepare and submit a report to the state budget director, the legislature, the chairs of the standing committees of the senate and house of representatives with primary responsibility for issues related to natural resources and the environment, and the chairs of the subcommittees of the senate and house appropriations committees with primary responsibility for appropriations for the department of environmental quality, outlining the implementation of the Great Lakes water quality bond provided for in part 197 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.19701 to 324.19708, including, but not limited to, the amount of bonds issued and the date they were issued, the number of applications received for loans from the state water pollution control revolving fund created in section 16a of the shared credit rating act, 1985 PA 227, MCL 141.1066a, the total amount of loans requested, a listing of the applicants receiving loans and the total amount of loans provided to those applicants, a listing of applicants whose loan applications were not approved and the reasons why those applications were not approved, the amount of the loans granted that were leveraged from bond proceeds, and the remaining bond proceeds and bond authorization.

Contracts for laboratory work; preference.

Sec. 502. If contracts are let for laboratory work to be paid for using funds appropriated under part 1, the contracts shall be awarded giving first preference to those laboratories that are successful participants in the laboratory data quality recognition program, as provided in section 20505 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20505.

GEOLOGICAL AND LAND MANAGEMENT**Stream habitat improvement projects; waiver of permit fees.**

Sec. 602. The department may waive permit fees for nonprofit organizations conducting approved stream habitat improvement projects.

Sec. 603. From the funds appropriated in part 1, the department shall complete the wetland inventory in 100% of counties by August 30, 2005. If the wetland inventory is not completed, the appropriation in part 1 for state general fund/general purpose shall be reduced by \$5,000,000.00.

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

REMEDIATION AND REDEVELOPMENT

Emergency cleanup actions; unexpended funds as work project; compliance with MCL 18.1451a.

Sec. 701. The unexpended funds appropriated in part 1 for emergency cleanup actions are considered work project appropriations and any unencumbered or unallotted funds are carried forward into the succeeding fiscal year. The following is in compliance with section 451a(1) of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the projects to be carried forward is to provide contaminated site cleanup.
- (b) The projects will be accomplished by contract.
- (c) The total estimated cost of all projects is identified in each line-item appropriation.
- (d) The tentative completion date is September 30, 2009.

Sec. 702. (1) The appropriation in part 1 for a dioxin bio-availability study shall be used by the department to contract with an out-of-state university or other qualified organization to conduct a bio-availability study and report on dioxin. The contract shall require that the study and report be completed within 6 months after the effective date of this act and that the report be peer-reviewed by the Michigan environmental science board within 3 months after its completion. The department shall provide a copy of the report to the house and senate appropriations committees within 9 months after the effective date of this act.

(2) As used in this section, “dioxin” means 1 or more structurally related chlorinated dibenzodioxin and chlorinated dibenzofuran chemicals.

WASTE AND HAZARDOUS MATERIALS

Recycling; report.

Sec. 801. The recycling coordinator shall conduct a study of the state’s capacity to handle material recovered for recycling, the feasibility of collecting and transporting the material for recycling within the state, and the ability of the state to sustain markets for products containing recycled content. The department shall make recommendations for improving and expanding recycling in the state in a report submitted to the legislature, the state budget director, and the senate and house fiscal agencies no later than December 30, 2004.

Out-of-state waste; report.

Sec. 802. By February 1, 2005, the department shall submit to the chairpersons of the senate and house of representatives standing committees on appropriations, the chairpersons of the senate and house appropriations subcommittees on environmental quality, the state budget director, and the senate and house fiscal agencies a report on out-of-state waste disposed of in landfills in this state. The report shall include, but not be limited to, the amount, type, and state of origin for all out-of-state waste.

WATER

NPDES nonstormwater program; report.

Sec. 901. By February 1, 2005, the department shall submit a report on the department’s use of the national pollutant discharge elimination system fund created in MCL 324.3121 for the previous fiscal year, to the senate and house appropriations subcommittees on

environmental quality and natural resources, the standing committees of the legislature with jurisdiction over issues primarily related to natural resources and the environment, and the senate and house fiscal agencies. The report shall include a summary of how the appropriations in part 1 for NPDES nonstormwater program were used for the various permissible uses of the fund and shall include specific information on all of the following:

(a) The number of compliance and complaint inspections completed, by category, the number of on-site compliance inspections conducted, and the number of compliance inspections that were not announced in advance to the permittee or licensee.

(b) The number and percent of permit and license inspections that were found to be in significant noncompliance, by category.

(c) The number of administrative enforcement actions taken for permit or license violations and the results of the enforcement actions, including the amount of fines and penalties collected.

(d) The number of judicial enforcement actions taken for permit or license violations and the results of the enforcement actions, including the amount of fines and penalties collected.

(e) A listing of the supplemental environmental projects agreed to as a result of a consent agreement including all of the following: the case name, the monetary value of the supplemental environmental project, and a description of the project.

Safe drinking water assistance activities; technical assistance; allocation.

Sec. 902. Of the funds appropriated in part 1 for safe drinking water assistance activities under part 54 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5401 to 324.5418, the department shall allocate the full 2% available for technical assistance under 42 USC 300j-12.

Sec. 903. The appropriation in part 1 for a real-time water quality monitoring grant is a grant to the city of Algonac to conduct a pilot project of a real-time water quality monitoring program in the St. Clair watershed. By September 30, 2005, the city of Algonac shall report to the department on the plan, implementation, and status of the pilot project. The department shall forward the report to the state budget director, the senate and house appropriations subcommittees on environmental quality, the senate and house standing committees on natural resources and environmental issues, and the senate and house fiscal agencies.

Water quality monitoring; public beaches in Van Buren, Ottawa, and Allegan counties.

