

No. 62
STATE OF MICHIGAN
JOURNAL
OF THE
House of Representatives
92nd Legislature
REGULAR SESSION OF 2003

House Chamber, Lansing, Wednesday, July 16, 2003.

10:00 a.m.

The House was called to order by the Speaker Pro Tempore.

The roll was called by the Clerk of the House of Representatives, who announced that a quorum was present.

Accavitti—present	Garfield—present	Meyer—present	Sheen—present
Acciavatti—present	Gieleghem—present	Middaugh—present	Sheltrown—present
Adamini—present	Gillard—present	Milosch—present	Shulman—present
Amos—present	Gleason—present	Minore—present	Smith—present
Anderson—present	Hager—present	Moolenaar—present	Spade—present
Bieda—present	Hardman—e/d/s	Mortimer—present	Stahl—present
Bisbee—present	Hart—excused	Murphy—present	Stakoe—present
Bradstreet—present	Hood—present	Newell—present	Stallworth—present
Brandenburg—present	Hoogendyk—present	Nitz—present	Steil—present
Brown—present	Hopgood—present	Nofs—present	Stewart—present
Byrum—present	Howell—present	O’Neil—present	Tabor—present
Casperson—present	Huizenga—present	Paletko—present	Taub—e/d/s
Caswell—present	Hummel—present	Palmer—present	Tobocman—present
Caul—present	Hune—present	Palsrok—present	Vagnozzi—present
Cheeks—present	Hunter—present	Pappageorge—present	Van Regenmorter—present
Clack—present	Jamnick—present	Pastor—present	Vander Veen—present
Condino—present	Johnson, Rick—present	Phillips—present	Voorhees—present
Daniels—present	Johnson, Ruth—present	Plakas—present	Walker—present
Dennis—present	Julian—present	Pumford—present	Ward—present
DeRoche—present	Koetje—present	Reeves—present	Waters—present
DeRossett—present	Kolb—present	Richardville—present	Wenke—present
Drolet—present	Kooiman—present	Rivet—present	Whitmer—present
Ehardt—present	LaJoy—present	Robertson—present	Williams—present
Elkins—present	LaSata—present	Rocca—present	Wojno—present
Emmons—present	Law—present	Sak—present	Woodward—present
Farhat—present	Lipsey—present	Shackleton—present	Woronchak—present
Farrah—present	McConico—present	Shaffer—present	Zelenko—present
Gaffney—present	Meisner—present		

e/d/s = entered during session

Rep. William J. O'Neil, from the 14th District, offered the following invocation:

“Lord, guide us on this beautiful day in Michigan as we deliberate on the special issues before us for the citizens of this great state. Today could possibly be the most important day of the year for us as legislators. Your presence is needed today more than any other day to guide us in the deliberations we will undertake during the course of this most important day in Lansing. Amen.”

Rep. Palmer moved that Rep. Hart be excused from today's session.
The motion prevailed.

Rep. Minore moved that Rep. Phillips be excused temporarily from today's session.
The motion prevailed.

Rep. Palmer moved that Rep. Pappageorge be excused temporarily from today's session.
The motion prevailed.

Rep. Woronchak moved that Rep. Pumford be excused temporarily from today's session.
The motion prevailed.

Messages from the Senate

The Speaker laid before the House

House Bill No. 4154, entitled

A bill to amend 1949 PA 300, entitled “Michigan vehicle code,” by amending sections 719 and 720 (MCL 257.719 and 257.720), section 719 as amended by 2002 PA 453 and section 720 as amended by 2002 PA 535.

(The bill was received from the Senate on July 15, with amendments, full title inserted and immediate effect given by the Senate, consideration of which, under the rules, was postponed until today, see House Journal No. 61, p. 1267.)

The question being on concurring in the amendments made to the bill by the Senate,

The amendments were concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 446

Yeas—87

Accavitti	Farhat	Lipsey	Shackleton
Acciavatti	Farrah	Meisner	Shaffer
Adamini	Gaffney	Meyer	Sheen
Amos	Garfield	Middaugh	Sheltrown
Bisbee	Gillard	Milosch	Shulman
Bradstreet	Gleason	Moolenaar	Spade
Brandenburg	Hager	Mortimer	Stahl
Brown	Hoogendyk	Newell	Stakoe
Byrum	Hopgood	Nitz	Steil
Casperson	Howell	Nofs	Stewart
Caswell	Huizenga	O'Neil	Tabor
Caul	Hummel	Paletko	Vagnozzi
Cheeks	Hune	Palmer	Van Regenmorter
Clack	Jamnack	Palsrok	Vander Veen
Condino	Johnson, Rick	Pastor	Voorhees
Dennis	Johnson, Ruth	Plakas	Walker
DeRoche	Julian	Reeves	Ward
DeRossett	Koetje	Richardville	Wenke
Drolet	Kolb	Rivet	Wojno

Ehardt
Elkins
Emmons

Kooiman
LaJoy
LaSata

Robertson
Rocca
Sak

Woronchak
Zelenko

Nays—16

Anderson
Bieda
Daniels
Gielegem

Hood
Hunter
Law
McConico

Minore
Murphy
Smith
Stallworth

Tobocman
Waters
Williams
Woodward

In The Chair: Julian

The House agreed to the full title of the bill.
The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

Rep. Brown moved that Rep. Whitmer be excused temporarily from today's session.
The motion prevailed.

Third Reading of Bills

Senate Bill No. 391, entitled

A bill to amend 1964 PA 265, entitled "An act to enact the uniform securities act relating to the issuance, offer, sale, or purchase of securities; to prohibit fraudulent practices in relation to securities; to establish civil and criminal sanctions for violations of the act and civil sanctions for violation of the rules promulgated pursuant to the act; to require the registration of broker-dealers, agents, investment advisers, and securities; to make uniform the law with reference to securities; and to repeal acts and parts of acts," by amending section 202 (MCL 451.602), as amended by 2000 PA 494.

(The bill was enrolled on July 1, see Senate Journal No. 65, p. 1130; returned from the Senate per House request on July 15, see House Journal No. 61, p. 1300.)

Rep. Richardville moved that Rule 67 be suspended.
The motion prevailed, 3/5 of the members present voting therefor.

Rep. Richardville moved to reconsider the vote by which the House passed the bill.
The motion prevailed, a majority of the members serving voting therefor.
The question being on the passage of the bill,

Rep. Shulman moved to substitute (H-1) the bill.
The motion was seconded and the substitute (H-1) was adopted, a majority of the members serving voting therefor.
The question being on the passage of the bill,
The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 447

Yeas—64

Accavitti
Adamini
Anderson
Brown

Gillard
Gleason
Hood
Hopgood

Minore
Moolenaar
Murphy
Newell

Stakoe
Stallworth
Stewart
Tabor

Byrum	Howell	Nitz	Tobocman
Caul	Hunter	O'Neil	Vagnozzi
Cheeks	Jamnick	Paletko	Van Regenmorter
Clack	Johnson, Rick	Plakas	Walker
Condino	Koetje	Rivet	Ward
Daniels	Kolb	Sak	Waters
Dennis	Kooiman	Shackleton	Wenke
Elkins	LaSata	Shaffer	Williams
Emmons	Law	Sheltrown	Wojno
Farrah	Lipsey	Shulman	Woodward
Gaffney	McConico	Smith	Woronchak
Gielegem	Meisner	Spade	Zelenko

Nays—38

Acciavatti	Drolet	Julian	Pastor
Amos	Ehardt	LaJoy	Richardville
Bieda	Farhat	Meyer	Robertson
Bisbee	Garfield	Middaugh	Rocca
Bradstreet	Hager	Milosch	Sheen
Brandenburg	Hoogendyk	Mortimer	Stahl
Casperson	Huizenga	Nofs	Steil
Caswell	Hummel	Palmer	Vander Veen
DeRoche	Hune	Palsrok	Voorhees
DeRossett	Johnson, Ruth		

In The Chair: Julian

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to enact the uniform securities act relating to the issuance, offer, sale, or purchase of securities; to prohibit fraudulent practices in relation to securities; to establish civil and criminal sanctions for violations of the act and civil sanctions for violation of the rules promulgated pursuant to the act; to require the registration of broker-dealers, agents, investment advisers, and securities; to make uniform the law with reference to securities; and to repeal acts and parts of acts,”

The House agreed to the full title.

Rep. Hardman entered the House Chambers.

By unanimous consent the House returned to the order of

Messages from the Senate

Senate Bill No. 509, entitled

A bill to amend 1949 PA 300, entitled “An act to provide for the registration, titling, sale, transfer, and regulation of certain vehicles operated upon the public highways of this state or any other place open to the general public or generally accessible to motor vehicles and distressed vehicles; to provide for the licensing of dealers; to provide for the examination, licensing, and control of operators and chauffeurs; to provide for the giving of proof of financial responsibility and security by owners and operators of vehicles; to provide for the imposition, levy, and collection of specific taxes on vehicles, and the levy and collection of sales and use taxes, license fees, and permit fees; to provide for the regulation and use of streets and highways; to create certain funds; to provide penalties and sanctions for a

violation of this act; to provide for civil liability of owners and operators of vehicles and service of process on residents and nonresidents; to provide for the levy of certain assessments; to provide for the enforcement of this act; to provide for the creation of and to prescribe the powers and duties of certain state and local agencies; to impose liability upon the state or local agencies; to provide appropriations for certain purposes; to repeal all other acts or parts of acts inconsistent with this act or contrary to this act; and to repeal certain parts of this act on a specific date," (MCL 257.1 to 257.923) by adding section 732a.

(The bill was received from the Senate on July 15, with an amendment to the House substitute (H-6) and immediate effect given by the Senate, Rule 45 suspended and bill postponed for the day, see House Journal No. 61, p. 1297.)

The question being on concurring in the amendment to the House substitute (H-6) made to the bill by the Senate,

The amendment was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 448**Yeas—67**

Accavitti	Gillard	Middaugh	Spade
Adamini	Gleason	Minore	Stakoe
Anderson	Hager	Moolenaar	Stallworth
Brown	Hopgood	Mortimer	Stewart
Byrum	Howell	Murphy	Tobocman
Casperson	Huizenga	Newell	Vagnozzi
Caul	Hunter	Nofs	Van Regenmorter
Cheeks	Jamnick	O'Neil	Vander Veen
Clack	Johnson, Rick	Palsrok	Voorhees
Daniels	Julian	Pappageorge	Walker
Dennis	Koetje	Pastor	Ward
DeRossett	Kolb	Plakas	Wenke
Ehardt	Kooiman	Pumford	Whitmer
Elkins	LaJoy	Reeves	Williams
Emmons	LaSata	Richardville	Wojno
Farrah	Lipsey	Sak	Zelenko
Gaffney	McConico	Shulman	

Nays—40

Acciavatti	Farhat	Meisner	Shaffer
Amos	Garfield	Meyer	Sheen
Bieda	Gielegem	Milosch	Sheltrown
Bisbee	Hardman	Nitz	Smith
Bradstreet	Hood	Paletko	Stahl
Brandenburg	Hoogendyk	Palmer	Steil
Caswell	Hummel	Rivet	Tabor
Condino	Hune	Robertson	Waters
DeRoche	Johnson, Ruth	Rocca	Woodward
Drolet	Law	Shackleton	Woronchak

In The Chair: Julian

Rep. Condino, having reserved the right to explain his nay vote, made the following statement:

"Mr. Speaker and members of the House:

I have voted no as to concurrence with Senate bill 509 for the same reasons I voted no when this bill came to the House earlier this year. I believe the bill is well intended and has meaningful public policy reasoning. However, I

believe the bill has serious constitutional defects as written, which make it impossible for me to support. I believe the bill as written violates the equal protection clause of the Federal and State Constitutions and may even have due process violations which may well render the bill unconstitutional. For these reasons I have voted no.”

By unanimous consent the House returned to the order of
Motions and Resolutions

Rep. Richardville moved to vacate the enrollment of **House Bill No. 4748**.
 The motion prevailed.

Messages from the Senate

House Bill No. 4748, entitled

A bill to amend 1961 PA 236, entitled “An act to revise and consolidate the statutes relating to the organization and jurisdiction of the courts of this state; the powers and duties of such courts, and of the judges and other officers thereof; the forms and attributes of civil claims and actions; the time within which civil actions and proceedings may be brought in said courts; pleading, evidence, practice and procedure in civil and criminal actions and proceedings in said courts; to provide remedies and penalties for the violation of certain provisions of this act; to repeal all acts and parts of acts inconsistent with or contravening any of the provisions of this act; and to repeal acts and parts of acts,” by amending sections 321, 880, 880a, 880b, 1027, 2529, 2538, 5756, 8371, and 8420 (MCL 600.321, 600.880, 600.880a, 600.880b, 600.1027, 600.2529, 600.2538, 600.5756, 600.8371, and 600.8420), section 321 as amended by 1997 PA 182, sections 880 and 880b as amended by 2000 PA 56, section 880a as added and sections 5756 and 8420 as amended by 1993 PA 189, section 1027 as added by 1996 PA 388, sections 2529 and 8371 as amended by 2002 PA 605, and section 2538 as amended by 1999 PA 151, and by adding sections 171 and 244.

(The bill was enrolled on July 15, see House Journal No. 61, p. 1288.)

Rep. Richardville moved to reconsider the vote by which the House concurred in the Senate substitute (S-4).
 The motion prevailed, a majority of the members serving voting therefor.
 The question being on concurring in the substitute (S-4) made to the bill by the Senate,

Rep. Richardville moved that consideration of the bill be postponed temporarily.
 The motion prevailed.

Rep. Palmer moved that Reps. Vander Veen and Wenke be excused temporarily from today’s session.
 The motion prevailed.

Quorum Call

Rep. Richardville questioned the presence of a quorum and moved that the roll be called and printed in the Journal.
 The motion prevailed.
 The roll was called and the Clerk announced that a quorum was present.
 The following is the roll call:

Roll Call No. 449

Yeas—106

Accavitti	Gaffney	Meisner	Shackleton
Acciavatti	Garfield	Meyer	Shaffer
Adamini	Gielegghem	Middaugh	Sheen
Amos	Gillard	Milosch	Sheltrown
Anderson	Gleason	Minore	Shulman

Bieda	Hager	Moolenaar	Smith
Bisbee	Hardman	Mortimer	Spade
Bradstreet	Hood	Murphy	Stahl
Brandenburg	Hoogendyk	Newell	Stakoe
Brown	Hopgood	Nitz	Stallworth
Byrum	Howell	Nofs	Steil
Casperson	Huizenga	O'Neil	Stewart
Caswell	Hummel	Paletko	Tabor
Caul	Hune	Palmer	Tobocman
Cheeks	Hunter	Palsrok	Vagnozzi
Clack	Jamnick	Pappageorge	Van Regenmorter
Condino	Johnson, Rick	Pastor	Voorhees
Daniels	Johnson, Ruth	Phillips	Walker
Dennis	Julian	Plakas	Ward
DeRoche	Koetje	Pumford	Waters
DeRossett	Kolb	Reeves	Whitmer
Drolet	Kooiman	Richardville	Williams
Ehardt	LaJoy	Rivet	Wojno
Elkins	LaSata	Robertson	Woodward
Emmons	Law	Rocca	Woronchak
Farhat	Lipsey	Sak	Zelenko
Farrah	McConico		

In The Chair: Julian

By unanimous consent the House returned to the order of
Reports of Select Committees

The Speaker laid before the House the conference report relative to
House Bill No. 4390, entitled

A bill to make appropriations for the department of corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to provide for reports; to provide for the creation of certain advisory committees and boards; to prescribe certain powers and duties of the department of corrections, certain other state officers and agencies, and certain advisory committees and boards; to provide for the collection of certain funds; and to provide for the disposition of fees and other income received by certain state agencies.

(The conference report was reported by the conference committee on June 25, consideration of which, under the rules, was postponed until June 26.)

(For conference report, see House Journal No. 56, p. 1030.)

The question being on the adoption of the conference report,

The conference report was adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 450

Yeas—99

Accavitti	Gielegem	Meyer	Sheen
Acciavatti	Gillard	Milosch	Sheltrown
Adamini	Gleason	Minore	Shulman
Amos	Hager	Moolenaar	Smith
Anderson	Hardman	Mortimer	Spade
Bieda	Hood	Murphy	Stakoe
Bisbee	Hoogendyk	Newell	Stallworth
Brown	Hopgood	Nitz	Steil
Byrum	Howell	O'Neil	Stewart
Casperson	Huizenga	Paletko	Tabor
Caswell	Hummel	Palmer	Tobocman

Caul	Hune	Palsrok	Vagnozzi
Cheeks	Hunter	Pappageorge	Van Regenmorter
Clack	Jamnick	Pastor	Voorhees
Condino	Johnson, Rick	Phillips	Walker
Daniels	Julian	Plakas	Ward
Dennis	Koetje	Pumford	Waters
DeRoche	Kolb	Reeves	Wenke
DeRossett	Kooiman	Richardville	Whitmer
Ehardt	LaJoy	Rivet	Williams
Elkins	LaSata	Robertson	Wojno
Emmons	Law	Rocca	Woodward
Farhat	Lipsey	Sak	Woronchak
Farrah	McConico	Shackleton	Zelenko
Gaffney	Meisner	Shaffer	

Nays—8

Bradstreet	Drolet	Johnson, Ruth	Nofs
Brandenburg	Garfield	Middaugh	Stahl

In The Chair: Julian

Rep. Stahl, having reserved the right to explain his nay vote, made the following statement:

“Mr. Speaker and members of the House:

The purpose of my no vote is we are appropriating more money for corrections adult education program than the K-12 adult education program. Equitable and just cuts should be practiced. K-12 adult ed. received a 76% cut while corrections adult ed. was not cut at all.”

Rep. Sak moved that Rep. McConico be excused temporarily from today’s session.
The motion prevailed.

Senate Bill No. 288, entitled

A bill to make appropriations for the department of agriculture for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to require reports, audits, and plans; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by certain state agencies.

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The Conference Report was read as follows:

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning

Senate Bill No. 288, entitled

A bill to make appropriations for the department of agriculture for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to require

reports, audits, and plans; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by certain state agencies.

Recommends:

First: That the Senate and House agree to the Substitute of the House as passed by the House, amended to read as follows:

A bill to make appropriations for the department of agriculture for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to require reports, audits, and plans; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by certain state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of agriculture for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF AGRICULTURE

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	563.0	
GROSS APPROPRIATION.....		\$ 97,175,800
Interdepartmental grant revenues:		
IDG from MDCH, local public health operations.....		8,878,700
IDG from MDCIS (LCC), liquor quality testing fees		164,000
IDG from MDCIS (LCC), nonretail liquor license fees.....		515,900
IDG from MDEQ, aquifer dispute resolution		100,000
IDG from MDEQ, biosolids		80,000
IDG from MDEQ, right to farm		105,000
IDG from MDEQ, type II well survey		15,000
IDG from MDNR, district forestry and wildlife program.....		1,000,000
Total interdepartmental grants and intradepartmental transfers		10,858,600
ADJUSTED GROSS APPROPRIATION		\$ 86,317,200
Federal revenues:		
DAG, multiple grants.....		11,501,000
EPA, multiple grants		2,280,000
HHS-FDA		270,700
Total federal revenues		14,051,700
Special revenue funds:		
Total local revenues		0
Private - oil company overcharge settlement.....		997,600
Private - slow-the-spread foundation.....		130,000
Total private revenues		1,127,600
Agricultural preservation fund		727,300
Agriculture equine industry development fund.....		12,467,000
Agriculture pollution prevention fund		100
Civil penalties		40,300
Commodity inspection fees		991,500
Gasoline inspection and testing fund.....		1,565,800
Groundwater and freshwater protection fund		4,756,500
Horticulture fund		70,000
Industry support funds		260,000
Licensing and inspection fees		5,925,500
Michigan state fair revenue.....		5,372,400
Pseudorabies and swine brucellosis fund		20,000
State services fee fund		5,437,300
Testing fees.....		357,500
Upper Peninsula state fair revenue.....		1,224,300
Weights and measures regulation fees.....		518,400
Total other state restricted revenues		39,733,900
State general fund/general purpose		\$ 31,404,000

	For Fiscal Year Ending Sept. 30, 2004
Sec. 102. EXECUTIVE	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	48.5
Commission and boards	\$ 63,300
Unclassified positions—6.0 FTE positions.....	428,500
Executive direction—7.0 FTE positions.....	752,000
Management services—37.5 FTE positions.....	2,833,100
Statistical reporting service—4.0 FTE positions	326,500
GROSS APPROPRIATION.....	\$ 4,403,400
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCIS (LCC), nonretail liquor license fees.....	8,800
Special revenue funds:	
Gasoline inspection and testing fund.....	47,800
Licensing and inspection fees	10,000
Michigan state fair revenue.....	80,500
State services fee fund	160,500
Upper Peninsula state fair revenue.....	9,000
State general fund/general purpose	\$ 4,086,800
Sec. 103. DEPARTMENTWIDE	
Rent and building occupancy charges	\$ 1,700,700
Employee turnover savings	(100,000)
Agriculture equine industry development fund reimbursement	0
GROSS APPROPRIATION.....	\$ 1,600,700
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCIS (LCC), nonretail liquor license fees.....	6,600
Federal revenues:	
DAG, multiple grants	115,000
EPA, multiple grants	70,000
HHS-FDA	15,000
Special revenue funds:	
Agricultural preservation fund	27,300
Agriculture equine industry development fund.....	2,025,000
Groundwater and freshwater protection fund	10,900
Licensing and inspection fees	55,200
State services fee fund	304,600
State general fund/general purpose	\$ (1,028,900)
Sec. 104. FOOD AND DAIRY	
Full-time equated classified positions	108.0
Food safety and quality assurance—108.0 FTE positions	\$ 9,815,700
Local public health operations	8,878,700
GROSS APPROPRIATION.....	\$ 18,694,400
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCH, local public health operations.....	8,878,700
Federal revenues:	
DAG, multiple grants	22,700
HHS-FDA	186,700
Special revenue funds:	
Civil penalties.....	40,300
Licensing and inspection fees	2,840,200
State general fund/general purpose	\$ 6,725,800
Sec. 105. ANIMAL INDUSTRY	
Full-time equated classified positions	50.0
Animal health and welfare—23.5 FTE positions.....	\$ 2,054,100
Bovine tuberculosis program—26.5 FTE positions	4,192,500
GROSS APPROPRIATION.....	\$ 6,246,600

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Federal revenues:	
DAG, multiple grants	150,000
HHS-FDA	9,000
Special revenue funds:	
Agriculture equine industry development fund.....	50,000
Licensing and inspection fees	178,200
Pseudorabies and swine brucellosis fund	20,000
State general fund/general purpose	\$ 5,839,400
Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT	
Full-time equated classified positions	121.8
Pesticide and plant pest management—121.8 FTE positions.....	\$ 12,107,800
Emerald ash borer control program.....	7,250,000
Michigan State University.....	210,000
GROSS APPROPRIATION.....	\$ 19,567,800
Appropriated from:	
Federal revenues:	
DAG, multiple grants	9,264,400
EPA, multiple grants	1,510,000
HHS-FDA	60,000
Special revenue funds:	
Private - slow-the-spread foundation.....	130,000
Commodity inspection fees	991,500
Horticulture fund	70,000
Licensing and inspection fees	2,779,800
State general fund/general purpose	\$ 4,762,100
Sec. 107. ENVIRONMENTAL STEWARDSHIP	
Full-time equated classified positions	47.0
Environmental stewardship—32.7 FTE positions.....	\$ 2,740,200
Groundwater and freshwater protection program—8.3 FTE positions.....	4,924,000
Farmland and open space preservation—6.0 FTE positions	699,800
Cooperative resources management initiative program	1,000,000
Agriculture pollution prevention program.....	100
Energy conservation program.....	138,000
Local conservation districts	1,661,200
Migrant labor housing.....	255,000
GROSS APPROPRIATION.....	\$ 11,418,300
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDEQ, aquifer dispute resolution	100,000
IDG from MDEQ, biosolids	80,000
IDG from MDEQ, right to farm	105,000
IDG from MDEQ, type II well survey	15,000
IDG from MDNR, district forestry and wildlife program.....	1,000,000
Federal revenues:	
EPA, multiple grants	400,000
Special revenue funds:	
Private - oil company overcharge settlement.....	193,900
Agricultural preservation fund	699,800
Agriculture pollution prevention fund.....	100
Groundwater and freshwater protection fund	4,745,500
State general fund/general purpose	\$ 4,079,000
Sec. 108. LABORATORY PROGRAM	
Full-time equated classified positions	115.0
Laboratory analysis program—61.5 FTE positions	\$ 5,012,100
USDA monitoring—18.0 FTE positions.....	1,828,500

	For Fiscal Year Ending Sept. 30, 2004
Consumer protection program—35.5 FTE positions.....	3,046,500
GROSS APPROPRIATION.....	\$ 9,887,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCIS (LCC), liquor quality testing fees	161,500
Federal revenues:	
DAG, multiple grants.....	1,848,900
EPA, multiple grants	300,000
Special revenue funds:	
Private - oil company overcharge settlement.....	803,700
Agriculture equine industry development fund.....	443,900
Gasoline inspection and testing fund.....	1,491,800
Testing fees.....	357,500
Weights and measures regulation fees	518,400
State general fund/general purpose	\$ 3,961,400
Sec. 109. MARKET DEVELOPMENT	
Full-time equated classified positions	20.0
Agriculture development, marketing and emergency management—20.0 FTE positions.....	\$ 2,441,700
Export market development program	100,000
Food bank	630,500
Northwest Michigan horticultural research station	10,000
Southwestern Michigan tourist council - taste of Michigan	15,000
Future farmers of America	60,000
GROSS APPROPRIATION.....	\$ 3,257,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCIS (LCC), nonretail liquor license fees.....	500,000
Federal revenues:	
DAG, multiple grants.....	100,000
Special revenue funds:	
Industry support funds	260,000
Licensing and inspection fees	62,100
State services fee fund	573,300
State general fund/general purpose	\$ 1,761,800
Sec. 110. FAIRS AND EXPOSITIONS	
Full-time equated classified positions	21.0
Michigan state fair operations—9.0 FTE positions	\$ 5,110,200
Upper Peninsula state fair—7.0 FTE positions.....	1,214,400
Fairs and racing—5.0 FTE positions	612,500
Building and track improvement - county and state fairs	963,200
Premiums - county and state fairs	1,614,000
Purses and supplements - fairs/licensed tracks	2,137,900
Standardbred Fedele Fauri futurity.....	70,800
Standardbred Michigan futurity	70,800
Quarterhorse programs	34,800
Licensed tracks-light horse racing.....	67,300
Standardbred breeders' awards.....	1,082,300
Standardbred purses and supplements-licensed tracks.....	242,400
Standardbred sire stakes.....	906,800
Thoroughbred sire stakes	906,800
Standardbred training and stabling.....	38,300
Thoroughbred program.....	1,586,900
Thoroughbred owners' awards	136,500
Distribution of outstanding winning tickets	500,000
GROSS APPROPRIATION.....	\$ 17,295,900

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Special revenue funds:	
Agriculture equine industry development fund.....	7,781,600
Michigan state fair revenue.....	5,203,100
State services fee fund	3,096,800
Upper Peninsula state fair revenue.....	1,214,400
State general fund/general purpose	\$ 0
Sec. 111. OFFICE OF RACING COMMISSIONER	
Full-time equated classified positions.....	31.7
Office of racing commissioner—31.7 FTE positions.....	\$ 3,342,500
GROSS APPROPRIATION.....	\$ 3,342,500
Appropriated from:	
Special revenue funds:	
Agriculture equine industry development fund.....	2,042,500
State services fee fund	1,300,000
State general fund/general purpose	\$ 0
Sec. 112. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 1,461,900
GROSS APPROPRIATION.....	\$ 1,461,900
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCIS (LCC), liquor quality testing fees.....	2,500
IDG from MDCIS (LCC), nonretail liquor license fees.....	500
Special revenue funds:	
Agricultural preservation fund	200
Agriculture equine industry development fund.....	124,000
Gasoline inspection and testing fund.....	26,200
Groundwater and freshwater protection fund	100
Michigan state fair revenue.....	88,800
State services fee fund	2,100
Upper Peninsula state fair revenue.....	900
State general fund/general purpose	\$ 1,216,600

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

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 2003-2004 is \$71,137,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$3,461,200.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF AGRICULTURE

Groundwater and freshwater protection program	\$ 1,800,000
Local conservation districts	1,661,200
TOTAL	\$ 3,461,200

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.

Sec. 203. As used in this act:

- (a) "DAG" means the United States department of agriculture.
- (b) "Department" means the department of agriculture.
- (c) "Director" means the director of the department.
- (d) "EPA" means the United States environmental protection agency.
- (e) "FTE" means full-time equated.
- (f) "HHS-FDA" means the United States department of health and human services - food and drug administration.
- (g) "IDG" means interdepartmental grant.
- (h) "MDCH" means the Michigan department of community health.
- (i) "MDCIS (LCC)" means the Michigan department of consumer and industry services - liquor control commission.
- (j) "MDEQ" means the Michigan department of environmental quality.
- (k) "MDNR" means the Michigan department of natural resources.

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.

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

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes 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.

(3) The hiring freeze does not apply to the animal industry program.

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

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement, or it may include placement of reports on an Internet or Intranet site.

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

(2) In addition to the requirements in subsection (1), the purchase of goods or services, or both, if competitively priced and of comparable quality shall be Michigan goods or services, or both, if available. The department shall also encourage the use of Michigan produced agricultural products by all state agencies and departments if competitively priced and of comparable quality, if available.

Sec. 210. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 211. (1) The unexpended and unobligated balance of any state restricted fund or account remaining at the end of the fiscal year shall revert back to the state restricted fund or account from which appropriated and be available for appropriation for the next fiscal year. Appropriations that revert to a state restricted fund or account pursuant to this section shall not revert to the general fund of this state.

(2) A state restricted revenue fund or account that receives revenues in excess of expenditures made from that state restricted revenue fund or account shall not have the excess revenue revert to the general fund of this state.

Sec. 212. (1) Of the funds appropriated in part 1, the department may provide for indemnity as provided for pursuant to the animal industry act of 1987, 1988 PA 466, MCL 287.701 to 287.745, not to exceed \$100,000.00 per order from any line item for the fiscal year ending September 30, 2004. Before the department provides for an indemnification under this section, the department shall report the reason for the indemnification, the amount of the indemnification, and to whom the indemnification is to be paid. The report shall be given to each member of the house and senate appropriations subcommittees on agriculture and to the senate and house fiscal agencies and the state budget director.

(2) The department of agriculture shall make an indemnification payment for the fair market value of an apiarian loss caused by a bear and payment for the fair market value of livestock killed by a wolf or coyote, if the kill is verified by the department of natural resources. The fair market value of the livestock shall be determined pursuant to the indemnification procedures prescribed in the animal industry act, 1988 PA 466, MCL 287.701 to 287.745. In addition to the funds appropriated in part 1, the department of agriculture is authorized to expend the funds received from the department of natural resources to reimburse the department of agriculture for all indemnification payments made pursuant to this subsection.

Sec. 214. Of the funds appropriated in part 1 that are other than line-item grants, the department shall not provide grants to local government agencies, institutions of higher education, or nonprofit organizations unless the department provides notice of the grant to the house and senate appropriations subcommittees on agriculture at least 10 days before the grant is issued. The grants shall be used to support research or other related activities for the purpose of enhancing the agricultural industries in this state.

Sec. 216. The unexpended and unencumbered balance of revenue deposited pursuant to section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320, for the fiscal year ending September 30, 2004, shall be appropriated to the Michigan agriculture equine industry development fund for distribution as set forth in section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320.

Sec. 219. The department of information technology shall establish a schedule of rates, user fees, and charges or assessments for standard services and information system support requirements to be made to departments for technology related services and projects. This schedule, as well as copies of related interagency agreements, shall be provided to the state budget office and the house and senate committees on appropriations before October 15, 2003. The department of agriculture shall not process any payments or fund transfers to the department of information technology until 30 days after the schedule of rates, user fees, and assessments is provided to the legislature, pursuant to this section.

Sec. 220. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 222. The negative appropriation for employee turnover savings in part 1 shall be satisfied by employee cost savings realized from the natural delay associated with position posting, recruitment, and hiring of employees to fill approved vacancies for existing positions within the department. Appropriation authorization adjustments required to implement the negative appropriation shall be made after the approval of transfers by the legislature under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 224. In addition to the appropriations contained in part 1, if legislation creating an agricultural enhancement fund is enacted before September 30, 2004, or existing casino compacts are renegotiated and revenue is available from those sources, programs, services, and projects are appropriated in the following amounts and order of priority:

- (a) \$1,000,000.00 for market development.
- (b) \$750,000.00 for bovine tuberculosis.
- (c) \$600,000.00 for migrant housing.
- (d) \$200,000.00 for local conservation districts.
- (e) \$50,000.00 for future farmers of America.

EXECUTIVE

Sec. 301. Per diem rates for commodity committees established in the agriculture commodities marketing act, 1965 PA 232, MCL 290.651 to 290.674, 1970 PA 29, MCL 290.421 to 290.430, 1964 PA 114, MCL 290.551 to 290.568, and the beef industry commission act, 1972 PA 291, MCL 287.601 to 287.610, will be set based upon levels established in section 301 of 2002 PA 516.

Sec. 302. The department may receive and expend revenue and use that revenue to cover necessary expenses related to publications, audit and licensing functions, livestock sales, certification of nursery stock, bean inspection services, and laboratory analyses as specified in the following:

- (a) Management services publications.
- (b) Management services audit and licensing functions.
- (c) Upper Peninsula state fair livestock sales.
- (d) Pesticide and plant pest management propagation and certification of virus free foundation stock.
- (e) Pesticide and plant pest management bean inspection and grading services.
- (f) Laboratory support testing for testing horses in draft horse pulling contests at county fairs when local jurisdictions request state assistance.
- (g) Laboratory support analyses to determine foreign substances in horses engaged in racing or pulling contests at tracks.
- (h) Laboratory support analysis of food, livestock, and agricultural products for disease, foreign products for disease, toxic materials, foreign substances, and quality standards.
- (i) Laboratory support test samples for other agencies and organizations.
- (j) Fruit and vegetable inspection at shipping and termination points and processing plants.

Sec. 303. Of the funds appropriated in part 1 for statistical reporting service, \$90,000.00 shall be used for surveys which include, but are not limited to, fruit, vegetables, and nursery stock, which encompasses Christmas trees and ornamental plants. The director of the Michigan department of agriculture is given authority to include other agricultural surveys such as turfgrass in the 3- to 5-year rotation. The survey shall include information such as existing plantings/acreage, new plantings/acreage, production, and number of growers.

FOOD AND DAIRY

Sec. 401. (1) The department shall monitor restaurant inspection and licensing functions carried out by local health departments to ensure uniform application and enforcement of minimum program requirements. On or before April 1, 2004, the department shall report to the senate and house appropriations subcommittees on agriculture, the senate and house fiscal agencies, and the state budget director on local health department conformance with minimum program requirements.

(2) If a local unit of government incurs additional costs resulting from its efforts to control a significant food-borne outbreak, the director shall seek additional resources to reimburse the local unit of government for these additional costs. The director shall involve the local health officer of the jurisdiction affected in all aspects of the control of any food-borne outbreak.

Sec. 402. Not later than April 1, 2004, the department shall provide a report to the house and senate appropriations subcommittees on agriculture and the house and senate fiscal agencies describing significant food-borne outbreaks and emergencies including any enforcement actions taken related to food safety during the 2002-2003 fiscal year.

Sec. 403. The department, in conjunction with the department of community health, shall assure that a process is in place that requires a local unit of government to obtain prior approval from the department before any reallocation or redistribution of program funds appropriated in section 104.

ANIMAL INDUSTRY

Sec. 450. From the funds appropriated in section 105 for the bovine tuberculosis program, the department of agriculture shall reimburse the department of natural resources for those costs associated with monitoring and testing wildlife for bovine tuberculosis that are necessary to support the department of agriculture goals and are jointly agreed to by the department of agriculture and the department of natural resources to be in excess of efforts necessary to effectively plan and execute the eradication of bovine tuberculosis from Michigan's wild free-ranging deer herd.

Sec. 451. From the funds appropriated in section 101 for bovine tuberculosis, the department shall pay for all whole herd testing costs to achieve and maintain split-state status requirements. These costs include producer assistance, indemnity, and compensation for injury causing death or downer to animals.

Sec. 452. In the event of a significant animal or plant health outbreak, the director shall seek additional state and federal resources to cover the additional costs associated with addressing the outbreak.

PESTICIDE AND PLANT PEST MANAGEMENT

Sec. 501. Of the funds appropriated in section 106 to the pesticide and plant pest management division, up to \$100,000.00 may be made available to the Michigan cooperative extension service for the purpose of training of applicators. Reimbursement shall be based on actual expenditures and revenue availability.

ENVIRONMENTAL STEWARDSHIP

Sec. 601. The funds appropriated in section 107 for the energy conservation program shall be distributed on a competitive basis that will be based on statewide energy conservation criteria.

Sec. 602. The department may expend the amount appropriated for migrant labor housing grants for construction of new migrant labor housing. Project grants shall not exceed \$5,000.00 per unit. An applicant is not eligible for more than a \$20,000.00 grant in any fiscal year.

Sec. 603. The department shall apply for all federal funds for which it is eligible that can be used to support the migrant labor housing program.

Sec. 604. The appropriation in section 107 for local conservation districts shall be allocated in the following manner:

(a) Of the total appropriation, \$81,200.00 shall be allocated for local conservation district training.

(b) Of the total appropriation, each local conservation district meeting the minimum grant requirements shall receive a grant of \$20,000.00 to support basic operations, unless the district resides in a county consisting of multiple districts, in which case a \$20,000.00 grant shall be divided equally among the districts in that county. The amount of money allocated under this subdivision shall not be used by local conservation districts to replace any money received from local sources.

(c) Of the remaining appropriation after distributions under subdivisions (a) and (b), additional grants, not to exceed \$20,000.00 per local conservation district, may be provided based on a formula approved by the commission of agriculture. Grants under this subdivision shall require at least a 100% cash or in-kind local match. Criteria used to distribute grants under this subdivision shall include, but are not limited to, the natural resources need, the size, and the population of the area served by each local conservation district.

Sec. 605. Within the appropriation in part 1 for environmental stewardship, \$100,000.00 is for aquifer dispute resolution activities carried out by the department.

MARKET DEVELOPMENT

Sec. 701. Within the appropriations in part 1 for market development, \$500,000.00 is for the grape and wine industry council, from which the department may provide grants for the purposes as described in section 303 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1303.

Sec. 702. In any given year when insufficient amounts of Michigan surplus products are offered to the food bank council and accepted for distribution, unused funds may be applied by the food bank council for the direct purchase of foods from Michigan growers, manufacturers, or wholesalers.

Sec. 704. Indirect costs may not be charged against the future farmers of America grant in section 109 by any administering agency.

Sec. 705. The appropriation in section 109 for the export market development program shall be used to coordinate state participation in the federal market access program and to leverage federal funds for the purpose of developing new and enhancing existing export markets for Michigan agricultural products.

Sec. 707. The department is authorized to receive and expend up to \$5,000,000.00 of utility company uncollectible allowance recovery fund resources which may be deposited into the agricultural development fund for the support of grants for value-added agricultural processing and agricultural production ventures in accordance with the Julian-Stille value-added act, 2000 PA 322, MCL 285.301 to 285.304. The agriculture development fund resources when certified

as available by the department of treasury shall remain unallotted until such time as the state budget director has reviewed and approved a department submitted allotment schedule. Expenditures for support of agricultural processing and production ventures shall not exceed revenues received. Unexpended resources remaining in the fund at the end of the fiscal year shall remain in the fund and not lapse to the general fund.

FAIRS AND EXPOSITIONS

Sec. 801. The department shall submit a report each month to the state budget director, the senate and house appropriations subcommittees on agriculture, and the senate and house fiscal agencies that states the simulcasting revenues generated in the preceding month by each licensed track and the amount received from license fees.

Sec. 802. (1) The appropriation in section 110 for standardbred purses and supplements - licensed tracks is intended to provide state purse supplements for 4 races at state licensed pari-mutuel horse racing tracks. The purse supplements are to be used for races comprised only of Michigan-bred horses segregated into a 4-year-old colt trot division, a 4-year-old filly trot division, a 4-year-old colt pace division, and a 4-year-old filly pace division.

(2) The appropriation in part 1 for licensed tracks - light horse racing shall be allocated as follows:

Arabian and Appaloosa horse racing.....	\$	16,800
Quarter horse racing.....		50,500

Sec. 803. Included in the appropriation made in section 110 for the thoroughbred program is \$30,500.00 for the Michigan united thoroughbred breeders and owners association to conduct a thoroughbred yearling show. The Michigan united thoroughbred breeders and owners association shall submit to the department an itemized list of expenses showing that the expenses of the yearling show were paid.

Sec. 804. From the funds appropriated in section 110 for thoroughbred owners' awards, awards shall be distributed pursuant to section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320.

Sec. 805. The department shall notify the senate and house appropriations subcommittees and the fiscal agencies of any planned reductions in appropriations, allocations, or expenditures from the agriculture equine industry development fund no less than 10 days before such reductions are implemented.

Sec. 806. A county fair, district fair, 4-H fair, or state fair receiving funds in section 110 to be used for prizes or awards, in whole or in part, as a condition precedent to the receiving of the funds for those purposes, shall publish the rules relative to the prizes, awards, and deadlines for entries eligible for the funds in their official premium books or lists relative to the prizes or awards. An aggrieved exhibitor may make a written complaint to the fair within 10 days after the fair ends. If the fair has not satisfactorily settled the grievance within 45 days after it is submitted to the fair, the aggrieved person may file the complaint with the department and the department shall investigate the complaint and make a finding of fact regarding the complaint and take appropriate action regarding the complaint.

Sec. 807. Of the amount appropriated in section 110 for purses and supplements - fairs/licensed tracks, a sufficient amount is appropriated to provide for overnight purse supplements pursuant to the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336.

Sec. 808. Of the amount appropriated in section 110 for premiums, \$11,400.00 shall be expended as a grant for the Michigan horse show association - fall youth show.

Sec. 809. From the appropriations for premiums - county and state fairs in section 110, \$120,000.00 shall be awarded through a competitive grant program to local, regional, or state fairs or expositions to promote youth involvement and adult exhibitions in the animal agriculture industry. Appropriate exhibition classes for youth shall be developed that encourage a production exhibit for which premium awards may be paid. The age for youth exhibitors shall be determined by the standards of the association requesting the grant or, if standards do not exist, the age for youth exhibitors shall be ages 9 through 21. Implementation of the latest technologies into the evaluation of the animals shall be encouraged in the production exhibit. Adult exhibitions should focus on the performance or end product, or both, with the appropriate technologies used to enhance placings and the awarding of premiums.

Sec. 810. Expenditures for the Michigan state fair operations from the department shall be limited to the amount appropriated in section 110. The department shall not be responsible for any costs above the appropriated amount unless additional funds are appropriated for this purpose.

Sec. 811. The funds appropriated in section 110 for distribution of outstanding winning tickets are not available for expenditure until they are deposited in the agriculture equine industry development fund pursuant to section 2 of 1951 PA 90, MCL 431.252. These funds shall be expended in accordance with section 2 of 1951 PA 90, MCL 431.252, and only after they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 812. An individual or other entity that leases land, a building, or other property under the Michigan exposition and fairgrounds act, 1978 PA 361, MCL 285.161 to 285.175a, is not eligible for a state grant, loan, appropriation, or other state subsidy related to the leased land, building, or other property.

Sec. 813. (1) On or before January 29, 2004, the department, together with the senate and house fiscal agencies and the department of management and budget, shall estimate the unreserved and unencumbered closing balance of the agriculture equine industry development fund for the fiscal year ending September 30, 2003. The estimate shall consider lapsed appropriations from the fund and any carryforward amounts designated for appropriation in the fiscal year ending September 30, 2003.

(2) On or before February 5, 2004, the department shall request a legislative transfer in accordance with section 393 of the management and budget act, 1984 PA 431, MCL 18.1393, to appropriate any estimated unreserved and unencumbered agriculture equine industry development fund balance in excess of \$250,000.00. The appropriations included in the transfer request shall be in accordance with the requirements of section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320. At the same time the department forwards its transfer request to the department of management and budget, the department shall submit copies of the transfer request to the senate and house appropriations subcommittees on agriculture and the senate and house fiscal agencies.

OFFICE OF RACING COMMISSIONER

Sec. 901. The racing commissioner may pay rewards of not more than \$5,800.00 to a person who provides information that results in the arrest and conviction on a felony or misdemeanor charge for a crime that involves the horse racing industry. A reward paid pursuant to this section shall be paid out of the office of racing commissioner line item.

Second: That the Senate and House agree to the title of the bill to read as follows:

A bill to make appropriations for the department of agriculture for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to require reports, audits, and plans; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by certain state agencies.