Sec. 904. The appropriation in part 1 for other operational expenses for surface water includes \$25,000.00 for water quality monitoring at strategic public beaches on the Great Lakes in Van Buren, Ottawa, and Allegan Counties.

CRIMINAL INVESTIGATIONS

Imported solid waste; inspections.

Sec. 1001. From funds appropriated in part 1, the department shall conduct periodic inspections of imported solid waste at disposal facilities to mitigate the unpermitted disposal of waste at Michigan disposal sites.

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

GRANTS**Septage waste compliance program; expenditure, purpose.**

Sec. 1101. If a certified health department does not exist in a city, county, or district or does not fulfill its responsibilities under part 117 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11701 to 324.11719, then the department may spend funds appropriated in part 1 under the septage waste compliance program in accordance with section 11716 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11716.

Scrap tire suppression costs.

Sec. 1102. Of the funds appropriated in part 1 for scrap tire grants, \$100,000.00 shall be available for grants to communities to cover scrap tire fire suppression costs, provided owner liability bonds and other available funding sources have been exhausted.

Completion of electrical dispersal barrier; use of fish barrier challenge grant.

Sec. 1103. The appropriation in part 1 for Great Lakes research and protection grants includes \$100,000.00 for a fish barrier challenge grant for completion of an electrical dispersal barrier by the United States army corps of engineers in Romeoville, Illinois to prevent the introduction of aquatic alien invasive species to the Great Lakes. The grant shall not be expended unless the total funding contributed by the federal government, affected states and provinces, and other parties is sufficient to complete the project, as determined by the parties to the dispersal barrier agreement.

This act is ordered to take immediate effect.

Approved September 28, 2004.

Filed with Secretary of State September 30, 2004.

[No. 351]

(SB 1069)

AN ACT to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to create certain funds and provide for their expenditure; to prescribe penalties; and to repeal acts and parts of acts," by amending sections 3, 4, 6, 11, 11b, 11f, 11g, 11j, 13, 15, 18a, 19, 20, 20j, 21b, 22a, 22b, 24, 26, 26a, 31a, 31d, 32c, 32d, 32f, 32j, 37, 39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 98b, 99, 101, 104a, 107, 147, 152, 158b, and 163 (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611b, 388.1611f, 388.1611g, 388.1611j, 388.1613, 388.1615, 388.1618a, 388.1619, 388.1620, 388.1620j, 388.1621b, 388.1622a, 388.1622b, 388.1624, 388.1626, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1632f, 388.1632j, 388.1637, 388.1639a, 388.1641, 388.1641a, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1698b, 388.1699, 388.1701, 388.1704a, 388.1707, 388.1747, 388.1752, 388.1758b, and 388.1763), sections 3, 11f, 11g, 11j, 19, 20, 22a, 22b, 24, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62,

74, 81, 98, 99, 104a, 107, and 147 as amended and sections 32j, 41a, and 98b as added by 2003 PA 158, section 4 as amended by 1995 PA 130, section 6 as amended by 2004 PA 227, section 11 as amended by 2004 PA 185, sections 11b and 26a as amended by 2003 PA 236, section 13 as amended by 1999 PA 119, sections 15 and 18a as amended by 1996 PA 300, section 20j as amended by 2001 PA 121, sections 21b, 152, and 163 as amended by 2000 PA 297, section 26 as amended by 1997 PA 93, section 32f as amended by 2002 PA 521, section 37 as amended by 2002 PA 191, section 94a as amended by 2003 PA 180, section 101 as amended by 2004 PA 127, and section 158b as added by 1994 PA 283, and by adding sections 22d, 32k, and 107b; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

388.1603 Definitions; A to D.

Sec. 3. (1) “Average daily attendance”, for the purposes of complying with federal law, means 92% of the membership as defined in section 6(4).

(2) “Board” means the governing body of a district or public school academy.

(3) “Center” means the center for educational performance and information created in section 94a.

(4) “Cooperative education program” means a written voluntary agreement between and among districts to provide certain educational programs for pupils in certain groups of districts. The written agreement shall be approved by all affected districts at least annually and shall specify the educational programs to be provided and the estimated number of pupils from each district who will participate in the educational programs.

(5) “Department”, except in sections 107 and 107b, means the department of education.

(6) “District” means a local school district established under the revised school code, a local act school district, or, except in sections 6(4), 6(6), 13, 20, 22a, 23, 31a, 105, and 105c, a public school academy. Except in sections 6(4), 6(6), 13, 20, 22a, 105, and 105c, district also includes a university school.

(7) “District of residence”, except as otherwise provided in this subsection, means the district in which a pupil’s custodial parent or parents or legal guardian resides. For a pupil described in section 24b, the pupil’s district of residence is the district in which the pupil enrolls under that section. For a pupil described in section 6(4)(d), the pupil’s district of residence shall be considered to be the district or intermediate district in which the pupil is counted in membership under that section. For a pupil under court jurisdiction who is placed outside the district in which the pupil’s custodial parent or parents or legal guardian resides, the pupil’s district of residence shall be considered to be the educating district or educating intermediate district.

(8) “District superintendent” means the superintendent of a district, the chief administrator of a public school academy, or the chief administrator of a university school.

388.1604 Definitions; E to H.

Sec. 4. (1) “Elementary pupil” means a pupil in membership in grades K to 8 in a district not maintaining classes above the eighth grade or in grades K to 6 in a district maintaining classes above the eighth grade.

(2) “Extended school year” means an educational program conducted by a district in which pupils must be enrolled but not necessarily in attendance on the pupil membership count day in an extended year program. The mandatory days of student instruction and prescribed clock hours shall be completed by each pupil not more than 365 calendar days

after the pupil's first day of classes for the school year prescribed. The department shall prescribe pupil, personnel, and other reporting requirements for the educational program.

(3) "Fiscal year" means the state fiscal year which commences October 1 and continues through September 30.