Cameron Brown
Ron Jelinek
Conferees for the Senate

Mike Pumford
Howard Walker
Conferees for the House

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 451

Yeas—106

Accavitti	Gaffney	Meyer	Shaffer
Acciavatti	Garfield	Middaugh	Sheen
Adamini	Gielegem	Milosch	Sheltrown
Amos	Gillard	Minore	Shulman
Anderson	Gleason	Moolenaar	Smith
Bieda	Hager	Mortimer	Spade
Bisbee	Hardman	Murphy	Stahl
Bradstreet	Hood	Newell	Stakoe
Brandenburg	Hoogendyk	Nitz	Stallworth
Brown	Hopgood	Nofs	Steil
Byrum	Howell	O'Neil	Stewart
Casperson	Huizenga	Paletko	Tabor
Caswell	Hummel	Palmer	Tobocman
Caul	Hune	Palsrok	Vagnozzi
Cheeks	Hunter	Pappageorge	Van Regenmorter
Clack	Jamnack	Pastor	Voorhees
Condino	Johnson, Rick	Phillips	Walker
Daniels	Johnson, Ruth	Plakas	Ward
Dennis	Julian	Pumford	Waters
DeRoche	Koetje	Reeves	Wenke
DeRossett	Kolb	Richardville	Whitmer

Drolet	Kooiman	Rivet	Williams
Ehardt	LaJoy	Robertson	Wojno
Elkins	LaSata	Rocca	Woodward
Emmons	Law	Sak	Woronchak
Farhat	Lipsey	Shackleton	Zelenko
Farrah	Meisner		

Nays—0

In The Chair: Julian

Senate Bill No. 286, entitled

A bill to make appropriations for the department of consumer and industry services and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the imposition of certain fees; to provide for the disposition of fees and other income received by the state agencies; to provide for reports to certain persons; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The Conference Report was read as follows:

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning

Senate Bill No. 286, entitled

A bill to make appropriations for the department of consumer and industry services and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the imposition of certain fees; to provide for the disposition of fees and other income received by the state agencies; to provide for reports to certain persons; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

Recommends:

First: That the Senate and House agree to the Substitute of the House as passed by the House, amended to read as follows:

A bill to make appropriations for the department of consumer and industry services and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the imposition of certain fees; to provide for the disposition of fees and other income received by the state agencies; to provide for reports to certain persons; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. The amounts listed in this part are appropriated for the department of consumer and industry services, subject to the conditions set forth in this act, for the fiscal year ending September 30, 2004, from the funds identified in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	63.5	
Full-time equated classified positions	3,470.0	
GROSS APPROPRIATION.....		\$ 603,526,200
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers	111,100	
ADJUSTED GROSS APPROPRIATION		\$ 603,415,100
Federal revenues:		
Total federal revenues	283,831,500	

For Fiscal Year
Ending Sept. 30,
2004

Special revenue funds:	
Total local revenues	0
Total private revenues	770,000
Total other state restricted revenues	299,143,800
State general fund/general purpose	\$ 19,669,800
Sec. 102. EXECUTIVE DIRECTION	
Full-time equated unclassified positions	63.5
Full-time equated classified positions	142.0
Unclassified salaries	\$ 5,349,400
Executive director programs—27.0 FTE positions	2,881,400
Policy development—16.0 FTE positions	1,746,800
Utility consumer representation	550,000
Regulatory efficiency improvements/backlog reduction initiative	750,000
MES board of review program—18.0 FTE positions	1,773,900
Bureau of hearings—72.0 FTE positions.....	8,070,800
Energy office—9.0 FTE positions	2,654,200
GROSS APPROPRIATION.....	\$ 23,776,500
Appropriated from:	
Federal revenues:	
DOE-OEERE, multiple grants	2,179,100
DOL-ETA, unemployment insurance	8,518,400
DOL, multiple grants for safety and health	160,300
Special revenue funds:	
Private - oil overcharge.....	30,000
Bank fees	165,200
Boiler fees.....	33,500
Construction code fund	438,800
Consumer finance fees	61,200
Corporation fees.....	2,381,200
Credit union fees.....	112,700
Elevator fees	37,400
Fees and collections/asbestos	11,100
Health professions regulatory fund	1,277,800
Health systems fees and collections	184,300
Insurance regulatory fees	531,900
Licensing and regulation fees.....	742,600
Liquor license fees.....	100,000
Liquor purchase revolving fund	1,594,100
Manufactured housing commission fees.....	147,300
Michigan state housing development authority fees and charges	444,100
Motor carrier fees	36,100
Public utility assessments	1,296,600
Safety education and training fund.....	226,200
Second injury fund.....	82,300
Securities fees.....	2,297,400
Self-insurers security fund	22,300
Silicosis and dust disease fund.....	32,700
Tax tribunal fees	1,100
Utility consumer representation fund	550,000
Worker's compensation administrative revolving fund.....	80,800
State general fund/general purpose	\$ 0
Sec. 103. MANAGEMENT SERVICES	
Full-time equated classified positions	136.0
Administrative services—136.0 FTE positions.....	\$ 9,982,600
Rent	12,884,100

	For Fiscal Year Ending Sept. 30, 2004
Building occupancy charges - property development services.....	12,727,400
Worker's compensation	1,714,000
Special project advances	740,000
GROSS APPROPRIATION.....	\$ 38,048,100
Appropriated from:	
Federal revenues:	
DOL-ETA, unemployment insurance	14,835,100
DOL, multiple grants for safety and health	610,700
Federal funds	418,000
HHS, federal funds	45,600
Special revenue funds:	
Private - special project advances	740,000
Bank fees	439,800
Boiler fee revenue.....	227,600
Construction code fund	1,217,900
Consumer finance fees	162,500
Corporation fees.....	3,120,600
Credit union fees.....	324,500
Elevator fees	242,500
Fees and collections/asbestos	52,600
Fire service fees	62,000
Health professions regulatory fund	963,200
Health systems fees and collections	343,300
Insurance regulatory fees	776,000
Licensing and regulation fees.....	947,500
Licensing fees	5,800
Liquor purchase revolving fund	3,929,300
Manufactured housing commission fees.....	174,300
Michigan state housing development authority fees and charges	3,078,900
Motor carrier fees	209,200
Public utility assessments	1,293,300
Safety education and training fund.....	539,600
Second injury fund.....	185,700
Securities fees.....	2,268,600
Self-insurers security fund	50,800
Silicosis and dust disease fund.....	75,200
Tax tribunal fees	33,100
Worker's compensation administrative revolving fund.....	674,900
State general fund/general purpose	\$ 0
Sec. 104. OFFICE OF FINANCIAL AND INSURANCE SERVICES	
Full-time equated classified positions	254.0
Administration—8.0 FTE positions.....	\$ 2,583,300
Policy conduct and consumer assistance—113.0 FTE positions	12,158,900
Financial evaluation—133.0 FTE positions.....	18,076,100
GROSS APPROPRIATION.....	\$ 32,818,300
Appropriated from:	
Federal revenues:	
Federal funds	50,400
Special revenue funds:	
Bank fees	6,147,300
Consumer finance fees	3,102,000
Credit union fees.....	4,292,200
Insurance continuing education fees.....	700,900
Insurance licensing and regulation fees.....	3,112,000
Insurance regulatory fees	12,721,700
Multiple employer welfare arrangement.....	65,700
Securities fees	2,626,100

	For Fiscal Year Ending Sept. 30, 2004
State general fund/general purpose	\$ 0
Sec. 105. PUBLIC SERVICE COMMISSION	
Full-time equated classified positions	138.0
Administration, planning and regulation—138.0 FTE positions	\$ 16,687,500
Low-income/energy efficiency assistance	57,000,000
GROSS APPROPRIATION	<u>\$ 73,687,500</u>
Appropriated from:	
Federal revenues:	
DOE-OEERE, multiple grants.....	149,000
DOT-RSPA, gas pipeline safety	285,900
Special revenue funds:	
Motor carrier fees	1,856,600
Public utility assessments	14,396,000
Low-income and energy efficiency fund	57,000,000
State general fund/general purpose	\$ 0
Sec. 106. LIQUOR CONTROL COMMISSION	
Full-time equated classified positions	152.0
Management support services—28.0 FTE positions	\$ 2,709,300
Liquor licensing and enforcement—124.0 FTE positions.....	10,968,000
Liquor law enforcement grants.....	6,000,000
Grant to department of agriculture, wine industry council	457,200
GROSS APPROPRIATION	<u>\$ 20,134,500</u>
Appropriated from:	
Special revenue funds:	
Liquor license revenue	11,076,700
Liquor purchase revolving fund	8,600,600
Nonretail liquor license revenue	457,200
State general fund/general purpose	\$ 0
Sec. 107. MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	
Full-time equated classified positions	232.0
Payments on behalf of tenants	\$ 120,000,000
Housing and rental assistance program—232.0 FTE positions	30,337,800
GROSS APPROPRIATION	<u>\$ 150,337,800</u>
Appropriated from:	
Federal revenues:	
HUD, lower income housing assistance program	136,280,900
Special revenue funds:	
Michigan state housing development authority fees and charges	14,056,900
State general fund/general purpose	\$ 0
Sec. 108. TAX TRIBUNAL	
Full-time equated classified positions	12.0
Operations—12.0 FTE positions	\$ 1,276,100
GROSS APPROPRIATION	<u>\$ 1,276,100</u>
Appropriated from:	
Special revenue funds:	
Tax tribunal fees	640,500
State general fund/general purpose	\$ 635,600
Sec. 109. GRANTS	
Fire protection grants.....	\$ 15,839,000
GROSS APPROPRIATION	<u>\$ 15,839,000</u>
Appropriated from:	
Special revenue funds:	
Liquor purchase revolving fund	15,839,000
State general fund/general purpose	\$ 0
Sec. 110. HEALTH REGULATORY SYSTEMS	
Full-time equated classified positions	334.0
Health systems administration—184.0 FTE positions	\$ 17,180,800

	For Fiscal Year Ending Sept. 30, 2004
Emergency medical services program state staff—5.0 FTE positions.....	904,700
Radiological health administration and projects—25.0 FTE positions	2,023,600
Substance abuse program administration—4.0 FTE positions	397,900
Emergency medical services grants and contracts	1,046,200
Health services—116.0 FTE positions	14,207,000
GROSS APPROPRIATION.....	\$ 35,760,200
Appropriated from:	
Federal revenues:	
Federal funds	12,952,400
Special revenue funds:	
Pain management education and controlled substances, electronic monitoring and antidiversion fund	1,362,300
Health professions regulatory fund	11,333,700
Health systems fees and collections	4,468,500
Nurse professional fund	823,100
State general fund/general purpose	\$ 4,820,200
Sec. 111. REGULATORY SERVICES	
Full-time equated classified positions	219.0
AFC, children’s welfare and day care licensure—219.0 FTE positions	\$ 22,980,300
GROSS APPROPRIATION.....	\$ 22,980,300
Appropriated from:	
Federal revenues:	
HHS, federal funds	11,093,700
Special revenue funds:	
Health systems fees and collections	94,200
Licensing fees	490,500
State general fund/general purpose	\$ 11,301,900
Sec. 112. OCCUPATIONAL REGULATION	
Full-time equated classified positions	389.0
Commissions and boards.....	\$ 49,700
Code enforcement—157.0 FTE positions	13,757,800
Boiler inspection program—23.0 FTE positions	2,195,200
Elevator inspection program—27.0 FTE positions	2,280,400
Commercial services—149.0 FTE positions.....	13,993,400
Local manufactured housing communities inspections.....	250,000
Manufactured housing and land resources program—22.0 FTE positions	2,625,000
Property development group—11.0 FTE positions	1,338,700
Remonumentation grants.....	6,000,000
GROSS APPROPRIATION.....	\$ 42,490,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG from department of community health, inspection contract.....	111,100
Federal revenues:	
Federal funds	872,300
Special revenue funds:	
Boiler fee revenue.....	2,344,000
Construction code fund	13,164,000
Corporation fees.....	4,837,100
Elevator fees	2,389,800
Homeowner construction lien recovery fund.....	1,532,800
Licensing and regulation fees.....	7,843,100
Limited liability partnership revenue	10,000
Manufactured housing commission fees.....	2,276,900
Property development fees	241,300
Remonumentation fees	6,605,300
Real estate appraiser continuing education fund	45,000
Real estate education fund	217,500
State general fund/general purpose	\$ 0

For Fiscal Year
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2004

Sec. 113. EMPLOYMENT RELATIONS	
Full-time equated classified positions	25.0
Fact finding and arbitration.....	\$ 144,300
Employment and labor relations—25.0 FTE positions	2,919,400
GROSS APPROPRIATION	\$ 3,063,700
Appropriated from:	
Federal revenues:	
EEOC, federal funds	10,000
State general fund/general purpose	\$ 3,053,700
Sec. 114. SAFETY AND REGULATION	
Full-time equated classified positions	229.0
Commissions and boards.....	\$ 21,400
Subgrantees.....	1,226,900
Occupational safety and health—229.0 FTE positions	21,209,800
GROSS APPROPRIATION	\$ 22,458,100
Appropriated from:	
Federal revenues:	
DOL, multiple grants for safety and health.....	10,366,100
Special revenue funds:	
Corporate fees.....	1,851,300
Fees and collections/asbestos.....	704,300
Licensing and regulation fees.....	1,000,000
Safety education and training fund.....	6,685,300
Securities fees.....	1,851,100
State general fund/general purpose	\$ 0
Sec. 115. BUREAU OF WORKER'S AND UNEMPLOYMENT COMPENSATION	
Full-time equated classified positions	1,208.0
Administration—96.6 FTE positions.....	\$ 8,130,100
Appellate commission administration—11.4 FTE positions	435,300
Board of magistrates administration—8.0 FTE positions	1,916,900
Employment standards enforcement—31.0 FTE positions	2,194,300
Insurance funds administration—28.0 FTE positions	5,500,800
Supplemental benefit fund	1,300,000
Grant to department of career development, hire the handicapped program.....	50,000
Unemployment programs—955.7 FTE positions	67,980,300
Advocacy assistance program—8.0 FTE positions.....	1,500,000
Special audit and collections program—34.0 FTE positions	2,245,900
Training program for agency staff—2.1 FTE positions	1,756,400
Expanded fraud control program—33.2 FTE positions	2,566,200
GROSS APPROPRIATION	\$ 95,576,200
Appropriated from:	
Federal revenues:	
DOL-ETA, employment and training administration.....	529,200
DOL, unemployment insurance.....	69,786,100
Federal Reed act funds.....	4,233,500
Special revenue funds:	
Corporation fees.....	1,661,400
Contingent fund, penalty and interest account	9,388,400
Licensing and regulation fees.....	650,000
Second injury fund.....	3,021,500
Securities fees.....	1,661,400
Self-insurers security fund	1,386,500
Silicosis and dust disease fund.....	1,142,800
Worker's compensation administrative revolving fund.....	2,115,400
State general fund/general purpose	\$ 0

For Fiscal Year
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2004

Sec. 116. INFORMATION TECHNOLOGY

Information technology services and projects	\$ 25,479,700
GROSS APPROPRIATION	\$ 25,479,700
Appropriated from:	
Federal revenues:	
DOL-ETA, unemployment insurance	10,360,300
DOL, multiple grants for safety and health	38,000
Federal funds	56,500
Special revenue funds:	
Bank fees	223,800
Boiler fee revenue	94,300
Construction code fund	724,600
Consumer finance fees	85,800
Contingent fund, penalty and interest account	122,800
Corporation fees.....	1,672,100
Credit union fees.....	157,900
Elevator fees	89,800
Fees and collections/asbestos	17,500
Health professions regulatory fund	484,800
Health systems fees and collections	244,500
Insurance regulatory fees	471,700
Licensing and regulation fees.....	979,700
Liquor purchase revolving fund	4,270,300
Manufactured housing commission fees.....	47,500
Michigan state housing development authority fees and charges	1,182,400
Motor carrier fees	164,700
Public utility assessments	1,092,200
Safety education and training fund.....	178,200
Second injury fund.....	215,300
Securities fees.....	1,410,900
Self-insurers security fund	76,800
Silicosis and dust disease fund.....	99,600
Worker's compensation administrative revolving fund.....	859,300
State general fund/general purpose	\$ 58,400

Sec. 117. ADMINISTRATIVE SAVINGS

Administrative savings.....	\$ (200,000)
GROSS APPROPRIATION	\$ (200,000)
Appropriated from:	
State general fund/general purpose	\$ (200,000)

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

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 2003-2004 is \$318,813,600.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$29,315,900.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

Fire protection grants	\$ 15,839,000
Liquor law enforcement	6,000,000
Local manufactured housing inspections.....	250,000
Re monumentation grants.....	6,000,000
Subgrantees.....	1,226,900
Total department of consumer and industry services	\$ 29,315,900

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.

Sec. 203. As used in this appropriation act:

- (a) "AFC" means adult foster care.
- (b) "Department" means the department of consumer and industry services.
- (c) "DOE" means the United States department of energy.
- (d) "DOE-OEERE" means the DOE office of energy efficiency and renewable energy.
- (e) "DOL" means the United States department of labor.
- (f) "DOL-ETA" means the DOL employment and training administration.
- (g) "DOT" means the United States department of transportation.
- (h) "DOT-RSPA" means the DOT research and special programs administration.
- (i) "EEOC" means equal employment opportunity commission.
- (j) "Fiscal agencies" means Michigan house fiscal agency and Michigan senate fiscal agency.
- (k) "FTE" means full-time equated.
- (l) "HHS" means the United States department of health and human services.
- (m) "HUD" means the United States department of housing and urban development.
- (n) "IDG" means interdepartmental grant.
- (o) "MES" means Michigan employment security.
- (p) "Subcommittees" means all members of the subcommittees of the house and senate appropriations committees with jurisdiction over the budget for the department.

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.

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 or state classified civil service positions funded fully by federal funds.

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

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

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on the Internet or Intranet site.

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

Sec. 210. The director of each department receiving appropriations in part 1 is encouraged to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director will strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

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

Sec. 212. 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 and records.

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

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

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

Sec. 301. The appropriation in part 1 for fire protection grants from the liquor purchase revolving fund shall be appropriated to cities, villages, and townships with state-owned facilities for fire services, instead of taxes, in accordance with 1977 PA 289, MCL 141.951 to 141.956.

Sec. 302. The funds collected by the office of financial and insurance services in connection with a conservatorship pursuant to section 32 of the mortgage brokers, lenders, and servicers licensing act, 1987 PA 173, MCL 445.1682, shall be appropriated for all expenses necessary to provide for the required services. Funds are available for expenditure when they are received by the department of treasury and shall not lapse to the general fund at the end of the fiscal year.

Sec. 303. The funds collected by the department from corporations being liquidated pursuant to the insurance code of 1956, 1956 PA 218, MCL 500.100 to 500.8302, shall be appropriated for all expenses necessary to provide for the required services. Funds are available for expenditure when they are received by the department of treasury and shall not lapse to the general fund at the end of the fiscal year.

Sec. 304. The department may make available to interested entities otherwise unavailable customized listings of nonconfidential information in its possession, such as names and addresses of licensees, and charge for this information as follows: base fee for 1 to 1,000 records at the cost to the department; 1,001 to 10,000 records at 2.5 cents per record; and 10,001 or more records at .5 cents per record. The revenue received from this service may be used to offset expenses of programs as appropriated in part 1. The balance of this revenue collected and unexpended at the end of the fiscal year shall revert to the appropriate restricted revenue account or fund or, in absence of such an account or fund, to the general fund. The department shall submit an annual report on or before December 1 of each year to the state budget office and the subcommittees that states the amount of revenue received from the sale of information.

Sec. 306. The Michigan state housing development authority shall annually present a report to the state budget office and the subcommittees on the status of the authority's housing production goals under all financing programs established or administered by the authority. The report shall give special attention to efforts to raise affordable multifamily housing production goals.

Sec. 307. The department shall assess and collect fees in the licensing and regulation of child care organizations as defined in 1973 PA 116, MCL 722.111 to 722.128, and adult foster care facilities as defined in the adult foster care facility licensing act, 1979 PA 218, MCL 400.701 to 400.737. Fees collected by the department shall be used exclusively for the purpose of licensing and regulating child care organizations and adult foster care facilities.

Sec. 308. The funds collected by the department for licenses, permits, and other elevator regulation fees set forth in R 408.8151 of the Michigan administrative code and as determined under section 8 of 1976 PA 333, MCL 338.2158, and section 16 of 1967 PA 227, MCL 408.816, that are unexpended at the end of the fiscal year shall carry forward to the subsequent fiscal year. The department shall submit a report on an annual basis to the state budget office and the subcommittees on the amount of funds available under this section.

Sec. 309. If the revenue collected by the department for occupational safety and health, health systems administration, or radiological health administration and projects from fees and collections exceeds the amount appropriated in part 1, the revenue may be carried forward into the subsequent fiscal year. The revenue carried forward under this section shall be used as the first source of funds in the subsequent fiscal year.

Sec. 310. Money appropriated under this act for fire safety programs shall not be expended unless, in accordance with section 2c of the fire prevention code, 1941 PA 207, MCL 29.2c, inspection and plan review fees will be charged according to the following schedule:

<u>Operation and maintenance inspection fee</u>		
<u>Facility type</u>	<u>Facility size</u>	<u>Fee</u>
Hospitals	Any	\$8.00 per bed
<u>Plan review and construction inspection fees for hospitals and schools</u>		
<u>Project cost range</u>		<u>Fee</u>
\$101,000.00 or less		minimum fee of \$155.00
\$101,001.00 to \$1,500,000.00		\$1.60 per \$1,000.00
\$1,500,001.00 to \$10,000,000.00		\$1.30 per \$1,000.00
\$10,000,001.00 or more		\$1.10 per \$1,000.00
or a maximum fee of \$60,000.00.		

Sec. 311. The department shall furnish the clerk of the house, the secretary of the senate, the state budget office, and all members of the house and senate appropriations committees with a summary of any evaluation reports and subsequent approvals or disapprovals of juvenile residential facilities operated by the family independence agency, as required by section 6 of 1973 PA 116, MCL 722.116. If no evaluations are conducted during the fiscal year, the department shall notify the fiscal agencies and all members of the appropriate subcommittees of the house and senate appropriations committees.

Sec. 312. (1) From the amount appropriated in part 1 to health systems administration, the department shall provide funding for not less than 113 inspectors to annually survey and investigate the care and services delivered in nursing homes, county medical care facilities, and hospital long-term care units in accordance with provisions in the public health code, 1978 PA 368, MCL 333.1101 to 333.25211, and federal Medicare and Medicaid certification standards.

(2) The department, in keeping with the severity of the allegations, shall investigate complaints alleging poor care and services occurring on nights or weekends in nursing homes, county medical care facilities, and hospital long-term care units by conducting on-site investigations on nights or weekends.

Sec. 313. If the revenue collected by the department from licensing and regulation fees exceeds the amount appropriated in part 1, the revenue may be carried forward into the subsequent fiscal year. The revenue carried forward under this section shall be used as the first source of funds in the subsequent fiscal year.

Sec. 314. Funds earned or authorized by the United States department of labor in excess of the gross appropriation in part 1 for the bureau of worker's and unemployment compensation from the United States department of labor are appropriated and may be expended for staffing and related expenses incurred in the operation of its programs. These funds may be spent after the department notifies the state budget office and the subcommittees of the purpose and amount of each grant award.

Sec. 315. The department shall sell documents at a price not to exceed the cost of production and distribution. Money received from the sale of these documents shall revert to the department. The funds are available for expenditure when they are received by the department of treasury and may only be used for costs directly related to the continued updating and distribution of the documents pursuant to this section. This section applies only for the following documents:

(a) Corporation and securities division documents, reports, and papers required or permitted by law pursuant to section 1060(5) of the business corporation act, 1972 PA 284, MCL 450.2060.

(b) The subdivision control manual, the state boundary commission operations manual, and other local government assistance manuals.

(c) The Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1101 to 436.2303.

(d) The mobile home commission act, 1987 PA 96, MCL 125.2301 to 125.2349; the business corporation act, 1972 PA 284, MCL 450.1101 to 450.2098; the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192; and the uniform securities act, 1964 PA 265, MCL 451.501 to 451.818.

(e) Labor law books.

(f) Worker's compensation health care services rules.

(g) Minimum design standards for health care facilities.

(h) Construction code manuals.

(i) Copies of transcripts from administrative law hearings.

Sec. 316. The department shall provide electronic notification to the state budget office, the fiscal agencies, and the subcommittees on April 30 and October 31 on the initial and follow-up surveys conducted on all nursing homes in this state. The notification shall contain the location of the Internet site where the report is posted. The report shall include all of the following information:

(a) The number of surveys conducted.

(b) The number requiring follow-up surveys.

(c) The number referred to the Michigan public health institute for remediation.

(d) The number of citations per home.

(e) The number of night and weekend complaints filed.

(f) The number of night and weekend responses to complaints conducted by the department.

(g) The average length of time for the department to respond to a complaint filed against a nursing home.

(h) The number and percentage of citations appealed.

(i) The number and percentage of citations overturned and/or modified.

Sec. 317. The department, bureau of safety and regulation, shall provide an annual report by February 1 of each year to the state budget office, the fiscal agencies, and the subcommittees on the number of individuals killed and the number of individuals injured on the job within industries regulated by the bureau during the most recent year for which data are available.

Sec. 318. The department shall report by November 1 to the state budget office, the legislature, and the fiscal agencies the status of the nursing home complaint investigation backlog.

Sec. 319. As a condition for receiving the general fund/general purpose appropriations in part 1 for health systems administration, the department shall provide assistance to any person making an oral request for a nursing home investigation in putting his or her request into writing, shall initiate investigations on all written nursing home complaints filed with the department within 15 days of receipt of the complaint, and shall provide a written response to the complainant within 30 days of receipt of the written complaint.

Sec. 320. The bureau of worker's and unemployment compensation, during its transition to the remote initial claims system, may operate a sufficient number of unemployment agency offices, including itinerant or satellite offices,

within Michigan's Upper Peninsula to ensure that the citizens of the Upper Peninsula can access these offices without excessive travel or, in cases where unemployment claims are filed or renewed by phone, without excessive long-distance toll charges.

Sec. 321. The department shall continue to work with grantees supported through the appropriation in part 1 for emergency medical services grants and contracts to ensure that a sufficient number of qualified emergency medical services personnel exist to serve rural areas of the state.

Sec. 322. From the funds appropriated in part 1 for utility consumer representation, the department shall produce and facilitate the airing of public service announcements that inform utility customers of the availability and purpose of these funds. The utility consumer participation board shall report to the subcommittees, fiscal agencies, and state budget office by September 30 on its efforts in this area, including the amount of expenditures made for this purpose.

Sec. 323. (1) The department in consultation with nursing home provider groups, the department of community health, the state long-term care ombudsman, and the federal health care finance administration shall continue to work to clarify the following terms as those terms are used in title XVIII and title XIX and applied by the department to provide more consistent regulation of nursing homes in Michigan:

- (a) Immediate jeopardy.
- (b) Harm.
- (c) Potential harm.
- (d) Avoidable.
- (e) Unavoidable.

(2) The department shall semiannually provide for joint training with nursing home surveyors and providers on at least 1 of the 10 most frequently issued federal citations in this state during the past calendar year. The department shall provide a mechanism to measure the effect of the training and shall report to the legislature and the state budget office on the effect of the training by January 15.

Sec. 324. The bureau of worker's and unemployment compensation shall work collaboratively with the department of career development to ensure each 1-stop center has the ability to assist individuals or respond to inquiries regarding unemployment benefits and the remote initial claims system.

Sec. 325. (1) The department shall post on the Internet the executive summary of the latest inspection for each licensed nursing home.

(2) The department shall work toward posting inspection summaries for licensed day care centers on the Internet.

Sec. 327. When hiring any new nursing home inspectors funded through appropriations in part 1, the department shall make every effort to hire individuals with past experience in the long-term care industry.

Sec. 329. It is the intent of the legislature that the funds appropriated in part 1 for the nurse scholarship program, established in section 16315 of the public health code, 1978 PA 368, MCL 333.16315, are used to increase the number of nurses practicing in Michigan. The board of nursing is encouraged to structure scholarships funded under this act in a manner that rewards recipients who practice nursing in Michigan. In addition, it is the intent of the legislature that the department and the board of nursing work cooperatively with the Michigan higher education assistance authority to identify and monitor the location in which scholarship recipients practice nursing.

Sec. 330. (1) The bureau of worker's and unemployment compensation shall include in the remote initial claims center (RICCS) automated phone system a choice to speak with an employee of the unemployment agency as an option. This option should be provided in the system as early as possible as deemed appropriate in the system design. The department shall monitor the system to ensure compliance with these guidelines.

(2) The bureau of worker's and unemployment compensation should continue to provide training opportunities to employees affected with the implementation of the RICCS.

Sec. 331. Nursing facilities shall report in the quarterly staff report to the department, the total patient care hours provided each month, by state licensure and certification classification, and the percentage of pool staff, by state licensure and certification classification, used each month during the preceding quarter. The department shall make available to the public, the quarterly staff report compiled for all facilities including the total patient care hours and the percentage of pool staff used, by classification.

Sec. 332. It is the intent of the legislature that the department make every effort to hold administrative law hearings on actions initiated by the department against regulated businesses or against individuals in regulated occupations in locations that are within 150 miles of the regulated business or of the office of the individual in a regulated occupation. In addition, it is the intent of the legislature that the department make every effort to hold administrative law hearings on actions initiated by an individual outside the department in locations within 150 miles of the home of the individual bringing the action if that individual wishes to testify at the hearing.

Sec. 335. (1) The public service commission shall report by June 1 of each year to the subcommittees, the state budget office, and the fiscal agencies on the distribution of funds appropriated in part 1 for the low-income/energy efficiency assistance program.

(2) Of the funds appropriated in part 1 for low-income/energy efficiency assistance, \$3,000,000.00 shall be allocated to community action agencies across the state to support shut-off protection programs for low-income individuals.

Funds shall be distributed to the community action agencies no later than November 1 of each year. The community action agencies shall abide by any reporting and monitoring requirements imposed by the public service commission on other grant recipients receiving funding through this program.

Sec. 336. The department shall provide the subcommittees, fiscal agencies, and state budget director with a report on or before December 1 outlining actual expenditures for the last completed fiscal year for each division within the office of financial and insurance services.

Sec. 337. The department shall work cooperatively with the family independence agency and with representatives from the Michigan federation of private child and family agencies to form a licensing and contract compliance review team pilot to coordinate and conduct joint reviews of 1 child placing agency and 1 child caring institution between October 1 and February 1. The Michigan federation of private child and family agencies will survey team participants and involved agencies regarding the process and provide feedback to the department. The department shall report during the annual budget presentation to the subcommittees regarding pilot outcomes.

Sec. 340. The office of financial and insurance services shall provide copies of the quarterly and annual financial filings of health maintenance organizations to the senate and house fiscal agencies on a timely basis.

Sec. 347. Of the funds appropriated in part 1 for the fire protection grants, \$12,128,500.00 of this funding is contingent upon statutory changes that would increase the deposit into the liquor purchase revolving fund.

Sec. 348. It is the intent of the legislature that the next vacancy on the worker's compensation board of magistrates be filled by an individual that is a permanent resident in the Upper Peninsula.

Sec. 349. It is the intent of the legislature that the department and the Michigan state housing development authority work collaboratively with other state departments and agencies to maximize the use of available Michigan state housing development authority fund equity to provide senior assisted living that offers a continuum of care from independent apartments to assisted living to nursing care and Alzheimer programs.

Sec. 350. (1) The department shall allocate funds to promote awareness of the right of a policyholder, subscriber, member, enrollee, or other individual participating in a health benefit plan, after the covered person has exhausted the health carrier's internal grievance process provided for by law, to request an external review for an adverse determination.

(2) As used in this section, "covered person" means that term as defined in section 3 of the patient's right to independent review act, 2000 PA 251, MCL 550.1903.

Sec. 351. (1) The department shall issue a report to the subcommittees by the end of each calendar year, but not later than December 31 of each year, showing the date each real estate continuing education course was submitted for approval and the date of final disposition, approval, or denial.

(2) The department shall post on its website the approved real estate continuing education courses, as well as the dates, times, instructors, locations, and credit hours of the courses.

(3) The department shall have available to the public the prelicensure and continuing education course approvals. The information described in this subsection shall be available online not later than November 15, 2003.

(4) It is the intent of the legislature that sponsors of continuing education be able to report an applicant's or licensee's completion of courses to the department via electronic methods and such reporting procedure shall be in place not later than the end of fiscal year 2004.

Sec. 352. From the funds appropriated in part 1 for unclassified salaries, the department shall provide funding for 4 worker's compensation appellate commissioners and 27.5 worker's compensation board of magistrates. Expenditures shall be made so that the 2 bodies shall decide worker's compensation cases in a timely manner.

Sec. 355. If federal funds become available to support a lead testing program, the department shall, before issuing a license for a day care facility and as part of licensing review and facility inspection, inspect for the presence of lead and lead-based paint in that facility.

Second: That the Senate and House agree to the title of the bill to read as follows:

A bill to make appropriations for the department of consumer and industry services and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the imposition of certain fees; to provide for the disposition of fees and other income received by the state agencies; to provide for reports to certain persons; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

Valde Garcia
Bill Hardiman
Conferees for the Senate

Marc Shulman
Glenn Steil, Jr.
Conferees for the House

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 452

Yeas—101

Accavitti	Gillard	Middaugh	Sheen
Acciavatti	Gleason	Minore	Sheltrown
Adamini	Hager	Moolenaar	Shulman
Amos	Hardman	Mortimer	Smith
Anderson	Hood	Murphy	Spade
Bieda	Hoogendyk	Newell	Stahl
Bisbee	Hopgood	Nitz	Stakoe
Brown	Howell	Nofs	Stallworth
Byrum	Huizenga	O'Neil	Steil
Casperson	Hune	Paletko	Stewart
Caul	Hunter	Palmer	Tabor
Cheeks	Jamnick	Palsrok	Tobocman
Clack	Johnson, Rick	Pappageorge	Vagnozzi
Condino	Johnson, Ruth	Pastor	Van Regenmorter
Daniels	Julian	Phillips	Voorhees
Dennis	Koetje	Plakas	Walker
DeRoche	Kolb	Pumford	Ward
DeRossett	Kooiman	Reeves	Waters
Ehardt	LaJoy	Richardville	Wenke
Elkins	LaSata	Rivet	Whitmer
Emmons	Law	Robertson	Williams
Farhat	Lipsey	Rocca	Wojno
Farrah	McConico	Sak	Woodward
Gaffney	Meisner	Shackleton	Woronchak
Garfield	Meyer	Shaffer	Zelenko
Gielegem			

Nays—6

Bradstreet	Caswell	Hummel	Milosch
Brandenburg	Drolet		

In The Chair: Julian

Senate Bill No. 277, entitled

A bill to make appropriations for the department of state police and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for certain reports and the consideration of those reports; to provide for the disposition of other income received by the various state agencies; to provide for the testing of certain persons; to provide for certain emergency powers; and to provide for the powers and duties of certain committees, certain state agencies, and certain employees.

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The Conference Report was read as follows:

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **Senate Bill No. 277, entitled**

A bill to make appropriations for the department of state police and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for certain reports and the consideration of those reports; to provide for the disposition of other income received by the various state agencies; to provide for the testing of certain persons; to provide for certain emergency powers; and to provide for the powers and duties of certain committees, certain state agencies, and certain employees.

Recommends:

First: That the Senate and House agree to the Substitute of the House as passed by the House, amended to read as follows:

A bill to make appropriations for the department of state police and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for certain reports and the consideration of those reports; to provide for the disposition of other income received by the various state agencies; to provide for the testing of certain persons; to provide for certain emergency powers; and to provide for the powers and duties of certain committees, certain state agencies, and certain employees.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of state police for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF STATE POLICE

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	3.0	
Full-time equated classified positions	2,987.0	
GROSS APPROPRIATION		\$ 460,898,900
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		17,885,100
ADJUSTED GROSS APPROPRIATION		\$ 443,013,800
Federal revenues:		
Total federal revenues		103,892,300
Special revenue funds:		
Total local revenues		4,506,600
Total private revenues		10,000
Total other state restricted revenues		86,963,400
State general fund/general purpose		\$ 247,641,500

Sec. 102. EXECUTIVE DIRECTION

Full-time equated unclassified positions	3.0	
Full-time equated classified positions	36.0	
Unclassified positions		\$ 258,500
Executive direction—29.0 FTE positions		3,148,900
Auto theft prevention program—7.0 FTE positions		7,065,000
GROSS APPROPRIATION		\$ 10,472,400

Appropriated from:

Special revenue funds:		
Auto theft prevention fund		7,065,000
State general fund/general purpose		\$ 3,407,400

Sec. 103. DEPARTMENTWIDE APPROPRIATIONS

Special maintenance and utilities		\$ 479,400
Rent and building occupancy charges		8,216,000
Worker's compensation		3,174,000
Fleet leasing		15,169,200
In-service training		850,000
Narcotics investigation funds		265,000
GROSS APPROPRIATION		\$ 28,153,600

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Interdepartmental grant revenues:	
IDT, Michigan justice training fund	850,000
Federal revenues:	
Federal narcotics investigation revenues	95,000
Special revenue funds:	
Narcotics investigation revenues	170,000
State general fund/general purpose	\$ 27,038,600
Sec. 104. SUPPORT SERVICES	
Full-time equated classified positions	130.0
Human resources—34.0 FTE positions	\$ 2,183,800
Management services—46.0 FTE positions.....	3,416,000
Training administration—41.0 FTE positions.....	4,544,200
Communications—9.0 FTE positions	5,968,300
GROSS APPROPRIATION	\$ 16,112,300
Appropriated from:	
Interdepartmental grant revenues:	
IDT, auto theft funds	21,000
IDG, training academy charges	2,726,400
Special revenue funds:	
Local - LEIN fees	31,900
Precision driving track fees.....	264,100
Narcotics investigation revenues	40,600
Motor carrier fees	125,500
State general fund/general purpose	\$ 12,902,800
Sec. 105. HIGHWAY SAFETY PLANNING	
Full-time equated classified positions	23.0
State program planning and administration—12.0 FTE positions.....	\$ 1,111,000
Grants to local governments and nonprofit organizations.....	4,500,000
Secondary road patrol program—1.0 FTE positions.....	14,006,600
Truck safety program—2.0 FTE positions.....	2,983,800
Highway traffic safety coordination—8.0 FTE positions	5,949,700
GROSS APPROPRIATION	\$ 28,551,100
Appropriated from:	
Federal revenues:	
DOT	10,492,000
DOJ	560,000
Special revenue funds:	
Truck driver safety fund.....	2,983,800
Secondary road patrol and training fund	14,006,600
State general fund/general purpose	\$ 508,700
Sec. 106. CRIMINAL JUSTICE INFORMATION CENTER	
Full-time equated classified positions	94.0
Criminal justice information center division—77.0 FTE positions.....	\$ 7,248,900
Criminal records improvement—1.0 FTE positions	4,726,200
Traffic safety—16.0 FTE positions	1,510,800
GROSS APPROPRIATION	\$ 13,485,900
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDOS.....	315,900
IDG-MDOT, state trunkline fund	336,900
Federal revenues:	
DOJ.....	4,726,200
DOT.....	388,500
Special revenue funds:	
Criminal justice information center service fees	5,954,300
State general fund/general purpose	\$ 1,764,100

	For Fiscal Year Ending Sept. 30, 2004
Sec. 107. FORENSIC SCIENCES	
Full-time equated classified positions	207.0
Laboratory operations—175.0 FTE positions	\$ 16,978,100
DNA analysis program—32.0 FTE positions	7,393,800
GROSS APPROPRIATION	\$ 24,371,900
Appropriated from:	
Federal revenues:	
DOJ	3,442,900
Special revenue funds:	
Forensic science reimbursement fees	1,626,400
State forensic laboratory fund	1,500,000
State general fund/general purpose	\$ 17,802,600
Sec. 108. MICHIGAN COMMISSION ON LAW ENFORCEMENT STANDARDS	
Full-time equated classified positions	28.0
Standards and training—22.0 FTE positions	\$ 2,174,800
Training only to local units—2.0 FTE positions	690,000
Concealed weapons enforcement training	140,000
Officer's survivor tuition program	48,800
Justice training grants—4.0 FTE positions	9,032,000
GROSS APPROPRIATION	\$ 12,085,600
Appropriated from:	
Federal revenues:	
DOJ	360,000
Special revenue funds:	
Secondary road patrol and training fund	690,000
Concealed weapons enforcement fee	140,000
Michigan justice training fund	9,032,000
Licensing fees	50,000
State general fund/general purpose	\$ 1,813,600
Sec. 109. FIRE MARSHAL	
Full-time equated classified positions	49.0
Fire marshal programs—40.0 FTE positions	\$ 3,832,000
Fire investigation training to locals	50,500
Fire fighters training council—9.0 FTE positions	1,558,600
GROSS APPROPRIATION	\$ 5,441,100
Appropriated from:	
Federal revenues:	
FEMA	150,000
DOT	85,000
State general fund/general purpose	\$ 5,206,100
Sec. 110. EMERGENCY MANAGEMENT	
Full-time equated classified positions	49.0
Emergency management planning and administration—32.0 FTE positions	\$ 2,869,000
Grants to local government	2,182,100
FEMA program assistance—3.0 FTE positions	962,300
Nuclear power plant emergency planning—6.0 FTE positions	1,209,200
Hazardous materials transportation—1.0 FTE positions	579,200
Hazardous materials programs—7.0 FTE positions	61,583,800
GROSS APPROPRIATION	\$ 69,385,600
Appropriated from:	
Federal revenues:	
FEMA	4,664,100
DOT	579,200
DOJ	60,000,000
Special revenue funds:	
Nuclear plant emergency planning reimbursement	1,209,200

	For Fiscal Year Ending Sept. 30, 2004
Hazardous materials training center fees.....	1,253,800
State general fund/general purpose	\$ 1,679,300
Sec. 111. UNIFORM SERVICES	
Full-time equated classified positions	1,720.0
Uniform services—555.0 FTE positions	\$ 46,581,700
Security guards—15.0 FTE positions	899,100
Reimbursed services	1,983,000
At-post troopers—1,150.0 FTE positions	110,185,300
GROSS APPROPRIATION.....	\$ 159,649,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDMB, building occupancy charges	610,100
Federal revenues:	
DOJ.....	1,500,000
Special revenue funds:	
Highway safety fund.....	13,284,700
Traffic law enforcement and safety fund.....	20,000,000
State police service fees.....	1,983,000
State general fund/general purpose	\$ 122,271,300
Sec. 112. SPECIAL OPERATIONS	
Full-time equated classified positions	50.0
Operational support—35.0 FTE positions	\$ 2,776,200
Traffic services—10.0 FTE positions	3,091,100
Aviation program—5.0 FTE positions.....	1,498,600
GROSS APPROPRIATION.....	\$ 7,365,900
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDOC, contract.....	77,200
Federal revenues:	
DOT.....	1,500,000
Special revenue funds:	
Private donations	10,000
Rental of department aircraft	159,300
Drunk driving prevention and training fund.....	969,700
State general fund/general purpose	\$ 4,649,700
Sec. 113. CRIMINAL INVESTIGATIONS	
Full-time equated classified positions	401.0
Criminal investigations—298.0 FTE positions	\$ 30,640,600
Federal antidrug initiatives—62.0 FTE positions	10,077,200
Reimbursed services, materials, and equipment	2,532,900
Auto theft prevention—9.0 FTE positions.....	1,366,000
Casino gaming oversight—32.0 FTE positions	3,513,000
GROSS APPROPRIATION.....	\$ 48,129,700
Appropriated from:	
Interdepartmental grant revenues:	
IDT, auto theft funds.....	1,104,000
IDG-MDTR, casino gaming fees.....	3,513,000
IDG-MDCH, tobacco tax	610,000
Federal revenues:	
Federal investigations - reimbursed services	719,700
DOJ.....	7,506,700
Federal narcotics investigation revenues	380,800
Special revenue funds:	
Local - reimbursed services	1,813,200
Narcotics investigation revenues.....	543,000
Forfeiture funds	269,500
State general fund/general purpose	\$ 31,669,800

For Fiscal Year
Ending Sept. 30,
2004

Sec. 114. MOTOR CARRIER ENFORCEMENT

Full-time equated classified positions	200.0	
Motor carrier enforcement—124.0 FTE positions		\$ 8,725,900
Truck safety enforcement team operations—15.0 FTE positions.....		1,132,100
Safety inspections—43.0 FTE positions.....		6,928,500
School bus inspections—14.0 FTE positions		1,146,300
Safety projects—4.0 FTE positions.....		1,170,100
GROSS APPROPRIATION.....		\$ 19,102,900

Appropriated from:

Interdepartmental grant revenues:

IDT, truck safety fund.....		1,132,100
IDG-MDOT, state trunkline fund		6,483,200

Federal revenues:

DOT.....		6,712,600
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Special revenue funds:

Motor carrier fees		3,628,700
State general fund/general purpose	\$	1,146,300

Sec. 115. INFORMATION TECHNOLOGY

Information technology services and projects	\$	18,591,800
GROSS APPROPRIATION.....	\$	18,591,800

Appropriated from:

Interdepartmental grant revenues:

IDT-MDTR, casino gaming fees		72,100
IDG-MDOT, state trunkline fund		33,200

Federal revenues:

DOT.....		29,600
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Special revenue funds:

Local - LEIN fees		2,628,500
Local - AFIS fees.....		33,000
Motor carrier fees		14,200
State general fund/general purpose	\$	15,781,200

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

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 2003-2004 is \$334,604,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$20,302,758.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF STATE POLICE

OFFICE OF HIGHWAY SAFETY PLANNING

Secondary road patrol program	\$	13,881,500
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COMMISSION ON LAW ENFORCEMENT STANDARDS

Training only to local units.....	\$	522,500
Justice training grants		5,575,258

FIRE MARSHAL

Fire fighters training council.....	\$	273,000
Fire investigation training for locals		50,500
Total.....	\$	20,302,758

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.

Sec. 203. As used in this act:

- (a) "AFIS" means the automated fingerprint identification system.
- (b) "Department" means the department of state police.
- (c) "DNA" means deoxyribonucleic acid.
- (d) "DOJ" means the United States department of justice.
- (e) "DOT" means the United States department of transportation.

- (f) "FEMA" means the federal emergency management agency.
- (g) "FTE" means full-time equated.
- (h) "IDG" means interdepartmental grant.
- (i) "IDT" means intradepartmental transfer.
- (j) "LEIN" means law enforcement information network.
- (k) "MCOLES" means the Michigan commission on law enforcement standards.
- (l) "MDCH" means the Michigan department of community health.
- (m) "MDMB" means the Michigan department of management and budget.
- (n) "MDOC" means the Michigan department of corrections.
- (o) "MDOS" means the Michigan department of state.
- (p) "MDOT" means the Michigan department of transportation.
- (q) "MDTR" means the Michigan department of treasury.

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.

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

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report by the last business day of each month 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 month and the justification for the exception.

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

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

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

Sec. 210. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both, for the department. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services or supplies, or both.

Sec. 211. It is the intent of the legislature that personnel of the department who request and are eligible for reimbursement of expenses related to the operation of the department be reimbursed from the appropriations provided in this act within 30 days after submitting a request, or the eligible personnel shall be paid an additional amount equal to 0.75% of the payment due. The department shall pay an additional amount equal to 0.75% of the payment due for the first month and each succeeding month or portion of a month the payment remains past due.

Sec. 212. Of the state general fund/general purpose revenue appropriated in this act, \$35,436,700.00 represents a state spending increase over the amount provided to the department of state police for the fiscal year ending September 30, 1994, and may be used to meet state match requirements of programs contained in the violent crime control and law enforcement act of 1994, Public Law 103-322, 108 Stat. 1796, or successor grant programs, so that any additional federal money received supplements funding provided to the department of state police in this act.

Sec. 213. (1) It is the intent of the legislature that the department shall not provide any subsidy for contractual services it provides.

(2) When the department provides contractual services to a local unit of government, the department shall be reimbursed for all costs incurred in providing the services, including, but not limited to, retirement and overtime costs.

(3) Contractual services provided to an entity other than a local unit of government may be provided by department personnel, but only on an overtime basis outside the normal work schedule of the personnel.

(4) This section does not apply to state agencies.

Sec. 214. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. The department shall follow all federal guidelines and state laws regarding short-term and long-term retention of records.

Sec. 215. Not later than March 15, 2004 and September 30, 2004, the department shall report to the state police appropriations subcommittees of the house and senate and the house and senate fiscal agencies. The report shall contain the following information regarding the department's activities related to casino gaming oversight:

- (a) The amount of money received and expended.
- (b) The nature and structure of the casino gaming oversight unit.
- (c) The positions and classifications of employees assigned.
- (d) The number of full-time and part-time employees and the aggregate number of FTEs.
- (e) The number of enlisted and civilian positions.
- (f) The duties and responsibilities of the assigned employees.
- (g) The immediate past position of the enlisted employees assigned.

Sec. 216. The department shall collect and computerize the vehicle identification number (VIN) of all vehicles that are entered into the state accident data collection system and make this and other vehicle information available to the public at cost. For bulk access to the accident records in which the VIN has been collected and computerized, the department shall make those records available to the public at cost, provided that the name and address have been excluded.

Sec. 217. From the funds appropriated in part 1, the department shall maintain a toll-free hotline in collaboration with the department of education. The toll-free hotline shall be operated 24 hours per day, 7 days per week, and shall provide students, school officials, and other individuals an opportunity to report specific threats of imminent school violence or other suspicious or criminal conduct by juveniles to the appropriate local law enforcement entities for investigation. The department may expend funds for the promotion of the hotline.

Sec. 218. (1) Funds appropriated in part 1 for at-post troopers shall only be expended for trooper salaries, wages, benefits, retirement, equipment, supplies, and other expenses directly related to state troopers assigned to general law enforcement duties at a department post, detachment, satellite office, or a resident trooper function.

(2) From the funds appropriated in part 1 for at-post troopers, 1 or more trooper recruit schools shall be conducted during fiscal year 2003-2004 with the goal of maintaining at-post trooper strength of at least 1,075.

(3) The department shall submit a written report to the senate and house appropriations subcommittees on state police and military affairs no later than November 15, 2003, detailing the status of the department's plan for accomplishing the goal of subsection (2). If the department determines that insufficient funding exists under part 1 for at-post troopers or any other budget line to accomplish the goal of subsection (2), the department shall submit a plan outlining the additional funding necessary to accomplish the goal of subsection (2).

(4) The department shall take steps to establish a deferred retirement option plan (DROP) for troopers to extend the years in which a trooper stays in at-post service beyond his or her eligible retirement date and to obtain a cost savings on annual employee retirement benefit payments. The establishment of the deferred retirement option plan (DROP) may be utilized to help achieve the at-post trooper strength goal prescribed in subsection (2).

Sec. 219. The department of state police shall notify the house and senate appropriations subcommittees on state police and military and veterans affairs and the house and senate fiscal agencies not less than 180 days before recommending to close or consolidate any state police posts.

Sec. 220. The department of state police, in keeping with its role as the general law enforcement agency of the state and as the law enforcement agency of last resort for communities that are either without local law enforcement resources or are seriously underserved by local law enforcement resources, shall provide general law enforcement assistance to the city of Highland Park until adequate law enforcement services can be provided to the city of Highland Park by other means.

Sec. 221. Of the funds appropriated in part 1 for rent and building occupancy charges, funds shall be used for the necessary rental costs for a state police post in Marshall.

INFORMATION TECHNOLOGY

Sec. 301. The money appropriated in part 1 for computer services shall be funded by LEIN user fees sufficient to pay 1/3 of the service and contract maintenance costs of the LEIN mainframe computer system.

Sec. 302. 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. User fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 303. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 304. A portion of the funds appropriated in part 1 shall be used by the department to produce a written report detailing departmental policies regarding access to and use of information from the LEIN system. The report shall include a description of departmental measures to protect the security of information in the LEIN system including safeguards that would prevent unauthorized persons from obtaining information from the LEIN system. The department shall submit a copy of this report to the senate and house appropriations committees not later than April 1, 2004.

Sec. 305. The criminal justice information systems policy council shall encourage members of the law enforcement agencies in the state to be sensitive to, and note when necessary, activities or circumstances that may suggest the unauthorized access or misuse of information from the LEIN system. The criminal justice information systems policy council shall advise LEIN auditors, as a part of their audit of law enforcement agencies, to investigate in depth all suspected incidents of improper access or improper use of information from the LEIN system and determine whether or not those incidents were illegal. In those incidents that may be determined to be illegal, the executive secretary for the council shall determine whether those incidents were of a negligent or criminal nature. If an incident is determined to be an illegal act, the council shall inform the chairs of both the senate and house appropriations committees.

Sec. 306. (1) The department of state police, working with the criminal justice information system policy council, shall implement procedures by which all probation information is placed on the LEIN system. The LEIN system shall include information on each probationer, including any probation conditions placed on a probationer and the name of the probation officer assigned to a probationer. The LEIN system shall also include any nonstandard probation terms.

(2) If the department determines that amendments to the code of criminal procedure, 1927 PA 175, MCL 760.1 to 777.69, are required to include all probation information on the LEIN system, the department shall deliver to members of the senate and house appropriations subcommittees on state police and military affairs amendments to the code of criminal procedure, 1927 PA 175, MCL 760.1 to 777.69, that, in the department's view, are necessary to accomplish this goal. These proposed amendments shall be delivered to subcommittee members not later than December 1, 2003.

HIGHWAY SAFETY PLANNING

Sec. 401. On a quarterly basis, the department shall report to the senate and house appropriations subcommittees on state police and military affairs on the status of assessments collected and authorized under section 629e of the Michigan vehicle code, 1949 PA 300, MCL 257.629e, for the purposes of supporting the secondary road patrol grant program. Each quarterly report shall contain updated information on collection levels, revised projected grant allotments to counties for the year, a comparison of projected collections and grant distribution levels with the funds appropriated in part 1 for the secondary road patrol program, and the extent collection levels have exceeded or failed to meet appropriated levels for the current fiscal year or expenditure levels from the previous fiscal year.

FORENSIC SCIENCES

Sec. 501. (1) The department shall distribute a copy of the department's protocol for retaining and purging DNA analysis samples and records to each police agency in this state.

(2) The department shall report to the house and senate appropriations subcommittees on state police and military affairs and the house and senate fiscal agencies when any changes to the department's DNA protocol are made.

Sec. 502. The department shall work with the department of community health, the Michigan hospital association, the Michigan state medical society, and the Michigan nurses association to ensure that the recommendations included in the "Standard Recommended Procedures for the Emergency Treatment of Sexual Assault Victims" are followed in the collection of evidence.

MICHIGAN COMMISSION ON LAW ENFORCEMENT STANDARDS

Sec. 601. The money appropriated to the MCOLES for maintenance and delivery of training to locals is provided in accordance with a state reimbursement policy in which 100% of the determined state reimbursement rate shall be distributed upon certification by the MCOLES.

Sec. 602. From the appropriations in part 1 for the training of new state troopers and other new police officers in the state and for the continuing education of all law enforcement officers in the state, sufficient funds shall be used to include curricula on the content and application of federal firearms laws, including the procedures necessary for law enforcement to turn appropriate cases over to the federal bureau of alcohol, tobacco, and firearms or any other applicable federal criminal justice agency.

FIRE MARSHAL

Sec. 701. (1) The department shall prepare a detailed report and deliver it to the senate and house subcommittees on the state police not later than January 15, 2004.

(2) The report shall contain input from a delegate appointed from and by the following organizations:

- (a) Michigan fire chiefs association.
- (b) Michigan state fireman's association.
- (c) Michigan firefighter's union.
- (d) Michigan fire service instructors association.
- (e) Michigan fire inspectors society.
- (f) Michigan chapter of the international association of arson investigators.

(3) The report shall contain information about the quality and adequacy of service from the state fire investigation, education, and training under the reorganization of the fire marshal division responsibilities. The report shall be based on the performance of the fire marshal division in the performance of its fire safety duties during fiscal year 2002-2003.

EMERGENCY MANAGEMENT

Sec. 801. (1) The state director of emergency management may expend money appropriated under this act to call upon any agency or department of the state or any resource of the state to protect life or property or to provide for the health or safety of the population in any area of the state in which the governor proclaims a state of emergency or state of disaster under 1945 PA 302, MCL 10.31 to 10.33, or under the emergency management act, 1976 PA 390, MCL 30.401 to 30.421. The state director of emergency management may expend the amounts the director considers necessary to accomplish these purposes. The director shall submit to the state budget director as soon as possible a complete report of all actions taken under the authority of this section. The report shall contain, as a separate item, a statement of all money expended that is not reimbursable from federal money. The state budget director shall review the expenditures and submit recommendations to the legislature in regard to any possible need for a supplemental appropriation.

(2) In addition to the money appropriated in this act, the department may receive and expend money from local, private, federal, or state sources for the purpose of providing emergency management training to local or private interests and for the purpose of supporting emergency preparedness, response, recovery, and mitigation activity. If additional expenditure authorization in the Michigan administrative information network is approved by the state budget office under this section, the department and the state budget office shall notify the house and senate appropriations subcommittees on state police and military and veterans affairs and the house and senate fiscal agencies within 10 days after the approval. The notification shall include the amount and source of the additional authorization, the date of its approval, and the projected use of funds to be expended under the authorization.

Sec. 802. The department shall not make any purchases related to a statewide emergency management computer network unless authorized to do so by the director of the department of information technology.

UNIFORM SERVICES

Sec. 901. State police enlisted personnel who are employed to enforce traffic laws as provided in section 629e of the Michigan vehicle code, 1949 PA 300, MCL 257.629e, shall not be prohibited from responding to crimes in progress or other emergency situations, and are responsible for protecting every citizen of this state from harm.

SPECIAL OPERATIONS

Sec. 1001. In addition to the appropriations in section 112 to the department of state police for the aviation program, the department is authorized to sell its aircraft and the proceeds from the sale are appropriated and may be applied to the renovation cost of replacement aircraft. If additional expenditure authorization in the Michigan administrative information network is approved by the state budget office under this section, the department and the state budget office shall notify the house and senate appropriations subcommittees on state police and military and veterans affairs and the house and senate fiscal agencies within 10 days after the approval. The notification shall include the amount and source of the additional authorization, the date of its approval, and the projected use of funds to be expended under the authorization.

Sec. 1002. Money privately donated to the department's canine unit is appropriated under section 112 to purchase equipment and other items to enhance the operation of the canine unit. It is the intent of the legislature that money from private donations for the canine unit not supplant general fund appropriations.

CRIMINAL INVESTIGATIONS

Sec. 1101. (1) There is sufficient money appropriated in section 113 to criminal investigations to ensure that the citizens in a service area of any state police post in the vicinity of a state prison do not experience a downgrading of state police services in their area. Criminal investigations shall be available by temporary or permanent assignment of a detective when either a temporary or permanent prison facility is opened.

(2) If the department is unable to comply with subsection (1) and there is a prison scheduled to open, the department shall provide troopers to serve as investigators on an interim basis.

MOTOR CARRIER ENFORCEMENT

Sec. 1201. (1) The department shall report to the house and senate appropriations subcommittees on state police and the house and senate fiscal agencies by March 1, 2004 regarding the inspection of school buses and other motor vehicles under section 715a of the Michigan vehicle code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil transportation act, 1990 PA 187, MCL 257.1839. The report shall include the following information regarding inspections conducted in calendar year 2003:

- (a) The number of buses and vehicles inspected by the department.
- (b) The number of buses and vehicles passing and failing inspection.
- (c) The estimated number of buses and vehicles not inspected.

(2) If each school bus within a school system receives a 100% successful state inspection on its first inspection in a given year, the department shall award a certificate to that school system.

Second: That the Senate and House agree to the title of the bill to read as follows:

A bill to make appropriations for the department of state police and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for certain reports and

the consideration of those reports; to provide for the disposition of other income received by the various state agencies; to provide for the testing of certain persons; to provide for certain emergency powers; and to provide for the powers and duties of certain committees, certain state agencies, and certain employees.

Cameron Brown
 Tony Stamas
 Hansen Clarke
 Conferees for the Senate

Sandy Caul
 David Farhat
 Carl Williams
 Conferees for the House

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 453

Yeas—98

Accavitti	Gaffney	Meyer	Shackleton
Acciavatti	Garfield	Middaugh	Shaffer
Adamini	Gielegem	Milosch	Sheen
Amos	Gillard	Minore	Sheltrown
Anderson	Gleason	Moolenaar	Shulman
Bieda	Hager	Mortimer	Spade
Bisbee	Hoogendyk	Murphy	Stahl
Bradstreet	Hopgood	Newell	Stakoe
Brandenburg	Howell	Nitz	Steil
Brown	Huizenga	Nofs	Stewart
Byrum	Hummel	O'Neil	Tabor
Casperson	Hune	Paletko	Vagnozzi
Caswell	Hunter	Palmer	Van Regenmorter
Caul	Jamnick	Palsrok	Voorhees
Clack	Johnson, Rick	Pappageorge	Walker
Condino	Johnson, Ruth	Pastor	Ward
Dennis	Julian	Phillips	Waters
DeRoche	Koetje	Plakas	Wenke
DeRossett	Kolb	Pumford	Whitmer
Drolet	Kooiman	Richardville	Williams
Ehardt	LaJoy	Rivet	Wojno
Elkins	LaSata	Robertson	Woodward
Emmons	Law	Rocca	Woronchak
Farhat	Lipsey	Sak	Zelenko
Farrah	Meisner		

Nays—9

Cheeks	Hood	Reeves	Stallworth
Daniels	McConico	Smith	Tobocman
Hardman			

In The Chair: Julian

Senate Bill No. 266, entitled

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The Conference Report was read as follows:

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning

Senate Bill No. 266, entitled

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

Recommends:

First: That the House recede from the Substitute of the House as passed by the House.

Second: That the Senate and House agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of military and veterans affairs for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Full-time equated unclassified positions	7.0	
Full-time equated classified positions	1,072.0	
GROSS APPROPRIATION		\$ 103,097,500
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		\$ 200,000
ADJUSTED GROSS APPROPRIATION		\$ 102,897,500
Federal revenues:		
Total federal revenues		40,627,900
Special revenue funds:		
Total local revenues		0
Total private revenues		1,270,700
Total other state restricted revenues		23,800,100
State general fund/general purpose		\$ 37,198,800

Sec. 102. HEADQUARTERS AND ARMORIES

Full-time equated unclassified positions	7.0	
Full-time equated classified positions	140.0	
Headquarters and armories—99.5 FTE positions		\$ 8,941,200
Unclassified military personnel.....		660,300
Military appeals tribunal		900
Michigan emergency volunteers.....		5,000
State active duty		70,100
Challenge program—40.5 FTE positions		3,296,900
GROSS APPROPRIATION		\$ 12,974,400

Appropriated from:

IDG-challenge grant.....	200,000
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	For Fiscal Year Ending Sept. 30, 2004
Federal revenues:	
DOD-DOA-NGB.....	3,542,500
Special revenue funds:	
Rental fees.....	350,000
Mackinac Bridge authority.....	40,000
Private donations.....	845,700
State general fund/general purpose.....	\$ 7,996,200
Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES	
Full-time equated classified positions.....229.0	
Military training sites and support facilities—229.0 FTE positions.....	\$ 14,860,200
Military training sites and support facilities test projects.....	100,000
GROSS APPROPRIATION.....	\$ 14,960,200
Appropriated from:	
Federal revenues:	
DOD-DOA-NGB.....	12,140,400
Special revenue funds:	
Test project fees.....	100,000
State general fund/general purpose.....	\$ 2,719,800
Sec. 104. DEPARTMENTWIDE APPROPRIATIONS	
Departmentwide accounts.....	\$ 1,741,100
Special maintenance-state.....	351,200
Special maintenance-federal.....	4,300,000
Military retirement.....	2,500,000
Counternarcotic operations.....	50,000
Starbase grant.....	600,000
GROSS APPROPRIATION.....	\$ 9,542,300
Appropriated from:	
Federal revenues:	
DOD-DOA-NGB.....	6,170,600
Federal counternarcotic revenues.....	50,000
Special revenue funds:	
State general fund/general purpose.....	\$ 3,321,700
Sec. 105. VETERANS SERVICE ORGANIZATIONS	
American legion.....	\$ 886,000
Disabled American veterans.....	732,400
Marine corps league.....	336,300
American veterans of World War II and Korea.....	464,800
Veterans of foreign wars.....	886,000
Michigan paralyzed veterans of America.....	165,700
Purple heart.....	157,900
Veterans of World War I.....	100
Polish legion of American veterans.....	41,200
Jewish veterans of America.....	41,200
State of Michigan council Vietnam veterans of America.....	159,500
Catholic war veterans.....	41,200
GROSS APPROPRIATION.....	\$ 3,912,300
Appropriated from:	
State general fund/general purpose.....	\$ 3,912,300
Sec. 106. GRAND RAPIDS VETERANS' HOME	
Full-time equated classified positions.....536.0	
Grand Rapids veterans' home—536.0 FTE positions.....	\$ 42,096,700
Board of managers.....	300,000
GROSS APPROPRIATION.....	\$ 42,396,700
Appropriated from:	
Federal revenues:	
DVA-VHA.....	13,050,600

	For Fiscal Year Ending Sept. 30, 2004
HHS-Medicaid	350,600
HHS-Medicare	689,100
Special revenue funds:	
Private-veterans' home post and posthumous funds	300,000
Income and assessments	14,146,600
Lease revenue	35,000
State general fund/general purpose	\$ 13,824,800
Sec. 107. D.J. JACOBETTI VETERANS' HOME	
Full-time equated classified positions151.0	
D.J. Jacobetti veterans' home—151.0 FTE positions	\$ 12,945,600
Board of managers	125,000
GROSS APPROPRIATION	\$ 13,070,600
Appropriated from:	
Federal revenues:	
DVA-VHA	3,867,100
HHS-Medicare	206,600
Special revenue funds:	
Private-veterans' home post and posthumous funds	125,000
Income and assessments	4,191,500
State general fund/general purpose	\$ 4,680,400
Sec. 108. VETERANS' AFFAIRS DIRECTORATE	
Full-time equated classified positions16.0	
Veterans' affairs directorate administration—3.0 FTE positions	\$ 294,200
Veterans' trust fund administration—13.0 FTE positions	1,030,000
Veterans' trust fund grants	3,746,500
GROSS APPROPRIATION	\$ 5,070,700
Appropriated from:	
Special revenue funds:	
Michigan veterans' trust fund	4,776,500
State general fund/general purpose	\$ 294,200
Sec. 109. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 1,170,300
GROSS APPROPRIATION	\$ 1,170,300
Appropriated from:	
Federal revenues:	
DOD-DOA-NGB	416,900
DVA-VHA	135,700
HHS-Medicare	7,800
Special revenue funds:	
Income and assessments	160,500
State general fund/general purpose	\$ 449,400

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

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 2003-2004 is \$60,998,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$120,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
MILITARY TRAINING SITES AND SUPPORT FACILITIES

Payments in lieu of taxes	\$ 70,000
MICHIGAN VETERANS' TRUST FUND	
County counselor travel expenses	\$ 50,000
TOTAL	\$ 120,000

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.

Sec. 203. As used in this act:

- (a) "Department" means the department of military and veterans affairs.
- (b) "Director" means the director of the department of military and veterans affairs.
- (c) "DOD" means the United States department of defense.
- (d) "DOD-DOA-NGB" means the DOD department of the army, national guard bureau.
- (e) "DVA" means the United States department of veterans' affairs.
- (f) "DVA-VHA" means the DVA veterans' health administration.
- (g) "FTE" means full-time equated.
- (h) "HHS" means the United States department of health and human services.
- (i) "IDG" means interdepartmental grant.

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.

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

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report by the last business day of each month 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 month and the justification for the exception.

Sec. 207. Sixty days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

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

Sec. 210. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 211. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. The department shall follow all federal guidelines and state laws regarding short-term and long-term retention of records.

Sec. 212. (1) Of the funds appropriated in section 103 for military training sites and support facilities, there shall be established a Michigan national guard education assistance program. Disbursements to the educational assistance program shall not exceed \$1,300,000.00 without legislative approval. Under the program, a member of the national guard who is in active service and who enrolls as a full- or part-time student at a public or private state college or university may be eligible to receive up to an equivalent of 50% of the total cost of tuition not to exceed \$2,000.00, as education assistance, in any academic year.

(2) As used in this section, an eligible person means a member of the Michigan national guard who is in active service, as defined in section 105 of the Michigan military act, 1967 PA 150, MCL 32.505. An eligible person does not include a member of the Michigan national guard or air national guard who is absent without leave or who is under charges as described in the Michigan code of military justice of 1980, 1980 PA 523, MCL 32.1001 to 32.1148.

(3) The department of military and veterans affairs, office of the adjutant general shall administer the education assistance program and prescribe forms and procedures to effectively carry out the education assistance program.

(4) An eligible person shall apply to the department of military and veterans affairs, office of the adjutant general for education assistance and shall provide evidence of attendance and completion of the course of study with a grade of at least 2.0 on a 4.0 scale, or its equivalent. The adjutant general shall approve the application for reimbursement if the applicant meets the definition of an eligible person under subsection (2) and other criteria as established by the adjutant general.

(5) The education assistance program applies to any course of instruction that is included in an associate, undergraduate, or postgraduate degree program offered by a college or university of this state.

(6) The education assistance program applies to an eligible person notwithstanding any other educational incentive or benefit received by the eligible person under any other educational assistance program provided by any other state.

(7) An eligible person who successfully completes the course of study with a grade of at least 2.0 on a 4.0 scale, or its equivalent, shall be eligible for reimbursement.

(8) The department of military and veterans affairs may use funds from the appropriated funds to administer the education assistance program.

(9) Reimbursed members who do not complete their national guard obligation shall pay the state for money received from the state for tuition. Members who fail to repay the state within the time limits established by the adjutant general shall be indebted to the state. The department shall work in conjunction with the department of treasury for inclusion in the tax intercept program for amounts due the state.

(10) A portion of the funds for the Michigan national guard education assistance program may be used by the department for the purpose of promoting the program and for encouraging those persons the department wishes to have enlist or reenlist in the Michigan national guard.

Sec. 213. The department shall consult with the house and senate appropriations subcommittees on military and veterans affairs regarding the projected closing or consolidation of any national guard armories.

Sec. 214. It is the intent of the legislature that, should the necessary legislation be enacted and funding become available, funds be appropriated for state military cemeteries in Crawford and Dickinson Counties.

Sec. 221. 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. User fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 223. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

HEADQUARTERS AND ARMORIES

Sec. 301. The department may charge reasonable rental and equipment usage fees for renting an armory or using the distance learning network. The fee shall include the cost of overtime compensation, insurance coverage, and any maintenance required.

Sec. 302. (1) The funds appropriated in this act for private donations to the challenge program shall be considered state restricted revenue, and unexpended funds remaining at the close of the fiscal year shall not lapse to the general fund but shall be carried forward to the subsequent fiscal year.

(2) It is the intent of the legislature that the department make every effort to identify alternative sources of revenue to replace the \$1,340,700.00 in state general fund/general purpose funding provided in this act for the challenge program.

(3) The department may charge a parent or guardian of a participant in the challenge program a fee for participating in the program if the participant is a member of a family with an income that exceeds 200% of the federal poverty guidelines as published by the United States department of health and human services. The amount charged the parent or guardian shall not exceed the per student state share cost of administering the program. The parent or guardian shall be notified of any charge to be assessed under this subsection prior to enrollment of the child in the program.

Sec. 303. The state family program office shall promote and inform private individuals, businesses, and organizations regarding the distribution of prepaid phone cards and other services to national guard members and military reservists deployed overseas on active duty.

Sec. 304. The department will partner with the family independence agency to identify youth who may be eligible for the challenge program from those youth served by family independence agency programs. Such eligible youth shall be given priority for enrollment in the program.

VETERANS SERVICE ORGANIZATIONS

Sec. 501. (1) Money appropriated in section 105 for grants to veterans service organizations shall be used only for salaries, wages, related personnel costs, training, and equipment for accredited veteran service advocacy officers and necessary support and managerial staff. Training shall be provided for service advocacy officers and shall be conducted by accredited advocacy officers.

(2) To receive a grant from the money appropriated in section 105, a veterans service organization shall meet the following eligibility requirements:

(a) Be congressionally chartered by the United States Congress.

(b) Be an active participating member of the Michigan veterans organizations' rehabilitation and veterans service committee and abide by its rules, guidelines, and programs.

(c) Demonstrate the receipt of monetary or service support from its own organization.

(d) Comply with the department's and the legislature's requirements of accounting audits, service work activity, accounting of recoveries, listing of volunteer hours, budget requests, and other requirements specified in subsection (3).

(e) For a veterans service organization founded after September 30, 1989, be in operation and providing service to Michigan veterans for not less than 2 years before receiving an initial state grant. During this 2-year period of time, the organization shall file a listing of service work activity and an accounting of recoveries with the department, the senate and house fiscal agencies, the senate and house of representatives appropriations subcommittees on military affairs, and the state budget office on forms as prescribed by the department.

(3) A veterans service organization receiving a grant from the money appropriated in section 105 shall file with the department an accounting of its expenditures, audited and certified by a certified public accountant, within 120 days after the organization's fiscal year end. Each organization shall provide a detailed budget request for the fiscal year ending September 30, 2005, to the department by November 15, 2003, within the format as prescribed by the department to be used in the development of the budget for the fiscal year ending September 30, 2005. Each veterans service organization shall provide 5 copies of a listing of all service activity, an accounting of recoveries, and a listing of volunteer hours for the fiscal year ending September 30, 2003, to the department by January 31, 2004. The listing of volunteer hours shall include the hours, services, and donations provided to residents of the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home. Each veterans service organization shall provide a copy of the most recent and completed internal revenue service form 990 to the department at the end of the fiscal year ending September 30, 2003. A veterans service organization receiving a grant from the money appropriated in section 105 shall use the forms recommended by the Michigan veterans organizations' rehabilitation and veterans service committee for filing reports required by this act. The department shall forward information required under this section to the senate and house fiscal agencies, the senate and house of representatives appropriations subcommittees on military affairs, and the state budget office.

VETERANS' HOMES

Sec. 601. Appropriations in this act for the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home shall not be used for any purpose other than for veterans and veterans' families.

Sec. 602. The Grand Rapids veterans' home and the D.J. Jacobetti veterans' home, together with the department and the department of management and budget, shall produce and deliver to the senate and house of representatives appropriations subcommittees on state police and military affairs an annual written report. The report shall include an accounting of member populations and bed space available; a description and accounting of services and activities provided to members; financial information; current state nursing home licensure status; the steps required for Medicaid certification, including a listing of any personnel, equipment, supplies, or budgetary increases required; and whether or not steps are being taken toward Medicaid certification. The annual report shall be submitted to the senate and house of representatives appropriations subcommittees on military affairs no later than February 1, 2004.

Sec. 603. The money appropriated in this act for the boards of managers may be expended for facility improvements, the purchase and repair of equipment and furnishings, member services, and other purposes that benefit the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home.

VETERANS' TRUST FUND

Sec. 703. (1) By April 1, 2004, the department shall submit to the senate and house of representatives appropriations subcommittees on military affairs and the state budget office a detailed annual report of the Michigan veterans' trust fund for fiscal year 2002-2003. The report shall include information on grants provided from the emergency grant program and the veterans survivor tuition program, including details concerning the methodology of allocations, the selection of emergency grant program authorized agents, and a detailed breakdown of trust fund expenditures for that year. The report shall also provide an update on the department's efforts to reduce program administrative costs.

(2) The annual report required under subsection (1) shall provide detailed information on the number of emergency grant applications denied during fiscal year 2002-2003, including an accounting of the reasons for denial. This information also shall include the number of persons denied an emergency grant because of individual ineligibility, because of insufficient funds, and because the applicant's request did not meet minimum program criteria.

(3) The annual report required under subsection (1) shall contain information on the veterans survivors tuition program, including the number of participants, where the participants attended school, payments made to each school, the average grade point and number of college credits earned by each participant, the number of participants suspended by the program, and the number of participants who earned a degree during fiscal year 2002-2003.

Sec. 704. The Michigan veterans affairs directorate administration and the Michigan veterans' trust fund administration shall take steps to assist the county veterans counselors of the state to obtain training necessary for the execution of their duties.

Third: That the Senate and House agree to the title of the bill to read as follows:

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department

of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

Cameron Brown
Tony Stamas
Hansen Clarke
Conferees for the Senate

Sandy Caul
David Farhat
Carl Williams
Conferees for the House

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 454

Yeas—106

Accavitti	Gaffney	Meisner	Shackleton
Acciavatti	Garfield	Meyer	Shaffer
Adamini	Gielegem	Middaugh	Sheen
Amos	Gillard	Milosch	Shulman
Anderson	Gleason	Minore	Smith
Bieda	Hager	Moolenaar	Spade
Bisbee	Hardman	Mortimer	Stahl
Bradstreet	Hood	Murphy	Stakoe
Brandenburg	Hoogendyk	Newell	Stallworth
Brown	Hopgood	Nitz	Steil
Byrum	Howell	Nofs	Stewart
Casperson	Huizenga	O'Neil	Tabor
Caswell	Hummel	Paletko	Tobocman
Caul	Hune	Palmer	Vagnozzi
Cheeks	Hunter	Palsrok	Van Regenmorter
Clack	Jamnick	Pappageorge	Voorhees
Condino	Johnson, Rick	Pastor	Walker
Daniels	Johnson, Ruth	Phillips	Ward
Dennis	Julian	Plakas	Waters
DeRoche	Koetje	Pumford	Wenke
DeRossett	Kolb	Reeves	Whitmer
Drolet	Kooiman	Richardville	Williams
Ehardt	LaJoy	Rivet	Wojno
Elkins	LaSata	Robertson	Woodward
Emmons	Law	Rocca	Woronchak
Farhat	Lipsey	Sak	Zelenko
Farrah	McConico		

Nays—1

Sheltrown

In The Chair: Julian

Senate Bill No. 281, entitled

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2004; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The Conference Report was read as follows:

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning

Senate Bill No. 281, entitled

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2004; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

Recommends:

First: That the Senate and House agree to the Substitute of the House as passed by the House, amended to read as follows:

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2004; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the judicial branch for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

JUDICIARY

APPROPRIATION SUMMARY:

Full-time equated exempted positions	582.5		
GROSS APPROPRIATION		\$	253,567,900
Interdepartmental grant revenues:			
Total interdepartmental grants and intradepartmental transfers			4,633,500
ADJUSTED GROSS APPROPRIATION		\$	248,934,400
Federal revenues:			
Total federal revenues			4,106,500
Special revenue funds:			
Total local revenues			2,898,700
Total private revenues			842,500
Total other state restricted revenues			79,770,300
State general fund/general purpose		\$	161,316,400

Sec. 102. SUPREME COURT

Full-time equated exempted positions	284.0		
Supreme court administration—114.0 FTE positions		\$	10,033,500
Judicial institute—20.0 FTE positions			2,935,700
State court administrative office—80.0 FTE positions			9,811,000
Judicial information systems—21.0 FTE positions			4,540,600
Direct trial court automation support—33.0 FTE positions			2,898,700
Foster care review board—12.0 FTE positions			1,167,700
Community dispute resolution—4.0 FTE positions			2,499,800
Drug treatment courts			4,635,000
GROSS APPROPRIATION		\$	38,522,000

Appropriated from:

Interdepartmental grant revenues:			
IDG from department of community health			1,800,000

	For Fiscal Year Ending Sept. 30, 2004
IDG from department of career development	95,000
IDG from state police - criminal justice improvement	2,015,000
IDG from state police - Michigan justice training fund.....	300,000
Federal revenues:	
DOE, special education grant.....	150,000
DOJ, enforcing underage drinking law.....	50,000
DOJ, victims assistance programs	50,000
DOJ, drug court training and evaluation	300,000
DOT, national highway safety traffic administration.....	215,300
HHS, access and visitation grant.....	387,000
HHS, court improvement project.....	1,160,000
HHS, domestic violence prevention	175,000
HHS, TANF	50,000
HHS, title IV-D child support program	907,700
HHS, title IV-E foster care program.....	500,000
USDA, agriculture mediation grant.....	125,000
Special revenue funds:	
Local - user fees	2,898,700
Private.....	169,000
Private - interest on lawyers trust accounts.....	232,700
Private - state justice institute	370,800
Community dispute resolution fees	2,224,800
Law exam fees	482,100
Drug court fund	1,267,500
Miscellaneous revenue	227,900
Justice system fund.....	600,000
State court fund.....	319,000
State general fund/general purpose	\$ 21,449,500
Sec. 103. COURT OF APPEALS	
Full-time equated exempted positions	230.5
Court of appeals operations—230.5 FTE positions	\$ 17,232,300
GROSS APPROPRIATION	\$ 17,232,300
Appropriated from:	
Special revenue funds:	
Court filing/motion fees	1,746,000
Miscellaneous revenue	77,800
State general fund/general purpose	\$ 15,408,500
Sec. 104. BRANCHWIDE APPROPRIATIONS	
Full-time equated exempted positions.....	3.0
Branchwide appropriations—3.0 FTE positions	\$ 8,376,000
GROSS APPROPRIATION	\$ 8,376,000
Appropriated from:	
State general fund/general purpose	\$ 8,376,000
Sec. 105. JUSTICES' AND JUDGES' COMPENSATION	
Full-time judges positions	616.0
Supreme court justices' salaries—7.0 justices.....	\$ 1,152,300
Court of appeals judges' salaries—28.0 judges	4,240,300
District court judges' state base salaries—259.0 judges.....	23,946,700
District court judicial salary standardization	11,831,100
Probate court judges' state base salaries—106.0 judges.....	9,168,500
Probate court judicial salary standardization	4,407,100
Circuit court judges' state base salaries—216.0 judges.....	20,346,300
Circuit court judicial salary standardization.....	9,876,400
Judges' retirement system defined contributions.....	2,557,800
OASI, social security	4,738,200
GROSS APPROPRIATION	\$ 92,264,700

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Special revenue funds:	
Court fee fund.....	7,090,200
State general fund/general purpose	\$ 85,174,500
Sec. 106. JUDICIAL AGENCIES	
Full-time equated exempted positions.....10.0	
Judicial tenure commission—10.0 FTE positions.....	\$ 1,004,200
GROSS APPROPRIATION.....	\$ 1,004,200
Appropriated from:	
State general fund/general purpose	\$ 1,004,200
Sec. 107. INDIGENT DEFENSE - CRIMINAL	
Full-time equated exempted positions.....55.0	
Appellate public defender program—47.0 FTE positions.....	\$ 4,502,000
Appellate assigned counsel administration—8.0 FTE positions	808,700
GROSS APPROPRIATION.....	\$ 5,310,700
Appropriated from:	
Interdepartmental grant revenues:	
IDG from state police - Michigan justice training fund.....	423,500
Federal revenues:	
DOJ, assigned criminal defense	36,500
Special revenue funds:	
Private - interest on lawyers trust accounts.....	70,000
Miscellaneous revenue	113,100
State general fund/general purpose	\$ 4,667,600
Sec. 108. INDIGENT CIVIL LEGAL ASSISTANCE	
Indigent civil legal assistance	\$ 7,337,000
GROSS APPROPRIATION.....	\$ 7,337,000
Appropriated from:	
Special revenue funds:	
State court fund.....	7,337,000
State general fund/general purpose	\$ 0
Sec. 109. TRIAL COURT OPERATIONS	
Court equity fund reimbursements	\$ 69,906,000
Judicial technology improvement fund.....	4,465,000
GROSS APPROPRIATION.....	\$ 74,371,000
Appropriated from:	
Special revenue funds:	
Court equity fund.....	44,669,900
Judicial technology improvement fund.....	4,465,000
State general fund/general purpose	\$ 25,236,100
Sec. 110. GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT	
Drug case-flow program	\$ 250,000
Drunk driving case-flow program	2,300,000
Juror compensation reimbursement.....	6,600,000
GROSS APPROPRIATION.....	\$ 9,150,000
Appropriated from:	
Special revenue funds:	
Drug fund	250,000
Drunk driving fund	2,300,000
Juror compensation fund.....	6,600,000
State general fund/general purpose	\$ 0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

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 2003-2004 is \$241,086,700.00 and state spending from state resources to be paid

to local units of government for fiscal year 2003-2004 is estimated at \$124,506,800.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

SUPREME COURT

State court administrative office - administration.....	\$ 511,900
Drug treatment courts	4,335,000

TRIAL COURT OPERATIONS

Court equity fund reimbursements	\$ 69,906,000
Judicial technology improvement fund.....	4,465,000

JUSTICES' AND JUDGES' COMPENSATION

District court judicial salary standardization	\$ 11,831,100
Probate court judges' state base salaries	9,168,500
Probate court judicial salary standardization.....	4,407,100
Circuit court judicial salary standardization.....	9,876,400
Grant to OASI contribution fund, employers share, social security.....	855,800

GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT

Drunk driving case-flow program	\$ 2,300,000
Drug case-flow program	250,000
Juror compensation reimbursement.....	6,600,000
TOTAL	\$ 124,506,800

Sec. 202. (1) The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(2) Funds appropriated in part 1 to an entity within the judicial branch shall not be expended or transferred to another account without written approval of the authorized agent of the judicial entity. If the authorized agent of the judicial entity notifies the state budget director of its approval of an expenditure or transfer, the state budget director shall immediately make the expenditure or transfer. The authorized judicial entity agent shall be designated by the chief justice of the supreme court.

Sec. 203. As used in this act:

- (a) "DOE" means the United States department of education.
- (b) "DOJ" means the United States department of justice.
- (c) "DOT" means the United States department of transportation.
- (d) "FTE" means full-time equated.
- (e) "HHS" means the United States department of health and human services.
- (f) "IDG" means interdepartmental grant.
- (g) "OASI" means old age survivor's insurance.
- (h) "TANF" means temporary assistance for needy families.
- (i) "USDA" means the United States department of agriculture.

Sec. 207. At least 90 days before beginning any effort to privatize, the judicial branch shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Sec. 208. Unless otherwise specified, the judicial branch 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. Quarterly, the judicial branch shall provide to the appropriations subcommittees members, state budget office, and the fiscal agencies an electronic listing of the reports submitted during the most recent 3-month period along with the Internet or Intranet site of each report, if any.

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

(2) Funds appropriated in part 1 shall not be used for the purchase of out-of-state goods or services, or both, if competitively priced Michigan goods or services, or both, of comparable quality, are available.

Sec. 210. (1) The chief justice of the supreme court shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both, for the judicial branch. The chief justice shall strongly encourage firms with which the courts of this state contract to subcontract with certified businesses in depressed and deprived communities for services or supplies, or both.

(2) The chief justice shall take all reasonable steps to ensure equal opportunity for all who compete for and perform contracts to provide services or supplies, or both, for the department. The chief justice shall strongly encourage firms with which the department contracts to provide equal opportunity for subcontractors to provide services or supplies, or both.

Sec. 211. (1) The judicial branch shall provide to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies a monthly report on all personal service contracts awarded without competitive bidding, pricing, or rate setting. The notification shall include all of the following:

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

(2) For personal service contracts of \$100,000.00 or more, the judicial branch shall provide a monthly report on all of the following:

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

Sec. 212. The judicial branch shall receive and retain copies of all reports funded from appropriations in part 1 and shall follow federal and state guidelines for short-term and long-term retention of these reports and records.

JUDICIAL BRANCH

Sec. 301. (1) The direct trial court automation support program of the state court administrative office shall recover direct and overhead costs from trial courts by charging for services rendered. The fee shall cover the actual costs incurred to the direct trial court automation support program in providing the service. A report of amounts collected in excess of funds identified as user service charges in part 1 shall be submitted to the state budget director and to the house and senate appropriations subcommittees on judiciary 30 days before expenditure by the direct trial court automation support program.

(2) From funds appropriated in part 1, the direct trial court automation support program of the state court administrative office shall provide to the state budget director, the senate and house appropriations committees, and the senate and house fiscal agencies before January 1 of each year, a detailed list of user service charges collected during the immediately preceding state fiscal year.

Sec. 302. Funds appropriated within the judicial branch shall not be expended by any component within the judicial branch without the approval of the supreme court.

Sec. 303. Of the amount appropriated in part 1 for the judicial branch, \$325,000.00 is allocated for circuit court reimbursement under section 3 of 1978 PA 16, MCL 800.453, and \$186,900.00 is allocated for court of claims reimbursement under section 6413 of the revised judicature act of 1961, 1961 PA 236, MCL 600.6413.

Sec. 304. The judicial branch shall cooperate with the auditor general regarding audits of the judicial branch conducted pursuant to section 53 of article IV of the state constitution of 1963.

Sec. 305. To avoid the overexpenditure of funds appropriated under this act, the supreme court shall report quarterly to the state budget director and to the judiciary subcommittees of the house and senate appropriations committees regarding the status of the accounts set forth in part 1.

Sec. 306. The supreme court and the state administrative office shall continue to maintain, as a priority, the assisting of local trial courts in improving the collection of judgments.

Sec. 307. It is the intent of the legislature that from the funds appropriated in part 1 for court of appeals operations, the judiciary shall use the following revenue amounts for the purpose of delay reduction:

- (a) \$225,000.00 of additional filing fee revenue raised from the increase from \$250.00 to \$375.00 in court of appeals filing fees under section 321(1)(a) of the revised judicature act of 1961, 1961 PA 236, MCL 600.321.
- (b) \$87,500.00 of additional fee revenue raised from the increase in court of appeals motion fees from \$75.00 to \$100.00 and from the increase from \$150.00 to \$200.00 in fees for motions for immediate consideration or expedited appeal, under section 321(1)(b) and (c) of the revised judicature act of 1961, 1961 PA 236, MCL 600.321.

Sec. 308. If sufficient funds are not available from the court fee fund to pay judges' compensation, the difference between the appropriated amount from that fund for judges' compensation and the actual amount available after the amount appropriated for trial court reimbursement is made shall be appropriated from the state general fund for judges' compensation.

Sec. 310. From the funds appropriated in part 1 for drug treatment court programs, at the discretion of the supreme court, the state court administrative office shall contract with 1 or more independent third parties for evaluation and monitoring of drug court programs funded by the judiciary. The evaluation shall include measures of the impact of drug court programs in changing offender criminal involvement (recidivism) and substance abuse and in reducing prison admissions. The evaluation of a program funded with federal Byrne funds shall be consistent with any requirements contained in the federal Byrne grant for that program. Evaluations required by this section shall to the extent feasible compare offenders treated under the programs with other offenders of similar characteristics. Not later than June 1, 2004, the state court administrative office shall provide a progress report regarding the status and findings of the evaluation to the senate and house appropriations subcommittees on the judiciary, the senate and house fiscal agencies, and the state budget director.

Sec. 311. (1) The funds appropriated in part 1 for drug treatment courts shall be administered by the state court administrative office to operate drug treatment court programs. A drug treatment court program shall not receive funds for more than 5 years. A drug treatment court shall be responsible for handling cases involving substance abusing nonviolent offenders through comprehensive supervision, testing, treatment services, and immediate sanctions and incentives. A drug treatment court shall use all available county and state personnel involved in the disposition of cases including, but not limited to, parole and probation agents, prosecuting attorney, defense attorney, and community corrections providers. The funds may be used in connection with other federal, state, and local funding sources.

(2) Local units of government are encouraged to refer to federal drug treatment court guidelines to prepare proposals. However, federal agency approvals are not required for funding under this section.

(3) From the funds appropriated in part 1, the chief justice shall allocate sufficient funds for the judicial institute to provide in-state training for those identified in subsection (1), including training for new drug treatment court judges.

(4) For drug treatment court grants, consideration for priority may be given to those courts where higher instances of substance abuse cases are filed.

(5) The judiciary shall receive \$1,800,000.00 in Byrne formula grant funding as an interdepartmental grant from the department of community health to be used for expansion of drug treatment courts, to assist in avoiding prison bed space growth for nonviolent offenders in collaboration with the department of corrections.

Sec. 312. From the funds appropriated in part 1, the state court administrator shall produce a statistical report regarding the implementation of the parental rights restoration act, 1990 PA 211, MCL 722.901 to 722.908, as it pertains to minors seeking a court-issued waiver of parental consent. The state court administrative office shall report the total number of petitions filed and the total number of petitions granted in accordance with section 208.

Sec. 313. (1) The appropriation in part 1 for the judicial technology improvement fund shall be allocated for the development of a statewide judicial information system. The supreme court, working with the department of state police, department of corrections, secretary of state, prosecuting attorneys association of Michigan, and the department of information technology, will develop a statewide telecommunications infrastructure to integrate criminal justice information systems. The judicial technology improvement fund shall also provide grants to local trial court funding units to encourage technology innovations by local trial courts that will result in enhanced public service. These innovations will include, but not be limited to, electronic filing, on-line payments of fines and fees, and web-based instructions for completion of court documents.

(2) Funds in part 1 may be used to develop, operate, and maintain the cyber court created in chapter 80 of the revised judicature act of 1961, 1961 PA 236, MCL 600.8001 to 600.8029.

(3) There is hereby appropriated to the judiciary for deposit into the judicial technology improvement fund \$6,000,000.00 contingent upon the receipt of a refund from the federal government related to penalties previously imposed for the child support enforcement system of which not less than \$1,000,000.00 and not more than \$2,000,000.00 shall be utilized towards development and operation of a cyber court system as identified in subsection (2). The appropriation to the judiciary of refund money related to the child support enforcement system shall precede any other appropriations of such resources. Notwithstanding subsection (2), any child support enforcement system penalty refund resources deposited into the judicial technology improvement fund shall be expended in the manner as prescribed in subsection (1). The child support enforcement system refund revenue when certified as available in the judicial technology improvement fund by the judiciary shall remain unallotted until such time as the state budget director has reviewed and approved an allotment schedule submitted by the judiciary. Unexpended resources remaining in the fund at the end of the fiscal year may be carried forward for expenditure in the following year for the same purposes as described in this section.

Sec. 314. If funds become available from the federal government for mental health courts, the state court administrative office shall assist those local trial courts who are interested in starting a mental health court in writing grants and any other assistance that may help them receive such funds.

Sec. 315. The judicial branch shall communicate regarding information technology activities with the department of information technology.