(4) "General educational development testing preparation program" means a program that has high school level courses in English language arts, social studies, science, and mathematics and that prepares a person to successfully complete the general educational development (GED) test.

(5) "High school pupil" means a pupil in membership in grades 7 to 12, except in a district not maintaining grades above the eighth grade.

388.1606 Additional definitions.

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

(2) "District and high school graduation rate" means the annual completion and pupil dropout rate that is calculated by the center pursuant to nationally recognized standards.

(3) "District and high school graduation report" means a report of the number of pupils, excluding migrant and adult, in the district for the immediately preceding school year, adjusted for those pupils who have transferred into or out of the district or transferred to alternative programs, who leave high school with a diploma or other credential of equal status.

(4) "Membership", except as otherwise provided in this act, means for a district, public school academy, university school, or intermediate district the sum of the product of .75 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year, plus the product of .25 times the final audited count from the supplemental count day for the immediately preceding school year. All pupil counts used in this subsection are as determined by the department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit. The amount of the foundation allowance for a pupil in membership is determined under section 20. In making the calculation of membership, all of the following, as applicable, apply to determining the membership of a district, public school academy, university school, or intermediate district:

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

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

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

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

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

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

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

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

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

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

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

(j) If a district is the authorizing body for a public school academy, then, in the first school year in which pupils are counted in membership on the pupil membership count day in the public school academy, the determination of the district's membership shall exclude from the district's pupil count for the immediately preceding supplemental count day any pupils who are counted in the public school academy on that first pupil membership count day who were also counted in the district on the immediately preceding supplemental count day.

(k) In a district, public school academy, university school, or intermediate district operating an extended school year program approved by the superintendent, a pupil

enrolled, but not scheduled to be in regular daily attendance on a pupil membership count day, shall be counted.

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

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

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

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

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

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

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

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

enrollment, including necessary travel time, on the number of class hours provided by the district to the pupil.

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

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

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

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

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

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

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

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

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

(w) If a pupil was enrolled in a public school academy on the pupil membership count day, if the public school academy's contract with its authorizing body is revoked or the public school academy otherwise ceases to operate, and if the pupil enrolls in a district within 45 days after the pupil membership count day, the department shall adjust the district's pupil count for the pupil membership count day to include the pupil in the count.

(x) For a public school academy that has been in operation for at least 2 years and that suspended operations for at least 1 semester and is resuming operations, membership is

the sum of the product of .75 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the first pupil membership count day or supplemental count day, whichever is first, occurring after operations resume, plus the product of .25 times the final audited count from the most recent pupil membership count day or supplemental count day that occurred before suspending operations, as determined by the superintendent.

(y) If a district's membership for a particular fiscal year, as otherwise calculated under this subsection, would be less than 1,550 pupils and the district has 4.5 or fewer pupils per square mile, as determined by the department, and if the district does not receive funding under section 22d, the district's membership shall be considered to be the membership figure calculated under this subdivision. If a district educates and counts in its membership pupils in grades 9 to 12 who reside in a contiguous district that does not operate grades 9 to 12 and if 1 or both of the affected districts request the department to use the determination allowed under this sentence, the department shall include the square mileage of both districts in determining the number of pupils per square mile for each of the districts for the purposes of this subdivision. The membership figure calculated under this subdivision is the greater of the following:

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

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

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

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

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

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

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

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

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

(e) A pupil enrolled in a district other than the pupil's district of residence if the pupil is enrolled in accordance with section 105 or 105c.

(f) A pupil who has made an official written complaint or whose parent or legal guardian has made an official written complaint to law enforcement officials and to school officials of the pupil's district of residence that the pupil has been the victim of a criminal

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

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

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

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

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

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

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

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

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

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

(j) A pupil who is the child of a person who is employed by the district. As used in this subdivision, “child” includes an adopted child or legal ward.

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

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

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

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

(i) Fourth Wednesday in July.

(ii) Fourth Wednesday in September.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

(8) “Pupils in grades K to 12 actually enrolled and in regular daily attendance” means pupils in grades K to 12 in attendance and receiving instruction in all classes for which

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

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

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

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

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

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

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

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

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

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

(18) “Textbook” means a book that is selected and approved by the governing board of a district and that contains a presentation of principles of a subject, or that is a literary work relevant to the study of a subject required for the use of classroom pupils, or another type of course material that forms the basis of classroom instruction.

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

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

388.1611 Appropriations.

Sec. 11. (1) For the fiscal year ending September 30, 2005, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum

of \$11,008,700,000.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$165,200,000.00 from the general fund. In addition, available federal funds are appropriated for each of those fiscal years.

(2) The appropriations under this section shall be allocated as provided in this act. Money appropriated under this section from the general fund shall be expended to fund the purposes of this act before the expenditure of money appropriated under this section from the state school aid fund. If the maximum amount appropriated under this section from the state school aid fund for a fiscal year exceeds the amount necessary to fully fund allocations under this act from the state school aid fund, that excess amount shall not be expended in that state fiscal year and shall not lapse to the general fund, but instead shall be deposited into the school aid stabilization fund created in section 11a.

(3) If the maximum amount appropriated under this section from the state school aid fund and the school aid stabilization fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, payments under sections 11f, 11g, 11j, 22a, 26a, 31d, 51a(2), 51a(12), 51c, 53a, and 56 shall be made in full. In addition, for districts beginning operations after 1994-95 that qualify for payments under section 22b, payments under section 22b shall be made so that the qualifying districts receive the lesser of an amount equal to the 1994-95 foundation allowance of the district in which the district beginning operations after 1994-95 is located or \$5,500.00. The amount of the payment to be made under section 22b for these qualifying districts shall be as calculated under section 22a, with the balance of the payment under section 22b being subject to the proration otherwise provided under this subsection and subsection (4). Subject to subsection (5), if proration is necessary after 2002-2003, state payments under each of the other sections of this act from all state funding sources shall be prorated in the manner prescribed in subsection (4) as necessary to reflect the amount available for expenditure from the state school aid fund for the affected fiscal year. However, if the department of treasury determines that proration will be required under this subsection, or if the department of treasury determines that further proration is required under this subsection after an initial proration has already been made for a fiscal year, the department of treasury shall notify the state budget director, and the state budget director shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the state budget director, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the state budget director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall.