Second: That the Senate and House agree to the title of the bill to read as follows:

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2004; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

Alan L. Cropsey
Mike Goschka
Conferees for the Senate

John Stewart
Glenn Steil, Jr.
Conferees for the House

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 455

Yeas—103

Accavitti	Gielegem	Meyer	Sheen
Acciavatti	Gillard	Middaugh	Sheltrown
Adamini	Gleason	Minore	Shulman
Amos	Hager	Moolenaar	Smith
Anderson	Hardman	Mortimer	Spade
Bieda	Hood	Murphy	Stahl
Bisbee	Hoogendyk	Newell	Stakoe
Brandenburg	Hopgood	Nitz	Stallworth
Brown	Howell	Nofs	Steil
Byrum	Huizenga	O'Neil	Stewart
Casperson	Hummel	Paletko	Tabor
Caswell	Hune	Palmer	Tobocman
Caul	Hunter	Palsrok	Vagnozzi
Cheeks	Jamnick	Pappageorge	Van Regenmorter
Clack	Johnson, Rick	Pastor	Voorhees
Condino	Johnson, Ruth	Phillips	Walker
Daniels	Julian	Plakas	Ward
Dennis	Koetje	Pumford	Waters
DeRoche	Kolb	Reeves	Wenke
DeRossett	Kooiman	Richardville	Whitmer
Ehardt	LaJoy	Rivet	Williams
Elkins	LaSata	Robertson	Wojno
Emmons	Law	Rocca	Woodward
Farhat	Lipsey	Sak	Woronchak
Farrah	McConico	Shackleton	Zelenko
Gaffney	Meisner	Shaffer	

Nays—4

Bradstreet	Drolet	Garfield	Milosch
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In The Chair: Julian

Second Reading of Bills

Senate Bill No. 466, entitled

A bill to amend 2000 PA 403, entitled "Motor fuel tax act," by amending section 163 (MCL 207.1163).

The bill was read a second time.

Rep. Richardville moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville moved that the bill be placed on its immediate passage.

The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 466, entitled

A bill to amend 2000 PA 403, entitled "Motor fuel tax act," by amending section 163 (MCL 207.1163).

The bill was read a third time.

The question being on the passage of the bill,

Rep. Anderson moved that consideration of the bill be postponed temporarily.

The motion prevailed.

By unanimous consent the House returned to the order of

Messages from the Senate

House Bill No. 4146, entitled

A bill to amend 2000 PA 321, entitled "Recreational authorities act," by amending sections 3, 5, 11, 21, and 23 (MCL 123.1133, 123.1135, 123.1141, 123.1151, and 123.1153), section 21 as amended by 2002 PA 233.

The Senate has amended the House substitute (H-2) as follows:

1. Amend page 2, following line 24, by inserting:

"(j) "Public historic farm" means a parcel of public land and its buildings that are accessible to the public, and provides, but is not limited to, agricultural and historical programs, farming activities and animal husbandry, community recreation activities and events, programs held in common areas, meeting rooms, and community gardens, and access to surrounding parkland." and relettering the remaining subdivisions.

2. Amend page 4, following line 4, by inserting:

**"(vi) A public museum.
(vii) A public historic farm."**

3. Amend page 4, line 8, after "authority" by inserting "**or to join in the original formation of an authority**".

4. Amend page 4, line 9, after "authority" by inserting "**or to join in the original formation of an authority**".

The Senate has concurred in the House substitute (H-2) as amended, ordered that the bill be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

Rep. Richardville moved that Rule 45 be suspended.

The motion prevailed, 3/5 of the members present voting therefor.

The question being on concurring in the amendments made to the House substitute (H-2) by the Senate,

The amendments were concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 456

Yeas—104

Accavitti	Gaffney	Meisner	Shaffer
Acciavatti	Gielegem	Meyer	Sheen
Adamini	Gillard	Middaugh	Sheltrown
Amos	Gleason	Minore	Shulman
Anderson	Hager	Moolenaar	Smith
Bieda	Hardman	Mortimer	Spade
Bisbee	Hood	Murphy	Stahl
Bradstreet	Hoogendyk	Newell	Stakoe
Brandenburg	Hopgood	Nitz	Stallworth
Brown	Howell	Nofs	Steil
Byrum	Huizenga	O'Neil	Stewart
Casperson	Hummel	Paletko	Tabor
Caswell	Hune	Palmer	Tobocman
Caul	Hunter	Palsrok	Vagnozzi
Cheeks	Jamnick	Pappageorge	Van Regenmorter
Clack	Johnson, Rick	Pastor	Voorhees
Condino	Johnson, Ruth	Phillips	Walker
Daniels	Julian	Plakas	Ward

Dennis	Koetje	Pumford	Waters
DeRoche	Kolb	Reeves	Wenke
DeRossett	Kooiman	Richardville	Whitmer
Ehardt	LaJoy	Rivet	Williams
Elkins	LaSata	Robertson	Wojno
Emmons	Law	Rocca	Woodward
Farhat	Lipsey	Sak	Woronchak
Farrah	McConico	Shackleton	Zelenko

Nays—3

Drolet	Garfield	Milosch
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In The Chair: Julian

The House agreed to the full title of the bill.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Richardville moved that Rule 45 be suspended.

The motion prevailed, 3/5 of the members present voting therefor.

Rep. Palsrok moved that the Committee on Great Lakes and Tourism be discharged from further consideration of **Senate Concurrent Resolution No. 26.**

The motion prevailed, a majority of the members serving voting therefor.

The concurrent resolution was placed on the order of Reports of Standing Committees and laid over one day.

Reports of Standing Committees

Senate Concurrent Resolution No. 26.

A concurrent resolution to memorialize the Congress of the United States to work with the appropriate federal agencies in adopting guidelines on beach maintenance activities as defined in 2003 PA 14 and to encourage the United States Army Corps of Engineers to work with property owners on the stewardship of beaches.

(For text of concurrent resolution, see House Journal No. 61, p. 1301.)

Rep. Richardville moved that Rule 77 be suspended and the concurrent resolution be considered at this time.

The motion prevailed, 3/5 of the members present voting therefor.

The question being on the adoption of the concurrent resolution,

The concurrent resolution was adopted.

Rep. Taub entered the House Chambers.

Rep. Richardville moved that House Committees be given leave to meet during the balance of today's session.

The motion prevailed.

Reports of Select Committees

Senate Bill No. 279, entitled

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2004;

to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; to prescribe powers and duties of certain state departments and certain state and local agencies and officers; and to repeal acts and parts of acts.

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect. The Conference Report was read as follows:

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **Senate Bill No. 279, entitled**

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; to prescribe powers and duties of certain state departments and certain state and local agencies and officers; and to repeal acts and parts of acts.

Recommends:

First: That the Senate and House agree to the Substitute of the House as passed by the House, amended to read as follows:

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; to prescribe powers and duties of certain state departments and certain state and local agencies and officers; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of history, arts, and libraries for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	248.5	
GROSS APPROPRIATION		\$ 57,131,100
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		137,500
ADJUSTED GROSS APPROPRIATION		\$ 56,993,600
Federal revenues:		
Total federal revenues		9,322,600
Special revenue funds:		
Total local revenues		0
Total private revenues		577,400
Total other state restricted revenues		2,308,800
State general fund/general purpose		\$ 44,784,800

Sec. 102. DEPARTMENT OPERATIONS

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	24.5	
Unclassified salaries—6.0 FTE positions		\$ 219,300
Management services—23.5 FTE positions.....		1,819,700
Building occupancy charges and rent.....		2,884,000
Worker’s compensation		37,900
Office of film and television services—1.0 FTE positions		129,900
GROSS APPROPRIATION		\$ 5,090,800
Appropriated from:		
State general fund/general purpose		\$ 5,090,800

Sec. 103. INFORMATION TECHNOLOGY

Information technology services and projects		\$ 1,036,500
GROSS APPROPRIATION		\$ 1,036,500

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDOT, comprehensive transportation fund.....	200
IDG-MDOT, state aeronautics fund.....	100
IDG-MDOT, state trunkline fund.....	3,000
Special revenue funds:	
Game and fish protection fund.....	100
Mackinac Island state park fund.....	40,000
Special revenue, internal service and pension trust.....	2,700
State lottery fund.....	900
State general fund/general purpose.....	\$ 989,500
Sec. 104. MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS	
Full-time equated classified positions.....	10.0
Administration—10.0 FTE positions.....	\$ 694,400
Arts and cultural grants.....	11,771,300
GROSS APPROPRIATION.....	\$ 12,465,700
Appropriated from:	
Federal revenues:	
NFAH-NEA, promotion of the arts, partnership agreements.....	700,000
Special revenue funds:	
State general fund/general purpose.....	\$ 11,765,700
Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION	
Full-time equated classified positions.....	46.8
Mackinac Island park operation—21.8 FTE positions.....	\$ 1,288,300
Historical facilities system—25.0 FTE positions.....	1,577,100
GROSS APPROPRIATION.....	\$ 2,865,400
Appropriated from:	
Special revenue funds:	
Airport and park operation fees.....	106,400
Mackinac Island state park fund.....	1,272,600
State general fund/general purpose.....	\$ 1,486,400
Sec. 106. MICHIGAN HISTORICAL PROGRAM	
Full-time equated classified positions.....	86.2
Federal programs—14.9 FTE positions.....	\$ 1,853,900
Heritage publications.....	700,000
Historical administration and services—71.3 FTE positions.....	5,074,400
Private grants and gifts.....	502,400
Thunder Bay national marine sanctuary and underwater preserve.....	187,400
GROSS APPROPRIATION.....	\$ 8,318,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDOT, comprehensive transportation fund.....	5,700
IDG-MDOT, state aeronautics fund.....	3,400
IDG-MDOT, state trunkline fund.....	125,100
Federal revenues:	
DOI-NPS, historic preservation grants-in-aid.....	1,348,000
Federal funds.....	505,900
Special revenue funds:	
Game and fish protection fund.....	3,600
Heritage publication fund.....	700,000
Marine safety fund.....	500
Private - grants and gifts.....	400,000
Private - Mann house trust fund.....	102,400
Special revenue, internal service and pension trust.....	70,000
State lottery fund.....	24,300
Waterways fund.....	800
State general fund/general purpose.....	\$ 5,028,400

For Fiscal Year
Ending Sept. 30,
2004

Sec. 107. LIBRARY OF MICHIGAN

Full-time equated classified positions	81.0	
Book distribution centers		\$ 307,500
Collected gifts and fees		161,900
Grand Rapids public library		125,000
Grant to the Detroit public library		1,000,000
Library of Michigan operations—81.0 FTE positions		6,239,600
Library services and technology act		5,557,400
State aid to libraries		13,327,100
Subregional state aid		505,000
Wayne County library for the blind and physically handicapped		44,800
Federal aid to libraries		86,300
GROSS APPROPRIATION		\$ <u>27,354,600</u>
Appropriated from:		
Federal revenues:		
Federal section 903(d), SSA funds		1,211,300
Library services and technology act		5,557,400
Special revenue funds:		
Private - gifts and bequests revenues		75,000
User fees		86,900
State general fund/general purpose		\$ 20,424,000

**PART 2
PROVISIONS CONCERNING APPROPRIATIONS**

GENERAL SECTIONS

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 2003-2004 is \$47,093,600.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$17,530,400.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

Arts and cultural grants		\$ 3,653,500
State aid to libraries		13,327,100
Subregional state aid		505,000
Wayne County library for the blind and physically handicapped		44,800
Total department of history, arts, and libraries		\$ <u>17,530,400</u>

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.

Sec. 203. As used in this appropriation act:

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

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.

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

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause a loss of

revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

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

Sec. 208. Unless otherwise specified, departments and agencies receiving appropriations in part 1 shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on the Internet or Intranet site.

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

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

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

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

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

Sec. 214. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of history, arts, and libraries 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.

Sec. 215. The department may provide and enter into agreements to provide general services, training, meetings, information, special equipment, software, and facility use, and technical consulting services to other principal executive departments, state agencies, local units of government, the judicial branch of government, other organizations, and patrons of department facilities. Fees for services shall be reasonably related to the cost of providing the services and shall be used to offset the costs of the services. The department may receive and expend funds in addition to those authorized in part 1 for:

(a) Supplying census-related information and technical services, publications, statistical studies, population projections and estimates, and other demographic products.

(b) Microfilming and other document and data imaging services, media, storage, and copies.

(c) Patron copier and document reproduction services and copies.

(d) Conferences, training classes, and workshops conducted as part of the department's mission.

(e) Use of specialized equipment, facilities, and software that permit distance learning and meetings, and group decision making. Funds not expended at year-end may be carried forward and expended for the same purposes for which they were originally received.

MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

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

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

- (b) Arts projects program.
- (c) Arts and learning program.
- (d) Artists in residence for education program.
- (e) Arts organization development program.
- (f) Capital improvement projects.
- (g) Local arts agencies services program.
- (h) Regional regranting program.
- (i) Partnership program.
- (j) Discretionary grants program.
- (k) Rural arts and cultural projects.
- (l) Cultural projects program.
- (m) Historical projects program.

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

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

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

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

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

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

(5) The applicants for arts and cultural grants funds shall be charged a nonrefundable application fee of \$300.00 or 3% of the grant, whichever is less. The application fee may be used by the department to recover direct and indirect costs as appropriated in part 1.

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

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

(8) Any organizations receiving grants within the anchor organization program category in excess of 10.0% of their operating revenue, as defined in subsection (6), for the fiscal year ending September 30, 2003, shall not receive a combined grant award from all grant categories, except the partnership program, that is greater than the combined grant award from these categories that the organization received for the fiscal year ending September 30, 2003.

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

(10) The council shall make every effort to provide total grant awards in the anchor organization program at a level not to exceed 70% of the total amount appropriated for arts and cultural grants.

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

- (a) The first report is due 30 days after the council makes the annual grant awards. The report shall contain the following:
 - (i) A listing of each applicant.
 - (ii) The county of residence of an applicant.
 - (iii) The amount awarded.

- (iv) The amount requested.
 - (v) The grant category under which an applicant applied.
 - (vi) A summary of projects funded for each awardee.
 - (vii) The expected number of patrons for an applicant during the grant period.
 - (viii) The amount of matching funds proposed by an applicant.
 - (ix) The review score for each application.
 - (x) A listing containing the information in subparagraphs (i) to (iii) for any regranted funds in the preceding fiscal year.
- (b) The second report is due when materials are first distributed by the council seeking grant applications for the subsequent fiscal year. The report shall contain the following:
- (i) The guidelines by which the council awards grants.
 - (ii) A summary of any changes in the program guidelines from the previous fiscal year.
 - (iii) A summary of any initiatives the council is taking to improve public access to the arts and culture, including, but not limited to, the use of technology applications.

(12) Within 1 day following the final council vote, the department shall notify each legislator electronically regarding the website location of the list of grant awardees by county receiving a grant from arts and cultural grant funds appropriated in part 1.

MICHIGAN HISTORICAL PROGRAM

Sec. 501. The federal funds appropriated in part 1 for the historic site preservation grants are for work projects and shall not lapse at the end of the fiscal year but shall continue to be available for expenditure until the projects for which the funds were reserved have been completed or are terminated. The purpose of these work projects is the identification, designation, and preservation of historic resources. The method used will be to solicit applications from eligible recipients, score applications based upon established criteria, and award the contracts and subgrants. The total cost is \$1,348,000.00 and the tentative completion date is September 30, 2004.

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

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

Sec. 504. (1) From the state funds appropriated in part 1, the department may award discretionary historical grants to preserve Michigan lighthouses. The department may award up to \$140,000.00 in grants for this purpose and may use a portion of those funds to assist in the transfer of lighthouses from federal ownership. A portion of the funds may also be dedicated to program administration and project coordination.

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

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

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

Sec. 505. From the funds appropriated in part 1 for historical administration and services, \$74,700.00 shall be allocated to support the operations of the Michigan freedom trail commission as specified in section 4 of the Michigan freedom trail commission act, 1998 PA 409, MCL 399.84. These funds shall be used to reimburse commission members, to pay for necessary contractual services of the commission, and to hire not more than 1.0 FTE position in the department's Michigan historical center to support commission operations.

Sec. 506. Proceeds in excess of costs incurred in the conduct of auctions, sales, or transfers of artifacts no longer considered suitable for the collections of the state historical museum are appropriated to the department and may be expended upon receipt for additional material for the collection. The department shall notify the chairpersons, vice chairpersons, and minority vice chairpersons of the senate and house appropriations subcommittees on history, arts, and libraries 1 week prior to any auctions or sales.

Sec. 507. Unless prohibited by law, the department shall make available to the historical society of Michigan the use of the Michigan history magazine subscriber list, or a portion of the Michigan history magazine subscriber list, at a cost not to exceed the actual expense incurred for providing a single mailing.

Sec. 508. From the funds appropriated in part 1 in the historical administration and services line item, \$100,000.00 shall be used to fund a competitive grant program for all state and local historical societies. Awards shall be made for projects that can leverage additional public and private investment and may involve, but are not limited to, capital improvements projects, restorations, research, educational programs, and publications.

LIBRARY OF MICHIGAN

Sec. 601. In order to receive subregional state aid as appropriated in part 1 to the library of Michigan, a subregional library's fiscal agency must agree to maintain local funding support at the same level in the current fiscal year as in the fiscal agency's preceding fiscal year. If a reduction in expenditures equally affects all agencies in a local unit of government that is the subregional library's fiscal agency, that reduction shall not be interpreted as a reduction in local support and shall not disqualify a subregional library from receiving state aid under part 1. If a reduction in income affects a library cooperative or district library that is a subregional library's fiscal agency or a reduction in expenditures for the subregional library's fiscal agency, a reduction in expenditures for the subregional library shall not be interpreted as a reduction in local support and shall not disqualify a subregional library from receiving state aid under part 1.

Sec. 602. The funds appropriated in part 1 for a subregional library shall not be released until a budget for that subregional library has been approved by the department for expenditures for library services directly serving the blind and persons with disabilities. Subregional state aid shall be used only for providing services to the blind and to persons with disabilities.

Sec. 603. Of the funds appropriated in part 1 for the operation of the library of Michigan, a portion may be used for statewide database access such as making computerized databases, searches of those databases, and the products of those searches available through the libraries of Michigan. Only those libraries that qualify under the federal library services and technology act, subtitle B of title II of the museum and library services act, title II of the arts, humanities, and cultural affairs act of 1976, Public Law 94-462, 110 Stat. 3009-295, are eligible to participate in these activities.

Sec. 604. The funds appropriated in section 107 of part 1 for the federal aid to libraries shall be awarded on a competitive basis to all eligible libraries for the purpose of providing libraries with computers and to train library staff to assist claimants in assessing unemployment agency websites.

Sec. 605. (1) Instead of the purposes described in former section 520 of 2002 PA 530, the work project account created in that section, account no. 2316, shall be used as a work project account to award grants to all eligible libraries for the purpose of providing libraries with computers and to train library staff to assist claimants in accessing unemployment agency websites. 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 work project is to provide libraries with computers and train library staff to assist claimants in accessing unemployment agency websites. The work project shall target libraries in high unemployment areas and provide them with high speed internet connections and methodologies for sustainability.

(b) The work project will be accomplished through the use of grants.

(c) The total estimated completion cost of the work project is \$4,000,000.00.

(d) The tentative completion date is September 30, 2004.

(2) Funding appropriated in part 1 to the Grand Rapids public library and the grant to the Detroit public library will not be available after September 30, 2004.

Sec. 606. The department shall conduct a comprehensive study on special collections at public libraries across the state and shall report to the legislature no later than September 30, 2004 on recommendations for funding and recognizing the distinct nature of the respective collections.

Sec. 607. Of the funds appropriated in part 1 for book distribution centers, the public enrichment foundation shall receive \$158,700.00 and the Michigan friends of education shall receive \$148,800.00.

REPEALERS

Sec. 701. Section 520 of 2002 PA 530 is repealed.

Second: That the Senate and House agree to the title of the bill to read as follows:

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; to prescribe powers and duties of certain state departments and certain state and local agencies and officers; and to repeal acts and parts of acts.

Thomas M. George
Michelle McManus
Conferees for the Senate

Fran Amos
John Moolenaar
Conferees for the House

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 457**Yeas—61**

Acciavatti	Hager	Milosch	Shaffer
Amos	Hoogendyk	Moolenaar	Sheen
Bisbee	Howell	Mortimer	Shulman
Bradstreet	Huizenga	Newell	Stahl
Brandenburg	Hummel	Nitz	Stakoe
Casperson	Hune	Nofs	Steil
Caswell	Johnson, Rick	Palmer	Stewart
Caul	Johnson, Ruth	Palsrok	Tabor
DeRoche	Julian	Pappageorge	Taub
DeRossett	Koetje	Pastor	Van Regenmorter
Drolet	Kooiman	Pumford	Voorhees
Ehardt	LaJoy	Richardville	Walker
Emmons	LaSata	Robertson	Ward
Farhat	Meyer	Rocca	Wenke
Gaffney	Middaugh	Shackleton	Woronchak
Garfield			

Nays—47

Accavitti	Farrah	McConico	Smith
Adamini	Gielegem	Meisner	Spade
Anderson	Gillard	Minore	Stallworth
Bieda	Gleason	Murphy	Tobocman
Brown	Hardman	O'Neil	Vagnozzi
Byrum	Hood	Paletko	Waters
Cheeks	Hopgood	Phillips	Whitmer
Clack	Hunter	Plakas	Williams
Condino	Jamnick	Reeves	Wojno
Daniels	Kolb	Rivet	Woodward
Dennis	Law	Sak	Zelenko
Elkins	Lipsey	Sheltrown	

In The Chair: Julian

Rep. Hopgood, having reserved the right to explain his nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted against the conference report to Senate Bill 279, the department of history, arts and libraries budget, because the report contains a 50 percent decrease for the arts and cultural grant line item. For many beneficiaries of this program, this is their only source of funding. This line item has state wide impact for programs such as music education and plays at community theaters. Such a reduction in funding will be devastating to my local communities and their art and cultural programs. Knowing this impact, I could not vote for this bill.”

Reps. Tobocman and Condino, having reserved the right to explain their nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted against the conference report to Senate Bill 279, the department of history, arts and libraries budget, because the report contains a 50 percent decrease for the arts and cultural grant line item. For many beneficiaries of this program, this is their only source of funding. This line item has statewide impact for programs such as music education and plays at community theaters. Such a reduction in funding will be devastating to my local communities and their art and cultural programs. I also voted against this report because the funding for the Detroit and Grand Rapids libraries were unfairly targeted in this budget. Since these institutions are the only repository to artifacts that are used by people living outside theses communities, it is only just that the state provide equitable funding for them.”

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **House Bill No. 4388, entitled**

A bill to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to establish or continue certain funds, programs, and categories; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

Recommends:

First: That the House and Senate agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

A bill to make and supplement appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2003 and for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to establish or continue certain funds, programs, and categories; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2003-04

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for community colleges and certain other state purposes relating to education for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

COMMUNITY COLLEGES

APPROPRIATION SUMMARY:

GROSS APPROPRIATION.....	\$	289,013,100
Appropriated from:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	\$	289,013,100
Total federal revenues		0
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	\$	289,013,100

Sec. 102. OPERATIONS

Alpena Community College	\$	4,930,500
Bay de Noc Community College.....		4,766,800
Delta College		13,331,900
Glen Oaks Community College.....		2,236,800
Gogebic Community College		4,078,400
Grand Rapids Community College.....		16,769,300
Henry Ford Community College		20,436,700
Jackson Community College.....		11,312,800
Kalamazoo Valley Community College.....		11,542,800
Kellogg Community College.....		9,068,800
Kirtland Community College		2,752,400
Lake Michigan College		4,880,800
Lansing Community College.....		28,999,400
Macomb Community College.....		30,941,500
Mid Michigan Community College		4,127,600
Monroe County Community College.....		4,015,800
Montcalm Community College		2,904,700
C.S. Mott Community College.....		14,661,600
Muskegon Community College		8,343,600
North Central Michigan College		2,826,100
Northwestern Michigan College.....		8,513,800
Oakland Community College		19,518,300
St. Clair County Community College.....		6,537,800
Schoolcraft College.....		11,455,400
Southwestern Michigan College.....		6,149,300

	For Fiscal Year Ending Sept. 30, 2004
Washtenaw Community College.....	11,642,900
Wayne County Community College	15,050,600
West Shore Community College	2,144,000
GROSS APPROPRIATION.....	\$ 283,940,400
Appropriated from:	
State general fund/general purpose	\$ 283,940,400
Sec. 103. GRANTS	
At-risk student success program.....	\$ 3,322,700
Renaissance zone tax reimbursement funding	1,750,000
GROSS APPROPRIATION.....	\$ 5,072,700
Appropriated from:	
State general fund/general purpose	\$ 5,072,700

PART 1A

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2002-03

Sec. 151. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for community colleges and certain other state purposes relating to education for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

COMMUNITY COLLEGES

APPROPRIATION SUMMARY:

GROSS APPROPRIATION.....	\$ 1,077,700
Appropriated from:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 1,077,700
Total federal revenues	0
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	\$ 1,077,700
State general fund/general purpose	\$ 0

Sec. 152. OPERATIONS

Alpena Community College	\$ 18,100
Bay de Noc Community College.....	17,500
Delta College	50,600
Glen Oaks Community College.....	8,500
Gogebic Community College	14,900
Grand Rapids Community College.....	63,600
Henry Ford Community College	77,600
Jackson Community College.....	42,900
Kalamazoo Valley Community College.....	43,800
Kellogg Community College.....	34,400
Kirtland Community College	10,400
Lake Michigan College	18,500
Lansing Community College.....	110,100
Macomb Community College.....	117,400
Mid Michigan Community College.....	15,700
Monroe County Community College.....	15,200
Montcalm Community College	11,000
C.S. Mott Community College.....	55,600
Muskegon Community College	31,700
North Central Michigan College	10,700
Northwestern Michigan College.....	32,300
Oakland Community College	74,100
St. Clair County Community College.....	24,800
Schoolcraft College.....	43,500
Southwestern Michigan College.....	23,300
Washtenaw Community College.....	44,200
Wayne County Community College	58,800

	For Fiscal Year Ending Sept. 30, 2004
West Shore Community College	8,500
GROSS APPROPRIATION.....	\$ 1,077,700
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	1,077,700
State general fund/general purpose	\$ 0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2003-04

GENERAL SECTIONS

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 2003-2004 is \$289,013,100.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$289,013,100.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

Operations.....	\$ 283,940,400
At-risk student success program.....	3,322,700
Renaissance zone tax reimbursement program	1,750,000
TOTAL	\$ 289,013,100

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.

Sec. 203. Unless otherwise specified, the department of career development shall use the Internet to fulfill the reporting requirements of this act. This requirement 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.

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

Sec. 210. The principal executive officer of each community college receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each principal executive officer shall strongly encourage firms with which the community college contracts to subcontract with certified businesses in depressed and deprived communities for services or supplies, or both.

Sec. 211. (1) The money appropriated in this act is appropriated for community colleges with fiscal years ending June 30, 2004, and shall be paid out of the state treasury and distributed by the state treasurer to the respective community colleges in 11 monthly installments on the sixteenth of each month, or the next succeeding business day, beginning with October 16, 2003. Each community college shall accrue its July and August 2004 payments to its institutional fiscal year ending June 30, 2004. However, if a community college fails to submit all verified Michigan community colleges activities classification structure data for school year 2002-2003 to the department of career development by November 1, 2003, the monthly installments shall be withheld from that community college until those data are submitted. The department of career development shall publish the activities classification structure data book for Michigan community colleges on or before March 1, 2004, for use by the legislature during budget development for the fiscal year ending September 30, 2005. The amount from the money appropriated in part 1 that is allocated under section 103 to address the special needs of at-risk students shall be paid in full by the state treasurer by November 1, 2003. The amount distributed to a community college or department shall not exceed the net state allocation authorized by this act.

(2) Except as otherwise provided by law, each of the amounts appropriated shall be used solely for the respective purposes stated in this act. The money appropriated by this act may be used to match the cost of any available programs under the Carl D. Perkins vocational and applied technology education act, Public Law 88-210, 98 Stat. 2435, including local administration.

Sec. 212. (1) The auditor general or an independent public accounting firm appointed by the auditor general shall audit data for the fiscal year ending on June 30, 2003, as submitted to the department of career development by 7 randomly selected community colleges. A community college shall maintain and provide those records necessary for the auditor general or certified public accountant appointed by the auditor general to determine the accuracy of the reported data. The audits shall be based upon the definitions and requirements contained in the Manual for Uniform Financial Reporting, Michigan Public Community Colleges, published by the Michigan department of career development in 2001, and the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education. Before

the submission of a final audit report, a community college may appeal the findings of the preliminary report under an appeal process to be established by the auditor general. The auditor general shall submit a report of the findings to the house and senate appropriations committees, the department of career development, and the state budget director before June 1, 2004.

(2) The auditor general or a certified public accountant appointed by the auditor general may conduct performance audits of community colleges as the auditor general considers necessary.

(3) Not more than 60 days after an audit report is released by the office of the auditor general, the principal executive officer of the community college that was audited shall submit to the house and senate appropriations committees, the house and senate fiscal agencies, the department of career development, the auditor general, and the state budget director a plan to comply with audit recommendations. The plan shall contain projected dates and resources required, if any, to achieve compliance with the audit recommendations, or a documented explanation of the college's noncompliance with the audit recommendations concerning the matters on which the audited community college and office of the auditor general disagree.

(4) A community college whose audited activities classification structure data is significantly different than the data used to determine state aid under this act shall return any overappropriated money as provided in this subsection. The department of career development shall compare formula computations for the audited colleges using pre- and post-audit data. If the state allocation is 2% or more than the post-audit allocation amount, the college shall return the excess money. The returned money shall be redistributed to all 28 community colleges, prorated on the base appropriations contained in part 1.

Sec. 213. The department of career development shall review the taxonomy of the 7 community colleges selected for the audit under section 212 that is based on the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education.

Sec. 214. (1) A community college shall retain certified class summaries, class lists, registration documents, and student transcripts that are consistent with the taxonomy of courses. For each enrollment period during the fiscal year, these certified documents shall identify clearly by course the number of in-district and out-of-district student credit and contact hours. The class summaries and class lists shall be consistent with each other and shall include the course prefix and numbers, course title, course credit and contact hours, credit and contact hours generated by each student, and activity classifications consistent with the taxonomy. An auditable process shall be used by the community college to determine the unduplicated head count for in-district students, out-of-district students, and prisoners for each enrollment period during the fiscal year.

(2) Contracts between the community college and agencies that reimburse the community college for the costs of instruction shall be retained for audit purposes.

Sec. 215. Each community college shall have an annual audit of all income and expenditures performed by an independent auditor and shall furnish the independent auditor's management letter and an annual audited accounting of all general and current funds income and expenditures including audits of college foundations to the members of the senate and house appropriations subcommittees on community colleges, the senate and house fiscal agencies, the auditor general, the department of career development, and the state budget director before November 15, 2003. If a community college fails to furnish the audit materials, the monthly state aid installments shall be withheld from that college until the information is submitted. All reporting shall conform to the requirements set forth in the Manual for Uniform Financial Reporting, Michigan Public Community Colleges, published by the Michigan department of career development in 2001.

Sec. 216. (1) A community college shall pay the employer's contributions to the Michigan public school employees' retirement system created by the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of receiving money appropriated under this act.

(2) A community college shall not pay an employer's contribution to more than 1 retirement fund providing benefits for an employee.

(3) A community college shall not be required to submit more than 4 reports annually to the Michigan public school employees' retirement system for purposes of calculating retirement benefits.

Sec. 217. Money appropriated in part 1 shall not be used to pay for the construction or maintenance of a self-liquidating project. Any construction, renovation, or other capital outlay project that exceeds \$1,000,000.00 requires the approval of a use and finance statement by the joint capital outlay subcommittee (JCOS) pursuant to JCOS policy.

Sec. 219. The department of treasury shall annually collect and compile data on the tax revenue losses to community colleges resulting from tax increment financing authorities (TIFA) and tax abatements. The department of treasury shall produce a report detailing the data. The report shall be completed and presented to the house and senate appropriations subcommittees on community colleges, the department of career development, and the department of management and budget not later than February 15, 2004. The report shall include, but is not limited to, the following:

(a) Estimated revenue losses for each community college for the calendar year 2003.

(b) Confirmed revenue losses for each community college for the calendar years 2001 and 2002.

(c) Other requirements requested by the house and senate appropriations subcommittees on community colleges.

Sec. 220. It is the intent of the legislature that the legislature, in cooperation with the Michigan community college association, develop proposals and financing alternatives for special maintenance projects at community colleges that otherwise would not qualify for financing under the state building authority.

Sec. 221. (1) Each community college shall report the following to the department of career development, no later than November 1, 2003:

(a) The number of North American Indian students enrolled each term for the previous fiscal year, using guidelines and procedures developed by the department of career development and the Michigan commission on Indian affairs.

(b) The number of Indian tuition waivers granted each term, and the monetary value of the waivers for the previous fiscal year.

(2) Colleges shall use the criteria cited in 1976 PA 174, MCL 390.1251 to 390.1253, to determine eligibility for tuition waivers, and shall grant those waivers to individuals who meet the criteria and request tuition waivers.

(3) The department of career development shall compile the information received under subsection (1) and shall submit this compilation to the house and senate appropriations subcommittees on community colleges, the senate and house fiscal agencies, and the state budget director by January 7, 2004.

Sec. 222. The appropriation in part 1 for renaissance zone reimbursements shall be made to each eligible recipient no later than 60 days after the department of treasury certifies to the state budget director that it has received all necessary information to properly determine the amounts due each eligible recipient under section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692.

Sec. 223. Upon request, a community college shall inform interested Michigan high schools of the aggregate academic status of its students for the prior academic year, in a manner prescribed by the Michigan community college association and in cooperation with the Michigan association of secondary school principals.

Sec. 224. Recognizing the critical importance of education in strengthening Michigan's workforce, the legislature encourages the state's public community colleges to explore ways of increasing collaboration and cooperation with 4-year universities, particularly in the areas related to training, instruction, and program articulation.

Sec. 226. (1) Each community college shall report to the house and senate fiscal agencies, the state budget director, and the department of career development by August 31, 2003, the tuition and mandatory fee rates paid by a full-time in-district student and a full-time out-of-district student as established by the college governing board for the 2003-2004 academic year. Each community college shall also report any revisions to the reported 2003-2004 academic year tuition and mandatory fee rates adopted by the college governing board to the house and senate fiscal agencies, the state budget director, and the department of career development within 15 days of being adopted.

(2) The department of career development shall prepare and provide to community colleges a standard format for reporting tuition and fee rates pursuant to subsection (1).

Sec. 227. (1) Each community college shall report to the department of career development the numbers and type of associate degrees and other certificates awarded during the previous fiscal year. The report shall be made not later than November 15, 2003.

(2) The department of career development shall compile the information received under subsection (1) and shall submit this compilation to the house and senate appropriations subcommittees on community colleges, the senate and house fiscal agencies, and the state budget director by January 7, 2004.

Sec. 228. It is the intent of the legislature to achieve full funding of the Gast-Mathieu fairness in funding formula.

Sec. 229. A community college receiving funding under this act and also subject to the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2381, shall make a copy of all material prepared in accordance with the public information reporting requirements under the crime awareness and campus security act of 1990, title II of the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2384, available in hard copy and electronic format accessible through the Internet for school districts, parents, and students.

Sec. 230. (1) A community college shall not expend money appropriated under this act to provide health care coverage for community college employees or their dependents for abortion services, other than for spontaneous abortion or to prevent the death of the woman upon whom the abortion is performed. A community college shall not approve a collective bargaining agreement or enter into any other employment contract that includes health care coverage for abortion services other than spontaneous abortion or to prevent the death of the woman upon whom the abortion is performed.

(2) If a community college expends money appropriated under this act in violation of subsection (1), the community college shall repay to this state an amount equal to the amount of money spent in violation of subsection (1).

Sec. 231. In light of sections 1, 3, and 4 of 1846 RS 83, MCL 551.1, 551.3, and 551.4, and section 1 of 1939 PA 168, MCL 551.271, the legislature intends that a community college receiving funding under this act shall not use part 1 money to extend employee benefits to the unmarried partners of the community college's employees except for pre- and post-natal costs.

Sec. 233. Community colleges that include prescription drugs and medications as a covered health benefit for adults are encouraged to ensure that payment for preventative contraceptives are included in the insurance plan.

Sec. 234. The legislature intends that each community college do all of the following:

(a) Undertake active measures to promote equal opportunities, eliminate discrimination, and foster a diverse student body and administration among all people including, but not limited to, women, minorities, seniors, veterans, and people with disabilities.

(b) Review, analyze, and eradicate activities that may tend to discriminate.

Sec. 235. It is the intent of the legislature that a workgroup be formed to evaluate, discuss, and make recommendations for future action regarding state university admission and enrollment policies that specifically address the acceptance and application of college credits earned by students through the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524. The workgroup shall be bipartisan and shall include the chairs of the house and senate appropriations subcommittees on higher education, community colleges, and school aid.

Sec. 236. (1) It is the intent of the legislature that the frequency and scope of on-site visits, evaluations, audits, and similar activities be limited to that which is reasonably necessary to monitor the performance of community colleges and confirm the accuracy of reported data. On-site visits, evaluations, audits, and similar activities conducted to comply with the state plan approved by the United States department of education under the Perkins act shall be limited to those necessary to meet the requirements of the state plan.

(2) In developing and implementing audit and reporting requirements, including those included in current and proposed state plans under the Perkins act, the department of career development shall consult with community colleges, the legislative auditor general, and independent auditors in an effort to coordinate activities and minimize duplication of audit and reporting requirements imposed on community colleges.

(3) At least 30 days before submission of a new state plan to the United States department of education for approval under the Perkins act, the department of career development shall provide copies of the proposed plan to the members of the senate and house appropriations subcommittees on community colleges for their review and comment. Copies of the proposed plan shall be provided to the senate and house fiscal agencies and the state budget director at the same time that they are provided to the senate and house subcommittees.

(4) The Perkins grant application process and content shall be streamlined to the extent possible.

(5) As used in this section, "Perkins act" means the Carl D. Perkins vocational and applied technology education act, Public Law 88-210, 98 Stat. 2435.

STATE AID - OPERATIONS

Sec. 301. Unless otherwise stated, all data items used in determining state aid in this act are as defined in the Manual for Uniform Financial Reporting, Michigan Public Community Colleges, published by the Michigan department of career development in 2001, which shall be the basis for reporting data, and the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education, as amended by the department of career development, which shall be used to document financial needs of the community colleges.

Sec. 302. A community college shall not include in the enrollment data reported for determining state aid under this act any student credit hours or student contact hours for a student incarcerated in a Michigan penal institution. Exclusion of these students is intended to avoid the payment of state aid under this act for the same individuals for whom reimbursement is provided by the state correctional system.

GRANTS

Sec. 401. (1) The community college at-risk student success program is continued. The funding shall be prorated among community colleges based on the number of student contact hours for developmental and preparatory instruction reported by each community college to the department of career development for use in the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education. Of the amount appropriated in part 1 for the at-risk student success program, \$1,120,000.00 is allocated for base grants of \$40,000.00 each, to address the special needs of at-risk students at community colleges or the acquisition or upgrade of technology related equipment and software.

(2) Of the amount appropriated in part 1 for the at-risk student success program, the balance of the appropriated money shall be distributed on a proration utilizing the sum of the most recent 3 years developmental/preparatory contact hours divided by the sum of the 3-year total contact hours at each college. Each community college's percentage shall be divided by the sum of all the percentages systemwide to obtain each community college's prorated grant amount.

(3) For the fiscal year ending September 30, 2004, the at-risk student success program money is allocated as follows:

Alpena Community College	\$	68,700
Bay de Noc Community College.....		82,400
Delta College		99,400
Glen Oaks Community College.....		127,500
Gogebic Community College		71,500
Grand Rapids Community College.....		98,000
Henry Ford Community College		146,500

Jackson Community College.....	101,800
Kalamazoo Valley Community College.....	100,200
Kellogg Community College.....	143,000
Kirtland Community College.....	146,600
Lake Michigan College.....	162,100
Lansing Community College.....	147,600
Macomb Community College.....	84,400
Mid Michigan Community College.....	124,000
Monroe County Community College.....	90,700
Montcalm Community College.....	67,800
C.S. Mott Community College.....	101,900
Muskegon Community College.....	185,300
North Central Michigan College.....	121,300
Northwestern Michigan College.....	129,700
Oakland Community College.....	141,700
St. Clair Community College.....	88,500
Schoolcraft College.....	134,800
Southwestern Michigan College.....	152,400
Washtenaw Community College.....	157,200
Wayne County Community College.....	129,500
West Shore Community College.....	118,200

(4) As used in this act, "at-risk students" means students who meet 1 or more of the following criteria:

(a) Are initially placed in 1 or more developmental courses as a result of standardized testing or as a result of failure to make satisfactory academic progress.

(b) Are diagnosed as learning disabled.

(c) Require English as a second language (ESL) assistance.

(5) Grant funding under this section shall be utilized to address the special needs of at-risk students or for equipment or upgrade of information technology hardware or software. Activities related to services provided to at-risk students include, but are not limited to, pretesting for academic ability, counseling contacts, and special programs. Equipment or information technology hardware or software purchased under this section need not be associated with the operation of a program designed to address the needs of at-risk students.

(6) Grant funding under this section shall not be used for indirect costs including, but not limited to, rent, utilities, or, except as provided in this section, college administration.

(7) Each community college shall report to the department of career development a summary of all accomplishments under, expenditures for, and compliance with the intent of this program, including the number of at-risk students served. The report is subject to audit as provided for in section 212(1). The report shall be submitted not later than 90 days after the end of the state's fiscal year.

Sec. 402. The legislature intends that any executive or legislative proposal or action, subsequent to the adoption of a recommendation for appropriations for community colleges for the fiscal year ending September 30, 2004, to increase appropriations to state-supported 4-year universities in excess of the governor's original recommendation for the fiscal year ending September 30, 2004, will be accompanied by a similar action or proposal for state-supported community colleges.

Sec. 403. The legislature intends that not less than 70% of the economic development job training grant money be awarded to community colleges or a consortium of community colleges and other eligible applicants as provided in the budget that appropriated the economic development job training grant money. Further, the legislature intends that at least a portion of the total appropriation for economic development job training grants be awarded to community colleges that offer certified programs that are bureau of apprenticeship training certified. The Michigan economic development corporation shall report by November 1 of each year to the house and senate appropriations subcommittees on community colleges and the senate and house fiscal agencies the names of the community colleges awarded grant money under this section, the amount of the grants awarded, and the percentage awarded to bureau of apprenticeship training certified programs.

PART 2A

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2002-03

GENERAL SECTIONS

Sec. 1201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1A for fiscal year 2002-2003 is \$1,077,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$1,077,700.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

Operations.....	\$	1,077,700
TOTAL	\$	<u>1,077,700</u>

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **House Bill No. 4391, entitled**

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

Recommends:

First: That the House and Senate agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of education for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF EDUCATION

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	427.1	
GROSS APPROPRIATION		\$ 114,381,200
Interdepartmental grant revenues:		
Interdepartmental grant from corrections academy lease.....		1,000,000
Total interdepartmental grants and intradepartmental transfers		1,000,000
ADJUSTED GROSS APPROPRIATION		\$ 113,381,200
Federal revenues:		
Total federal revenues		65,834,100
Special revenue funds:		
Local cost sharing (schools for blind/deaf)		4,641,600
Local school district service fees		150,000
Total local revenues		4,791,600
Gifts, bequests, and donations.....		504,200
Private foundations		197,200
Total private revenues		701,400
Total local and private revenues.....		5,493,000
Certification fees.....		3,130,100
Commodity distribution fees		72,300
Driver fees		8,128,000
Lansing, Michigan school for the blind rent		739,000
Motorcycle license fees.....		5,000
Student insurance revenue.....		205,100
Teacher testing fees.....		282,100
Training and orientation workshop fees		100,000
Total other state restricted revenues		12,661,600
State general fund/general purpose		\$ 29,392,500

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

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	13.0	
State board of education, per diem payments.....		\$ 24,400
Unclassified positions—6.0 FTE positions.....		515,600
State board/superintendent operations—13.0 FTE positions.....		1,909,300
GROSS APPROPRIATION		\$ 2,449,300

	For Fiscal Year Ending Sept. 30, 2004
Appropriated from:	
Federal revenues	1,128,900
Special revenue funds:	
Certification fees.....	70,700
Private foundations	23,000
State general fund/general purpose	\$ 1,226,700
Sec. 103. CENTRAL SUPPORT	
Full-time equated classified positions43.3	
Central support—43.3 FTE positions	\$ 5,409,800
Worker’s compensation.....	26,000
Building occupancy charges - property management services.....	1,346,000
Training and orientation workshops	100,000
Terminal leave payments.....	624,100
GROSS APPROPRIATION.....	\$ 7,505,900
Appropriated from:	
Federal revenues	4,999,600
Special revenue funds:	
Certification fees.....	256,900
Commodity distribution fees	7,000
Driver fees	28,100
Local cost sharing	93,400
Motorcycle license fees.....	5,000
Teacher testing fees.....	12,300
Training and orientation workshop fees	100,000
State general fund/general purpose	\$ 2,003,600
Sec. 104. SCHOOL SUPPORT SERVICES	
Full-time equated classified positions40.4	
School support operations—40.4 FTE positions.....	\$ 4,667,600
GROSS APPROPRIATION.....	\$ 4,667,600
Appropriated from:	
Federal revenues	3,946,000
Special revenue funds:	
Commodity distribution fees	65,300
Driver fees	499,900
State general fund/general purpose	\$ 156,400
Sec. 105. INFORMATION TECHNOLOGY SERVICES	
Information technology operations.....	\$ 2,514,100
GROSS APPROPRIATION.....	\$ 2,514,100
Appropriated from:	
Interdepartmental grant revenues:	
Federal revenues	1,276,900
Special revenue funds:	
Certification fees.....	168,200
Driver fees	44,800
State general fund/general purpose	\$ 1,024,200
Sec. 106. SPECIAL EDUCATION SERVICES	
Full-time equated classified positions68.6	
Special education operations—68.6 FTE positions	\$ 11,237,900
GROSS APPROPRIATION.....	\$ 11,237,900
Appropriated from:	
Federal revenues	11,006,500
Special revenue funds:	
Certification fees.....	35,200
State general fund/general purpose	\$ 196,200
Sec. 107. LANSING, MICHIGAN SCHOOL FOR THE BLIND FORMER SITE	
General services.....	\$ 1,749,000
GROSS APPROPRIATION.....	\$ 1,749,000

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from corrections academy lease.....	1,000,000
Special revenue funds:	
Gifts, bequests, and donations.....	10,000
Lansing, Michigan school for the blind rent	739,000
State general fund/general purpose	\$ 0
Sec. 108. MICHIGAN SCHOOLS FOR THE DEAF AND BLIND	
Full-time equated classified positions	93.0
Michigan schools for the deaf and blind operations—92.0 FTE positions.....	\$ 9,201,400
Summer institute	90,000
Camp Tuhsmeheeta—1.0 FTE position.....	250,100
Private gifts - blind.....	90,000
Private gifts - deaf	50,000
GROSS APPROPRIATION.....	\$ 9,681,500
Appropriated from:	
Federal revenues	4,328,800
Special revenue funds:	
Local cost sharing (schools for blind/deaf)	4,503,400
Local school district service fees	150,000
Gifts, bequests, and donations.....	494,200
Student insurance revenue.....	205,100
State general fund/general purpose	\$ 0
Sec. 109. PROFESSIONAL PREPARATION SERVICES	
Full-time equated classified positions	31.0
Professional preparation operations—31.0 FTE positions	\$ 5,020,900
Department of attorney general.....	50,000
GROSS APPROPRIATION.....	\$ 5,070,900
Appropriated from:	
Federal revenues	2,528,100
Special revenue funds:	
Certification fees.....	2,273,000
Teacher testing fees.....	269,800
State general fund/general purpose	\$ 0
Sec. 110. FIELD SERVICES	
Full-time equated classified positions	46.9
Field services operations—46.9 FTE positions	\$ 5,868,300
GROSS APPROPRIATION.....	\$ 5,868,300
Appropriated from:	
Federal revenues	5,868,300
State general fund/general purpose	\$ 0
Sec. 111. OFFICE OF SCHOOL EXCELLENCE	
Full-time equated classified positions	61.5
School excellence operations—61.5 FTE positions	\$ 10,413,300
GROSS APPROPRIATION.....	\$ 10,413,300
Appropriated from:	
Federal revenues	8,818,200
Private foundations	79,400
State general fund/general purpose	\$ 1,515,700
Sec. 112. GOVERNMENT SERVICES	
Full-time equated classified positions	9.1
Government services operations—9.1 FTE positions	\$ 572,300
GROSS APPROPRIATION.....	\$ 572,300
Appropriated from:	
Federal revenues	420,400
State general fund/general purpose	\$ 151,900

For Fiscal Year
Ending Sept. 30,
2004

Sec. 113. SAFE SCHOOLS AND ADMINISTRATIVE LAW

Full-time equated classified positions	11.5	
Safe schools operations—2.5 FTE positions		\$ 393,700
Administrative law operations—9.0 FTE positions		710,000
GROSS APPROPRIATION		\$ 1,103,700
Appropriated from:		
Federal revenues		532,200
Special revenue funds:		
Certification fees		226,100
State general fund/general purpose		\$ 345,400

Sec. 114. EDUCATION OPTIONS, CHARTERS, AND CHOICE

Full-time equated classified positions	8.8	
Education options operations—8.8 FTE positions		\$ 1,132,500
GROSS APPROPRIATION		\$ 1,132,500
Appropriated from:		
Federal revenues		980,200
State general fund/general purpose		\$ 152,300

Sec. 115. GRANTS AND DISTRIBUTIONS

FEDERAL PROGRAMS:

Urgent school renovation		\$ 20,000,000
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STATE PROGRAMS:

Christa McAuliffe grants		\$ 94,800
Driver education		7,600,000
National board certification		100,000
School breakfast programs		10,370,100
School readiness grants		12,250,000
GROSS APPROPRIATION		\$ 50,414,900

Appropriated from:

Federal revenues:		
DED-OESE, urgent school renovation		20,000,000
Special revenue funds:		
Certification fees		100,000
Driver fees		7,600,000
Private foundations		94,800
State general fund/general purpose		\$ 22,620,100

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

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 2003-2004 is \$42,054,100.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is estimated at \$18,960,100.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

GRANTS AND DISTRIBUTIONS

STATE PROGRAMS:

Driver education		\$ 7,600,000
School readiness grants		990,100
School lunch and breakfast		10,370,000
TOTAL		\$ 18,960,100

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.