(4) Subject to subsection (5), if proration is necessary, the department shall calculate the proration in district and intermediate district payments that is required under subsection (3) as follows:

(a) The department shall calculate the percentage of total state school aid allocated under this act for the affected fiscal year for each of the following:

(i) Districts.

(ii) Intermediate districts.

(iii) Entities other than districts or intermediate districts.

(b) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(i) for districts

by reducing payments to districts. This reduction shall be made by calculating an equal dollar amount per pupil as necessary to recover this percentage of the proration amount and reducing each district's total state school aid from state sources, other than payments under sections 11f, 11g, 11j, 22a, 26a, 31d, 51a(2), 51a(12), 51c, and 53a, by that amount.

(c) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(ii) for intermediate districts by reducing payments to intermediate districts. This reduction shall be made by reducing the payments to each intermediate district, other than payments under sections 11f, 11g, 26a, 51a(2), 51a(12), 53a, and 56, on an equal percentage basis.

(d) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(iii) for entities other than districts and intermediate districts by reducing payments to these entities. This reduction shall be made by reducing the payments to each of these entities, other than payments under sections 11j and 26a, on an equal percentage basis.

(5) Beginning in 2004-2005, if a district has an emergency financial manager in place under the local government fiscal responsibility act, 1990 PA 72, MCL 141.1201 to 141.1291, payments to that district are not subject to proration under this section.

(6) Except for the allocation under section 26a, any general fund allocations under this act that are not expended by the end of the state fiscal year are transferred to the state school aid fund. If it is determined at the May 2005 revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b, that there is additional school aid fund revenue beyond that determined at the May 2004 revenue estimating conference, then it is the intent of the legislature to enact legislation to fund, to the extent that revenues are available, the same programs in the same amount that were funded under section 81 in 2003 PA 236 and the same pupil membership formula as in effect under 2003 PA 236.

388.1611b School aid stabilization fund; allocation for 2004-2005.

Sec. 11b. From the general fund money appropriated in section 11, there is allocated for 2004-2005 the sum of \$3,700,000.00 for deposit into the school aid stabilization fund created in section 11a.

388.1611f Payments to non-plaintiff districts pursuant to Durant v State of Michigan; payments for fiscal years ending September 30, 2005 through September 30, 2008; submission of waiver resolution; creation of obligation or liability; offer of settlement and compromise; payment date; use of payments; form and substance of resolution.

Sec. 11f. (1) From the appropriations under section 11, there is allocated for the purposes of this section an amount not to exceed \$32,000,000.00 for the fiscal year ending September 30, 2005 and for each succeeding fiscal year through the fiscal year ending September 30, 2008. Payments under this section will cease after September 30, 2008. These allocations are for paying the amounts described in subsection (4) to districts and intermediate districts, other than those receiving a lump sum payment under subsection (2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, submitted to the state treasurer a board resolution waiving any right or interest the district or intermediate district has or may have in any claim or litigation based on or arising out of any claim or potential claim through September 30, 1997 that is or was

similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan. The waiver resolution shall be in form and substance as required under subsection (7). The state treasurer is authorized to accept such a waiver resolution on behalf of this state. The amounts described in this subsection represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this subsection.

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

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

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

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

(6) Funds paid to a district or intermediate district under this section shall be used only for textbooks, electronic instructional material, software, technology, infrastructure or infrastructure improvements, school buses, school security, training for technology, or to pay debt service on voter-approved bonds issued by the district or intermediate district

before the effective date of this section. For intermediate districts only, funds paid under this section may also be used for other nonrecurring instructional expenditures including, but not limited to, nonrecurring instructional expenditures for vocational education, or for debt service for acquisition of technology for academic support services. Funds received by an intermediate district under this section may be used for projects conducted for the benefit of its constituent districts at the discretion of the intermediate board. To the extent payments under this section are used by a district or intermediate district to pay debt service on debt payable from millage revenues, and to the extent permitted by law, the district or intermediate district may make a corresponding reduction in the number of mills levied for that debt service.

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

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

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

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

Now, therefore, be it resolved as follows:

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

2. The board of _____ (name of district or intermediate district) directs its secretary to submit a certified copy of this resolution to the state treasurer no later than 5 p.m. eastern standard time on March 2, 1998, and agrees that it will not take any action to amend or rescind this resolution.

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

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

any claim to amounts actually received by the school district or intermediate school district under sections 11f and 11g of the state school aid act of 1979.”.

388.1611g Payments to non-plaintiff districts pursuant to Durant v State of Michigan; payments for fiscal years ending September 30, 2005 through September 30, 2013; waiver resolution; offers of settlement and compromise; creation of obligation or liability; calculation of amount; payment date; use of funds.

Sec. 11g. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$141,000.00 for the fiscal year ending September 30, 2005. There is allocated an amount not to exceed \$35,000,000.00 for each succeeding fiscal year through the fiscal year ending September 30, 2013. Payments under this section will cease after September 30, 2013. These allocations are for paying the amounts described in subsection (3) to districts and intermediate districts, other than those receiving a lump sum payment under section 11f(2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, submitted to the state treasurer a waiver resolution described in section 11f. The amounts paid under this section represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this section.

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

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

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

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

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

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

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

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

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

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

388.1611j School loan bond redemption fund; allocation.

Sec. 11j. From the appropriation in section 11, there is allocated an amount not to exceed \$41,100,000.00 for 2004-2005 for payments to the school loan bond redemption fund in the department of treasury on behalf of districts and intermediate districts. Notwithstanding section 11 or any other provision of this act, funds allocated under this section are not subject to proration and shall be paid in full.

388.1613 Apportionments and limitations of apportionments; basis; counting pupil membership and professionals.

Sec. 13. Except as otherwise provided in this act, the apportionments and limitations of the apportionments made under this act shall be made on the membership and number of teachers and other professionals approved by the superintendent employed as of the pupil membership count day of each year and on the taxable value and the operating millage of each district for the calendar year. In addition, a district maintaining school during the entire year, as provided in section 1561 of the revised school code, MCL 380.1561, shall count memberships and educational personnel pursuant to rules promulgated by the superintendent and shall report to the center as required by state and federal law.

388.1615 Apportionment of deficiency or deduction of excess in next apportionment; state aid overpayments to districts other than overpayments for special education; deduction due to adjustment as result of audit or incorrect payment; funding expenditures caused by write-off of prior year accruals.

Sec. 15. (1) If a district or intermediate district fails to receive its proper apportionment, the department, upon satisfactory proof that the district or intermediate district was entitled justly, shall apportion the deficiency in the next apportionment. Subject to subsections (2) and (3), if a district or intermediate district has received more than its proper apportionment, the department, upon satisfactory proof, shall deduct the excess in the next apportionment. Notwithstanding any other provision in this act, state aid overpayments to a district, other than overpayments in payments for special education or special education transportation, may be recovered from any payment made under this act other than a special education or special education transportation payment. State aid overpayments made in special education or special education transportation payments may be recovered from subsequent special education or special education transportation payments.

(2) If the result of an audit conducted by or for the department affects the current fiscal year membership, affected payments shall be adjusted in the current fiscal year.

A deduction due to an adjustment made as a result of an audit conducted by or for the department, or as a result of information obtained by the department from the district, an intermediate district, the department of treasury, or the office of auditor general, shall be deducted from the district's apportionments within the next fiscal year after the fiscal year in which the adjustment is finalized. At the request of the district and upon the district presenting evidence satisfactory to the department of the hardship, the department may grant up to an additional 4 years for the adjustment if the district would otherwise experience a significant hardship.

(3) If, because of the receipt of new or updated data, the department determines during a fiscal year that the amount paid to a district or intermediate district under this act for a prior fiscal year was incorrect under the law in effect for that year, the department may make the appropriate deduction or payment in the district's or intermediate district's allocation for the fiscal year in which the determination is made. The deduction or payment shall be calculated according to the law in effect in the fiscal year in which the improper amount was paid.

(4) Expenditures made by the department under this act that are caused by the write-off of prior year accruals may be funded by revenue from the write-off of prior year accruals.

388.1618a Grant funds to be expended by end of school year; effect of funds not expended; return of unexpended funds.

Sec. 18a. Grant funds awarded and allotted to a district, intermediate district, or other entity, unless otherwise specified in this act, shall be expended by the grant recipient before the end of the school fiscal year immediately following the fiscal year in which the funds are received. If a grant recipient does not expend the funds received under this act before the end of the fiscal year in which the funds are received, the grant recipient shall submit a report to the department not later than November 1 after the fiscal year in which the funds are received indicating whether it expects to expend those funds during the fiscal year in which the report is submitted. A recipient of a grant shall return any unexpended grant funds to the department in the manner prescribed by the department not later than September 30 after the fiscal year in which the funds are received.

388.1619 Compliance; information to be provided for annual progress report; report of graduation and dropout rates; educational personnel; information relating to safety practices and criminal incidents; failure to comply with certain requirements; list of schools or districts failing to make adequate yearly progress; appeal of determination; publication of list.

Sec. 19. (1) A district shall comply with any requirements of sections 1204a, 1277, 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred to as "public act 25 of 1990" that are not also required by the no child left behind act of 2001, Public Law 107-110, as determined by the department.

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

(3) A district or intermediate district shall comply with all applicable reporting requirements specified in state and federal law. Data provided to the center, in a form and manner prescribed by the center, shall be aggregated and disaggregated as required by state and federal law.

(4) Each district shall furnish to the center not later than 7 weeks after the pupil membership count day, in a manner prescribed by the center, the information necessary for the preparation of the district and high school graduation report. The center shall calculate an annual graduation and pupil dropout rate for each high school, each district, and this state, in compliance with nationally recognized standards for these calculations. The center shall report all graduation and dropout rates to the senate and house education committees and appropriations committees, the state budget director, and the department not later than June 1 of each year.

(5) A district shall furnish to the center, in a manner prescribed by the center, information related to educational personnel as necessary for reporting required by state and federal law.

(6) A district shall furnish to the center, in a manner prescribed by the center, information related to safety practices and criminal incidents as necessary for reporting required by state and federal law.

(7) If a district or intermediate district fails to meet the requirements of subsection (2), (3), (4), (5), or (6), the department shall withhold 5% of the total funds for which the district or intermediate district qualifies under this act until the district or intermediate district complies with all of those subsections. If the district or intermediate district does not comply with all of those subsections by the end of the fiscal year, the department shall place the amount withheld in an escrow account until the district or intermediate district complies with all of those subsections.

(8) Before publishing a list of schools or districts determined to have failed to make adequate yearly progress as required by the federal no child left behind act of 2001, Public Law 107-110, the department shall allow a school or district to appeal that determination. The department shall consider and act upon the appeal within 30 days after it is submitted and shall not publish the list until after all appeals have been considered and decided.

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

Sec. 20. (1) For 2003-2004 and for 2004-2005, the basic foundation allowance is \$6,700.00 per membership pupil.