Sec. 203. As used in this act:

- (a) "DED-OESE" means the United States department of education office of elementary and secondary education.
- (b) "Department" means the Michigan department of education.
- (c) "District" means a local school district as defined in section 6 of the revised school code, 1976 PA 451, MCL 380.6, or a local act school district or public school academy as defined in section 5 of the revised school code, 1976 PA 451, MCL 380.5.
- (d) "FTE" means full-time equated.

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.

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

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

Sec. 206. Unless otherwise specified, the departments and agencies receiving appropriations in part 1 shall use the Internet to fulfill the reporting requirements of this act. This requirement 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.

Sec. 207. The department may carry into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 and that do not require additional state matching funds are appropriated for the purposes intended.

Sec. 208. The department shall provide the state budget director and the senate and house fiscal agencies with copies of the state board of education agenda and all supporting documents at the time the agenda and supporting documents are provided to state board of education members.

Sec. 209. (1) Upon receipt of the federal drug free grant, the department shall allocate \$225,000.00 of the grant to the office for safe schools within the department. The office for safe schools shall work with local school boards, law enforcement agencies, community leaders, and the office of drug control policy for the prevention of school violence. The office for safe schools shall develop and implement, and serve as coordinator of, a statewide clearinghouse for information, program development, model programs and policies, and technical assistance on school violence prevention.

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

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

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

(c) Coordinate with the office of drug control policy in the department of community health to ensure that there is a meaningful linkage between the efforts under this act to provide safe schools and the initiatives undertaken through that office, including, but not limited to, school districts' safe and drug-free school plans, and to facilitate timely applications for and distribution of available grant money.

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

Sec. 210. The department shall require all public school districts to maintain complete records within the personnel file of a teacher or school employee of any disciplinary actions taken by the local school board against the teacher or employee for sexual misconduct. The records shall not be destroyed or removed from the teacher's or employee's personnel file except as required by a court order.

Sec. 211. From the general funds appropriated in part 1 for special education services, the department shall provide funding for 1.0 special education auditors to audit school districts.

Sec. 212. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 213. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of education 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.

Sec. 214. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. The department shall follow all federal guidelines and state laws regarding short-term and long-term retention of records.

Sec. 215. At least 60 days before beginning any effort to privatize services, the department shall submit a complete project plan to the appropriate house and senate appropriations subcommittees and the fiscal agencies. The plan shall

include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate subcommittees of the house and senate standing committees on appropriations and the fiscal agencies within 30 months.

Sec. 216. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced American goods or services, or both, of comparable quality, are available.

Sec. 217. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 218. (1) The department of management and budget and each principal executive department and agency shall provide to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies a monthly report on all personal service contracts awarded without competitive bidding, pricing, or rate-setting. The notification shall include all of the following:

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

(2) For personal service contracts of \$10,000.00 or more, the department of management and budget shall provide a monthly report including all of the following:

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

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

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

(5) The department shall not enter into personal service contracts awarded without competitive bidding, pricing, or rate-setting valued at more than \$10,000.00.

(6) The department shall not enter into more than 1 personal service contract with any 1 contractor in a fiscal year.

Sec. 219. The department shall work with the department of state to ensure that the motorcycle safety education program and grants are administered in the same manner as in 2002-2003.

Sec. 220. The department shall work with the department of natural resources to ensure that the off-road vehicle safety training program and grants are administered in the same manner as in 2002-2003.

Sec. 222. 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, 115 Stat. 1425, 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.

STATE BOARD/OFFICE OF THE SUPERINTENDENT

Sec. 301. (1) The appropriations in part 1 may be used for per diem payments to the state board at which a quorum is present. The per diem payments shall be at a rate as follows:

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

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

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

Sec. 302. From the amount appropriated in part 1 to the state board of education, not more than \$35,000.00 shall be expended for in-state travel. No amount appropriated in part 1 shall be expended for out-of-state travel.

MICHIGAN SCHOOLS FOR THE DEAF AND BLIND

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

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

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

(2) In addition to those funds appropriated in part 1, the department may receive and expend additional funds from lease agreements at the Michigan school for the blind's former site in Lansing that have been negotiated with the

approval of the department of management and budget. These funds are appropriated to the department for operation, maintenance, and renovation expenses associated with the leased space.

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

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

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

(6) Unexpended balances of appropriations and any surplus restricted revenue for the former school for the blind site in Lansing, up to \$100,000.00 in total, shall not lapse to the state general fund at the end of the fiscal year. Any unexpended and unencumbered funds remaining on September 30, 2004 may be carried forward as a work project or as restricted revenue and expended for special maintenance and repairs of facilities at the former Michigan school for the blind site in Lansing. The work project shall be performed by state employees or by contract when necessary at an estimated cost of \$100,000.00. The estimated completion date of the work project is September 30, 2005.

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

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

(3) Unexpended balances of appropriations for the schools for the deaf and blind operations, and from proceeds of the sale of surplus property and facilities at the Michigan schools for the deaf and blind, up to \$250,000.00 in total, shall not lapse to the state general fund at the end of the fiscal year. Any unexpended and unencumbered funds remaining on September 30, 2004 may be carried forward as a work project or as restricted revenue and expended for special maintenance and repairs of facilities at the campus of the Michigan schools for the deaf and blind in Flint. The work shall be carried out by state employees, or by contract as necessary, at an estimated cost of \$250,000.00. The estimated completion date of the work is September 30, 2005.

Sec. 407. The department shall report to the house and senate appropriations subcommittees on education detailed information on the expenditures made from the amount authorized in part 1 quarterly for general services for the Michigan school for the blind's former site.

Sec. 408. The department may assist the department of community health, other departments, and local school districts to secure reimbursement for eligible services provided in Michigan schools from the federal Medicaid program. The department may submit reports of direct expenses related to this effort to the department of community health for reimbursement.

Sec. 409. (1) The Michigan schools for the deaf and blind may promote its residential program as a possible appropriate option for children who are deaf or hard of hearing or who are blind or visually impaired. The Michigan schools for the deaf and blind shall distribute information detailing its services to all intermediate school districts in the state.

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

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

Sec. 410. In addition to those funds appropriated in part 1, the department may receive and expend funds from the mid-Michigan academy for capital improvements. The department shall report to the house and senate fiscal agencies and the state budget office on an annual basis any expenditures made under this section. These additional funds are appropriated specifically for capital improvements authorized by the department of management and budget and shall be negotiated as part of the lease agreement.

Sec. 411. The department shall ensure that rental payments made by each tenant for space at the Michigan school for the blind former site are used for operation, maintenance, and renovation expenses associated with the leased space designated in the tenant's lease agreement.

Sec. 412. The department shall provide a report to the house and senate appropriations subcommittees on the department of education that details, to the extent information is available or attainable, the number of blind students in Michigan, the number of teachers certified to teach Braille, and the extent to which Braille is being offered and taught to blind or visually impaired students. This report shall be submitted by April 1, 2004.

PROFESSIONAL PREPARATION SERVICES

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

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

EDUCATION OPTIONS, CHARTERS, AND CHOICE

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

(2) It is the intent of the legislature to assess the number of FTEs allocated for the charter school office based on information provided by the department describing current staffing and the future staffing needed to sufficiently administer charter school legislation and associated regulations, coordinate the activities of the department relating to charter schools, and address the findings in the office of the auditor general audit report of June 2002.

GRANTS AND DISTRIBUTIONS

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

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

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

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

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

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

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

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

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

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

(d) Priority in the recommendation for awarding of grants by the superintendent of public instruction to applicants shall be based upon the following criteria:

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

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

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

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

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

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

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

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

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

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

- (iii) Review the nutritional services provided to all participants.
- (iv) Review the mechanisms in place for the referral of families to community social service agencies, as appropriate.
- (v) Review the collaboration with and the involvement of appropriate community, volunteer, and social service agencies and organizations in addressing all aspects of education disadvantage.
- (vi) Review, evaluate, and make recommendations for changes in the school readiness program.
- (g) More than 50% of the children participating in the program shall meet the income eligibility criteria for free or reduced price lunch, as determined under the national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766b, and 1769 to 1769h, or meet income and all other eligibility criteria for participation in the Michigan family independence agency unified child day care program.

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

(3) Except as otherwise provided, an applicant that receives a 2003-2004 grant under this section shall also receive priority for fiscal years 2004-2005 and 2005-2006 funding. However, after 3 fiscal years of continuous funding, an applicant will be required to compete openly with new programs and other programs completing their third year. All grant awards are contingent on the availability of funds and documented evidence of grantee compliance with standards for early childhood development consistent with programs for 4-year-olds, as approved by the state board of education, and with all operational, fiscal, administrative, and other program requirements. A program which offers supplementary day care and thereby offers full-day programs as part of its early childhood development program shall receive priority in the allocation of competitive funds.

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

Sec. 705. Before expending funds for DED-OESE, title IV, part A, community service grants and DED-OESE, title IV, part B, 21st century community learning centers, the department shall provide an assurance to the United States department of education that the application was developed in consultation and coordination with appropriate state officials, including the chief state school officer, and other state agencies administering before and after school programs, the heads of the state health and mental health agencies or their designees, and representatives of teachers, parents, students, the business community, and community-based organizations.

SAFE SCHOOLS AND ADMINISTRATIVE LAW

Sec. 801. The department shall furnish a report to the legislature on teacher tenure by December 31, 2003. The report shall include at least all of the following:

- (a) A history of teacher tenure in this state.
- (b) A statement of the purpose of teacher tenure and an assessment of the current need for teacher tenure.
- (c) A history of administrative law cases related to teacher tenure.
- (d) The number of teacher tenure cases heard by administrative law judges for the most recent year for which data is available.
- (e) An estimate of the cost incurred by the department related to teacher tenure.

INFORMATION TECHNOLOGY

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

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

Second: That the House and Senate agree to the title of the bill to read as follows:

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

John Moolenaar
 Judy Emmons
 Gretchen Whitmer
 Conferees for the House

Ron Jelinek
 Alan Cropsey
 Martha G. Scott
 Conferees for the Senate

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 459

Yeas—106

Accavitti	Gielegem	Middaugh	Sheen
Acciavatti	Gillard	Milosch	Sheltrown
Adamini	Gleason	Minore	Shulman
Amos	Hager	Moolenaar	Smith
Anderson	Hardman	Mortimer	Spade
Bieda	Hood	Murphy	Stahl
Bisbee	Hoogendyk	Newell	Stakoe
Brandenburg	Hopgood	Nitz	Stallworth
Brown	Howell	Nofs	Steil
Byrum	Huizenga	O'Neil	Stewart
Casperson	Hummel	Paletko	Tabor
Caswell	Hune	Palmer	Taub
Caul	Hunter	Palsrok	Tobocman
Cheeks	Jamnick	Pappageorge	Vagnozzi
Clack	Johnson, Rick	Pastor	Van Regenmorter
Condino	Johnson, Ruth	Phillips	Voorhees
Daniels	Julian	Plakas	Walker
Dennis	Koetje	Pumford	Ward
DeRoche	Kolb	Reeves	Waters
DeRossett	Kooiman	Richardville	Wenke
Ehardt	LaJoy	Rivet	Whitmer
Elkins	LaSata	Robertson	Williams
Emmons	Law	Rocca	Wojno
Farhat	Lipsey	Sak	Woodward
Farrah	McConico	Shackleton	Woronchak
Gaffney	Meisner	Shaffer	Zelenko
Garfield	Meyer		

Nays—2

Bradstreet

Drolet

In The Chair: Julian

Rep. Caul moved that Rep. Pappageorge be excused temporarily from today's session.
The motion prevailed.

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning
House Bill No. 4396, entitled

A bill to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2004; to provide for the expenditures of those appropriations; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

Recommends:

First: That the House and Senate agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

A bill to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2003 and for the fiscal year ending September 30, 2004; to provide for the expenditures of those appropriations; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2003-2004

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for higher education for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

HIGHER EDUCATION

APPROPRIATION SUMMARY:

Full-time equated classified positions	1.0	
GROSS APPROPRIATION		\$ 1,789,837,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION		\$ 1,789,837,000
Federal revenues:		
Total federal revenues		4,400,000
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		152,750,000
State general fund/general purpose		\$ 1,632,687,000
Sec. 102. CENTRAL MICHIGAN UNIVERSITY		
Operations.....		\$ 81,541,700
GROSS APPROPRIATION		\$ 81,541,700
Appropriated from:		
Special revenue funds:		
Michigan merit award trust fund		538,440
State general fund/general purpose		\$ 81,003,260
Sec. 103. EASTERN MICHIGAN UNIVERSITY		
Operations.....		\$ 78,873,300
GROSS APPROPRIATION		\$ 78,873,300
Appropriated from:		
State general fund/general purpose		\$ 78,873,300
Sec. 104. FERRIS STATE UNIVERSITY		
Operations.....		\$ 49,968,200
GROSS APPROPRIATION		\$ 49,968,200
Appropriated from:		
State general fund/general purpose		\$ 49,968,200
Sec. 105. GRAND VALLEY STATE UNIVERSITY		
Operations.....		\$ 59,085,800
GROSS APPROPRIATION		\$ 59,085,800
Appropriated from:		
Special revenue funds:		
Michigan merit award trust fund		5,000,000
State general fund/general purpose		\$ 54,085,800
Sec. 106. LAKE SUPERIOR STATE UNIVERSITY		
Operations.....		\$ 12,841,800
GROSS APPROPRIATION		\$ 12,841,800
Appropriated from:		
State general fund/general purpose		\$ 12,841,800
Sec. 107. MICHIGAN STATE UNIVERSITY		
Operations.....		\$ 293,383,700
Agricultural experiment station		33,163,800

	For Fiscal Year Ending Sept. 30, 2004
Cooperative extension service.....	28,604,300
GROSS APPROPRIATION.....	\$ 355,151,800
Appropriated from:	
State general fund/general purpose	\$ 355,151,800
Sec. 108. MICHIGAN TECHNOLOGICAL UNIVERSITY	
Operations.....	\$ 49,717,400
GROSS APPROPRIATION.....	\$ 49,717,400
Appropriated from:	
State general fund/general purpose	\$ 49,717,400
Sec. 109. NORTHERN MICHIGAN UNIVERSITY	
Operations.....	\$ 46,811,500
GROSS APPROPRIATION.....	\$ 46,811,500
Appropriated from:	
State general fund/general purpose	\$ 46,811,500
Sec. 110. OAKLAND UNIVERSITY	
Operations.....	\$ 49,087,900
GROSS APPROPRIATION.....	\$ 49,087,900
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	1,941,768
State general fund/general purpose	\$ 47,146,132
Sec. 111. SAGINAW VALLEY STATE UNIVERSITY	
Operations.....	\$ 26,673,700
GROSS APPROPRIATION.....	\$ 26,673,700
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	2,019,792
State general fund/general purpose	\$ 24,653,908
Sec. 112. UNIVERSITY OF MICHIGAN-ANN ARBOR	
Operations.....	\$ 327,206,100
GROSS APPROPRIATION.....	\$ 327,206,100
Appropriated from:	
State general fund/general purpose	\$ 327,206,100
Sec. 113. UNIVERSITY OF MICHIGAN-DEARBORN	
Operations.....	\$ 25,193,900
GROSS APPROPRIATION.....	\$ 25,193,900
Appropriated from:	
State general fund/general purpose	\$ 25,193,900
Sec. 114. UNIVERSITY OF MICHIGAN-FLINT	
Operations.....	\$ 21,661,300
GROSS APPROPRIATION.....	\$ 21,661,300
Appropriated from:	
State general fund/general purpose	\$ 21,661,300
Sec. 115. WAYNE STATE UNIVERSITY	
Operations.....	\$ 228,279,900
GROSS APPROPRIATION.....	\$ 228,279,900
Appropriated from:	
State general fund/general purpose	\$ 228,279,900
Sec. 116. WESTERN MICHIGAN UNIVERSITY	
Operations.....	\$ 113,109,300
GROSS APPROPRIATION.....	\$ 113,109,300
Appropriated from:	
State general fund/general purpose	\$ 113,109,300
Sec. 117. STATE AND REGIONAL PROGRAMS	
Full-time equated positions	1.0
Higher education database modernization and conversion—1.0 FTE positions	\$ 200,000

	For Fiscal Year Ending Sept. 30, 2004
Midwestern higher education compact	82,500
GROSS APPROPRIATION	\$ 282,500
Appropriated from:	
State general fund/general purpose	\$ 282,500
Sec. 118. MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA PARKS PROGRAM	
Select student supportive services	\$ 1,956,100
Michigan college/university partnership program	586,800
Morris Hood, Jr. educator development program	148,600
GROSS APPROPRIATION	\$ 2,691,500
Appropriated from:	
State general fund/general purpose	\$ 2,691,500
Sec. 119. GRANTS AND FINANCIAL AID	
State competitive scholarships	\$ 35,530,500
Tuition grants	64,768,100
Michigan work-study program	7,326,300
Part-time independent student program	2,653,300
Dental clinics grant	4,547,000
Michigan education opportunity grants	2,084,200
Robert C. Byrd honors scholarship program	1,500,000
Nursing scholarship program	4,000,000
Michigan merit award program	130,000,000
Tuition incentive program	9,250,000
GROSS APPROPRIATION	\$ 261,659,400
Appropriated from:	
Federal revenues:	
Higher education act of 1965, title IV, 20 U.S.C.	2,900,000
Higher education act of 1965, title IV, part A	1,500,000
Special revenue funds:	
Michigan merit award trust fund	143,250,000
State general fund/general purpose	\$ 114,009,400
PART 1A	
LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2002-2003	
HIGHER EDUCATION	
APPROPRIATION SUMMARY:	
GROSS APPROPRIATION	\$ 7,000,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 7,000,000
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	7,000,000
State general fund/general purpose	\$ 0
Sec. 152. CENTRAL MICHIGAN UNIVERSITY	
Operations	\$ 1,500,000
GROSS APPROPRIATION	\$ 1,500,000
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund	1,500,000
State general fund/general purpose	\$ 0
Sec. 153. EASTERN MICHIGAN UNIVERSITY	
Operations	\$ 423,932
GROSS APPROPRIATION	\$ 423,932

	For Fiscal Year Ending Sept. 30, 2004
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	423,932
State general fund/general purpose	\$ 0
Sec. 154. FERRIS STATE UNIVERSITY	
Operations.....	\$ 360,190
GROSS APPROPRIATION.....	\$ 360,190
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	360,190
State general fund/general purpose	\$ 0
Sec. 156. LAKE SUPERIOR STATE UNIVERSITY	
Operations.....	\$ 278,320
GROSS APPROPRIATION.....	\$ 278,320
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	278,320
State general fund/general purpose	\$ 0
Sec. 157. MICHIGAN STATE UNIVERSITY	
Operations.....	\$ 896,973
GROSS APPROPRIATION.....	\$ 896,973
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	896,973
State general fund/general purpose	\$ 0
Sec. 158. MICHIGAN TECHNOLOGICAL UNIVERSITY	
Operations.....	\$ 359,637
GROSS APPROPRIATION.....	\$ 359,637
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	359,637
State general fund/general purpose	\$ 0
Sec. 159. NORTHERN MICHIGAN UNIVERSITY	
Operations.....	\$ 353,229
GROSS APPROPRIATION.....	\$ 353,229
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	353,229
State general fund/general purpose	\$ 0
Sec. 162. UNIVERSITY OF MICHIGAN-ANN ARBOR	
Operations.....	\$ 971,558
GROSS APPROPRIATION.....	\$ 971,558
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	971,558
State general fund/general purpose	\$ 0
Sec. 163. UNIVERSITY OF MICHIGAN-DEARBORN	
Operations.....	\$ 305,558
GROSS APPROPRIATION.....	\$ 305,558
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	305,558
State general fund/general purpose	\$ 0
Sec. 164. UNIVERSITY OF MICHIGAN-FLINT	
Operations.....	\$ 297,768
GROSS APPROPRIATION.....	\$ 297,768

	For Fiscal Year Ending Sept. 30, 2004
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	297,768
State general fund/general purpose	\$ 0
Sec. 165. WAYNE STATE UNIVERSITY	
Operations.....	\$ 753,405
GROSS APPROPRIATION.....	\$ 753,405
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	753,405
State general fund/general purpose	\$ 0
Sec. 166. WESTERN MICHIGAN UNIVERSITY	
Operations.....	\$ 499,430
GROSS APPROPRIATION.....	\$ 499,430
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	499,430
State general fund/general purpose	\$ 0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2003-2004

GENERAL SECTIONS

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 2003-2004 is \$1,785,437,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$3,759,100.00. The itemized statement below identifies the estimated appropriations from which spending to units of local government will occur:

Part-time independent student program.....	\$ 1,255,700
Michigan education opportunity grant.....	932,900
Michigan work-study	1,570,500
TOTAL	\$ 3,759,100

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.

Sec. 208. Unless otherwise specified, the institutions of higher education receiving appropriations in part 1 shall use the Internet to fulfill the reporting requirements of this act. This requirement 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.

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

Sec. 212. (1) The funds appropriated in part 1 to state institutions of higher education shall be paid out of the state treasury and distributed by the state treasurer to the respective institutions in 11 equal monthly installments on the sixteenth of each month, or the next succeeding business day, beginning with October 16, 2003. Except for Wayne State University, each institution shall accrue its July and August 2004 payments to its institutional fiscal year ending June 30, 2004.

(2) All universities shall submit higher education institutional data inventory (HEIDI) data and associated financial and program information requested by and in a manner prescribed by the state budget director. For universities with fiscal years ending June 30, 2003, these data shall be submitted to the state budget director by October 15, 2003. Universities with a fiscal year ending September 30, 2003 shall submit preliminary HEIDI data by November 15, 2003 and final data by December 15, 2003. If a university fails to submit HEIDI data and associated financial aid program information in accordance with this reporting schedule, the state treasurer shall withhold the monthly installments under subsection (1) to the university until those data are submitted.

(3) A detailed description of procedures utilized to arrive at the amounts appropriated in part 1 shall be submitted to each institution by the senate and house fiscal agencies.

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

Sec. 214. If section 274 of the income tax act of 1967, 1967 PA 281, MCL 206.274, is not repealed and if a state institution of higher education that receives funds under this act notifies the department of treasury regarding its tuition and fee rates in order to qualify as an eligible institution for the Michigan tuition tax credit under section 274 of the

income tax act of 1967, 1967 PA 281, MCL 206.274, the institution shall also submit the notification and applicable documentation of tuition and fee changes to the house and senate fiscal agencies.

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

GRANTS AND FINANCIAL AID

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

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

(3) If a student who receives an award under this section has his or her tuition and fees paid under the Michigan educational trust program, pursuant to the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1444, and still has financial need, the funds awarded under this section may be used for educational expenses other than tuition and fees.

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

Sec. 302. (1) The amounts appropriated in part 1 for the state tuition grant program shall be distributed pursuant to 1966 PA 313, MCL 390.991 to 390.997a.

(2) Tuition grant awards shall be made to all eligible Michigan residents who apply before July 15, 2003 and who are qualified. Tuition grant awards shall not be made to students newly enrolled in a juris doctor law degree program after the 1995-96 academic year.

(3) The Michigan higher education assistance authority shall determine an actual maximum tuition grant award per student that ensures that the aggregate payments for the tuition grant program do not exceed the appropriation contained in part 1 for the state tuition grant program. By December 15, 2003, and again by February 1, 2004, the authority shall analyze the status of award commitments, shall make any necessary adjustments, and shall confirm that those award commitments will not exceed the appropriation contained in part 1 for the tuition grant program. The determination and actions shall be reported to the state budget director and the house and senate fiscal agencies no later than February 15, 2004. If award adjustments are necessary, the students shall be notified of the adjustment by the third Monday in February.

(4) Any unexpended and unencumbered funds remaining on September 30, 2004 from the amounts appropriated in part 1 for the tuition grant program shall not lapse on September 30, 2004, but shall continue to be available for expenditure for tuition grants provided in the 2004-2005 fiscal year. The use of these unexpended fiscal year 2003-2004 funds shall terminate at the end of the 2004-2005 fiscal year.

(5) The Michigan higher education assistance authority shall continue a proportional tuition grant maximum award level for recipients enrolled less than full-time in a given semester or term.

(6) If the Michigan higher education assistance authority increases the maximum award per eligible student from that provided in the previous fiscal year, it shall not have the effect of reducing the number of eligible students receiving awards in relation to the total number of eligible applicants. Any increase in the maximum grant shall be proportional for all eligible students receiving awards for fiscal year 2003-2004.

(7) All Ferris State University students enrolled at Kendall College of Art and Design prior to January 1, 2001 who were qualified for the state tuition grant shall continue to receive the dollar amount of the state tuition grant for which they were eligible until they graduate or are no longer enrolled in the Kendall College of Art and Design at Ferris State University.

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

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

(3) The Michigan higher education assistance authority shall set aside not more than 5% of the total work-study appropriation to process requests from participating institutions for allocation adjustments. Allocation adjustments shall be based on criteria set by the authority prior to making the allocations under subsection (2).

Sec. 307. The auditor general may audit selected enrollments, degrees, and awards at selected independent colleges and universities receiving awards administered by the department of treasury. The audits shall be based upon definitions and requirements established by the Michigan higher education assistance authority, the state budget director, and the

senate and house fiscal agencies. The auditor general shall accept the Free Application for Federal Student Aid (FAFSA) form as the standard of residency documentation. The auditor general shall submit a report of findings to the senate and house appropriations committees and state budget director by May 1, 2004.

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

(a) For the state competitive scholarship, nursing scholarship, tuition incentive, and tuition grant programs, 40% shall be paid at the beginning of the state's first fiscal quarter, 40% at the beginning of the state's second fiscal quarter, 10% at the beginning of the state's third fiscal quarter, and 10% at the beginning of the state's fourth fiscal quarter.

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

(c) For the part-time independent student program and the Michigan education opportunity grant program, 50% shall be paid at the beginning of the state's first fiscal quarter, 25% at the beginning of the state's second fiscal quarter, and 25% at the beginning of the state's third fiscal quarter.

(d) For the dental clinics grant program and Robert C. Byrd honors scholarship program, 50% shall be paid at the beginning of the state's first fiscal quarter and 50% at the beginning of the state's second fiscal quarter after the number of earned degrees conferred and total amounts to be paid are certified.

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

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

(2) As used in this section:

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

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

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

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

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

(i) Apply for certification to the department before graduating from high school or completing the general education development (GED) certificate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The tuition reimbursement is for coursework completed within 30 months of completion of the phase I requirements.

(7) Program payments shall not be used by any recipient for theology or divinity courses.

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

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

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

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

(12) Any unexpended and unencumbered funds remaining on September 30, 2004 from the amounts appropriated in part 1 for the tuition incentive program shall not lapse on September 30, 2004, but shall continue to be available for expenditure for the tuition incentive program in the fiscal year ending September 30, 2005.

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

Sec. 312. From the funds appropriated in part 1, the Michigan higher education assistance authority shall administer the nursing scholarship program pursuant to 2002 PA 591, MCL 390.1181 to 390.1189.

Sec. 315. Included in part 1 is funding for the dental clinics grant. This appropriation is for the University of Detroit Mercy to support dental clinical services provided by its school of dentistry to low income residents in southeastern Michigan.

STATE UNIVERSITIES

Sec. 401. (1) Included in part 1 is \$5,720,400.00 to Wayne State University for the Joseph F. Young, Sr. psychiatric research and training program. Wayne State University shall use these funds for psychiatric laboratory and clinical research, training, and treatment services. Within the available appropriation, services shall not be denied to any patient who meets established research guidelines for treatment on the basis of personal financial circumstances, age, geographic residence, or projected/actual length of treatment as medically warranted.

(2) Wayne State University shall report the following information to the department of community health by November 1, 2004:

(a) The number and type of psychiatric research projects funded by the appropriation described in subsection (1).

(b) The number and type of students trained and the location of training funded by the appropriation.

(c) Demographic data regarding the number and profile of patients to receive psychiatric services funded by the appropriation and a profile of the services provided.

(d) A summary budget outlining major expenditure categories and any first- and third-party reimbursements.

(3) Copies of these reports shall also be provided to the house and senate fiscal agencies and the state budget director.

Sec. 402. The University of Michigan biological station at Douglas Lake in Cheboygan County is regarded as a unique resource and is designated as a special research reserve. It is the intent of the legislature to protect and preserve the unique long-term research value and capabilities of the biological station area and Douglas Lake. The legislature further intends that no state programs or policies be developed that would have a deleterious impact on the research value of Douglas Lake.

Sec. 405. (1) There is created the higher education institutional data inventory advisory committee. The committee shall be appointed by the state budget director and shall consist of the following members:

(a) One representative from the house fiscal agency.

(b) One representative from the senate fiscal agency.

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

(d) Three representatives of the presidents council of state universities. The presidents council shall appoint 1 representative each from a masters, a doctoral, and a research university.

(2) The committee shall be responsible for maintaining and enhancing the state higher education database for which funding is included in part 1.

Sec. 408. The legislature recognizes that the first and foremost obligation of the public universities is undergraduate instruction. The public universities are therefore encouraged to increase their commitment of tenured and tenure track faculty to undergraduate instruction.

Sec. 418. No state funds shall be used by any state university to undertake a collaborative effort with any other university that would have the effect of increasing its enrollment of first-time professional law degree seeking students.

Sec. 421. (1) Central Michigan University shall report by September 30, 2004 to the state budget director, house and senate appropriations committees, and the house and senate fiscal agencies information on the activities and effectiveness of the national charter schools institute for which an appropriation is provided in part 1. Included in the report shall be an accounting of all revenues and expenditures of the institute, the names of the public school academies served, and the type of assistance provided to each public school academy.

(2) All funds received under part 1 for the national charter schools institute are intended to be expended on activities of that institute.

Sec. 426. It is the legislative intent that private bookstores that sell textbooks to university students and student governments that provide a book swap for university students have accurate and timely access to lists of universities' required textbooks in order to provide prompt and efficient service for students. It is further the legislative intent that each state university allow students who are on financial aid or are receiving tuition grants to decide where to purchase their textbooks.

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

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

(3) Not later than September 30, 2004, a report shall be submitted by Michigan State University to the state budget director, the house and senate appropriations subcommittees on agriculture and on higher education, and the house and senate fiscal agencies for the preceding fiscal year regarding project GREEN projects. The report shall include, but is not limited to, the dollar amount of each project and a review of each project's performance and accomplishments.

Sec. 434. All state universities shall work with the Michigan economic development corporation (MEDC) to foster the state's economic development. The presidents council shall meet quarterly with the MEDC or its representative to discuss potential cooperative efforts and examine any strategies or issues of concern related to advancement of Michigan's economic development. The state universities, through its presidents council, shall submit a report that summarizes the discussion and identifies any conclusions or recommendations of the participants at each quarterly meeting. The quarterly report shall be submitted to the state budget director, the house and senate appropriations subcommittees on higher education, and the house and senate fiscal agencies no later than 30 days after each quarterly meeting.

Sec. 436. The appropriations in part 1 for Michigan's 15 public universities are intended to maintain the access and affordability to these institutions for students and parents. As a condition to receiving the appropriations in part 1, public universities shall adopt reasonable tuition and fee increases for the 2003-2004 academic year.

Sec. 437. It is the intent of the legislature that funds in a Michigan public school employee retirement system (MPERS) stabilization subaccount be used for fiscal year 2003-04 to maintain the annual level percentage of the payroll contribution rate at the fiscal year 2002-03 estimated rate for the 7 state universities that have employees in the MPERS system.

Sec. 439. Any of Michigan's public universities which have a policy allowing smoking in their dormitories or residence halls shall report to the legislature, by December 1, 2003, the reason or reasons for that policy.

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

Sec. 501. (1) Included in the appropriation for each public university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks future faculty program, that is intended to increase the pool of minority candidates pursuing faculty teaching careers in postsecondary education. Each university shall apply the percentage increase applicable to every university in the calculation of appropriations in part 1 to the amount of funds allocated to the future faculty program.

(2) The program shall be administered by each university in a manner prescribed by the Michigan department of career development. The Michigan department of career development shall use a good faith effort standard to evaluate whether a fellowship is in default.

Sec. 502. (1) Included in the appropriation for each public university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks college day program that is intended to introduce schoolchildren underrepresented in postsecondary education to the potential of a college education.

(2) Individual program plans of each university shall include a budget of equal contributions from this program, the participating public university, the participating school district, and the participating independent degree granting college. College day funds shall not be expended to cover indirect costs. Not more than 20% of the university match shall be attributable to indirect costs. Each university shall apply the percentage increase applicable to every university in the calculation of appropriations in part 1 to the amount of funds allocated to the college day program.

(3) The program shall be administered by each university in a manner prescribed by the Michigan department of career development.

Sec. 503. (1) Included in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks select student support services program for developing academically and economically disadvantaged student retention programs for 4-year public and independent educational institutions in this state.

(2) An award made under this program to any 1 institution shall not be greater than \$150,000.00, and the amount awarded shall be matched on a 70% state, 30% college or university basis.

(3) The program shall be administered by the Michigan department of career development.

Sec. 504. (1) Included in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks college/university partnership program between 4-year public and independent colleges and universities and public community colleges, which is intended to increase the number of academically and economically disadvantaged students who transfer from community colleges into baccalaureate programs.

(2) The grants shall be made under this program to Michigan public and independent colleges and universities. An award to any 1 institution shall not be greater than \$150,000.00, and the amount awarded shall be matched on a 70% state, 30% college or university basis.

(3) The program shall be administered by the Michigan department of career development.

Sec. 505. (1) Included in the appropriation for each public university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks visiting professors program which is intended to increase the number of underrepresented minority instructors in the classroom and provide role models for underrepresented minority students.

(2) The program shall be administered by the Michigan department of career development.

Sec. 506. (1) Included in the appropriation in part 1 is funding under the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks initiative for the Morris Hood, Jr. educator development program which is intended to increase the number of minority students, especially males, who enroll in and complete K-12 teacher education programs at the baccalaureate level.

(2) The program shall be administered by each state-approved teacher education institution in a manner prescribed by the Michigan department of career development.

(3) Approved teacher education institutions may and are encouraged to use student support services funding in coordination with the Morris Hood, Jr. funding to achieve the goals of the program.

Sec. 507. Each state institution of higher education receiving funds under section 503, 504, or 506 shall notify the Michigan department of career development by April 15, 2004 as to whether it will expend by the end of its fiscal year the funds received under section 503, 504, or 506. Notwithstanding the award limitations in sections 503 and 504, the amount of funding reported as not being expended will be reallocated to the institutions that intend to expend all funding received under section 503, 504, or 506.

STUDENT PERFORMANCE REPORTING

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

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

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

GENERAL REPORTS AND AUDITS

Sec. 701. (1) The auditor general shall review higher education institutional data inventory (HEIDI) enrollment data submitted by all public universities and may perform audits of selected public universities if determined necessary. The review and audits shall be based upon the definitions, requirements, and uniform reporting categories established by the state budget director and the senate and house fiscal agencies. The auditor general shall submit a report of findings to the house and senate appropriations committees and the state budget director no later than July 1, 2004.

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

(a) Student credit hours generated through correspondence courses, credit by examination, or inmate prison programs regardless of teaching location.

(b) Student credit hours generated in new degree programs after January 1, 1975, that have not been specifically authorized for funding by the legislature, except spin-off programs converted from existing core programs that do all of the following:

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

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

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

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

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

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

Sec. 701a. (1) Pursuant to section 701(2)(b), the following degree programs may be established:

(a) Bachelors:

Ferris State University	Art education, B.F.A.
Ferris State University	Biochemistry major, B.A.
Ferris State University	Chemistry major, B.A.
Ferris State University	Metals/jewelry design, B.F.A.
Grand Valley State University	Cell and molecular biology, B.S.
Grand Valley State University	Clinical laboratory science, B.S.
Grand Valley State University	Dance, B.A.
Grand Valley State University	Medical imaging/radiation science, B.S.
Lake Superior State University	Athletic training, B.S.
Michigan State University	Professional writing, B.A.
Michigan Technological University	Computer network and system administration, B.S.
Michigan Technological University	Computer systems science, B.S.
Northern Michigan University	Earth science, Bachelors
Northern Michigan University	Entertainment and sports promotion, Bachelors
Northern Michigan University	Geographic information science, Bachelors
Oakland University	Financial information systems, B.S.
Oakland University	Wellness, health promotion, and injury prevention, B.S.
Wayne State University	Major in health education, B.S.
Western Michigan University	Athletic training, B.A.
Western Michigan University	Engineering, B.S.E.
Western Michigan University	Major in financial planning, B.B.A.
Western Michigan University	Major in geochemistry, B.S.
Western Michigan University	Major in global and international studies, B.A.

(b) Masters:

Central Michigan University	Reading and literacy K-12, M.A.
Eastern Michigan University	Schools, society, and violence, M.A.
Ferris State University	Masters in business administration, M.B.A.
Grand Valley State University	Biology, M.S.
Grand Valley State University	M.A. program in English, M.A.
Grand Valley State University	Psychology, M.S.
Michigan State University	Digital rhetoric and professional writing, M.A.
Michigan State University	Environmental design, M.A.
Michigan State University	Finance, M.S.
Michigan State University	Food safety, M.S.
Michigan State University	Youth development, M.A.
Saginaw Valley State University	Instructional technology, M.A.
University of Michigan	Health and health care research, M.S.
University of Michigan	International tax, L.L.M.
University of Michigan	Media arts, M.A.
University of Michigan-Dearborn	Psychology specialization in health psychology, M.S.
University of Michigan-Dearborn	Science education, M.S.
Wayne State University	Accounting, M.S.
Wayne State University	Master of occupational therapy, M.O.T.

(c) Doctorate:

Michigan State University	Rhetoric and writing, Ph.D.
Oakland University	Ph.D. program in mechanical engineering, Ph.D.
University of Michigan	Joint doctoral program on women's studies and sociology
Western Michigan University	Evaluation, Ph.D.
Western Michigan University	Spanish, Ph.D.

(2) The listing of degree programs in subsection (1) does not constitute legislative intent to provide additional dollars for those programs.

(3) When submitting the listing of new degree programs for future fiscal years, the presidents council shall also provide a listing of degree programs that will no longer be offered in subsequent academic years.

Sec. 702. The principal executive officer of each institution of higher education receiving an appropriation under this act shall expend a portion of the funds appropriated to that institution to make a report to the auditor general, the house and senate fiscal agencies, and the state budget director within 60 days after the auditor general issues his or her report on the operation of the institution. The institution's report shall specify all of the following:

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

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

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

Sec. 708. The auditor general may conduct performance audits of state universities during the fiscal year ending September 30, 2004 as the auditor general considers necessary.

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

Sec. 710. By February 15, 2004, each public university that receives funds under this act shall report to the house and senate appropriations subcommittees on higher education and the house and senate fiscal agencies the aggregate dollar amount and the number and percentages of undergraduate students who receive need-based grants, merit-based scholarships and grants, loans, and work-study financial aid for the academic year 2002-2003.

PART 2A

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2002-2003

GENERAL SECTIONS

Sec. 1201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1A for fiscal year 2002-2003 is \$7,000,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$0.00.

Sec. 1301. The appropriations in 2002 PA 746 for fiscal year 2002-2003, sections 153 and 157, financed from the Michigan merit award trust fund, shall be appropriated from the tobacco settlement trust fund instead of the Michigan merit award trust fund. An amount of \$1,595,982.00 for community colleges and \$9,060,952.00 for higher education shall be appropriated from the tobacco settlement trust fund instead of the Michigan merit award trust fund.

Sec. 1302. It is the intent of the legislature that Michigan competitive scholarship award applicants and Michigan tuition grant applicants be notified not later than July 31, 2003 of the status of their awards.

Second: That the House and Senate agree to the title of the bill to read as follows:

A bill to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2003 and for the fiscal year ending September 30, 2004; to provide for the expenditures of those appropriations; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

Sandy Caul
Glenn Steil, Jr.
Rich Brown
Conferees for the House

Mike Goschka
Shirley Johnson
Deborah Cherry
Conferees for the Senate

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 460

Yeas—92

Accavitti
Acciavatti
Adamini

Gaffney
Garfield
Gielegem

Milosch
Moolenaar
Mortimer

Sheen
Sheltrown
Shulman

Amos	Gillard	Murphy	Spade
Anderson	Gleason	Newell	Stahl
Bieda	Hager	Nitz	Stakoe
Bisbee	Hardman	Nofs	Stallworth
Brandenburg	Hoogendyk	O'Neil	Steil
Brown	Howell	Paletko	Stewart
Byrum	Huizenga	Palmer	Tabor
Casperson	Hummel	Palsrok	Taub
Caswell	Hune	Pastor	Vagnozzi
Caul	Jamnick	Phillips	Van Regenmorter
Condino	Johnson, Rick	Plakas	Voorhees
Dennis	Johnson, Ruth	Pumford	Ward
DeRoche	Julian	Reeves	Waters
DeRossett	Koetje	Richardville	Wenke
Drolet	Kolb	Rivet	Whitmer
Ehardt	Kooiman	Robertson	Williams
Elkins	LaJoy	Rocca	Wojno
Emmons	Meisner	Sak	Woodward
Farhat	Meyer	Shackleton	Woronchak
Farrah	Middaugh	Shaffer	Zelenko

Nays—15

Bradstreet	Hood	Law	Smith
Cheeks	Hopgood	Lipsey	Tobocman
Clack	Hunter	McConico	Walker
Daniels	LaSata	Minore	

In The Chair: Julian

Rep. Lipsey, having reserved the right to explain his nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted against passage of the higher education appropriation as I feel we are disparately punishing certain institutions. We are not requiring equal sacrifice on the part of all of our institutions of higher education with this bill. Neither are we making cuts based upon the individual university needs and circumstances. Until we can come up with an rational, equitable method for funding our four-year universities we will continually have ‘winners and losers’.”

Reps. Hopgood and Law, having reserved the right to explain their nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted no on House Bill 4396 CR-1 because it moves away from the direction the Legislature has been attempting to move in the Higher Education Budget. House Bill 4396 CR-1 eliminates the tier funding of our state universities. Tier funding was established to create a fair basis for funding our schools. This bill eliminates those tiers and their objective. This budget treats our state universities unfairly by creating winners and losers. Some universities are cut significantly more than others, and some received increases in their funding. For this reason of unfairness, I voted no on House Bill 4396 CR-1.”

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning
House Bill No. 4400, entitled

A bill to make appropriations for the department of natural resources for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create funds and accounts; to require reports; to prescribe

certain powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

Recommends:

First: That the Senate recede from the Substitute of the Senate as passed by the Senate.