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

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

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

(b) For a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus

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

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

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

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

(5) The allocation calculated under this section for a pupil shall be based on the foundation allowance of the pupil's district of residence. However, for a pupil enrolled in a district other than the pupil's district of residence, if the foundation allowance of the pupil's district of residence has been adjusted pursuant to subsection (19), the allocation calculated under this section shall not include the adjustment described in subsection (19). For a pupil enrolled pursuant to section 105 or 105c in a district other than the pupil's district of residence, the allocation calculated under this section shall be based on the lesser of the foundation allowance of the pupil's district of residence or the foundation allowance of the educating district. For a pupil in membership in a K-5, K-6, or K-8 district who is enrolled in another district in a grade not offered by the pupil's district of residence, the allocation calculated under this section shall be based on the foundation allowance of the educating district if the educating district's foundation allowance is greater than the foundation allowance of the pupil's district of residence. The calculation under this subsection shall take into account a district's per pupil allocation under section 20j(2).

(6) Subject to subsection (7) and section 22b(3) and except as otherwise provided in this subsection, for pupils in membership, other than special education pupils, in a public school academy or a university school, the allocation calculated under this section is an amount per membership pupil other than special education pupils in the public school academy or university school equal to the sum of the local school operating revenue per membership pupil other than special education pupils for the district in which the public school academy or university school is located and the state portion of that district's foundation allowance, or the sum of the basic foundation allowance under subsection (1) plus \$300.00, whichever is less. Notwithstanding section 101(2), for a public school academy that begins operations after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 101(3). The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection.

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

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

(9) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00 and that had fewer than 350 pupils in membership, if the district elects not to reduce the number of mills from which a principal residence and qualified agricultural property are exempt and not to levy school operating taxes on a principal residence and qualified agricultural property as provided in section 1211(1) of the revised school code, MCL 380.1211, and not to levy school operating taxes on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, there is calculated under this subsection for 1994-95 and each succeeding fiscal year a separate supplemental amount in an amount equal to the amount the district would have received per membership pupil had it levied school operating taxes on a principal residence and qualified agricultural property at the rate authorized for the district under section 1211(1) of the revised school code, MCL 380.1211, and levied school operating taxes on all property at the rate authorized for the district under section 1211(2) of the revised school code, MCL 380.1211, as determined by the department of treasury. If in the calendar year ending in the fiscal year a district does not levy 18 mills or the number of mills of school operating taxes levied by the district in 1993, whichever is less, on property that is not a principal residence or qualified agricultural property, the amount calculated under this subsection will be reduced by the same percentage as the millage actually levied compares to the 18 mills or the number of mills levied in 1993, whichever is less.

(10) Subject to subsection (4), for a district that is formed or reconfigured after June 1, 2002 by consolidation of 2 or more districts or by annexation, the resulting district's foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the foundation allowances of each of the original or affected districts, calculated as provided in this section, weighted as to the percentage of pupils in total membership in the resulting district who reside in the geographic area of each of the original or affected districts. The calculation under this subsection shall take into account a district's per pupil allocation under section 20j(2).

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

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

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

(a) The pupil membership factor shall be computed by dividing the estimated membership in the school year ending in the current state fiscal year, excluding intermediate district

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

(b) The revenue adjustment factor shall be computed by dividing the sum of the estimated total state school aid fund revenue for the subsequent state fiscal year plus the estimated total state school aid fund revenue for the current state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund and excluding money transferred into that fund from the countercyclical budget and economic stabilization fund under section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the estimated total school aid fund revenue for the current state fiscal year plus the estimated total state school aid fund revenue for the immediately preceding state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund. If a consensus revenue factor is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(c) The index shall be calculated by multiplying the pupil membership factor by the revenue adjustment factor. However, for 2004-2005, the index shall be 1.00. If a consensus index is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

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

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

(16) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00, that had fewer than 7 pupils in membership in the 1993-94 state fiscal year, that has at least 1 child educated in the district in the current state fiscal year, and that levies the number of mills of school operating taxes authorized for the district under section 1211 of the revised school code, MCL 380.1211, a minimum amount of combined state and local revenue shall be calculated for the district as provided under this subsection. The minimum amount of combined state and local revenue for 1999-2000 shall be \$67,000.00 plus the district's additional expenses to educate pupils in grades 9 to 12 educated in other districts as determined and allowed by the department. The minimum amount of combined state and local revenue under this subsection, before adding the additional expenses, shall increase each fiscal year by the same percentage increase as the percentage increase in the basic foundation allowance from the immediately preceding fiscal year to the current fiscal year. The state portion of the minimum amount of combined

state and local revenue under this subsection shall be calculated by subtracting from the minimum amount of combined state and local revenue under this subsection the sum of the district's local school operating revenue and an amount equal to the product of the sum of the state portion of the district's foundation allowance plus the amount calculated under section 20j times the district's membership. As used in this subsection, "additional expenses" means the district's expenses for tuition or fees, not to exceed \$6,500.00 as adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00, plus a room and board stipend not to exceed \$10.00 per school day for each pupil in grades 9 to 12 educated in another district, as approved by the department.

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

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

(19) For a district that received a grant under former section 32e for 2001-2002, the district's foundation allowance for 2002-2003 and each succeeding fiscal year shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of 100% of the amount of the grant award to the district for 2001-2002 under former section 32e divided by the number of pupils in the district's membership for 2001-2002 who were residents of and enrolled in the district. Except as otherwise provided in this subsection, a district qualifying for a foundation allowance adjustment under this subsection shall use the funds resulting from this adjustment for at least 1 of grades K to 3 for purposes allowable under former section 32e as in effect for 2001-2002. For an individual school or schools operated by a district qualifying for a foundation allowance under this subsection that have been determined by the department to meet the adequate yearly progress standards of the federal no child left behind act of 2001, Public Law 107-110, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district may submit to the department an application for flexibility in using the funds resulting from this adjustment that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to reduce class size, but that may be different from the purposes otherwise allowable under this subsection. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to reduce class size. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

(20) For a district that is a qualifying school district with a school reform board in place under part 5a of the revised school code, MCL 380.371 to 380.376, the district's foundation allowance for 2002-2003 shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of \$15,000,000.00 divided by the district's membership for 2002-2003. If a district ceases to meet the requirements of this subsection, the department shall adjust the district's foundation allowance in effect at that time based on a 2002-2003 foundation allowance for the district that does not include the 2002-2003 adjustment under this subsection.

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

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

(23) As used in this section:

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

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

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

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

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

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

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

(h) "Principal residence" and "qualified agricultural property" mean those terms as defined in section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd.

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

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

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

388.1620j Foundation allowance supplemental payments; amounts.

Sec. 20j. (1) Foundation allowance supplemental payments for 2004-2005 to districts that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00 shall be calculated under this section.

(2) The per pupil allocation to each district under this section shall be the difference between the dollar amount of the adjustment from the 1998-99 state fiscal year to the current state fiscal year in the basic foundation allowance minus the dollar amount of the adjustment from the 1998-99 state fiscal year to the current state fiscal year in the district's foundation allowance.

(3) If a district's local revenue per pupil does not exceed the sum of its foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the per pupil allocation under subsection (2) multiplied by the district's membership excluding special education pupils. If a district's local revenue per pupil exceeds the foundation allowance under section 20 but does not exceed the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the difference between the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2) minus the local revenue per pupil multiplied by the district's membership excluding special education pupils. If a district's local revenue per pupil exceeds the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), there is no payment calculated under this section for the district.

(4) Payments to districts shall not be made under this section. Rather, the calculations under this section shall be made and used to determine the amount of state payments under section 22b.

388.1621b Tuition and fee support for pupil attending postsecondary institution.

Sec. 21b. (1) Subject to subsections (2) and (3), a district shall use funds received under section 22a or 22b to support the attendance of a district pupil at an eligible postsecondary institution under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or under the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913.

(2) To the extent required under subsection (3), a district shall pay tuition and mandatory course fees, material fees, and registration fees required by an eligible postsecondary institution for enrollment in an eligible course. A district also shall pay any late fees charged by an eligible postsecondary institution due to the district's failure to make a required payment according to the timetable prescribed by the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913. A district is not required to pay transportation costs, parking costs, or activity fees.

(3) A district shall pay to the eligible postsecondary institution on behalf of an eligible student an amount equal to the lesser of the amount of the eligible charges described in subsection (2) or the prorated percentage of the state portion of the foundation allowance paid or calculated, as applicable, on behalf of that eligible student under section 20, with the proration based on the proportion of the school year that the eligible student attends the postsecondary institution. A district may pay more money to an eligible postsecondary institution on behalf of an eligible student than required under this section and the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913, and may use local school operating revenue for that purpose. An eligible student is responsible for payment of the remainder of the costs associated with his or her postsecondary enrollment that exceed the amount the district is required to pay under this section and the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical

preparation act, 2000 PA 258, MCL 388.1901 to 388.1913, and that are not paid by the district. As used in this subsection, “local school operating revenue” means that term as defined in section 20.

(4) As used in this section, “eligible course”, “eligible student”, and “eligible post-secondary institution” mean those terms as defined in section 3 of the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or in section 3 of the career and technical preparation act, 2000 PA 258, MCL 388.1903, as applicable.

388.1622a Allocations for 2003-2004 and 2004-2005; payments to districts, university schools, and public school academies; definitions.

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$6,765,300,000.00 for 2003-2004 and an amount not to exceed \$6,678,977,800.00 for 2004-2005 for payments to districts, qualifying university schools, and qualifying public school academies to guarantee each district, qualifying university school, and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the payments under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

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

(b) For a district that had a 1994-95 foundation allowance greater than \$6,500.00, the state payment under this subsection shall be the sum of the amount calculated under subdivision (a) plus the amount calculated under this subdivision. The amount calculated under this subdivision shall be equal to the difference between the district’s 1994-95 foundation allowance minus \$6,500.00 and the current year hold harmless school operating taxes per pupil. If the result of the calculation under subdivision (a) is negative, the negative amount shall be an offset against any state payment calculated under this subdivision. If the result of a calculation under this subdivision is negative, there shall not be a state payment or a deduction under this subdivision. The taxable values per membership pupil used in the calculations under this subdivision are as adjusted by

ad valorem property tax revenue captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership.

(3) Beginning in 2003-2004, for pupils in membership in a qualifying public school academy or qualifying university school, there is allocated under this section to the authorizing body that is the fiscal agent for the qualifying public school academy for forwarding to the qualifying public school academy, or to the board of the public university operating the qualifying university school, an amount equal to the 1994-95 per pupil payment to the qualifying public school academy or qualifying university school under section 20.

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

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

(6) As used in this section:

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

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

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

(d) "Hold harmless millage" means, for a district with a 1994-95 foundation allowance greater than \$6,500.00, the number of mills by which the exemption from the levy of school operating taxes on a homestead and qualified agricultural property could be reduced as provided in section 1211(1) of the revised school code, MCL 380.1211, and the number of mills of school operating taxes that could be levied on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, as certified by the department of treasury for the 1994 tax year.

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

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

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

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

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

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

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

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

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

388.1622b Allocations for 2004-2005; discretionary nonmandated payments; administration of standardized assessment; payments for litigation costs; allegation of unfunded constitutional requirement; escrowed funds as work project; use; determination; review of claim by local claims review board; removal to court of appeals; payment provisions.