Second: That the House and Senate agree to the Substitute of the House as passed by the House, amended to read as follows:

A bill to make appropriations for the department of natural resources for the fiscal years ending September 30, 2003 and September 30, 2004; to provide for the expenditure of those appropriations; to create funds and accounts; to require reports; to prescribe certain powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:
PART 1

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2003-04

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of natural resources for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF NATURAL RESOURCES

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	2,088.5	
GROSS APPROPRIATION.....		\$ 254,243,100
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		3,437,900
ADJUSTED GROSS APPROPRIATION		\$ 250,805,200
Federal revenues:		
Total federal revenues		33,706,600
Special revenue funds:		
Total local revenues		0
Total private revenues		1,871,400
Total other state restricted revenues		186,403,700
State general fund/general purpose		\$ 28,823,500

DEPARTMENT OF NATURAL RESOURCES - FUNDING SOURCE SUMMARY

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	2,088.5	
GROSS APPROPRIATION.....		\$ 254,243,100
Interdepartmental grant revenues:		
IDG, engineering services to work orders		1,472,800
IDG, MacMullan conference center revenue		1,300,600
IDG, land acquisition services to work orders		664,500
Total interdepartmental grants and intradepartmental transfers		3,437,900
ADJUSTED GROSS APPROPRIATION		\$ 250,805,200
Federal revenues:		
DAG, federal		6,831,700
DOC, federal.....		60,900
DOE, federal.....		1,000
DOD, federal		31,000
DOI, federal.....		18,880,000
DOI, oil and gas royalty revenue		150,000
DOI, timber revenue		3,300,000
DOT, federal		4,203,300
EPA, federal.....		248,700
Total federal revenues		33,706,600
Special revenue funds:		
Private funds.....		1,271,400
Private, gift revenues		500,000
Private, IGLFC		100,000
Total private revenues		1,871,400

	For Fiscal Year Ending Sept. 30, 2004
Air photo fees-geographic information system.....	135,000
Aircraft fees.....	219,900
Automated license system revenue.....	429,300
Clean Michigan initiative fund.....	277,800
Delinquent property tax administration fund.....	1,765,900
Forest recreation fund.....	1,120,700
Forest resource revenue.....	25,575,500
Game and fish protection fund.....	60,771,500
Game and fish protection fund-deer habitat reserve.....	2,263,100
Game and fish protection fund-turkey permit fees.....	1,457,200
Game and fish protection fund-waterfowl fees.....	90,500
Game and fish - wildlife resource protection fund.....	1,344,100
Harbor development fund.....	245,900
Land exchange facilitation fund.....	5,503,100
Marine safety fund.....	4,588,200
Michigan civilian conservation corps endowment fund.....	1,000,000
Michigan state parks endowment fund.....	11,576,600
Michigan state waterways fund.....	14,980,200
Michigan natural resources trust fund.....	4,134,800
Nongame wildlife fund.....	592,500
Off-road vehicle trail improvement fund.....	2,759,800
Safety education fund.....	344,300
Park improvement fund.....	33,562,300
Publication revenue.....	58,700
Recreation improvement fund.....	1,414,400
Shop fees.....	56,300
Snowmobile registration fee revenue.....	1,780,100
Snowmobile trail improvement fund.....	8,356,000
Total other state restricted revenues.....	186,403,700
State general fund/general purpose.....	\$ 28,823,500
Sec. 102. EXECUTIVE	
Full-time equated unclassified positions.....	6.0
Full-time equated classified positions.....	42.6
Commission (including travel expense—per diem).....	\$ 90,000
Unclassified salaries—6.0 FTE positions.....	438,600
Education and outreach—32.6 FTE positions.....	2,991,500
Executive direction—10.0 FTE positions.....	1,711,900
GROSS APPROPRIATION.....	\$ 5,232,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG, MacMullan conference center revenue.....	21,400
Special revenue funds:	
Aircraft fees.....	500
Air photo fees-geographic information system.....	10,500
Automated license system revenue.....	3,000
Delinquent property tax administration fund.....	9,000
Forest resource revenue.....	266,100
Game and fish protection fund.....	1,789,900
Harbor development fund.....	600
Land exchange facilitation fund.....	37,100
Marine safety fund.....	41,300
Michigan civilian conservation corps endowment fund.....	500
Michigan natural resources trust fund.....	7,600
Michigan state parks endowment fund.....	28,800
Michigan state waterways fund.....	308,800
Nongame wildlife fund.....	4,800

	For Fiscal Year Ending Sept. 30, 2004
Off-road vehicle trail improvement fund.....	2,700
Park improvement fund.....	1,876,900
Publications revenue.....	500
Recreation improvement fund.....	5,200
Snowmobile registration fee revenue.....	4,200
Snowmobile trail improvement fund.....	32,200
State general fund/general purpose.....	\$ 780,400
Sec. 103. ADMINISTRATIVE SERVICES	
Full-time equated classified positions.....237.2	
Budget and support services—10.0 FTE positions.....	\$ 776,200
Grants, contracts, and customer systems—31.0 FTE positions.....	5,241,700
Human resources—24.0 FTE positions.....	2,045,700
Office of financial services—26.0 FTE positions.....	2,253,500
Office of land and facilities—134.2 FTE positions.....	16,704,600
Program assistance and review—12.0 FTE positions.....	738,700
GROSS APPROPRIATION.....	\$ 27,760,400
Appropriated from:	
Interdepartmental grant revenues:	
IDG, MacMullan conference center revenue.....	1,279,200
IDG, engineering services to work orders.....	1,472,800
IDG, land acquisition services to work orders.....	664,500
Federal revenues:	
DOI, federal.....	320,300
Special revenue funds:	
Aircraft fees.....	112,900
Air photo fees-geographic information system.....	700
Automated license system revenue.....	426,300
Clean Michigan initiative fund.....	277,800
Delinquent property tax administration fund.....	1,720,800
Forest resource revenue.....	1,659,300
Game and fish protection fund.....	8,600,100
Land exchange facilitation fund.....	5,424,400
Marine safety fund.....	368,600
Michigan natural resources trust fund.....	756,500
Michigan state parks endowment fund.....	46,000
Michigan state waterways fund.....	883,700
Michigan civilian conservation corps endowment fund.....	5,900
Nongame wildlife fund.....	3,700
Off-road vehicle trail improvement fund.....	63,200
Park improvement fund.....	1,377,800
Publication revenue.....	58,200
Recreation improvement fund.....	5,300
Snowmobile registration fee revenue.....	65,600
Snowmobile trail improvement fund.....	77,100
State general fund/general purpose.....	\$ 2,089,700
Sec. 104. DEPARTMENTAL OPERATION SUPPORT	
Building occupancy charges.....	\$ 2,000,100
Rent-privately owned property.....	335,700
Gifts and bequests.....	500,000
GROSS APPROPRIATION.....	\$ 2,835,800
Appropriated from:	
Special revenue funds:	
Private-gift revenues.....	500,000
Forest resource revenue.....	753,100
Game and fish protection fund.....	726,900
Marine safety fund.....	44,600

	For Fiscal Year Ending Sept. 30, 2004
Michigan state parks endowment fund	211,200
Michigan state waterways fund	203,800
Michigan natural resources trust fund	62,700
Snowmobile trail improvement fund	20,800
Park improvement fund	304,800
State general fund/general purpose	\$ 7,900
Sec. 105. WILDLIFE MANAGEMENT	
Full-time equated classified positions	191.0
Wildlife administration—14.5 FTE positions	\$ 1,448,200
Wildlife management—167.5 FTE positions	22,158,100
Natural resources heritage—9.0 FTE positions	1,192,700
State game and wildlife area maintenance	200,000
GROSS APPROPRIATION	\$ 24,999,000
Appropriated from:	
Interdepartmental grant revenues:	
Federal revenues:	
DOD, federal	31,000
DOI, federal	9,983,500
EPA, federal	1,000
Special revenue funds:	
Private funds	100,000
Game and fish protection fund	8,626,800
Game and fish protection fund-deer habitat reserve	2,020,100
Game and fish protection fund-turkey permit fees	1,457,200
Game and fish protection fund-waterfowl fees	90,500
Nongame wildlife fund	563,600
State general fund/general purpose	\$ 2,125,300
Sec. 106. FISHERIES MANAGEMENT	
Full-time equated classified positions	225.0
Fisheries administration—8.5 FTE positions	\$ 959,600
Fisheries resource management—159.1 FTE positions	15,756,600
Fish production—57.4 FTE positions	7,372,400
Stream habitat improvement	1,284,800
GROSS APPROPRIATION	\$ 25,373,400
Appropriated from:	
Federal revenues:	
DOE, federal	1,000
DOC, federal	45,900
DOI, federal	7,410,400
EPA, federal	142,100
Special revenue funds:	
Private, IGLFC	100,000
Game and fish protection fund	17,651,900
State general fund/general purpose	\$ 22,100
Sec. 107. PARKS AND RECREATION	
Full-time equated classified positions	785.7
State parks—581.2 FTE positions	\$ 38,285,700
State park improvement revenue bonds-debt service	1,081,900
Recreational boating—201.5 FTE positions	12,306,700
Michigan civilian conservation corps—3.0 FTE positions	993,600
GROSS APPROPRIATION	\$ 52,667,900
Appropriated from:	
Interdepartmental grant revenues:	
Federal revenues:	
EPA, federal	104,600

	For Fiscal Year Ending Sept. 30, 2004
Special revenue funds:	
Private funds.....	316,600
Harbor development fund.....	245,300
Michigan civilian conservation corps endowment fund.....	993,600
Michigan state parks endowment fund.....	10,753,700
Michigan state waterways fund.....	12,061,400
Off-road vehicle trail improvement fund.....	211,700
Park improvement fund.....	27,981,000
State general fund/general purpose.....	\$ 0
Sec. 108. FOREST, MINERAL, AND FIRE MANAGEMENT	
Full-time equated classified positions.....	334.5
Forest and timber treatments—114.0 FTE positions.....	\$ 12,378,700
Forest management planning—13.0 FTE positions.....	4,556,900
Adopt-a-forest program.....	50,000
Forest fire protection—137.5 FTE positions.....	9,506,000
Forest recreation and trails—33.0 FTE positions.....	4,400,000
Minerals management—17.3 FTE positions.....	1,979,700
Bennett arboretum.....	20,000
Cooperative resource programs—10.5 FTE positions.....	3,112,100
Forest management initiative—9.2 FTE positions.....	1,009,000
Forest fire equipment.....	1,700,000
GROSS APPROPRIATION.....	\$ 38,712,400
Appropriated from:	
Federal revenues:	
DAG, federal.....	2,056,700
DOI, federal.....	2,000
EPA, federal.....	1,000
Special revenue funds:	
Private funds.....	804,800
Aircraft fees.....	106,500
Air photo fees-geographic information system.....	103,000
Forest recreation fund.....	1,120,700
Forest resource revenue.....	21,360,900
Game and fish protection fund.....	1,781,800
Michigan state waterways fund.....	340,500
Michigan natural resources trust fund.....	1,106,400
Michigan state parks endowment fund.....	496,700
Off-road vehicle trail improvement fund.....	363,700
Recreation improvement fund.....	284,900
Shop fees.....	56,300
Snowmobile trail improvement fund.....	1,745,900
State general fund/general purpose.....	\$ 6,980,600
Sec. 109. LAW ENFORCEMENT	
Full-time equated classified positions.....	272.5
Wildlife resource protection—10.0 FTE positions.....	\$ 1,332,500
General law enforcement—262.5 FTE positions.....	25,504,300
GROSS APPROPRIATION.....	\$ 26,836,800
Appropriated from:	
Federal revenues:	
DOC, federal.....	15,000
DOI, federal.....	1,062,800
DOT, federal.....	2,403,300
Special revenue funds:	
Game and fish - wildlife resource protection fund.....	1,332,500
Game and fish protection fund.....	15,619,800
Marine safety fund.....	1,304,800

	For Fiscal Year Ending Sept. 30, 2004
Off-road vehicle trail improvement fund.....	744,000
Safety education fund	50,000
Snowmobile registration fee revenue	564,600
State general fund/general purpose	\$ 3,740,000
Sec. 110. PAYMENTS IN LIEU OF TAXES	
Swamp and tax reverted lands.....	\$ 7,071,500
Purchased lands	8,272,800
Commercial forest reserve	2,691,700
GROSS APPROPRIATION.....	\$ 18,036,000
Appropriated from:	
Special revenue funds:	
Game and fish protection fund.....	4,668,300
Michigan natural resources trust fund	1,214,700
Michigan state waterways fund	376,900
State general fund/general purpose	\$ 11,776,100
Sec. 111. GRANTS	
Grant to counties—marine safety	\$ 2,805,000
Federal - land and water conservation fund payments.....	1,000
Federal - forest stewardship grants	625,000
Federal - urban forestry grants	3,900,000
Federal - rural community fire protection	250,000
Federal - clean vessel act grants	100,000
Grants to communities—federal oil, gas, and timber payments.....	3,450,000
Recreation improvement fund grants.....	1,100,000
Sebewaing harbor commission flood control.....	50,000
Snowmobile local grants program.....	6,480,000
Snowmobile law enforcement grants.....	1,142,000
Off-road vehicle safety training grants.....	294,300
Off-road vehicle trail improvement grants	1,374,500
National recreational trails	1,850,000
Game and nongame wildlife fund grants.....	10,000
Inland fisheries resources grants	200,000
GROSS APPROPRIATION.....	\$ 23,631,800
Appropriated from:	
Federal revenues:	
DAG, federal	4,775,000
DOI, federal	101,000
DOI, federal oil and gas royalty revenue	150,000
DOI, federal timber revenue	3,300,000
DOT.....	1,800,000
Special revenue funds:	
Private funds.....	50,000
Game and fish protection fund.....	200,000
Marine safety fund.....	2,805,000
Michigan state waterways fund	50,000
Nongame wildlife fund	10,000
Off-road vehicle trail improvement fund.....	1,374,500
Safety education fund	294,300
Recreation improvement fund	1,100,000
Snowmobile registration fee revenue	1,142,000
Snowmobile trail improvement fund.....	6,480,000
State general fund/general purpose	\$ 0
Sec. 112. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 8,157,500
GROSS APPROPRIATION.....	\$ 8,157,500

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Special revenue funds:	
Air photo fees-geographic information system.....	20,800
Delinquent property tax administration fund.....	36,100
Forest resource revenue	1,536,100
Game and fish protection fund.....	1,106,000
Game and fish protection fund-deer habitat reserve.....	243,000
Game and fish - wildlife resource protection fund.....	11,600
Land exchange facilitation fund.....	41,600
Marine safety fund.....	23,900
Michigan natural resources trust fund.....	986,900
Michigan state parks endowment fund.....	40,200
Michigan state waterways fund.....	755,100
Nongame wildlife fund.....	10,400
Park improvement fund.....	2,021,800
Recreation improvement fund.....	19,000
Snowmobile registration fee revenue	3,700
State general fund/general purpose	\$ 1,301,300
Sec. 113. FEDERAL ADVISORY REPORT	
Game and fish protection fund.....	\$ 100
GROSS APPROPRIATION.....	\$ 100
Appropriated from:	
State general fund/general purpose	\$ 100

PART 1A

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2002-03

Sec. 151. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of natural resources for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF NATURAL RESOURCES
FUND SOURCE SUMMARY:

GROSS APPROPRIATION.....	\$ 100
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 100
Federal revenues:	
Total federal revenues.....	0
Special revenue funds:	
Total local revenues.....	0
Total private revenues.....	0
Total other state restricted revenues.....	0
State general fund/general purpose	\$ 100
Sec. 152. FEDERAL ADVISORY REPORT	
Game and fish protection fund.....	\$ 100
GROSS APPROPRIATION.....	\$ 100
Appropriated from:	
State general fund/general purpose	\$ 100

PART 2

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2003-04

GENERAL SECTIONS

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 the fiscal year ending September 30, 2004 is \$215,227,200.00 and state spending from state resources to be paid to local units of government for the fiscal year ending September 30, 2004 is \$21,983,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF NATURAL RESOURCES
PAYMENTS IN LIEU OF TAXES

Swamp and tax reverted lands.....	7,071,500
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Purchased lands	8,272,800
Commercial forest reserves	2,691,700
GRANTS	
Grants to counties - marine safety.....	2,805,000
Snowmobile law enforcement	1,142,000
TOTAL	\$ 21,983,000

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.

Sec. 203. As used in this act:

- (a) "Commission" means the commission of natural resources.
- (b) "DAG" means the United States department of agriculture.
- (c) "Department" means the department of natural resources.
- (d) "DOC" means the United States department of commerce.
- (e) "DOD" means the United States department of defense.
- (f) "DOE" means the United States department of energy.
- (g) "DOI" means the United States department of interior.
- (h) "DOT" means the United States department of transportation.
- (i) "EPA" means the United States environmental protection agency.
- (j) "FTE" means full-time equated.
- (k) "IDG" means interdepartmental grant.
- (l) "IGLFC" means the international Great Lakes fish commission.

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.

Sec. 205. (1) Beginning October 1, 2003, a hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or 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.

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

Sec. 208. Unless otherwise specified in this act, 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.

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

Sec. 210. By February 15, 2004, the department shall provide the state budget director, the senate and house appropriations subcommittees on natural resources, and the senate and house fiscal agencies with an annual report on estimated restricted fund balances, projected revenues, and expenditures for the fiscal years ending September 30, 2003 and September 30, 2004.

Sec. 211. 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.

Sec. 212. (1) From the funds appropriated under part 1, the department shall prepare a report that lists all of the following regarding grant, loan, or grant and loan programs administered by the department for the fiscal year ending on September 30, 2004:

- (a) The name of each program.

(b) The goals, criteria, filing fees, nominating procedures, eligibility requirements, processes, 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 during the fiscal year ending September 30, 2003.

(2) The reports required under this section shall be submitted to the state budget director, the senate and house appropriations committees and the senate and house fiscal agencies by January 1, 2004.

Sec. 213. Appropriations of state restricted game and fish protection funds have been made to the following departments and agencies in their respective appropriation bills. The amounts appropriated to these departments and agencies are limited to the amounts listed below:

Department of civil service	\$	293,200
Legislative auditor general		21,400
Attorney general		640,800
Department of management and budget		320,500
Department of treasury.....		4,200

Sec. 214. (1) Before January 16, 2004, the department, in cooperation with the Michigan state waterways commission, shall report to the executive budget office, the senate and house fiscal agencies, and the senate and house of representatives appropriations subcommittees on natural resources detailing operations of the Michigan state waterways commission for the preceding 1-year period.

(2) The department, in cooperation with the Michigan state waterways commission, shall determine which projects should be acquired or developed with money from the state waterways fund or harbor development fund and shall submit to the executive budget office, the senate and house fiscal agencies, and the senate and house of representatives appropriations subcommittees on natural resources in January 2004 a list of those projects, compiled in order of priority. The list shall be accompanied by estimates of total costs for the proposed projects.

(3) The department, in cooperation with the Michigan state waterways commission, shall supply with each list under subsection (2) a statement of the guidelines used in listing and assigning the priority of these projects.

Sec. 215. The department shall develop a plan for allocating restricted funds among department administrative support and regulatory activities. This plan shall be submitted to the house and senate appropriations subcommittees on natural resources by January 30, 2004. This plan shall include a cost allocation plan for financial services support, office space rent and building occupancy charges, support division service for information systems and technology, and a methodology to use information generated through activity reports that identifies the percentage of employee time spent on restricted fund activities.

Sec. 216. Pursuant to section 43703(3) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.43703, there is appropriated from the game and fish protection trust fund to the game and fish protection fund, \$6,000,000.00 for the fiscal year ending September 30, 2004.

Sec. 217. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 218. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 219. The department of information technology shall establish a schedule of rates, user fees, and charges or assessments for standard services and information system support requirements to be made to departments for technology-related services and projects. This schedule, as well as copies of related interagency agreements, shall be provided to the state budget office and the house of representatives and senate committees on appropriations before October 15, 2003. The department of natural resources shall not process any payments or fund transfers to the department of information technology until the schedule of rates, user fees, and assessments is provided to the legislature and the department of natural resources.

EXECUTIVE

Sec. 301. On June 15, 2004, the department shall submit to the house and senate appropriations subcommittees on natural resources and the house and senate fiscal agencies a report on fish, game, and nongame habitat improvement and treatment projects completed or planned during the fiscal years ending September 30, 2003 and September 30, 2004. This report shall include a list of all habitat treatment and improvement projects by management unit. This list shall be accompanied by all of the following information:

(a) The target species of wildlife or fish to benefit from unit projects.

(b) The number of acres or, for an inland lake, river, or stream, the number of feet treated or improved, the county in which the project is located, and the methods of treatment or improvement.

(c) The division with lead responsibility for the projects and all organizations involved in the projects, including, but not limited to, department personnel, contractors, or subcontractors.

(d) The total cost per acre and the funding sources supporting management unit projects. The report shall identify the program line item supporting project expenditures.

(e) A separate summary, by fund or subfund, of all projects completed in the fiscal year ending September 30, 2003 or September 30, 2004.

ADMINISTRATIVE SERVICES

Sec. 401. The department may charge the appropriations contained in part 1, including all special maintenance and capital projects appropriated for the fiscal year ending September 30, 2004, for engineering services provided, a standard percentage fee to recover actual costs. The department may use the revenue derived to support the engineering services charges provided for in part 1.

Sec. 402. The department may charge land acquisition projects appropriated for the fiscal year ending September 30, 2004, and for prior fiscal years, a standard percentage fee to recover actual costs, and may use the revenue derived to support the land acquisition service charges provided for in part 1.

Sec. 403. The department of natural resources may charge both application fees and transaction fees related to the exchange or sale of state-owned land or rights in land. The fees shall be set by the director at a rate which allows the department to recover its costs for providing these services.

Sec. 404. The department shall prominently display in a prominent place in the fishing guide provided to each licensed fisher and paid for from the funds appropriated in part 1, the website for the department of community health. In addition, the fishing guide shall include information on alternative sources where interested parties without Internet access may find information on fish advisories issued by the department of community health.

Sec. 405. The department shall report quarterly on all land transactions completed by the department in the previous fiscal quarter. For each land transaction, the report shall include, but not be limited to, the size of the parcel, the county and municipality in which the parcel is located, the dollar amount of the transaction, the fund source used to purchase the parcel, and the type of transaction, such as tax reversion, purchase, public auction, transfer, exchange, or other type of transaction. The report shall be submitted to the senate and house appropriation subcommittees on natural resources within 21 days of the end of each fiscal quarter.

Sec. 406. The department is encouraged to offer the land occupied by the Roscommon airport for lease or sale.

Sec. 407. The department shall provide a commission subsidy to offset the dealer cost of credit card license sales. This cost reimbursement shall not exceed 5% of the license sales.

Sec. 408. 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.

WILDLIFE MANAGEMENT

Sec. 501. By April 1, 2004 and September 30, 2004, the department shall report to the state budget director, the senate and house appropriations subcommittees on natural resources, and the senate and house fiscal agencies on spending from the amounts appropriated in part 1 for bovine tuberculosis control efforts. The report shall include, but not be limited to, information on activities at the animal diagnostic laboratory at Michigan State University that are funded with appropriations in part 1.

Sec. 502. Of the funds appropriated in part 1, the department shall reimburse the department of agriculture for costs incurred for indemnification payments for livestock losses caused by wolves or coyotes under the animal industry act of 1987, 1988 PA 466, MCL 287.701 to 287.745.

FISHERIES MANAGEMENT

Sec. 601. The department shall not impede the certification process for water control structures on Michigan waterways. The department shall fund from funds appropriated in part 1 all non-water-quality studies or requirements that the department requests of either of the following:

(a) The department of environmental quality as a condition for issuance of a certification under section 401 of title IV of the federal water pollution control act, chapter 758, 86 Stat. 877, 33 U.S.C. 1341.

(b) The federal energy regulatory commission as a condition of licensing under the federal power act, chapter 285, 41 Stat. 1063, 16 U.S.C. 791a to 793, 796 to 797, 798 to 818, 820 to 824a, and 824b to 825r.

Sec. 602. (1) From the appropriation in part 1 for stream habitat improvement, not more than \$758,000.00 shall be allocated for grants to watershed councils, resource development councils, soil conservation districts, local governmental units, and other nonprofit organizations for stream habitat stabilization and soil erosion control.

(2) The fisheries division of the department shall develop priority and cost estimates for all recommended projects.

Sec. 603. From the funds appropriated in part 1 for fisheries resource management, \$22,100.00 is provided to the Big Rapids area foundation for completion of the riverwalk project.

PARKS AND RECREATION

Sec. 701. Pursuant to section 1902(2) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.1902, there is appropriated from the Michigan natural resources trust fund to the Michigan state parks endowment fund an amount not to exceed \$10,000,000.00 for the fiscal year ending September 30, 2004.

Sec. 702. The department shall provide trash receptacles and regular trash collection services in all public use areas located in state parks.

Sec. 703. (1) The department shall prepare detailed reports for construction projects in state parks that will involve campsite or campground closures. These reports shall include expected costs, impacts on recreation opportunities, impacts on state park revenues, and the expected impact on state park users. The department shall also prepare reports on average monthly campground occupancy rates for every state park during the previous summer season. The department shall provide reports described in this subsection to the house and senate appropriations subcommittees on natural resources and environmental quality and the house and senate fiscal agencies not later than April 1, 2004.

(2) The department shall notify the house and senate appropriations subcommittees on natural resources and environmental quality and the house and senate fiscal agencies if it intends to reduce operations or reduce recreation opportunities at any state park or recreation area.

Sec. 704. From the funds appropriated in part 1, the department shall attempt to place an appropriate number of defibrillators in state parks. State parks may accept donations of defibrillators.

Sec. 705. On September 30, 2004, the department shall submit a report on the economic impact and financial status of the ski hill in porcupine mountains wilderness state park to the legislature, the state budget director, and the senate and house fiscal agencies. Except as provided in the current request for proposals process, the department shall not alter or halt operations of the ski hill or demolish buildings related to the ski hill in porcupine mountains wilderness state park until this report is received. The department shall collaborate with travel Michigan for both the marketing and promotion of the ski hill and in locating an operating partner through a competitive bidding process.

Sec. 706. As a condition of expenditure of appropriations under part 1 for state parks, the department shall not enter into a lease, concession, or other agreement for the operation of a farm on state park property with a party that has an annual operating budget of less than \$100,000.00, that employs fewer than 2 individuals, or that has not been recognized by the United States government as a 501(c) tax-exempt organization by issuance of an internal revenue service letter of final determination. The party must be licensed to solicit donations under the charitable organizations and solicitation act, 1975 PA 169, MCL 400.271 to 400.294, and must provide a financial statement audited or reviewed by a certified public accountant to the department at the time the lease, concession, or agreement is awarded.

Sec. 707. The department shall collaborate with the department of history, arts, and libraries to begin implementation of the department of natural resources' recommendations for a system of water trails in the state as part of the statewide recreation plan.

FOREST, MINERAL, AND FIRE MANAGEMENT

Sec. 801. Of the funds appropriated in part 1, the department shall prescribe appropriate treatment on 63,000 acres, plus or minus 10%, at the current average rate of 12.5 to 13 cords per acre provided that the department shall take into consideration the impact of timber harvesting on wildlife habitat and recreation uses. The department shall endeavor to increase marking or treatment of hardwood timber by 10% over 2003 levels. In addition, the department shall take into consideration silvicultural analysis and report annually to the legislature on plans and efforts to address factors limiting management of timber.

Sec. 802. The department shall spend amounts appropriated in part 1 for forest-related activities to employ or contract for additional foresters to mark timber, pursuant to section 801.

Sec. 803. The appropriation for the adopt-a-forest program in part 1 shall be used to cover the cost of disposing of waste material collected from state forest lands.

Sec. 804. In addition to the funds appropriated in part 1, \$350,000.00 is appropriated to cover costs related to any declared emergency involving the collapse of any abandoned mine shaft located on state land. This appropriation shall not be expended unless the state budget director recommends the expenditure and the department notifies the house and senate committees on appropriations.

Sec. 805. It is the intent of the legislature that there shall be at least 1 owner or operator of an off-road vehicle dealership among the members of the off-road vehicle trails advisory committee.

Sec. 806. As a condition of expenditure of appropriations in part 1, on October 1, 2003 the department shall provide \$1,000,000.00 from cooperative resources programs as an interdepartmental grant to the department of agriculture for the cooperative resources management initiative program for the purposes of supporting forestry programs in local conservation districts.

Sec. 807. Forest camping fees shall not be assessed for dispersed camping in state forests.

LAW ENFORCEMENT

Sec. 901. The appropriation in part 1 for snowmobile law enforcement grants shall be used to provide grants to county law enforcement agencies in counties with state snowmobile trails to enforce part 821 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.82101 to 324.82160, including rules promulgated under that part and ordinances enacted pursuant to that part. The department shall consider the number of enforcement hours and the number of miles of trails in each county in allocating these grants. Any funds not distributed to counties revert back to the local law enforcement fund. Counties shall provide semiannual reports to the department.

GRANTS

Sec. 1101. The amount appropriated in part 1 for federal-rural community fire protection shall be awarded as grants to local fire protection departments. To be eligible, local fire protection departments shall be located in governmental units or fire protection districts with permanent populations of less than 10,000.

Sec. 1102. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 for grants to communities - federal oil, gas, and timber payments and that do not require additional state matching funds are appropriated for the purposes intended. By November 30, 2004, the department shall report to the senate and house appropriations subcommittees on natural resources, the senate and house fiscal agencies, and the state budget office on all amounts appropriated under this section during the fiscal year ending September 30, 2003.

Sec. 1103. (1) The use of federal funding received by the state from the land and water conservation fund and appropriated in part 1 shall be coordinated with state grants to local units of government from the Michigan natural resources trust fund. The coordination of the two funding sources shall be conducted in a manner that minimizes the total matching funds required from local units of government for local land acquisition or recreational development projects.

(2) The Michigan natural resources trust fund board shall report on the final disposition of federal funding from the land and water conservation fund in the board's annual report to the legislature.

Sec. 1104. Of the amount appropriated in part 1 for off-road vehicle trail improvement grants, not less than \$25,000.00 shall be available for a county that contains a state park off-road vehicle area and applies for law enforcement assistance to regulate off-road vehicle use.

FEDERAL ADVISORY REPORT

Sec. 1201. The amount appropriated in part 1 for the game and fish protection fund is an appropriation from the general fund to the game and fish protection fund pursuant to the settlement agreement addressing issues raised in the advisory report from the United States fish and wildlife service dated February 5, 2003. Pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393, the department shall request the approval of transfers by the legislature from unobligated appropriation balances to the appropriation for the game and fish protection fund of up to \$556,000.00.

PART 2A**PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2002-03****GENERAL SECTIONS**

Sec. 1301. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1a for fiscal year 2002-03 is \$100.00, and state spending from state resources to be paid to local units of government for fiscal year 2002-03 is \$0.00.

FEDERAL ADVISORY REPORT

Sec. 1401. The amount appropriated in part 1A for the game and fish protection fund is an appropriation from the general fund to the game and fish protection fund pursuant to the settlement agreement addressing issues raised in the advisory report from the United States fish and wildlife service dated February 5, 2003. Pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393, the department shall request the approval of transfers by the legislature from unobligated appropriation balances to the appropriation for the game and fish protection fund of up to \$556,000.00.

Third: That the House and Senate agree to the title of the bill to read as follows:

A bill to make appropriations for the department of natural resources for the fiscal years ending September 30, 2003 and September 30, 2004; to provide for the expenditure of those appropriations; to create funds and accounts; to require reports; to prescribe certain powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

John Pastor
Rick Shaffer
Rich Brown
Conferees for the House

Michelle McManus
Shirley Johnson
Conferees for the Senate

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.
 Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 461

Yeas—106

Accavitti	Gaffney	Meisner	Shackleton
Acciavatti	Garfield	Meyer	Shaffer
Adamini	Gielegem	Middaugh	Sheen
Amos	Gillard	Milosch	Shulman
Anderson	Gleason	Minore	Smith
Bieda	Hager	Moolenaar	Spade
Bisbee	Hardman	Mortimer	Stahl
Bradstreet	Hood	Murphy	Stallworth
Brandenburg	Hoogendyk	Newell	Steil
Brown	Hopgood	Nitz	Stewart
Byrum	Howell	Nofs	Tabor
Casperson	Huizenga	O'Neil	Taub
Caswell	Hummel	Paletko	Tobocman
Caul	Hune	Palmer	Vagnozzi
Cheeks	Hunter	Palsrok	Van Regenmorter
Clack	Jamnick	Pappageorge	Voorhees
Condino	Johnson, Rick	Pastor	Walker
Daniels	Johnson, Ruth	Phillips	Ward
Dennis	Julian	Plakas	Waters
DeRoche	Koetje	Pumford	Wenke
DeRossett	Kolb	Reeves	Whitmer
Drolet	Kooiman	Richardville	Williams
Ehardt	LaJoy	Rivet	Wojno
Elkins	LaSata	Robertson	Woodward
Emmons	Law	Rocca	Woronchak
Farhat	Lipsey	Sak	Zelenko
Farrah	McConico		

Nays—2

Sheltrown	Stakoe
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In The Chair: Julian

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **House Bill No. 4392, entitled**

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

Recommends:

First: That the House and Senate agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF COMMUNITY HEALTH

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	4,382.3	
Average population	995.0	
GROSS APPROPRIATION		\$ 9,486,616,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		\$ 69,204,800
ADJUSTED GROSS APPROPRIATION		\$ 9,417,411,200
Federal revenues:		
Total federal revenues		5,248,332,100
Special revenue funds:		
Total local revenues		812,256,100
Total private revenues		57,844,000
Tobacco settlement revenue		98,000,000
Total other state restricted revenues		639,408,300
State general fund/general purpose		\$ 2,561,570,700

Sec. 102. DEPARTMENTWIDE ADMINISTRATION

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	286.9	
Director and other unclassified—6.0 FTE positions		\$ 581,500
Community health advisory council		28,900
Departmental administration and management—265.5 FTE positions.....		23,490,400
Certificate of need program administration—10.0 FTE positions.....		944,800
Worker’s compensation program		9,550,700
Rent and building occupancy		8,300,100
Developmental disabilities council and projects—10.0 FTE positions		2,743,600
Rural health services.....		1,377,900
Michigan essential health care provider program		1,391,700
Primary care services—1.4 FTE positions.....		2,790,100
GROSS APPROPRIATION		\$ 51,199,700

Appropriated from:

Interdepartmental grant revenues:		
Interdepartmental grant from the department of treasury, Michigan state hospital finance authority.....		101,600
Federal revenues:		
Total federal revenues		15,706,000
Special revenue funds:		
Total private revenues		185,900
Total other state restricted revenues		1,580,000
State general fund/general purpose		\$ 33,626,200

Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS

Full-time equated classified positions	83.3	
Mental health/substance abuse program administration—83.3 FTE positions		\$ 9,135,900
Consumer involvement program		189,100
Gambling addiction.....		3,500,000
Protection and advocacy services support		777,400

	For Fiscal Year Ending Sept. 30, 2004
Mental health initiatives for older persons	1,349,200
Community residential and support services	3,838,200
Highway safety projects	1,837,200
Federal and other special projects	1,977,200
GROSS APPROPRIATION	\$ 22,604,200
Federal revenues:	
Total federal revenues	6,169,100
Special revenue funds:	
Total private revenues	190,000
Total other state restricted revenues	3,682,300
State general fund/general purpose	\$ 12,562,800
Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS	
Full-time equated classified positions	2.5
Medicaid mental health services	\$ 1,372,625,900
Community mental health non-Medicaid services	328,394,100
Medicaid adult benefits waiver	40,000,000
Multicultural services	3,663,800
Medicaid substance abuse services	27,788,900
Respite services	1,000,000
CMHSP, purchase of state services contracts	97,115,800
Civil service charges	2,065,500
Federal mental health block grant—2.5 FTE positions	15,317,400
State disability assistance program substance abuse services	2,509,800
Community substance abuse prevention, education and treatment programs	80,548,400
GROSS APPROPRIATION	\$ 1,971,029,600
Appropriated from:	
Federal revenues:	
Total federal revenues	917,992,600
Special revenue funds:	
Total local revenues	26,000,000
Total other state restricted revenues	3,042,400
State general fund/general purpose	\$ 1,023,994,600
Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES	
Total average population	995.0
Full-time equated classified positions	3,060.4
Caro regional mental health center-psychiatric hospital-adult—409.2 FTE positions	\$ 36,376,400
Average population	167.0
Kalamazoo psychiatric hospital-adult—317.9 FTE positions	20,568,200
Average population	115.0
Walter P. Reuther psychiatric hospital-adult—452.0 FTE positions	38,718,800
Average population	244.0
Hawthorn center-psychiatric hospital-children and adolescents—242.6 FTE positions	20,370,500
Average population	80.0
Mount Pleasant center-developmental disabilities—428.1 FTE positions	29,107,100
Average population	164.0
Center for forensic psychiatry—495.0 FTE positions	41,785,400
Average population	225.0
Forensic mental health services provided to the department of corrections— 704.6 FTE positions	68,120,600
Revenue recapture	750,000
IDEA, federal special education	120,000
Special maintenance and equipment	335,300
Purchase of medical services for residents of hospitals and centers	1,358,200
Closed site, transition, and related costs—11.0 FTE positions	1,067,200
Severance pay	216,900

	For Fiscal Year Ending Sept. 30, 2004
Gifts and bequests for patient living and treatment environment	500,000
GROSS APPROPRIATION.....	\$ 259,394,600
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of corrections.....	68,120,600
Federal revenues:	
Total federal revenues	30,004,900
Special revenue funds:	
CMHSP, purchase of state services contracts	97,115,800
Other local revenues	15,228,300
Total private revenues	500,000
Total other state restricted revenues	7,034,600
State general fund/general purpose	\$ 41,390,400
Sec. 106. PUBLIC HEALTH ADMINISTRATION	
Full-time equated classified positions	76.3
Executive administration—7.0 FTE positions	\$ 1,014,300
Minority health grants and contracts.....	650,000
Vital records and health statistics—69.3 FTE positions	6,141,700
GROSS APPROPRIATION.....	\$ 7,806,000
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from family independence agency	447,800
Federal revenues:	
Total federal revenues	2,045,100
Special revenue funds:	
Total other state restricted revenues	2,963,400
State general fund/general purpose	\$ 2,349,700
Sec. 107. INFECTIOUS DISEASE CONTROL	
Full-time equated classified positions	51.3
AIDS prevention, testing, and care programs—13.0 FTE positions	\$ 29,158,600
Immunization local agreements.....	13,990,300
Immunization program management and field support—14.0 FTE positions	1,582,100
Sexually transmitted disease control local agreements	3,494,900
Sexually transmitted disease control management and field support—24.3 FTE positions.....	3,377,100
GROSS APPROPRIATION.....	\$ 51,603,000
Appropriated from:	
Federal revenues:	
Total federal revenues	37,593,000
Special revenue funds:	
Total private revenues	1,847,000
Total other state restricted revenues	7,550,000
State general fund/general purpose	\$ 4,613,000
Sec. 108. LABORATORY SERVICES	
Full-time equated classified positions	115.2
Laboratory services—115.2 FTE positions.....	\$ 12,091,600
GROSS APPROPRIATION.....	\$ 12,091,600
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from environmental quality	392,100
Federal revenues:	
Total federal revenues	2,040,100
Special revenue funds:	
Total other state restricted revenues	3,131,300
State general fund/general purpose	\$ 6,528,100
Sec. 109. EPIDEMIOLOGY	
Full-time equated classified positions	90.0
AIDS surveillance and prevention program.....	\$ 1,883,100
Asthma prevention and control	1,032,300

	For Fiscal Year Ending Sept. 30, 2004
Bioterrorism preparedness—59.5 FTE positions	50,579,900
Epidemiology administration—30.5 FTE positions	5,375,700
Tuberculosis control and recalcitrant AIDS program	867,000
GROSS APPROPRIATION	\$ 59,738,000
Appropriated from:	
Federal revenues:	
Total federal revenues	57,619,600
Special revenue funds:	
Total other state restricted revenues	179,000
State general fund/general purpose	\$ 1,939,400
Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS	
Full-time equated classified positions	3.0
Implementation of 1993 PA 133, MCL 333.17015	\$ 100,000
Lead abatement program—3.0 FTE positions	1,550,200
Local health services.....	220,000
Local public health operations	40,618,400
Medical services cost reimbursement to local health departments.....	1,800,000
GROSS APPROPRIATION	\$ 44,288,600
Appropriated from:	
Federal revenues:	
Total federal revenues	3,249,100
Special revenue funds:	
Total other state restricted revenues	344,600
State general fund/general purpose	\$ 40,694,900
Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION	
Full-time equated classified positions	41.6
African-American male health initiative	\$ 106,700
AIDS and risk reduction clearinghouse and media campaign.....	1,576,000
Alzheimer’s information network.....	440,000
Cancer prevention and control program—10.6 FTE positions	11,043,100
Chronic disease prevention	1,622,400
Diabetes and kidney program—8.0 FTE positions	2,953,900
Health education, promotion, and research programs—11.0 FTE positions.....	1,038,800
Injury control intervention project	714,900
Morris Hood Wayne State University diabetes outreach	250,000
Obesity program	250,000
Physical fitness, nutrition, and health	100,000
Public health traffic safety coordination.....	350,000
School health and education programs	500,000
Smoking prevention program—12.0 FTE positions.....	4,852,700
Tobacco tax collection and enforcement	810,000
Violence prevention	1,446,900
GROSS APPROPRIATION	\$ 28,055,400
Appropriated from:	
Federal revenues:	
Total federal revenues	15,493,200
Special revenue funds:	
Total other state restricted revenues	9,891,800
State general fund/general purpose	\$ 2,670,400
Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES	
Full-time equated classified positions	72.0
Childhood lead program—5.0 FTE positions	\$ 1,470,700
Children’s waiver home care program.....	19,549,800
Community living, children, and families administration—60.0 FTE positions	7,074,100
Dental programs.....	485,400
Dental program for persons with developmental disabilities	151,000
Early childhood collaborative secondary prevention	524,000

	For Fiscal Year Ending Sept. 30, 2004
Family planning local agreements.....	11,318,100
Family support subsidy	15,593,500
Housing and support services.....	5,579,300
Local MCH services.....	13,050,200
Migrant health care	200,000
Newborn screening follow-up and treatment services	2,428,000
Omnibus budget reconciliation act implementation—7.0 FTE positions	12,770,500
Pediatric AIDS prevention and control	1,026,300
Pregnancy prevention program.....	5,846,100
Prenatal care outreach and service delivery support.....	3,049,300
Southwest community partnership.....	996,700
Special projects.....	5,274,500
Sudden infant death syndrome program	321,300
GROSS APPROPRIATION.....	\$ 106,708,800
Appropriated from:	
Federal revenues:	
Total federal revenues	76,378,000
Special revenue funds:	
Private funds.....	261,100
Total other state restricted revenues	10,540,000
State general fund/general purpose	\$ 19,529,700
Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION	
PROGRAMS	
Full-time equated classified positions	41.0
Women, infants, and children program administration and special projects—	
41.0 FTE positions	\$ 5,600,100
Women, infants, and children program local agreements and food costs.....	181,392,100
GROSS APPROPRIATION.....	\$ 186,992,200
Appropriated from:	
Federal revenues:	
Total federal revenues	136,644,900
Special revenue funds:	
Total private revenues	50,347,300
State general fund/general purpose	\$ 0
Sec. 114. CHILDREN'S SPECIAL HEALTH CARE SERVICES	
Full-time equated classified positions	66.6
Children's special health care services administration—66.6 FTE positions	\$ 4,478,800
Amputee program	184,600
Bequests for care and services	1,829,600
Case management services.....	3,773,500
Conveyor contract.....	513,500
Medical care and treatment	129,465,100
GROSS APPROPRIATION.....	\$ 140,245,100
Appropriated from:	
Federal revenues:	
Total federal revenues	69,387,200
Special revenue funds:	
Private - bequests.....	1,000,000
Total other state restricted revenues	650,000
State general fund/general purpose	\$ 69,207,900
Sec. 115. OFFICE OF DRUG CONTROL POLICY	
Full-time equated classified positions	17.0
Drug control policy—17.0 FTE positions	\$ 1,973,400
Anti-drug-abuse grants.....	26,859,200
Interdepartmental grant to judiciary for drug treatment courts	1,800,000
GROSS APPROPRIATION.....	\$ 30,632,600

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Federal revenues:	
Total federal revenues	30,246,600
State general fund/general purpose	\$ 386,000
Sec. 116. CRIME VICTIM SERVICES COMMISSION	
Full-time equated classified positions9.0	
Grants administration services—9.0 FTE positions.....	\$ 1,080,500
Justice assistance grants.....	13,000,000
Crime victim rights services grants.....	8,265,300
GROSS APPROPRIATION.....	\$ 22,345,800
Appropriated from:	
Federal revenues:	
Total federal revenues	13,946,900
Special revenue funds:	
Total other state restricted revenues.....	7,984,400
State general fund/general purpose	\$ 414,500
Sec. 117. OFFICE OF SERVICES TO THE AGING	
Full-time equated classified positions32.5	
Commission (per diem \$50.00).....	\$ 10,500
Office of services to aging administration—32.5 FTE positions	4,167,800
Community services.....	35,286,100
Nutrition services.....	38,191,200
Senior volunteer services	5,645,900
Senior citizen centers staffing and equipment.....	1,068,700
Employment assistance	2,818,300
Respite care program	7,100,000
GROSS APPROPRIATION.....	\$ 94,288,500
Appropriated from:	
Federal revenues:	
Total federal revenues	52,094,300
Special revenue funds:	
Tobacco settlement revenue	5,000,000
Total other state restricted revenues.....	2,267,000
State general fund/general purpose	\$ 34,927,200
Sec. 118. MEDICAL SERVICES ADMINISTRATION	
Full-time equated classified positions333.7	
Medical services administration—333.7 FTE positions.....	\$ 39,319,900
Facility inspection contract - state police.....	132,800
MIChild administration	4,327,800
GROSS APPROPRIATION.....	\$ 43,780,500
Appropriated from:	
Federal revenues:	
Total federal revenues	29,512,300
Special revenue funds:	
State general fund/general purpose	\$ 14,268,200
Sec. 119. MEDICAL SERVICES	
Hospital services and therapy.....	\$ 892,626,500
Hospital disproportionate share payments.....	45,000,000
Physician services	227,166,200
Medicare premium payments	172,663,700
Pharmaceutical services	517,225,600
Home health services	36,401,400
Transportation.....	8,538,300
Auxiliary medical services.....	88,195,600
Ambulance services	5,000,000
Long-term care services.....	1,626,345,000
Elder prescription insurance coverage.....	68,011,800
Health plan services.....	1,549,361,500

	For Fiscal Year Ending Sept. 30, 2004
MIChild program	36,875,600
Medicaid adult benefits waiver	178,707,600
Maternal and child health.....	9,234,500
Social services to the physically disabled	1,344,900
Subtotal basic medical services program.....	5,462,698,200
School-based services	69,159,500
Special adjustor payments.....	791,338,100
Subtotal special medical services payments	860,497,600
GROSS APPROPRIATION.....	\$ 6,323,195,800
Appropriated from:	
Federal revenues:	
Total federal revenues	3,734,905,000
Special revenue funds:	
Total local revenues	673,912,000
Total private revenues	3,512,700
Tobacco settlement revenue	93,000,000
Total other state restricted revenues	576,773,700
State general fund/general purpose	\$ 1,241,092,400
Sec. 120. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 30,616,000
GROSS APPROPRIATION.....	\$ 30,616,000
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of corrections.....	142,700
Federal revenues:	
Total federal revenues	17,304,200
Special revenue funds:	
Total other state restricted revenues	1,793,800
State general fund/general purpose	\$ 11,375,300

PART 2
PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

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 2003-2004 is \$3,298,979,000.00 and state spending from state resources to be paid to units of local government for fiscal year 2003-2004 is \$1,042,260,100.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF COMMUNITY HEALTH

DEPARTMENTWIDE ADMINISTRATION

Departmental administration and management	\$ 11,657,700
Rural health services.....	35,000

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS

Mental health initiatives for older persons	1,049,200
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COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

State disability assistance program substance abuse services	2,509,800
Community substance abuse prevention, education, and treatment programs.....	19,133,500
Medicaid mental health services	575,692,600
Community mental health non-Medicaid services	328,394,100
Multicultural services.....	3,663,800
Medicaid substance abuse services.....	11,652,900
Respite services	1,000,000

INFECTIOUS DISEASE CONTROL

AIDS prevention, testing and care programs.....	1,466,800
Immunization local agreements.....	2,973,900
Sexually transmitted disease control local agreements	406,100

LOCAL HEALTH ADMINISTRATION AND GRANTS

Local public health operations	40,618,400
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CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

School health and education programs	500,000
Smoking prevention program	1,898,400

COMMUNITY LIVING, CHILDREN, AND FAMILIES

Childhood lead program	85,000
Family planning local agreements	1,142,200
Local MCH services	246,100
Omnibus budget reconciliation act implementation	2,030,800
Prenatal care outreach and service delivery support	610,000

CHILDREN’S SPECIAL HEALTH CARE SERVICES

Case management services	3,169,900
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MEDICAL SERVICES

Transportation	1,175,300
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OFFICE OF SERVICES TO THE AGING

Community services	12,530,300
Nutrition services	12,439,500
Senior volunteer services	517,500

CRIME VICTIM SERVICES COMMISSION

Crime victim rights services grants	5,661,300
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TOTAL OF PAYMENTS TO LOCAL UNITS

OF GOVERNMENT	\$ 1,042,260,100
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PA 431, MCL 18.1101 to 18.1594.

(2) Funds for which the state is acting as the custodian or agent are not subject to annual appropriation.

Sec. 203. As used in this act:

(a) “AIDS” means acquired immunodeficiency syndrome.

(b) “CMHSP” means a community mental health services program as that term is defined in section 100a of the mental health code, 1974 PA 258, MCL 330.1100a.

(c) “Disease management” means a comprehensive system that incorporates the patient, physician, and health plan into 1 system with the common goal of achieving desired outcomes for patients.

(d) “Department” means the Michigan department of community health.

(e) “DSH” means disproportionate share hospital.

(f) “EPIC” means elder prescription insurance coverage program.

(g) “EPSDT” means early and periodic screening, diagnosis, and treatment.

(h) “FTE” means full-time equated.

(i) “GME” means graduate medical education.

(j) “Health plan” means, at a minimum, an organization that meets the criteria for delivering the comprehensive package of services under the department’s comprehensive health plan.

(k) “HMO” means health maintenance organization.

(l) “IDEA” means individual disability education act.

(m) “IDG” means interdepartmental grant.

(n) “MCH” means maternal and child health.

(o) “MiChild” means the program described in section 1670.

(p) “MSS/ISS” means maternal and infant support services.

(q) “Specialty prepaid health plan” means a program described in section 232b of the mental health code, 1974 PA 258, MCL 330.1232b.

(r) “Title XVIII” means title XVIII of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395b-6 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to 1395yy, and 1395bbb to 1395ggg.

(s) “Title XIX” means title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6 and 1396r-8 to 1396v.

(t) “Title XX” means title XX of the social security act, chapter 531, 49 Stat. 620, 49 U.S.C. 1397 to 1397f.

(u) “WIC” means women, infants, and children supplemental nutrition program.

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.

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

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining the 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.

Sec. 207. Sixty days before beginning any effort to privatize services, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on the Internet or Intranet site.

Sec. 209. (1) 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.

(2) Funds appropriated in part 1 shall not be used for the purchase of out-of-state goods or services, or both, if competitively priced and comparable quality Michigan goods or services, or both, are available.

Sec. 210. (1) The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

(2) The director shall take all reasonable steps to ensure equal opportunity for all who compete for and perform contracts to provide services or supplies, or both, for the department. The director shall strongly encourage firms with which the department contracts to provide equal opportunity for subcontractors to provide services or supplies, or both.

Sec. 211. If the revenue collected by the department from fees and collections exceeds the amount appropriated in part 1, the revenue may be carried forward with the approval of the state budget director into the subsequent fiscal year. The revenue carried forward under this section shall be used as the first source of funds in the subsequent fiscal year.

Sec. 212. (1) From the amounts appropriated in part 1, no greater than the following amounts are supported with federal maternal and child health block grant, preventive health and health services block grant, substance abuse block grant, healthy Michigan fund, and Michigan health initiative funds:

(a) Maternal and child health block grant	\$ 21,714,000
(b) Preventive health and health services block grant	4,982,500
(c) Substance abuse block grant	60,095,600
(d) Healthy Michigan fund.....	56,617,100
(e) Michigan health initiative	9,060,200

(2) On or before February 1, 2004, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the detailed name and amounts of federal, restricted, private, and local sources of revenue that support the appropriations in each of the line items in part 1 of this act.

(3) Upon the release of the fiscal year 2004-2005 executive budget recommendation, the department shall report to the same parties in subsection (2) on the amounts and detailed sources of federal, restricted, private, and local revenue proposed to support the total funds appropriated in each of the line items in part 1 of the fiscal year 2004-2005 executive budget proposal.

(4) The department shall provide to the same parties in subsection (2) all revenue source detail for consolidated revenue line item detail upon request to the department.

Sec. 213. The state departments, agencies, and commissions receiving tobacco tax funds from part 1 shall report by January 1, 2004, to the senate and house of representatives appropriations committees, the senate and house fiscal agencies, and the state budget director on the following:

- (a) Detailed spending plan by appropriation line item including description of programs.
- (b) Description of allocations or bid processes including need or demand indicators used to determine allocations.
- (c) Eligibility criteria for program participation and maximum benefit levels where applicable.
- (d) Outcome measures to be used to evaluate programs.
- (e) Any other information considered necessary by the house of representatives or senate appropriations committees or the state budget director.

Sec. 214. The use of state-restricted tobacco tax revenue received for the purpose of tobacco prevention, education, and reduction efforts and deposited in the healthy Michigan fund shall not be used for lobbying as defined in 1978 PA 472, MCL 4.411 to 4.431.

Sec. 216. (1) In addition to funds appropriated in part 1 for all programs and services, there is appropriated for write-offs of accounts receivable, deferrals, and for prior year obligations in excess of applicable prior year appropriations, an amount equal to total write-offs and prior year obligations, but not to exceed amounts available in prior year revenues.

(2) The department's ability to satisfy appropriation deductions in part 1 shall not be limited to collections and accruals pertaining to services provided in fiscal year 2003-2004, but shall also include reimbursements, refunds, adjustments, and settlements from prior years.

(3) The department shall report by March 15, 2004 to the house of representatives and senate appropriations subcommittees on community health on all reimbursements, refunds, adjustments, and settlements from prior years.

Sec. 218. Basic health services for the purpose of part 23 of the public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are: immunizations, communicable disease control, sexually transmitted disease control, tuberculosis control, prevention of gonorrhea eye infection in newborns, screening newborns for the 8 conditions listed in section 5431(1)(a) through (h) of the public health code, 1978 PA 368, MCL 333.5431, community health annex of the Michigan emergency management plan, and prenatal care.

Sec. 219. (1) The department may contract with the Michigan public health institute for the design and implementation of projects and for other public health related activities prescribed in section 2611 of the public health code, 1978 PA 368, MCL 333.2611. The department may develop a master agreement with the institute to carry out these purposes for up to a 3-year period. The department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on or before November 1, 2003 and May 1, 2004 all of the following:

(a) A detailed description of each funded project.

(b) The amount allocated for each project, the appropriation line item from which the allocation is funded, and the source of financing for each project.

(c) The expected project duration.

(d) A detailed spending plan for each project, including a list of all subgrantees and the amount allocated to each subgrantee.

(2) If a report required under subsection (1) is not received by the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on or before the date specified for that report, the disbursement of funds to the Michigan public health institute under this section shall stop. The disbursement of those funds shall recommence when the overdue report is received.

(3) On or before September 30, 2004, the department shall provide to the same parties listed in subsection (1) a copy of all reports, studies, and publications produced by the Michigan public health institute, its subcontractors, or the department with the funds appropriated in part 1 and allocated to the Michigan public health institute.

Sec. 220. All contracts with the Michigan public health institute funded with appropriations in part 1 shall include a requirement that the Michigan public health institute submit to financial and performance audits by the state auditor general of projects funded with state appropriations.

Sec. 223. The department of community health may establish and collect fees for publications, videos and related materials, conferences, and workshops. Collected fees shall be used to offset expenditures to pay for printing and mailing costs of the publications, videos and related materials, and costs of the workshops and conferences. The costs shall not exceed fees collected.

Sec. 259. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the departments and agencies and the department of information technology.

Sec. 260. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of community health 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.

Sec. 262. (1) The department shall provide the members of the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies with a written explanation for all legislative transfers upon submission of the request for legislative transfer by the department of management and budget. The explanation should include reasons for not fully expending appropriated funds which shall include references to boilerplate language expressing intent for program implementation, if applicable, and transfers requested for work projects.

(2) The department shall provide an annual report of lapses by line item for this appropriation act.

Sec. 264. Upon submission of a Medicaid waiver, a Medicaid state plan amendment, or a similar proposal to the centers for Medicare and Medicaid services, the department shall notify the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies of the submission.

Sec. 265. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. Federal and state guidelines for short-term and long-term retention of records shall be followed.

DEPARTMENTWIDE ADMINISTRATION

Sec. 301. From funds appropriated for worker's compensation, the department may make payments in lieu of worker's compensation payments for wage and salary and related fringe benefits for employees who return to work under limited duty assignments.

Sec. 303. The department is prohibited from requiring first-party payment from individuals or families with a taxable income of \$10,000.00 or less for mental health services for determinations made in accordance with section 818 of the mental health code, 1974 PA 258, MCL 330.1818.

Sec. 304. The funds appropriated in part 1 for the Michigan essential health care provider program may also provide loan repayment for dentists that fit the criteria established by part 27 of the public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

Sec. 305. The department is directed to continue support of multicultural agencies that provide primary care services from the funds appropriated in part 1.

Sec. 307. From the funds appropriated in part 1 for primary care services, an amount not to exceed \$2,790,100.00 is appropriated to enhance the service capacity of the federally qualified health centers and other health centers which are similar to federally qualified health centers.

Sec. 313. By November 1, 2003, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on activities undertaken by the department to address compulsive gambling.

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS

Sec. 350. The department may enter into a contract with the protection and advocacy service, authorized under section 931 of the mental health code, 1974 PA 258, MCL 330.1931, or a similar organization to provide legal services for purposes of gaining and maintaining occupancy in a community living arrangement which is under lease or contract with the department or a community mental health services program to provide services to persons with mental illness or developmental disability.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 401. Funds appropriated in part 1 are intended to support a system of comprehensive community mental health services under the full authority and responsibility of local CMHSPs or specialty prepaid health plans. The department shall ensure that each CMHSP or specialty prepaid health plan provides all of the following:

- (a) A system of single entry and single exit.
- (b) A complete array of mental health services which shall include, but shall not be limited to, all of the following services: residential and other individualized living arrangements, outpatient services, acute inpatient services, and long-term, 24-hour inpatient care in a structured, secure environment.
- (c) The coordination of inpatient and outpatient hospital services through agreements with state-operated psychiatric hospitals, units, and centers in facilities owned or leased by the state, and privately-owned hospitals, units, and centers licensed by the state pursuant to sections 134 through 149b of the mental health code, 1974 PA 258, MCL 330.1134 to 330.1149b.
- (d) Individualized plans of service that are sufficient to meet the needs of individuals, including those discharged from psychiatric hospitals or centers, and that ensure the full range of recipient needs is addressed through the CMHSP's or specialty prepaid health plan's program or through assistance with locating and obtaining services to meet these needs.
- (e) A system of case management to monitor and ensure the provision of services consistent with the individualized plan of services or supports.
- (f) A system of continuous quality improvement.
- (g) A system to monitor and evaluate the mental health services provided.
- (h) A system that serves at-risk and delinquent youth as required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106.

Sec. 402. (1) From funds appropriated in part 1, final authorizations to CMHSPs or specialty prepaid health plans shall be made upon the execution of contracts between the department and CMHSPs or specialty prepaid health plans. The contracts shall contain an approved plan and budget as well as policies and procedures governing the obligations and responsibilities of both parties to the contracts. Each contract with a CMHSP or specialty prepaid health plan that the department is authorized to enter into under this subsection shall include a provision that the contract is not valid unless the total dollar obligation for all of the contracts between the department and the CMHSPs or specialty prepaid health plans entered into under this subsection for fiscal year 2003-2004 does not exceed the amount of money appropriated in part 1 for the contracts authorized under this subsection.

(2) The department shall immediately report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director if either of the following occurs:

- (a) Any new contracts with CMHSPs or specialty prepaid health plans that would affect rates or expenditures are enacted.
- (b) Any amendments to contracts with CMHSPs or specialty prepaid health plans that would affect rates or expenditures are enacted.
- (3) The report required by subsection (2) shall include information about the changes and their effects on rates and expenditures.

Sec. 403. From the funds appropriated in part 1 for multicultural services, the department shall ensure that CMHSPs or specialty prepaid health plans continue contracts with multicultural services providers.

Sec. 404. (1) Not later than May 31 of each fiscal year, the department shall provide a report on the community mental health services programs to the members of the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director that includes the information required by this section.

(2) The report shall contain information for each CMHSP or specialty prepaid health plan and a statewide summary, each of which shall include at least the following information:

(a) A demographic description of service recipients which, minimally, shall include reimbursement eligibility, client population, age, ethnicity, housing arrangements, and diagnosis.

(b) When the encounter data is available, a breakdown of clients served, by diagnosis. As used in this subdivision, "diagnosis" means a recipient's primary diagnosis, stated as a specifically named mental illness, emotional disorder, or developmental disability corresponding to terminology employed in the latest edition of the American psychiatric association's diagnostic and statistical manual.

(c) Per capita expenditures by client population group.

(d) Financial information which, minimally, shall include a description of funding authorized; expenditures by client group and fund source; and cost information by service category, including administration. Service category shall include all department approved services.

(e) Data describing service outcomes which shall include, but not be limited to, an evaluation of consumer satisfaction, consumer choice, and quality of life concerns including, but not limited to, housing and employment.

(f) Information about access to community mental health services programs which shall include, but not be limited to, the following:

(i) The number of people receiving requested services.

(ii) The number of people who requested services but did not receive services.

(iii) The number of people requesting services who are on waiting lists for services.

(iv) The average length of time that people remained on waiting lists for services.

(g) The number of second opinions requested under the code and the determination of any appeals.

(h) An analysis of information provided by community mental health service programs in response to the needs assessment requirements of the mental health code, including information about the number of persons in the service delivery system who have requested and are clinically appropriate for different services.

(i) An estimate of the number of FTEs employed by the CMHSPs or specialty prepaid health plans or contracted with directly by the CMHSPs or specialty prepaid health plans as of September 30, 2003 and an estimate of the number of FTEs employed through contracts with provider organizations as of September 30, 2003.

(j) Lapses and carryforwards during fiscal year 2002-2003 for CMHSPs or specialty prepaid health plans.

(k) Contracts for mental health services entered into by CMHSPs or specialty prepaid health plans with providers, including amount and rates, organized by type of service provided.

(l) Information on the community mental health Medicaid managed care program, including, but not limited to, both of the following:

(i) Expenditures by each CMHSP or specialty prepaid health plan organized by Medicaid eligibility group, including per eligible individual expenditure averages.

(ii) Performance indicator information required to be submitted to the department in the contracts with CMHSPs or specialty prepaid health plans.

(3) The department shall include data reporting requirements listed in subsection (2) in the annual contract with each individual CMHSP or specialty prepaid health plan.

(4) The department shall take all reasonable actions to ensure that the data required are complete and consistent among all CMHSPs or specialty prepaid health plans.

Sec. 405. It is the intent of the legislature that the employee wage pass-through funded to the community mental health services programs for direct care workers in local residential settings and for paraprofessional and other nonprofessional direct care workers in day programs, supported employment, and other vocational programs shall continue to be paid to direct care workers.

Sec. 406. (1) The funds appropriated in part 1 for the state disability assistance substance abuse services program shall be used to support per diem room and board payments in substance abuse residential facilities. Eligibility of clients for the state disability assistance substance abuse services program shall include needy persons 18 years of age or older, or emancipated minors, who reside in a substance abuse treatment center.

(2) The department shall reimburse all licensed substance abuse programs eligible to participate in the program at a rate equivalent to that paid by the family independence agency to adult foster care providers. Programs accredited by department-approved accrediting organizations shall be reimbursed at the personal care rate, while all other eligible programs shall be reimbursed at the domiciliary care rate.

Sec. 407. (1) The amount appropriated in part 1 for substance abuse prevention, education, and treatment grants shall be expended for contracting with coordinating agencies or designated service providers. It is the intent of the legislature that the coordinating agencies and designated service providers work with the CMHSPs or specialty prepaid

health plans to coordinate the care and services provided to individuals with both mental illness and substance abuse diagnoses.

(2) The department shall establish a fee schedule for providing substance abuse services and charge participants in accordance with their ability to pay. Any changes in the fee schedule shall be developed by the department with input from substance abuse coordinating agencies.

Sec. 408. (1) By April 15, 2004, the department shall report the following data from fiscal year 2002-2003 on substance abuse prevention, education, and treatment programs to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget office:

(a) Expenditures stratified by coordinating agency, by central diagnosis and referral agency, by fund source, by subcontractor, by population served, and by service type. Additionally, data on administrative expenditures by coordinating agency and by subcontractor shall be reported.

(b) Expenditures per state client, with data on the distribution of expenditures reported using a histogram approach.

(c) Number of services provided by central diagnosis and referral agency, by subcontractor, and by service type. Additionally, data on length of stay, referral source, and participation in other state programs.

(d) Collections from other first- or third-party payers, private donations, or other state or local programs, by coordinating agency, by subcontractor, by population served, and by service type.

(2) The department shall take all reasonable actions to ensure that the required data reported are complete and consistent among all coordinating agencies.

Sec. 409. The funding in part 1 for substance abuse services shall be distributed in a manner that provides priority to service providers that furnish child care services to clients with children.

Sec. 410. The department shall assure that substance abuse treatment is provided to applicants and recipients of public assistance through the family independence agency who are required to obtain substance abuse treatment as a condition of eligibility for public assistance.

Sec. 411. (1) The department shall ensure that each contract with a CMHSP or specialty prepaid health plan requires the CMHSP or specialty prepaid health plan to implement programs to encourage diversion of persons with serious mental illness, serious emotional disturbance, or developmental disability from possible jail incarceration when appropriate.

(2) Each CMHSP or specialty prepaid health plan shall have jail diversion services and shall work toward establishing working relationships with representative staff of local law enforcement agencies, including county prosecutors' offices, county sheriffs' offices, county jails, municipal police agencies, municipal detention facilities, and the courts. Written interagency agreements describing what services each participating agency is prepared to commit to the local jail diversion effort and the procedures to be used by local law enforcement agencies to access mental health jail diversion services are strongly encouraged.

Sec. 412. The department shall contract directly with the Salvation Army harbor light program to provide non-Medicaid substance abuse services at not less than the amount contracted for in fiscal year 2002-2003.

Sec. 414. Medicaid substance abuse treatment services shall be managed by selected CMHSPs or specialty prepaid health plans pursuant to the centers for Medicare and Medicaid services' approval of Michigan's 1915(b) waiver request to implement a managed care plan for specialized substance abuse services. The selected CMHSPs or specialty prepaid health plans shall receive a capitated payment on a per eligible per month basis to assure provision of medically necessary substance abuse services to all beneficiaries who require those services. The selected CMHSPs or specialty prepaid health plans shall be responsible for the reimbursement of claims for specialized substance abuse services. The CMHSPs or specialty prepaid health plans that are not coordinating agencies may continue to contract with a coordinating agency. Any alternative arrangement must be based on client service needs and have prior approval from the department.

Sec. 418. On or before the tenth of each month, the department shall report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the amount of funding paid to the CMHSPs or specialty prepaid health plans to support the Medicaid managed mental health care program in that month. The information shall include the total paid to each CMHSP or specialty prepaid health plan, per capita rate paid for each eligibility group for each CMHSP or specialty prepaid health plan, and number of cases in each eligibility group for each CMHSP or specialty prepaid health plan, and year-to-date summary of eligibles and expenditures for the Medicaid managed mental health care program.

Sec. 423. The department shall work cooperatively with the family independence agency and the departments of corrections, education, state police, and military and veterans affairs to coordinate and improve the delivery of substance abuse prevention, education, and treatment programs within existing appropriations. The department shall report by March 15, 2004 on the outcomes of this cooperative effort to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

Sec. 424. Each community mental health services program or specialty prepaid health plan that contracts with the department to provide services to the Medicaid population shall adhere to the following timely claims processing and payment procedure for claims submitted by health professionals and facilities:

(a) A "clean claim" as described in section 111i of the social welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days after receipt of the claim by the community mental health services program or specialty prepaid health plan. A clean claim that is not paid within this time frame shall bear simple interest at a rate of 12% per annum.

(b) A community mental health services program or specialty prepaid health plan must state in writing to the health professional or facility any defect in the claim within 30 days after receipt of the claim.

(c) A health professional and a health facility have 30 days after receipt of a notice that a claim or a portion of a claim is defective within which to correct the defect. The community mental health services program or specialty prepaid health plan shall pay the claim within 30 days after the defect is corrected.

Sec. 425. By April 1, 2004, the department, in conjunction with the department of corrections, shall report the following data from fiscal year 2002-2003 on mental health and substance abuse services to the house of representatives and senate appropriations subcommittees on community health and corrections, the house and senate fiscal agencies, and the state budget office:

(a) The number of prisoners receiving substance abuse services which shall include a description and breakdown on the type of substance abuse services provided to prisoners.

(b) The number of prisoners receiving mental health services which shall include a description and breakdown on the type of mental health services provided to prisoners.

(c) Data indicating if prisoners receiving mental health services were previously hospitalized in a state psychiatric hospital for persons with mental illness.

Sec. 428. (1) Each CMHSP and affiliation of CMHSPs shall provide, from internal resources, local funds to be used as a bona fide part of the state match required under the Medicaid program in order to increase capitation rates for CMHSPs and affiliations of CMHSPs. These funds shall not include either state funds received by a CMHSP for services provided to non-Medicaid recipients or the state matching portion of the Medicaid capitation payments made to a CMHSP or an affiliation of CMHSPs.

(2) The distribution of the aforementioned increases in the capitation payment rates, if any, shall be based on a formula developed by a committee established by the department, including representatives from CMHSPs or affiliations of CMHSPs and department staff.

Sec. 435. A county required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide matching funds to a CMHSP for mental health services rendered to residents in its jurisdiction shall pay the matching funds in equal installments on not less than a quarterly basis throughout the fiscal year, with the first payment being made by October 1, 2003.

Sec. 439. (1) It is the intent of the legislature that the department, in conjunction with CMHSPs, support pilot projects that facilitate the movement of adults with mental illness from state psychiatric hospitals to community residential settings.

(2) The purpose of the pilot projects is to encourage the placement of persons with mental illness in community residential settings who may require any of the following:

(a) A secured and supervised living environment.

(b) Assistance in taking prescribed medications.

(c) Intensive case management services.

(d) Assertive community treatment team services.

(e) Alcohol or substance abuse treatment and counseling.

(f) Individual or group therapy.

(g) Day or partial day programming activities.

(h) Vocational, educational, or self-help training or activities.

(i) Other services prescribed to treat a person's mental illness to prevent the need for hospitalization.

(3) The pilot projects described in this section shall be completely voluntary.

(4) The department shall provide semiannual reports to the house of representatives and senate appropriations subcommittees on community health, the state budget office, and the house and senate fiscal agencies as to any activities undertaken by the department and CMHSPs for pilot projects implemented under this section.

Sec. 442. (1) It is the intent of the legislature that the \$40,000,000.00 in funding transferred from the community mental health non-Medicaid services line to support the Medicaid adult benefits waiver program be used to provide state match for increases in federal funding for primary care and specialty services provided to Medicaid adult benefits waiver enrollees and for economic increases for the Medicaid specialty services and supports program.

(2) The department shall assure that persons eligible for mental health services under the priority population sections of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106, will receive mandated services under this plan.

(3) Capitation payments to CMHSPs or specialty prepaid health plans for persons who were enrolled in the Medicaid adult benefits waiver program shall be made using the same rate methodology as payments for the current Medicaid beneficiaries.

(4) If enrollment in the Medicaid adult benefits waiver program does not achieve expectations and the funding appropriated for the Medicaid adult benefits waiver program for specialty services is not expended, the general fund balance shall be transferred back to the community mental health non-Medicaid services line. The department shall

report quarterly to the senate and house of representatives appropriation subcommittees on community health a summary of eligible expenditures for the Medicaid adult benefits waiver program by CMHSPs or specialty prepaid health plans.

(5) In the waiver renewal application the department submits to the centers for Medicare and Medicaid services for continuation of the state's 1915(b) specialty services waiver, the department will request that the amount of savings that may be retained by a specialty prepaid health plan be changed from 5% to 7.5% of aggregate capitation payments. If the department is unable to secure centers for Medicare and Medicaid services approval for this change, the department shall allow specialty prepaid health plans and their affiliate CMHSP members to retain 50% of the unspent general fund/general purpose portion of the funds allocated to the specialty prepaid health plan for services to be provided under the Medicaid specialty services waiver. Any such general fund/general purpose portion retained by the specialty prepaid health plan and its CMHSP affiliates under this section shall be considered as state revenues for purposes of determining the amount of state funds that the CMHSP may carry forward under section 226(2)(c) of the mental health code, 1974 PA 258, MCL 330.1226.

Sec. 450. The department shall establish a work group comprised of CMHSPs or specialty prepaid health plans and departmental staff to recommend strategies to streamline audit and reporting requirements for CMHSPs or specialty prepaid health plans. The department shall report on the recommendations of the work group by March 31, 2004 to the house of representatives and senate appropriations subcommittees on community health, the house fiscal agency, the senate fiscal agency, and the state budget director.

STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES

Sec. 601. (1) In funding of staff in the financial support division, reimbursement, and billing and collection sections, priority shall be given to obtaining third-party payments for services. Collection from individual recipients of services and their families shall be handled in a sensitive and nonharassing manner.

(2) The department shall continue a revenue recapture project to generate additional revenues from third parties related to cases that have been closed or are inactive. Revenues collected through project efforts are appropriated to the department for departmental costs and contractual fees associated with these retroactive collections and to improve ongoing departmental reimbursement management functions.

Sec. 602. Unexpended and unencumbered amounts and accompanying expenditure authorizations up to \$500,000.00 remaining on September 30, 2004 from pay telephone revenues and the amounts appropriated in part 1 for gifts and bequests for patient living and treatment environments shall be carried forward for 1 fiscal year. The purpose of gifts and bequests for patient living and treatment environments is to use additional private funds to provide specific enhancements for individuals residing at state-operated facilities. Use of the gifts and bequests shall be consistent with the stipulation of the donor. The expected completion date for the use of gifts and bequests donations is within 3 years unless otherwise stipulated by the donor.

Sec. 603. The funds appropriated in part 1 for forensic mental health services provided to the department of corrections are in accordance with the interdepartmental plan developed in cooperation with the department of corrections. The department is authorized to receive and expend funds from the department of corrections in addition to the appropriations in part 1 to fulfill the obligations outlined in the interdepartmental agreements.

Sec. 604. (1) The CMHSPs or specialty prepaid health plans shall provide semiannual reports to the department on the following information:

(a) The number of days of care purchased from state hospitals and centers.

(b) The number of days of care purchased from private hospitals in lieu of purchasing days of care from state hospitals and centers.

(c) The number and type of alternative placements to state hospitals and centers other than private hospitals.

(d) Waiting lists for placements in state hospitals and centers.

(2) The department shall semiannually report the information in subsection (1) to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

Sec. 605. (1) The department shall not implement any closures or consolidations of state hospitals, centers, or agencies until CMHSPs or specialty prepaid health plans have programs and services in place for those persons currently in those facilities and a plan for service provision for those persons who would have been admitted to those facilities.

(2) All closures or consolidations are dependent upon adequate department-approved CMHSP plans that include a discharge and aftercare plan for each person currently in the facility. A discharge and aftercare plan shall address the person's housing needs. A homeless shelter or similar temporary shelter arrangements are inadequate to meet the person's housing needs.

(3) Four months after the certification of closure required in section 19(6) of the state employees' retirement act, 1943 PA 240, MCL 38.19, the department shall provide a closure plan to the house of representatives and senate appropriations subcommittees on community health.

(4) Upon the closure of state-run operations and after transitional costs have been paid, the remaining balances of funds appropriated for that operation shall be transferred to CMHSPs or specialty prepaid health plans responsible for providing services for persons previously served by the operations.

Sec. 606. The department may collect revenue for patient reimbursement from first- and third-party payers, including Medicaid, to cover the cost of placement in state hospitals and centers. The department is authorized to adjust financing sources for patient reimbursement based on actual revenues earned. If the revenue collected exceeds current year expenditures, the revenue may be carried forward with approval of the state budget director. The revenue carried forward shall be used as a first source of funds in the subsequent year.

INFECTIOUS DISEASE CONTROL

Sec. 801. In the expenditure of funds appropriated in part 1 for AIDS programs, the department and its subcontractors shall ensure that adolescents receive priority for prevention, education, and outreach services.

Sec. 802. In developing and implementing AIDS provider education activities, the department may provide funding to the Michigan state medical society to serve as lead agency to convene a consortium of health care providers, to design needed educational efforts, to fund other statewide provider groups, and to assure implementation of these efforts, in accordance with a plan approved by the department.

Sec. 803. The department shall continue the AIDS drug assistance program maintaining the prior year eligibility criteria and drug formulary. This section is not intended to prohibit the department from providing assistance for improved AIDS treatment medications.

EPIDEMIOLOGY

Sec. 853. From the funds appropriated in part 1 for bioterrorism preparedness, up to \$1,000,000.00, as allowed by federal law and regulations, shall be allocated for bioterrorism preparedness and response services to a multispecies laboratory and necropsy facility located in this state that is certified by the United States department of agriculture animal, plant, health inspection service, with a biosafety level 2/3 certification.

LOCAL HEALTH ADMINISTRATION AND GRANTS

Sec. 901. The amount appropriated in part 1 for implementation of the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local health departments for costs incurred related to implementation of section 17015(18) of the public health code, 1978 PA 368, MCL 333.17015.

Sec. 902. If a county that has participated in a district health department or an associated arrangement with other local health departments takes action to cease to participate in such an arrangement after October 1, 2003, the department shall have the authority to assess a penalty from the local health department's operational accounts in an amount equal to no more than 5% of the local health department's local public health operations funding. This penalty shall only be assessed to the local county that requests the dissolution of the health department.

Sec. 903. The department shall provide a report annually to the house of representatives and senate appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the expenditures and activities undertaken by the lead abatement program. The report shall include, but is not limited to, a funding allocation schedule, expenditures by category of expenditure and by subcontractor, revenues received, description of program elements, and description of program accomplishments and progress.

Sec. 904. (1) Funds appropriated in part 1 for local public health operations shall be prospectively allocated to local health departments to support immunizations, infectious disease control, sexually transmitted disease control and prevention, hearing screening, vision services, food protection, public water supply, private groundwater supply, and on-site sewage management. Food protection shall be provided in consultation with the Michigan department of agriculture. Public water supply, private groundwater supply, and on-site sewage management shall be provided in consultation with the Michigan department of environmental quality.

(2) Local public health departments will be held to contractual standards for the services in subsection (1).

(3) Distributions in subsection (1) shall be made only to counties that maintain local spending in fiscal year 2003-2004 of at least the amount expended in fiscal year 1992-1993 for the services described in subsection (1).

(4) By April 1, 2004, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health, the senate or house fiscal agency, or the state budget director on the planned allocation of the funds appropriated for local public health operations.

CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Sec. 1001. From the state funds appropriated in part 1, the department shall allocate funds to promote awareness, education, and early detection of breast, cervical, prostate, and colorectal cancer, and provide for other health promotion media activities.

Sec. 1002. (1) Provision of the school health education curriculum, such as the Michigan model or another comprehensive school health education curriculum, shall be in accordance with the health education goals established by the Michigan model for the comprehensive school health education state steering committee. The state steering committee shall be comprised of a representative from each of the following offices and departments:

- (a) The department of education.
- (b) The department of community health.
- (c) The health administration in the department of community health.
- (d) The bureau of mental health and substance abuse services in the department of community health.
- (e) The family independence agency.
- (f) The department of state police.

(2) Upon written or oral request, a pupil not less than 18 years of age or a parent or legal guardian of a pupil less than 18 years of age, within a reasonable period of time after the request is made, shall be informed of the content of a course in the health education curriculum and may examine textbooks and other classroom materials that are provided to the pupil or materials that are presented to the pupil in the classroom. This subsection does not require a school board to permit pupil or parental examination of test questions and answers, scoring keys, or other examination instruments or data used to administer an academic examination.

Sec. 1003. Funds appropriated in part 1 for the Alzheimer's information network shall be used to provide information and referral services through regional networks for persons with Alzheimer's disease or related disorders, their families, and health care providers.

Sec. 1006. In spending the funds appropriated in part 1 for the smoking prevention program, priority shall be given to prevention and smoking cessation programs for pregnant women, women with young children, and adolescents.

Sec. 1007. (1) The funds appropriated in part 1 for violence prevention shall be used for, but not be limited to, the following:

(a) Programs aimed at the prevention of spouse, partner, or child abuse and rape.

(b) Programs aimed at the prevention of workplace violence.

(2) In awarding grants from the amounts appropriated in part 1 for violence prevention, the department shall give equal consideration to public and private nonprofit applicants.

(3) From the funds appropriated in part 1 for violence prevention, the department may include local school districts as recipients of the funds for family violence prevention programs.

Sec. 1009. From the funds appropriated in part 1 for the diabetes and kidney program, a portion of the funds may be allocated to the National Kidney Foundation of Michigan for kidney disease prevention programming including early identification and education programs and kidney disease prevention demonstration projects.

Sec. 1010. Contingent on the availability of state restricted healthy Michigan fund money or federal preventive health and health services block grant fund money, funds shall be appropriated for osteoporosis prevention and treatment education.

Sec. 1019. From the funds appropriated in part 1 for chronic disease prevention, \$50,000.00 shall be allocated for stroke prevention, education, and outreach. The objectives of the program shall include education to assist persons in identifying risk factors, and education to assist persons in the early identification of the occurrence of a stroke in order to minimize stroke damage.

Sec. 1020. From the funds appropriated in part 1 for chronic disease prevention, \$105,000.00 shall be allocated for a childhood and adult arthritis program.

Sec. 1028. Contingent on the availability of state restricted healthy Michigan fund money or federal preventive health and health services block grant fund money, funds shall be appropriated for the African-American male health initiative.

COMMUNITY LIVING, CHILDREN, AND FAMILIES

Sec. 1101. The department shall review the basis for the distribution of funds to local health departments and other public and private agencies for the women, infants, and children food supplement program; family planning; and prenatal care outreach and service delivery support program and indicate the basis upon which any projected underexpenditures by local public and private agencies shall be reallocated to other local agencies that demonstrate need.

Sec. 1104. Before April 1, 2004, the department shall submit a report to the house and senate fiscal agencies and the state budget director on planned allocations from the amounts appropriated in part 1 for local MCH services, prenatal care outreach and service delivery support, family planning local agreements, and pregnancy prevention programs. Using applicable federal definitions, the report shall include information on all of the following:

(a) Funding allocations.

(b) Actual number of women, children, and/or adolescents served and amounts expended for each group for the fiscal year 2002-2003.

Sec. 1105. For all programs for which an appropriation is made in part 1, the department shall contract with those local agencies best able to serve clients. Factors to be used by the department in evaluating agencies under this section shall include ability to serve high-risk population groups; ability to serve low-income clients, where applicable; availability of, and access to, service sites; management efficiency; and ability to meet federal standards, when applicable.

Sec. 1106. Each family planning program receiving federal title X family planning funds shall be in compliance with all performance and quality assurance indicators that the United States bureau of community health services specifies in the family planning annual report. An agency not in compliance with the indicators shall not receive supplemental or reallocated funds.

Sec. 1106a. (1) Federal abstinence money expended in part 1 for the purpose of promoting abstinence education shall provide abstinence education to teenagers most likely to engage in high-risk behavior as their primary focus, and may include programs that include 9- to 17-year-olds. Programs funded must meet all of the following guidelines:

(a) Teaches the gains to be realized by abstaining from sexual activity.

- (b) Teaches abstinence from sexual activity outside of marriage as the expected standard for all school-age children.
- (c) Teaches that abstinence is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other health problems.
- (d) Teaches that a monogamous relationship in the context of marriage is the expected standard of human sexual activity.
- (e) Teaches that sexual activity outside of marriage is likely to have harmful effects.
- (f) Teaches that bearing children out of wedlock is likely to have harmful consequences.
- (g) Teaches young people how to avoid sexual advances and how alcohol and drug use increases vulnerability to sexual advances.

(h) Teaches the importance of attaining self-sufficiency before engaging in sexual activity.

(2) Coalitions, organizations, and programs that do not provide contraceptives to minors and demonstrate efforts to include parental involvement as a means of reducing the risk of teens becoming pregnant shall be given priority in the allocations of funds.

(3) Programs and organizations that meet the guidelines of subsection (1) and criteria of subsection (2) shall have the option of receiving all or part of their funds directly from the department of community health.

Sec. 1107. Of the amount appropriated in part 1 for prenatal care outreach and service delivery support, not more than 10% shall be expended for local administration, data processing, and evaluation.

Sec. 1108. The funds appropriated in part 1 for pregnancy prevention programs shall not be used to provide abortion counseling, referrals, or services.

Sec. 1109. (1) Subject to subsection (3), from the amounts appropriated in part 1 for dental programs, funds shall be allocated to the Michigan dental association for the administration of a volunteer dental program that would provide dental services to the uninsured in an amount that is no less than the amount allocated to that program in fiscal year 1996-1997.

(2) Not later than December 1 of the current fiscal year, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health or the senate or house of representatives standing committee on health policy the number of individual patients treated, number of procedures performed, and approximate total market value of those procedures through September 30, 2003.

(3) As a condition to receiving the allocation of the funds described in subsection (1), the Michigan dental association shall provide a report to the senate and house subcommittees on community health and the senate and house fiscal agencies documenting the Michigan dental association's efforts to increase its membership's participation as Medicaid providers. This report shall be provided no later than December 1, 2003.

Sec. 1110. Agencies that currently receive pregnancy prevention funds and either receive or are eligible for other family planning funds shall have the option of receiving all of their family planning funds directly from the department of community health and be designated as delegate agencies.

Sec. 1111. The department shall allocate no less than 87% of the funds appropriated in part 1 for family planning local agreements and the pregnancy prevention program for the direct provision of family planning/pregnancy prevention services.

Sec. 1112. From the funds appropriated for prenatal care outreach and service delivery support, the department shall allocate at least \$1,000,000.00 to communities with high infant mortality rates.

Sec. 1124. (1) From the funds appropriated in part 1 from the federal maternal and child health block grant, \$450,000.00 shall be allocated if additional block grant funds are available for the statewide fetal infant mortality review network.

(2) It is the intent of the legislature that this project shall be funded with a like amount in fiscal year 2004-2005 should federal funds become available.

Sec. 1128. The department shall make every effort to maximize the receipt of federal Medicaid funds to support the activities of the migrant health care line item.

Sec. 1129. The department shall provide a report annually to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the number of children with elevated blood lead levels from information available to the department. The report shall provide the information by county, shall include the level of blood lead reported, and shall indicate the sources of the information.

Sec. 1133. The department shall release infant mortality rate data to all local public health departments no later than 48 hours prior to releasing infant mortality rate data to the public.

Sec. 1134. On the condition that there are unallocated funds remaining in the special projects line item, following the allotment of funds from this line item to existing programs that are required to be funded under this act, the department may provide \$100,000.00 to the yellow ribbon suicide prevention program for an adolescent suicide and assessment pilot project.

WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM

Sec. 1151. The department may work with local participating agencies to define local annual contributions for the farmer's market nutrition program, project FRESH, to enable the department to request federal matching funds by April 1, 2004 based on local commitment of funds.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Sec. 1201. Funds appropriated in part 1 for medical care and treatment of children with special health care needs shall be paid according to reimbursement policies determined by the Michigan medical services program. Exceptions to these policies may be taken with the prior approval of the state budget director.

Sec. 1202. The department may do 1 or more of the following:

- (a) Provide special formula for eligible clients with specified metabolic and allergic disorders.
- (b) Provide medical care and treatment to eligible patients with cystic fibrosis who are 21 years of age or older.
- (c) Provide genetic diagnostic and counseling services for eligible families.
- (d) Provide medical care and treatment to eligible patients with hereditary coagulation defects, commonly known as hemophilia, who are 21 years of age or older.

Sec. 1203. All children who are determined medically eligible for the children's special health care services program shall be referred to the appropriate locally-based services program in their community.

OFFICE OF DRUG CONTROL POLICY

Sec. 1250. In addition to the \$1,800,000.00 in Byrne formula grant program funding the department provides to local drug treatment courts, the department shall provide \$1,800,000.00 in Byrne formula grant program funding to the judiciary by interdepartmental grant.

CRIME VICTIM SERVICES COMMISSION

Sec. 1302. From the funds appropriated in part 1 for justice assistance grants, up to \$50,000.00 shall be allocated for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for the prosecution of sexual assault. The funds shall be used for program coordination, training, and counseling. Unexpended funds shall be carried forward.

Sec. 1304. The department shall work with the department of state police, the Michigan hospital association, the Michigan state medical society, and the Michigan nurses association to ensure that the recommendations included in the "Standard Recommended Procedures for the Emergency Treatment of Sexual Assault Victims" are followed in the collection of evidence.

OFFICE OF SERVICES TO THE AGING

Sec. 1401. The appropriation in part 1 to the office of services to the aging, for community and nutrition services and home services, shall be restricted to eligible individuals at least 60 years of age who fail to qualify for home care services under title XVIII, XIX, or XX.

Sec. 1403. The office of services to the aging shall require each region to report to the office of services to the aging home delivered meals waiting lists based upon standard criteria. Determining criteria shall include all of the following:

- (a) The recipient's degree of frailty.
- (b) The recipient's inability to prepare his or her own meals safely.
- (c) Whether the recipient has another care provider available.
- (d) Any other qualifications normally necessary for the recipient to receive home delivered meals.

Sec. 1404. The area agencies and local providers may receive and expend fees for the provision of day care, care management, respite care, and certain eligible home and community-based services. The fees shall be based on a sliding scale, taking client income into consideration. The fees shall be used to expand services.

Sec. 1406. The appropriation of \$5,000,000.00 of tobacco settlement funds to the office of services to the aging for the respite care program shall be allocated in accordance with a long-term care plan developed by the long-term care working group established in section 1657 of 1998 PA 336 upon implementation of the plan. The use of the funds shall be for direct respite care or adult respite care center services. Not more than 10% of the amount allocated under this section shall be expended for administration and administrative purposes.

Sec. 1413. The legislature affirms the commitment to locally-based services. The legislature supports the role of local county board of commissioners in the approval of area agency on aging plans. The legislature supports choice and the right of local counties to change membership in the area agencies on aging if the change is to an area agency on aging that is contiguous to that county. The legislature supports the office of services to the aging working with others to provide training to commissions to better understand and advocate for aging issues. It is the intent of the legislature to prohibit area agencies on aging from providing direct services, including home and community-based waiver services, unless they receive a waiver from the department. The legislature's intent in this section is conditioned on compliance with federal and state laws, rules, and policies.

Sec. 1416. The legislature affirms the commitment to provide in-home services, resources, and assistance for the frail elderly who are not being served by the Medicaid home and community services waiver program.

MEDICAL SERVICES

Sec. 1601. The cost of remedial services incurred by residents of licensed adult foster care homes and licensed homes for the aged shall be used in determining financial eligibility for the medically needy. Remedial services include basic self-care and rehabilitation training for a resident.

Sec. 1602. Medical services shall be provided to elderly and disabled persons with incomes less than or equal to 100% of the official poverty line, pursuant to the state's option to elect such coverage set out at section 1902(a)(10)(A)(ii) and (m) of title XIX, 42 U.S.C. 1396a.

Sec. 1603. (1) The department may establish a program for persons to purchase medical coverage at a rate determined by the department.

(2) The department may receive and expend premiums for the buy-in of medical coverage in addition to the amounts appropriated in part 1.

(3) The premiums described in this section shall be classified as private funds.

Sec. 1605. (1) The protected income level for Medicaid coverage determined pursuant to section 106(1)(b)(iii) of the social welfare act, 1939 PA 280, MCL 400.106, shall be 100% of the related public assistance standard.

(2) The department shall notify the senate and house of representatives appropriations subcommittees on community health and the state budget director of any proposed revisions to the protected income level for Medicaid coverage related to the public assistance standard 90 days prior to implementation.