Sec. 22b. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$2,910,300,000.00 for 2004-2005 for discretionary nonmandated payments to districts under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

(3) In order to receive an allocation under this section, each district shall administer in each grade level that it operates in grades 1 to 5 a standardized assessment approved by the department of grade-appropriate basic educational skills. A district may use the Michigan literacy progress profile to satisfy this requirement for grades 1 to 3. Also, if the revised school code is amended to require annual assessments at additional grade levels, in order to receive an allocation under this section each district shall comply with that requirement.

(4) From the allocation in subsection (1), the department shall pay up to \$1,000,000.00 in litigation costs incurred by this state associated with lawsuits filed by 1 or more districts or intermediate districts against this state. If the allocation under this section is insufficient to fully fund all payments required under this section, the payments under this subsection shall be made in full before any proration of remaining payments under this section.

(5) It is the intent of the legislature that all constitutional obligations of this state have been fully funded under sections 22a, 31d, 51a, and 51c. If a claim is made by an entity

receiving funds under this act that challenges the legislative determination of the adequacy of this funding or alleges that there exists an unfunded constitutional requirement, the state budget director may escrow or allocate from the discretionary funds for nonmandated payments under this section the amount as may be necessary to satisfy the claim before making any payments to districts under subsection (2). If funds are escrowed, the escrowed funds are a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of litigation. The work project shall be completed upon resolution of the litigation.

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

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

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

(9) If a lawsuit challenging payments made to districts related to costs reimbursed by federal title XIX medicaid funds is filed against this state during 2001-2002, 2002-2003, or 2003-2004, 50% of the amount allocated in subsection (1) not previously paid out for 2002-2003, 2003-2004, and each succeeding fiscal year is a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of the litigation. The work project shall be completed upon resolution of the litigation. In addition, this state reserves the right to terminate future federal title XIX medicaid reimbursement payments to districts if the amount or allocation of reimbursed funds is challenged in the lawsuit. As used in this subsection, "title XIX" means title XIX of the social security act, 42 USC 1396 to 1396v.

388.1622d Geographically isolated districts; payments.

Sec. 22d. (1) From the amount allocated under section 22b, an amount not to exceed \$750,000.00 is allocated for additional payments to small, geographically isolated districts under this section.

(2) To be eligible for a payment under this section, a district shall meet all of the following:

(a) Operates grades K to 12.

(b) Has fewer than 250 pupils in membership.

(c) Each school building operated by the district meets at least 1 of the following:

(i) Is located in the Upper Peninsula at least 30 miles from any other public school building.

(ii) Is located on an island that is not accessible by bridge.

(3) The amount of the additional funding to each eligible district under this section shall be determined under a spending plan developed as provided in this subsection and approved by the superintendent of public instruction. The spending plan shall be developed cooperatively by the intermediate superintendents of each intermediate district in which an eligible district is located. The intermediate superintendents shall review the financial situation of each eligible district, determine the minimum essential financial needs of each eligible district, and develop and agree on a spending plan that distributes the available funding under this section to the eligible districts based on those financial needs. The intermediate superintendents shall submit the spending plan to the superintendent of public instruction for approval. Upon approval by the superintendent of public instruction, the amounts specified for each eligible district under the spending plan are allocated under this section and shall be paid to the eligible districts in the same manner as payments under section 22b.

388.1624 Allocations for 2004-2005; payments for educating students assigned by court or family independence agency.

Sec. 24. (1) Subject to subsection (2), from the appropriation in section 11, there is allocated for 2004-2005 to the educating district or intermediate district an amount equal to 100% of the added cost each fiscal year for educating all pupils assigned by a court or the family independence agency to reside in or to attend a juvenile detention facility or child caring institution licensed by the family independence agency and approved by the department to provide an on-grounds education program. The total amount to be paid under this section for added cost shall not exceed \$8,000,000.00 for 2004-2005. For the purposes of this section, "added cost" shall be computed by deducting all other revenue received under this act for pupils described in this section from total costs, as approved by the department, in whole or in part, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution. Costs reimbursed by federal funds are not included. For a particular fiscal year, for an on-grounds education program or a program located on property adjacent to a juvenile detention facility or child caring institution that was not in existence at the time the allocations under this section were approved, the department shall give approval for only that portion of the educating district's or intermediate district's total costs that will not prevent the allocated amounts under this section from first being applied to 100% of the added cost of the programs that were in existence at the time the preliminary allocations under this section were approved for that fiscal year.

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

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

388.1626 Receipt or reduction of funds by district or intermediate district.

Sec. 26. A district or intermediate district receiving money pursuant to 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450,

MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the Brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, shall have its funds received under section 22b, 56, or 62 reduced by an amount equal to the added local money.

388.1626a Reimbursements to districts, intermediate districts, and school aid fund pursuant to MCL 125.2692; time of allocations.

Sec. 26a. From the general fund appropriation in section 11, there is allocated an amount not to exceed \$36,200,000.00 for 2004-2005 to reimburse districts, intermediate districts, and the state school aid fund pursuant to section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in 2004 or for payments to districts as reimbursement for interest paid as a result of property tax refunds. The allocations shall be made not later than 60 days after the department of treasury certifies to the department and to the state budget director that the department of treasury has received all necessary information to properly determine the amounts due to each eligible recipient.

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

Sec. 31a. (1) From the money appropriated in section 11, there is allocated for 2004-2005 an amount not to exceed \$314,200,000.00 for payments to eligible districts and eligible public school academies under this section. Subject to subsection (12), the amount of the additional allowance under this section shall be based on the number of actual pupils in membership in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769h, and reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year. However, for a public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the Richard B. Russell national school lunch act.

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

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

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

(3) Except as otherwise provided in this subsection, an eligible district or eligible public school academy shall receive under this section for each membership pupil in the