Sec. 1606. For the purpose of guardian and conservator charges, the department of community health may deduct up to \$60.00 per month as an allowable expense against a recipient's income when determining medical services eligibility and patient pay amounts.

Sec. 1607. (1) An applicant for Medicaid, whose qualifying condition is pregnancy, shall immediately be presumed to be eligible for Medicaid coverage unless the preponderance of evidence in her application indicates otherwise. The applicant who is qualified as described in this subsection shall be allowed to select or remain with the Medicaid participating obstetrician of her choice.

(2) An applicant qualified as described in subsection (1) shall be given a letter of authorization to receive Medicaid covered services related to her pregnancy. All qualifying applicants shall be entitled to receive all medically necessary obstetrical and prenatal care without preauthorization from a health plan. All claims submitted for payment for obstetrical and prenatal care shall be paid at the Medicaid fee-for-service rate in the event a contract does not exist between the Medicaid participation obstetrical or prenatal care provider and the managed care plan. The applicant shall receive a listing of Medicaid physicians and managed care plans in the immediate vicinity of the applicant's residence.

(3) In the event that an applicant, presumed to be eligible pursuant to subsection (1), is subsequently found to be ineligible, a Medicaid physician or managed care plan that has been providing pregnancy services to an applicant under this section is entitled to reimbursement for those services until such time as they are notified by the department that the applicant was found to be ineligible for Medicaid.

(4) If the preponderance of evidence in an application indicates that the applicant is not eligible for Medicaid, the department shall refer that applicant to the nearest public health clinic or similar entity as a potential source for receiving pregnancy-related services.

(5) The department shall develop an enrollment process for pregnant women covered under this section that facilitates the selection of a managed care plan at the time of application.

Sec. 1608. The department shall update by October 1, 2003 and distribute by November 1, 2003 to health care providers the pamphlet identifying patient rights and responsibilities described in section 20201 of the public health code, 1978 PA 368, MCL 333.20201.

Sec. 1610. The department of community health shall provide an administrative procedure for the review of cost report grievances by medical services providers with regard to reimbursement under the medical services program. Settlements of properly submitted cost reports shall be paid not later than 9 months from receipt of the final report.

Sec. 1611. (1) For care provided to medical services recipients with other third-party sources of payment, medical services reimbursement shall not exceed, in combination with such other resources, including Medicare, those amounts established for medical services-only patients. The medical services payment rate shall be accepted as payment in full. Other than an approved medical services copayment, no portion of a provider's charge shall be billed to the recipient or any person acting on behalf of the recipient. Nothing in this section shall be considered to affect the level of payment from a third-party source other than the medical services program. The department shall require a nonenrolled provider to accept medical services payments as payment in full.

(2) Notwithstanding subsection (1), medical services reimbursement for hospital services provided to dual Medicare/medical services recipients with Medicare Part B coverage only shall equal, when combined with payments for Medicare and other third-party resources, if any, those amounts established for medical services-only patients, including capital payments.

Sec. 1615. Unless prohibited by federal or state law or regulation, the department shall require enrolled Medicaid providers to submit their billings for services electronically by April 1, 2004 and have a program that provides a mechanism for Medicaid providers to submit their billings for services over the Internet.

Sec. 1620. (1) For fee-for-service recipients, the pharmaceutical dispensing fee shall be \$3.77 or the pharmacy's usual or customary cash charge, whichever is less.

(2) If carved-out of the capitation rate for managed care recipients, the pharmaceutical dispensing fee shall be \$3.77 or the pharmacy's usual or customary cash charge or the usual charge allowed by the recipient's Medicaid HMO, whichever is less.

(3) The department shall require a prescription copayment for Medicaid recipients except as prohibited by federal or state law or regulation.

Sec. 1621. (1) The department may implement prospective drug utilization review and disease management systems. The prospective drug utilization review and disease management systems authorized by this subsection shall have physician oversight, shall focus on patient, physician, and pharmacist education, and shall be developed in consultation with the national pharmaceutical council, Michigan state medical society, Michigan association of osteopathic physicians, Michigan pharmacists' association, Michigan health and hospital association, and Michigan nurses' association.

(2) This section does not authorize or allow therapeutic substitution.

Sec. 1621a. (1) The department, in conjunction with pharmaceutical manufacturers or their agents, may establish pilot projects to test the efficacy of disease management and health management programs.

(2) The department may negotiate a plan that uses the savings resulting from the services rendered from these programs, in lieu of requiring a supplemental rebate for the inclusion of those participating parties' products on the department's preferred drug list.

Sec. 1622. The department shall implement a pharmaceutical best practice initiative. All of the following apply to that initiative:

(a) A physician that calls the department's agent for prior authorization of drugs that are not on the department's preferred drug list shall be informed of the option to speak to the agent's physician on duty concerning the prior authorization request if the agent's pharmacist denies the prior authorization request. If immediate contact with the agent's physician on duty is requested, but cannot be arranged, the physician placing the call shall be immediately informed of the right to request a 72-hour supply of the nonauthorized drug.

(b) The department's prior authorization and appeal process shall be available on the department's website. The department shall also continue to implement a program that allows providers to file prior authorization and appeal requests electronically.

(c) The department shall provide authorization for prescribed drugs that are not on its preferred drug list if the prescribing physician verifies that the drugs are necessary for the continued stabilization of the patient's medical condition following documented previous failures on earlier prescription regimens. Documentation of previous failures may be provided by telephone, facsimile, or electronic transmission.

(d) Meetings of the department's pharmacy and therapeutics committee shall be open to the public with advance notice of the meeting date, time, place, and agenda posted on the department's website 14 days in advance of each meeting date. By January 31 of each year, the department shall publish the committee's regular meeting schedule for the year on the department's website. The pharmacy and therapeutics committee meetings shall be subject to the requirements of the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The committee shall provide an opportunity for interested parties to comment at each meeting following written notice to the committee's chairperson of the intent to provide comment.

(e) The pharmacy and therapeutics committee shall make recommendations for the inclusion of medications on the preferred drug list based on sound clinical evidence found in labeling, drug compendia, and peer-reviewed literature pertaining to use of the drug in the relevant population. The committee shall develop a method to receive notification and clinical information about new drugs. The department shall post this process and the necessary forms on the department's website.

(f) The department shall assure compliance with the published Medicaid bulletin implementing the Michigan pharmaceutical best practices initiative program. The department shall also include this information on its website.

(g) The department shall by March 15, 2004 provide to the members of the house and senate subcommittees on community health a report on the impact of the pharmaceutical best practice initiative on the Medicaid community. The report shall include, but not be limited to, the number of appeals used in the prior authorization process and any reports of patients who are hospitalized because of authorization denial.

(h) By May 15, 2004, the department shall provide a report to the members of the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies identifying the prescribed drugs that are grandfathered in as preferred drugs and available without prior authorization and the population groups to which they apply. The report shall assess strategies to improve the drug prior authorization process.

Sec. 1622a. (1) It is the intent of the legislature that the pharmacy and therapeutics committee shall consist of the following 11 members:

(a) Five members of the committee shall be Michigan licensed retail pharmacists who are in active clinical practice residing in the state. All member pharmacists shall have a representative portion of fee-for-service Medicaid clients in their practice.

(b) Six members of the committee shall be Michigan licensed physicians who are in active clinical practice residing in the state. All member physicians shall have a representative portion of fee-for-service Medicaid clients in their practice.

(2) It is also the intent of the legislature that the membership on the committee shall be developed by appointing:

(a) Physicians, recommended by the Michigan medical society and the Michigan osteopathic association, and may include at least 1 physician with expertise in mental health.

(b) Retail pharmacists, recommended by the Michigan pharmacists association and the Michigan retailers association, and may include at least 1 pharmacist with expertise with mental health drugs.

Sec. 1623. (1) The department shall continue the Medicaid policy that allows for the dispensing of a 100-day supply for maintenance drugs.

(2) The department shall notify all HMOs, physicians, pharmacies, and other medical providers that are enrolled in the Medicaid program that Medicaid policy allows for the dispensing of a 100-day supply for maintenance drugs.

(3) The notice in subsection (2) shall also clarify that a pharmacy shall fill a prescription written for maintenance drugs in the quantity specified by the physician, but not more than the maximum allowed under Medicaid, unless subsequent consultation with the prescribing physician indicates otherwise.

Sec. 1624. The department may continue all rebate and supplemental rebate contracts with a pharmaceutical manufacturer until a multistate drug purchasing compact is fully established.

Sec. 1625. The department shall continue its practice of placing all atypical antipsychotic medications on the Medicaid preferred drug list.

Sec. 1626. Prior to implementing a multistate drug purchasing compact, the department shall provide the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies with a benefit-cost analysis to document that the savings from the compact exceed the savings from the current preferred drug list (PDL) supplemental rebate drug programs.

Sec. 1627. (1) The department shall use procedures and rebates amounts specified under section 1927 of title XIX, 42 U.S.C. 1396r-8, to secure quarterly rebates from pharmaceutical manufacturers for outpatient drugs dispensed to participants in the MICHild program, maternal outpatient medical services program, state medical program, children's special health care services, and EPIC.

(2) For products distributed by pharmaceutical manufacturers not providing quarterly rebates as listed in subsection (1), the department may require preauthorization.

Sec. 1628. Recipients of children's special health care services shall be exempt from the prior authorization requirements for prescription drugs related to their qualifying condition in the department of community health's pharmaceutical best practices initiative.

Sec. 1629. The department shall utilize maximum allowable cost pricing for generic drugs that is based on wholesaler pricing to providers that is available from at least 2 wholesalers who deliver in the state of Michigan.

Sec. 1630. Medicaid hearing aid services, podiatric services, and chiropractic services shall continue at not less than the level in effect on October 1, 2002, except that reasonable utilization limitations may be adopted in order to prevent excess utilization. The department shall not impose utilization restrictions on chiropractic services unless a recipient has exceeded 18 office visits within 1 year.

Sec. 1631. The department shall require copayments on dental, podiatric, chiropractic, vision, and hearing aid services provided to Medicaid recipients, except as prohibited by federal or state law or regulation.

Sec. 1633. From the funds appropriated in part 1 for auxiliary medical services, the department shall expand the healthy kids dental program statewide if funds become available specifically for expansion of the program.

Sec. 1634. From the funds appropriated in part 1 for ambulance services, the department shall continue the 5% increase in payment rates for ambulance services implemented in fiscal year 2000-2001.

Sec. 1641. An institutional provider that is required to submit a cost report under the medical services program shall submit cost reports completed in full within 5 months after the end of its fiscal year.

Sec. 1643. Of the funds appropriated in part 1 for graduate medical education in the hospital services and therapy line item appropriation, \$7,270,200.00 shall be allocated for the psychiatric residency training program that establishes and maintains collaborative relations with the schools of medicine at Michigan State University and Wayne State University if the necessary Medicaid matching funds are provided by the universities as allowable state match.

Sec. 1647. From the funds appropriated in part 1 for hospital services, the department shall allocate for graduate medical education not less than the level of rates and payments in effect on April 1, 2003.

Sec. 1648. The department shall maintain an automated toll-free phone line to enable medical providers to verify the eligibility status of Medicaid recipients. There shall be no charge to providers for the use of the toll-free phone line.

Sec. 1649. From the funds appropriated in part 1 for medical services, the department shall continue breast and cervical cancer treatment coverage for women up to 250% of the federal poverty level, who are under age 65, and who are not otherwise covered by insurance. This coverage shall be provided to women who have been screened through the centers for disease control breast and cervical cancer early detection program, and are found to have breast or cervical cancer, pursuant to the breast and cervical cancer prevention and treatment act of 2000, Public Law 106-354, 114 Stat. 1381.

Sec. 1650. (1) The department may require medical services recipients residing in counties offering managed care options to choose the particular managed care plan in which they wish to be enrolled. Persons not expressing a preference may be assigned to a managed care provider.

(2) Persons to be assigned a managed care provider shall be informed in writing of the criteria for exceptions to capitated managed care enrollment, their right to change HMOs for any reason within the initial 90 days of enrollment, the toll-free telephone number for problems and complaints, and information regarding grievance and appeals rights.

(3) The criteria for medical exceptions to HMO enrollment shall be based on submitted documentation that indicates a recipient has a serious medical condition, and is undergoing active treatment for that condition with a physician who does not participate in 1 of the HMOs. If the person meets the criteria established by this subsection, the department shall grant an exception to mandatory enrollment at least through the current prescribed course of treatment, subject to periodic review of continued eligibility.

Sec. 1651. (1) Medical services patients who are enrolled in HMOs have the choice to elect hospice services or other services for the terminally ill that are offered by the HMOs. If the patient elects hospice services, those services shall be provided in accordance with part 214 of the public health code, 1978 PA 368, MCL 333.21401 to 333.21420.

(2) The department shall not amend the medical services hospice manual in a manner that would allow hospice services to be provided without making available all comprehensive hospice services described in 42 C.F.R. part 418.

Sec. 1653. Implementation and contracting for managed care by the department through HMOs shall be subject to the following conditions:

(a) Continuity of care is assured by allowing enrollees to continue receiving required medically necessary services from their current providers for a period not to exceed 1 year if enrollees meet the managed care medical exception criteria.

(b) The department shall require contracted HMOs to submit data determined necessary for evaluation on a timely basis.

(c) A health plans advisory council is functioning that meets all applicable federal and state requirements for a medical care advisory committee. The council shall review at least quarterly the implementation of the department's managed care plans.

(d) Mandatory enrollment of Medicaid beneficiaries living in counties defined as rural by the federal government, which is any nonurban standard metropolitan statistical area, is allowed if there is only 1 HMO serving the Medicaid population, as long as each Medicaid beneficiary is assured of having a choice of at least 2 physicians by the HMO.

(e) Enrollment of recipients of children's special health care services in HMOs shall be voluntary during fiscal year 2003-2004.

(f) The department shall develop a case adjustment to its rate methodology that considers the costs of persons with HIV/AIDS, end stage renal disease, organ transplants, epilepsy, and other high-cost diseases or conditions and shall implement the case adjustment when it is proven to be actuarially and fiscally sound. Implementation of the case adjustment must be budget neutral.

Sec. 1654. Medicaid HMOs shall provide for reimbursement of HMO covered services delivered other than through the HMO's providers if medically necessary and approved by the HMO, immediately required, and that could not be reasonably obtained through the HMO's providers on a timely basis. Such services shall be considered approved if the HMO does not respond to a request for authorization within 24 hours of the request. Reimbursement shall not exceed the Medicaid fee-for-service payment for those services.

Sec. 1655. (1) The department may require a 12-month lock-in to the HMO selected by the recipient during the initial and subsequent open enrollment periods, but allow for good cause exceptions during the lock-in period.

(2) Medicaid recipients shall be allowed to change HMOs for any reason within the initial 90 days of enrollment.

Sec. 1656. (1) The department shall provide an expedited complaint review procedure for Medicaid eligible persons enrolled in HMOs for situations in which failure to receive any health care service would result in significant harm to the enrollee.

(2) The department shall provide for a toll-free telephone number for Medicaid recipients enrolled in managed care to assist with resolving problems and complaints. If warranted, the department shall immediately disenroll persons from managed care and approve fee-for-service coverage.

(3) Annual reports summarizing the problems and complaints reported and their resolution shall be provided to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, the state budget office, and the department's health plans advisory council.

Sec. 1657. (1) Reimbursement for medical services to screen and stabilize a Medicaid recipient, including stabilization of a psychiatric crisis, in a hospital emergency room shall not be made contingent on obtaining prior authorization from the recipient's HMO. If the recipient is discharged from the emergency room, the hospital shall notify the recipient's HMO within 24 hours of the diagnosis and treatment received.

(2) If the treating hospital determines that the recipient will require further medical service or hospitalization beyond the point of stabilization, that hospital must receive authorization from the recipient's HMO prior to admitting the recipient.

(3) Subsections (1) and (2) shall not be construed as a requirement to alter an existing agreement between an HMO and their contracting hospitals nor as a requirement that an HMO must reimburse for services that are not considered to be medically necessary.

(4) Prior to contracting with an HMO for managed care services that did not have a contract with the department before October 1, 2002, the department shall receive assurances from the office of financial and insurance services that

the HMO meets the net worth and financial solvency requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

Sec. 1658. (1) It is the intent of the legislature that HMOs shall have contracts with hospitals within a reasonable distance from their enrollees. If a hospital does not contract with the HMO, in its service area, that hospital shall enter into a hospital access agreement as specified in the MSA bulletin Hospital 01-19.

(2) A hospital access agreement specified in subsection (1) shall be considered an affiliated provider contract pursuant to the requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

Sec. 1659. The following sections are the only ones that shall apply to the following Medicaid managed care programs, including the comprehensive plan, children's special health care services plan, MIChoice long-term care plan, and the mental health, substance abuse, and developmentally disabled services program: 402, 404, 414, 418, 424, 428, 442, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1662, and 1699.

Sec. 1660. (1) The department shall assure that all Medicaid children have timely access to EPSDT services as required by federal law. Medicaid HMOs shall provide EPSDT services to their child members in accordance with Medicaid EPSDT policy.

(2) The primary responsibility of assuring a child's hearing and vision screening is with the child's primary care provider. The primary care provider shall provide age appropriate screening or arrange for these tests through referrals to local health departments. Local health departments shall provide preschool hearing and vision screening services and accept referrals for these tests from physicians or from Head Start programs in order to assure all preschool children have appropriate access to hearing and vision screening. Local health departments shall be reimbursed for the cost of providing these tests for Medicaid eligible children by the Medicaid program.

(3) The department shall require Medicaid HMOs to provide EPSDT utilization data through the encounter data system, and health employer data and information set well child health measures in accordance with the National Committee on Quality Assurance prescribed methodology.

(4) The department shall require HMOs to be responsible for well child visits and maternal and infant support services as described in Medicaid policy. These responsibilities shall be specified in the information distributed by the HMOs to their members.

(5) The department shall provide, on an annual basis, budget neutral incentives to Medicaid HMOs and local health departments to improve performance on measures related to the care of children and pregnant women.

Sec. 1661. (1) The department shall assure that all Medicaid eligible children and pregnant women have timely access to MSS/ISS services. Medicaid HMOs shall assure that maternal support service screening is available to their pregnant members and that those women found to meet the maternal support service high-risk criteria are offered maternal support services. Local health departments shall assure that maternal support service screening is available for Medicaid pregnant women not enrolled in an HMO and that those women found to meet the maternal support service high-risk criteria are offered maternal support services or are referred to a certified maternal support service provider.

(2) The department shall prohibit HMOs from requiring prior authorization of their contracted providers for any EPSDT screening and diagnosis service, for any MSS/ISS screening referral, or for up to 3 MSS/ISS service visits.

(3) The department shall assure the coordination of MSS/ISS services with the WIC program, state-supported substance abuse, smoking prevention, and violence prevention programs, the family independence agency, and any other state or local program with a focus on preventing adverse birth outcomes and child abuse and neglect.

Sec. 1662. (1) The department shall require the external quality review contractor to conduct a review of all EPSDT components provided to children from a statistically valid sample of health plan medical records.

(2) The department shall provide a copy of the analysis of the Medicaid HMO annual audited health employer data and information set reports and the annual external quality review report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director, within 30 days of the department's receipt of the final reports from the contractors.

(3) The department shall work with the Michigan association of health plans and the Michigan association for local public health to improve service delivery and coordination in the MSS/ISS and EPSDT programs.

(4) The department shall provide training and technical assistance workshops on EPSDT and MSS/ISS for Medicaid health plans, local health departments, and MSS/ISS contractors.

Sec. 1664. The department shall develop and implement incentives for providers to increase early entry of Medicaid recipients into prenatal care. The department shall provide documentation to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on their progress in carrying out this section by June 1, 2004.

Sec. 1665. The department shall develop and implement a plan to improve access to health screening services under the EPSDT program for all Medicaid-eligible persons under the age of 21. The department shall provide documentation to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on their progress in carrying out this section by June 1, 2004.

Sec. 1670. (1) The appropriation in part 1 for the MICHild program is to be used to provide comprehensive health care to all children under age 19 who reside in families with income at or below 200% of the federal poverty level, who are uninsured and have not had coverage by other comprehensive health insurance within 6 months of making application for MICHild benefits, and who are residents of this state. The department shall develop detailed eligibility criteria through the medical services administration public concurrence process, consistent with the provisions of this act. Health care coverage for children in families below 150% of the federal poverty level shall be provided through expanded eligibility under the state's Medicaid program. Health coverage for children in families between 150% and 200% of the federal poverty level shall be provided through a state-based private health care program.

(2) The department shall enter into a contract to obtain MICHild services from any HMO, dental care corporation, or any other entity that offers to provide the managed health care benefits for MICHild services at the MICHild capitated rate. As used in this subsection:

(a) "Dental care corporation", "health care corporation", "insurer", and "prudent purchaser agreement" mean those terms as defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL 550.52.

(b) "Entity" means a health care corporation or insurer operating in accordance with a prudent purchaser agreement.

(3) The department may enter into contracts to obtain certain MICHild services from community mental health service programs.

(4) The department may make payments on behalf of children enrolled in the MICHild program from the line-item appropriation associated with the program as described in the MICHild state plan approved by the United States department of health and human services, or from other medical services line-item appropriations providing for specific health care services.

Sec. 1671. From the funds appropriated in part 1, the department shall continue a comprehensive approach to the marketing and outreach of the MICHild program. The marketing and outreach required under this section shall be coordinated with current outreach, information dissemination, and marketing efforts and activities conducted by the department.

Sec. 1672. The department may provide up to 1 year of continuous eligibility to children eligible for the MICHild program unless the family fails to pay the monthly premium, a child reaches age 19, or the status of the children's family changes and its members no longer meet the eligibility criteria as specified in the federally approved MICHild state plan.

Sec. 1673. The department may establish premiums for MICHild eligible persons in families with income above 150% of the federal poverty level. The monthly premiums shall not exceed \$5.00 for a family.

Sec. 1674. The department shall not require copayments under the MICHild program.

Sec. 1675. Children whose category of eligibility changes between the Medicaid and MICHild programs shall be assured of keeping their current health care providers through the current prescribed course of treatment for up to 1 year, subject to periodic reviews by the department if the beneficiary has a serious medical condition and is undergoing active treatment for that condition.

Sec. 1676. To be eligible for the MICHild program, a child must be residing in a family with an adjusted gross income of less than or equal to 200% of the federal poverty level. The department's verification policy shall be used to determine eligibility.

Sec. 1677. The MICHild program shall provide all benefits available under the state employee insurance plan that are delivered through contracted providers and consistent with federal law, including, but not limited to, the following medically necessary services:

(a) Inpatient mental health services, other than substance abuse treatment services, including services furnished in a state-operated mental hospital and residential or other 24-hour therapeutically planned structured services.

(b) Outpatient mental health services, other than substance abuse services, including services furnished in a state-operated mental hospital and community-based services.

(c) Durable medical equipment and prosthetic and orthotic devices.

(d) Dental services as outlined in the approved MICHild state plan.

(e) Substance abuse treatment services that may include inpatient, outpatient, and residential substance abuse treatment services.

(f) Care management services for mental health diagnoses.

(g) Physical therapy, occupational therapy, and services for individuals with speech, hearing, and language disorders.

(h) Emergency ambulance services.

Sec. 1680. (1) It is the intent of the legislature that payment increases for enhanced wages and new or enhanced employee benefits provided through the Medicaid nursing home wage pass-through program in previous years be continued in fiscal year 2003-2004.

(2) The department shall provide a report to the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies regarding the amount of nursing home employee wage and benefit increases provided through the nursing home wage pass-through program in fiscal year 2002-2003.

Sec. 1681. From the funds appropriated in part 1 for home and community-based services, the department and local waiver agents shall encourage the use of family members, friends, and neighbors of home and community-based services participants, where appropriate, to provide homemaker services, meal preparation, transportation, chore services, and other nonmedical covered services to participants in the Medicaid home and community-based services program. This section shall not be construed as allowing for the payment of family members, friends, or neighbors for these services unless explicitly provided for in federal or state law.

Sec. 1682. (1) The department shall implement enforcement actions as specified in the nursing facility enforcement provisions of section 1919 of title XIX, 42 U.S.C. 1396r.

(2) The department is authorized to receive and spend penalty money received as the result of noncompliance with medical services certification regulations. Penalty money, characterized as private funds, received by the department shall increase authorizations and allotments in the long-term care accounts.

(3) Any unexpended penalty money, at the end of the year, shall carry forward to the following year.

Sec. 1683. The department shall promote activities that preserve the dignity and rights of terminally ill and chronically ill individuals. Priority shall be given to programs, such as hospice, that focus on individual dignity and quality of care provided persons with terminal illness and programs serving persons with chronic illnesses that reduce the rate of suicide through the advancement of the knowledge and use of improved, appropriate pain management for these persons; and initiatives that train health care practitioners and faculty in managing pain, providing palliative care, and suicide prevention.

Sec. 1685. All nursing home rates, class I and class III, must have their respective fiscal year rate set 30 days prior to the beginning of their rate year. Rates may take into account the most recent cost report prepared and certified by the preparer, provider corporate owner or representative as being true and accurate, and filed timely, within 5 months of the fiscal year end in accordance with Medicaid policy. If the audited version of the last report is available, it shall be used. Any rate factors based on the filed cost report may be retroactively adjusted upon completion of the audit of that cost report.

Sec. 1687. (1) The department shall undertake an assessment and inventory of all facilities capable of providing the appropriate level of residential care to persons afflicted with Alzheimer's disease or dementia.

(2) As part of this assessment, the department may establish pilot projects with freestanding psychiatric or other qualifying facilities that have developed specific units to provide specialized residential care for patients with Alzheimer's disease or dementia, or both. The purpose of these pilots shall be to ascertain whether such treatment modalities are cost effective at negotiated rates and can increase access to this level of care needed by affected patients and their families.

Sec. 1688. The department shall not impose a limit on per unit reimbursements to service providers that provide personal care or other services under the Medicaid home and community-based waiver program for the elderly and disabled. The department's per day per client reimbursement cap calculated in the aggregate for all services provided under the Medicaid home and community-based waiver is not a violation of this section.

Sec. 1689. (1) Priority in enrolling additional persons in the Medicaid home and community-based services program shall be given to those who are currently residing in nursing homes or who are eligible to be admitted to a nursing home if they are not provided home and community-based services. The department shall implement screening and assessment procedures to assure that no additional Medicaid eligible persons are admitted to nursing homes who would be more appropriately served by the Medicaid home and community-based services program. If there is a net decrease in the number of Medicaid nursing home days of care during the most recent quarter in comparison with the previous quarter and a net cost savings attributable to moving individuals from a nursing home to the home and community-based services waiver program, the department shall transfer the net cost savings to the home and community-based services waiver program. If a transfer is required, it shall be done on a quarterly basis.

(2) Within 30 days of the end of each fiscal quarter, the department shall provide a report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies that details existing and future allocations for the home and community-based waiver program by regions as well as the associated expenditures. The report shall include information regarding the net cost savings from moving individuals from a nursing home to the home and community-based services waiver program and the amount of funds transferred.

(3) The department shall utilize a competitive bid process to award funds for the implementation of the new screening process to be applied to home and community-based services and nursing facility services provided by Medicaid.

Sec. 1690. (1) Contingent on the availability of funds and the approval of the centers for Medicaid and Medicare services, the department shall encourage and assist in the establishment of a program of all inclusive care for the elderly (PACE), in at least parts of 3 west Michigan counties, being Kent, Barry, and Ionia.

(2) This program shall provide a capitated, managed care benefit for the frail elderly, provided by a not-for-profit agency, that will feature a comprehensive medical and social service delivery system. In addition, the program shall use a multidisciplinary team approach in an adult day health center supplemented by in-home and referral service in

accordance with participants' needs. The PACE program may be funded by a combination of Medicaid, Medicare, or other fund sources.

Sec. 1692. (1) The department of community health is authorized to pursue reimbursement for eligible services provided in Michigan schools from the federal Medicaid program. The department and the state budget director are authorized to negotiate and enter into agreements, together with the department of education, with local and intermediate school districts regarding the sharing of federal Medicaid services funds received for these services. The department is authorized to receive and disburse funds to participating school districts pursuant to such agreements and state and federal law.

(2) From the funds appropriated in part 1 for medical services school services payments, the department is authorized to do all of the following:

(a) Finance activities within the medical services administration related to this project.

(b) Reimburse participating school districts pursuant to the fund sharing ratios negotiated in the state-local agreements authorized in subsection (1).

(c) Offset general fund costs associated with the medical services program.

Sec. 1693. The special adjustor payments appropriation in part 1 may be increased if the department submits a medical services state plan amendment pertaining to this line item at a level higher than the appropriation. The department is authorized to appropriately adjust financing sources in accordance with the increased appropriation.

Sec. 1694. The department of community health shall distribute \$695,000.00 to children's hospitals that have a high indigent care volume. The amount to be distributed to any given hospital shall be based on a formula determined by the department of community health.

Sec. 1697. (1) As may be allowed by federal law or regulation, the department may use funds provided by a local or intermediate school district, which have been obtained from a qualifying health system, as the state match required for receiving federal Medicaid or children health insurance program funds. Any such funds received shall be used only to support new school-based or school-linked health services.

(2) A qualifying health system is defined as any health care entity licensed to provide health care services in the state of Michigan, that has entered into a contractual relationship with a local or intermediate school district to provide or manage school-based or school-linked health services.

Sec. 1699. The department may make separate payments directly to qualifying hospitals serving a disproportionate share of indigent patients, and to hospitals providing graduate medical education training programs. If direct payment for GME and DSH is made to qualifying hospitals for services to Medicaid clients, hospitals will not include GME costs or DSH payments in their contracts with HMOs.

Sec. 1710. Any proposed changes by the department to the MIChoice home and community-based services waiver program screening process shall be provided to the members of the house and senate appropriations subcommittees on community health prior to implementation of the proposed changes.

Sec. 1711. (1) The department shall maintain the 2-tier reimbursement methodology for Medicaid emergency physicians professional services that was in effect on September 30, 2002, subject to the following conditions:

(a) Payments by case and in the aggregate shall not exceed 80% of Medicare payment rates.

(b) Total expenditures for these services shall not exceed the level of total payments made during fiscal year 2001-2002, after adjusting for Medicare copayments and deductibles and for changes in utilization.

(2) To ensure that total expenditures stay within the spending constraints of subsection (1)(b), the department shall develop a utilization adjustor for the basic 2-tier payment methodology. The adjustor shall be based on a good faith estimate by the department as to what the expected utilization of emergency room services will be during fiscal year 2003-2004, given changes in the number and category of Medicaid recipients. If expenditure and utilization data indicate that the amount and/or type of emergency physician professional services are exceeding the department's estimate, the utilization adjustor shall be applied to the 2-tier reimbursement methodology in such a manner as to reduce aggregate expenditures to the fiscal year 2001-2002 adjusted expenditure target.

(3) If federal law, regulation, or judicial ruling finds that this 2-tier reimbursement methodology is not health insurance portability and accountability act (HIPAA) compliant prior to the end of fiscal year 2003-2004, the department shall immediately provide the chairpersons of the senate and house appropriations subcommittee on community health and their respective fiscal agencies, with the proposed modifications necessary to bring this methodology into compliance.

(4) The proposal specified in subsection (3) should be as consistent as possible with the intent of the methodology specified in this section and must be provided to the subcommittee chairpersons and respective fiscal agencies no less than 30 days before the effective date of the proposal.

Sec. 1712. (1) Subject to the availability of funds, the department shall implement a rural health initiative. Available funds shall first be allocated as an outpatient adjustor payment to be paid directly to hospitals in rural counties in proportion to each hospital's Medicaid and indigent patient population. Additional funds, if available, shall be allocated for defibrillator grants, EMT training and support, or other similar programs.

(2) Except as otherwise specified in this section, "rural" means a city, village, or township with a population of not more than 15,000, including those entities if located within a metropolitan statistical area.

Sec. 1713. (1) The department, in conjunction with the Michigan dental association, shall undertake a study to determine the level of participation by Michigan licensed dentists in the state's Medicaid program. The study shall identify the distribution of dentists throughout the state, the volume of Medicaid recipients served by each participating dentist, and areas in the state underserved for dental services.

(2) The study described in subsection (1) shall also include an assessment of what factors may be related to the apparent low participation by dentists in the Medicaid program, and the study shall make recommendations as to how these barriers to participation may be reduced or eliminated.

(3) This study shall be provided to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies no later than April 1, 2004.

Sec. 1715. (1) It is the intent of the legislature that at least \$18,900,000.00 of general fund/general purpose savings generated by the implementation of a Medicare pharmacy prescription coverage program shall be used to fund the pharmaceutical services line item.

(2) In the event that such a program is not implemented, or that the program does not produce a general fund/general purpose savings of at least the amount specified in subsection (1), the department shall request that a transfer of funds, in an amount sufficient to offset the loss of general fund/general purpose savings, be made from the Medicaid benefits trust fund to the pharmaceutical services line item.

Sec. 1716. In implementing the hospital case rate under the Medicaid adult benefits waiver, the department shall set the hospital case rate at a level that ensures that the gross savings from the hospital case rate does not exceed \$108,592,200.00.

Sec. 1717. From the funds appropriated in part 1 for hospital services and therapy, the \$50,000,000.00 hospital disproportionate share payment for the Detroit medical center shall only be distributed if local funds in the amount of \$7,000,000.00 are received by the state from the city of Detroit and Wayne County.

Second: That the House and Senate agree to the title of the bill to read as follows:

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

Gary Newell
Marc Shulman
Gretchen Whitmer
Conferees for the House

Tony Stamas
Shirley Johnson
Deborah Cherry
Conferees for the Senate

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 462

Yeas—106

Accavitti	Gielegghem	Middaugh	Sheen
Acciavatti	Gillard	Milosch	Sheltrown
Adamini	Gleason	Minore	Shulman
Amos	Hager	Moolenaar	Smith
Anderson	Hardman	Mortimer	Spade
Bieda	Hood	Murphy	Stahl
Bisbee	Hoogendyk	Newell	Stakoe
Brandenburg	Hopgood	Nitz	Stallworth
Brown	Howell	Nofs	Steil

Byrum	Huizenga	O'Neil	Stewart
Casperson	Hummel	Paletko	Tabor
Caswell	Hune	Palmer	Taub
Caul	Hunter	Palsrok	Tobocman
Cheeks	Jamnack	Pappageorge	Vagnozzi
Clack	Johnson, Rick	Pastor	Van Regenmorter
Condino	Johnson, Ruth	Phillips	Voorhees
Daniels	Julian	Plakas	Walker
Dennis	Koetje	Pumford	Ward
DeRoche	Kolb	Reeves	Waters
DeRossett	Kooiman	Richardville	Wenke
Ehardt	LaJoy	Rivet	Whitmer
Elkins	LaSata	Robertson	Williams
Emmons	Law	Rocca	Wojno
Farhat	Lipsey	Sak	Woodward
Farrah	McConico	Shackleton	Woronchak
Gaffney	Meisner	Shaffer	Zelenko
Garfield	Meyer		

Nays—2

Bradstreet

Drolet

In The Chair: Julian

Rep. Richardville moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.

Senate Bill No. 283, entitled

A bill to make appropriations for the family independence agency and certain state purposes related to public welfare services for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; and to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, and officers.

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.
The Conference Report was read as follows:

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning
Senate Bill No. 283, entitled

A bill to make appropriations for the family independence agency and certain state purposes related to public welfare services for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; and to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, and officers.

Recommends:

First: That the Senate and House agree to the Substitute of the House as passed by the House, amended to read as follows:

A bill to make, supplement, and adjust appropriations for the family independence agency and certain state purposes related to public welfare services for the fiscal years ending September 30, 2003 and September 30, 2004; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, and officers; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:
PART 1

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2003-2004

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the family independence agency for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

FAMILY INDEPENDENCE AGENCY

Full-time equated classified positions	10,768.6	
Unclassified positions	6.0	
Total full-time equated positions	10,774.6	
GROSS APPROPRIATION		\$ 3,960,794,200
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		\$ 1,055,800
ADJUSTED GROSS APPROPRIATION		\$ 3,959,738,400
Federal revenues:		
Total federal revenues		2,681,332,950
Special revenue funds:		
Total private revenues		9,472,150
Total local revenues		65,097,100
Total other state restricted revenues		70,096,800
State general fund/general purpose		\$ 1,133,739,400

Sec. 102. EXECUTIVE OPERATIONS

Total full-time equated positions	470.8	
Full-time equated unclassified positions	6.0	
Full-time equated classified positions	464.8	
Other unclassified salaries—6.0 FTE positions		\$ 505,800
Salaries and wages—354.8 FTE positions.....		14,587,200
Contractual services, supplies, and materials		5,703,700
Demonstration projects—7.0 FTE positions.....		7,804,100
Commission on disability concerns—7.0 FTE positions		944,200
Commission for the blind—96.0 FTE positions		17,461,200
Youth low-vision program.....		260,000
GROSS APPROPRIATION.....		\$ 47,266,200
Appropriated from:		
Federal revenues:		
Total federal revenues		34,769,600
Special revenue funds:		
Total private revenues		1,340,000
Total local revenues		275,000
Total other state restricted revenue		477,300
State general fund/general purpose		\$ 10,404,300

Sec. 103. FAMILY INDEPENDENCE SERVICES ADMINISTRATION

Full-time equated classified positions	102.8	
Salaries and wages—71.7 FTE positions.....		\$ 3,802,400
Contractual services, supplies, and materials		11,672,900
Employment and training support services.....		21,229,100
Wage employment verification reporting—2.0 FTE positions		1,907,500
Urban and rural empowerment/enterprise zones.....		100
Training and staff development—29.1 FTE positions		8,203,000
Community services block grant		24,350,000
GROSS APPROPRIATION.....		\$ 71,165,000
Appropriated from:		
Federal revenues:		
Total federal revenues		60,432,700
Special revenue funds:		
State general fund/general purpose		\$ 10,732,300

Sec. 104. CHILD SUPPORT ENFORCEMENT

Full-time equated classified positions	200.0	
Child support enforcement operations—192.0 FTE positions		\$ 19,521,900

	For Fiscal Year Ending Sept. 30, 2004
Legal support contracts	139,819,500
Child support incentive payments	32,409,600
Child support distribution computer system—8.0 FTE positions	26,195,300
GROSS APPROPRIATION	\$ 217,946,300
Appropriated from:	
Federal revenues:	
Total federal revenues	199,480,000
Special revenue funds:	
Total local revenues	340,000
State general fund/general purpose	\$ 18,126,300
Sec. 105. CHILD AND FAMILY SERVICES	
Full-time equated classified positions	97.8
Salaries and wages—37.8 FTE positions	\$ 1,984,600
Contractual services, supplies, and materials	1,407,500
Refugee assistance program—3.0 FTE positions	12,642,300
Foster care payments	143,007,000
Wayne County foster care payments	71,060,100
Adoption subsidies	219,386,200
Adoption support services—10.0 FTE positions	14,101,100
Youth in transition—6.5 FTE positions	12,757,200
Interstate compact	300,000
Children's benefit fund donations	21,000
Domestic violence prevention and treatment—5.0 FTE positions	13,476,300
Teenage parent counseling—3.0 FTE positions	3,771,300
Family preservation and prevention services—12.0 FTE positions	66,285,600
Black child and family institute	100,000
Rape prevention and services	2,600,000
Children's trust fund administration—6.0 FTE positions	439,200
Children's trust fund grants	3,615,000
Attorney general contracts	2,481,000
Guardian contract	600,000
Prosecuting attorney contracts	1,061,700
Child care fund	168,837,900
Child care fund administration—7.5 FTE positions	884,000
County juvenile offices	3,754,000
Community support services—7.0 FTE positions	1,479,400
GROSS APPROPRIATION	\$ 746,052,400
Appropriated from:	
Federal revenues:	
Total federal revenues	411,942,900
Special revenue funds:	
Private - children's benefit fund donations	21,000
Private - collections	5,033,900
Local funds - county payback	34,918,000
Children's trust fund	3,271,800
State general fund/general purpose	\$ 290,864,800
Sec. 106. JUVENILE JUSTICE SERVICES	
Full-time equated classified positions	820.9
Juvenile justice operations—800.9 FTE positions	\$ 69,354,900
Federally funded activities—12.0 FTE positions	1,727,800
W.J. Maxey memorial fund	45,000
Juvenile accountability incentive block grant—4.0 FTE positions	8,436,200
Committee on juvenile justice administration—4.0 FTE positions	464,800
Committee on juvenile justice grants	5,000,000
GROSS APPROPRIATION	\$ 85,028,700

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Federal revenues:	
Total federal revenues	18,154,900
Special revenue funds:	
Total private revenues	645,000
Local funds - county payback	29,068,600
State general fund/general purpose	\$ 37,160,200
Sec. 107. LOCAL OFFICE STAFF AND OPERATIONS	
Full-time equated classified positions	8,468.4
Field staff, salaries and wages—8,397.4 FTE positions	\$ 336,299,400
Contractual services, supplies, and materials	26,354,300
Outstationed eligibility workers—60.0 FTE positions	4,664,500
Food stamp reinvestment	18,426,300
Wayne County gifts and bequests.....	100,000
Volunteer services and reimbursement—11.0 FTE positions	1,955,900
GROSS APPROPRIATION.....	\$ 387,800,400
Appropriated from:	
Federal revenues:	
Total federal revenues	237,173,150
Special revenue funds:	
Local funds - donated funds.....	191,100
Private funds - hospital contributions.....	2,332,250
Private - Wayne County gifts	100,000
State general fund/general purpose	\$ 148,003,900
Sec. 108. DISABILITY DETERMINATION SERVICES	
Full-time equated classified positions	606.0
Disability determination operations—580.0 FTE positions	\$ 68,756,100
Medical consultation program—21.0 FTE positions	2,826,500
Retirement disability determination—5.0 FTE positions	828,800
GROSS APPROPRIATION.....	\$ 72,411,400
Appropriated from:	
Interdepartmental grant revenues:	
IDG from DMB-office of retirement systems.....	1,055,800
ADJUSTED GROSS APPROPRIATION	\$ 71,355,600
Appropriated from:	
Federal revenues:	
Total federal revenues	68,534,100
State general fund/general purpose	\$ 2,821,500
Sec. 109. CENTRAL SUPPORT ACCOUNTS	
Rent	\$ 42,645,700
Occupancy charge	11,448,200
Grand tower facility reimbursement.....	1,386,800
Travel.....	5,776,800
Equipment.....	1,045,300
Workers' compensation	4,750,700
Advisory commissions	17,900
Payroll taxes and fringe benefits	178,733,300
GROSS APPROPRIATION.....	\$ 245,804,700
Appropriated from:	
Federal revenues:	
Total federal revenues	158,304,100
Special revenue funds:	
Local funds - county payback	304,400
State general fund/general purpose	\$ 87,196,200
Sec. 110. PUBLIC ASSISTANCE	
Full-time equated classified positions	7.9
Family independence program	\$ 369,339,600

	For Fiscal Year Ending Sept. 30, 2004
State disability assistance payments.....	25,418,600
Food assistance program benefits.....	833,011,200
State supplementation	59,668,400
State supplementation administration.....	2,624,200
Low-income home energy assistance program—7.9 FTE positions.....	116,467,700
State emergency relief.....	41,408,200
Weatherization assistance.....	15,940,800
Day care services	490,244,000
GROSS APPROPRIATION	\$ 1,954,122,700
Appropriated from:	
Federal revenues:	
Total federal revenues	1,407,519,000
Special revenue funds:	
Child support collections	47,710,700
Supplemental security income recoveries.....	5,104,800
Public assistance recoupment revenue.....	2,500,000
State general fund/general purpose	\$ 491,288,200
Sec. 111. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 38,647,500
Child support automation.....	70,000,000
Client services system.....	10,461,100
Data system enhancement	14,087,800
GROSS APPROPRIATION	\$ 133,196,400
Appropriated from:	
Interdepartmental grant revenues:	
ADJUSTED GROSS APPROPRIATION	\$ 133,196,400
Appropriated from:	
Federal revenues:	
Total federal revenues	85,022,500
Special revenue funds:	
Total other state restricted revenue	11,032,200
State general fund/general purpose	\$ 37,141,700

PART 2

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2003-2004

GENERAL SECTIONS

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 2003-2004 is \$1,203,836,200.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$185,302,200.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

FAMILY INDEPENDENCE AGENCY

CHILD AND FAMILY SERVICES

Adoption subsidies..... \$ 79,443,500

JUVENILE JUSTICE SERVICES

Child care fund. 104,700,000
 County juvenile officers..... 2,973,200

PUBLIC ASSISTANCE

State disability program. 1,158,700
TOTAL

\$ 185,302,200

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.

Sec. 203. As used in this act:

- (a) "Department" means the family independence agency.
- (b) "FTE" means full-time equated.
- (c) "Temporary assistance for needy families" or "TANF" or "title IV-A" means part A of title IV of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 601 to 604, 605 to 608, and 609 to 619.
- (d) "Title IV-D" means part D of title IV of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 651 to 655, 656 to 657, 658a to 660, and 663 to 669b.

(e) "Title IV-E" means part E of title IV of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 670 to 673, 673b to 679, and 679b.

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.

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

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

Sec. 207. At least 60 days before beginning any effort to privatize services, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 9 months.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This shall include transmission of reports via electronic mail, including a link to the Internet site, to the recipients identified for each reporting requirement, or it may include placement of reports on the Internet or Intranet site. On an annual basis, the department shall provide a cumulative listing of the reports to the house and senate appropriations subcommittees and the house and senate fiscal agencies and policy offices.

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

Sec. 210. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 211. The department may receive and expend advances or reimbursements from the department of state police for the administration of the individual and family grant disaster assistance program. An account shall be established in the department for this purpose when a disaster is declared. The authorization and allotment for the account shall be in the amount advanced or reimbursed from the department of state police.

Sec. 212. In addition to funds appropriated in part 1 for all programs and services, there is appropriated for write-offs of accounts receivable, deferrals, and for prior year obligations in excess of applicable prior year appropriations, an amount equal to total write-offs and prior year obligations, but not to exceed amounts available in prior year revenues or current year revenues that are in excess of the authorized amount.

Sec. 213. (1) The department may retain all of the state's share of food assistance overissuance collections as an offset to general fund/general purpose costs. Retained collections shall be applied against federal funds deductions in all appropriation units where department costs related to the investigation and recoupment of food assistance overissuances are incurred. Retained collections in excess of such costs shall be applied against the federal funds deducted in the executive operations appropriation unit.

(2) The department shall report to the legislature during the senate and house budget hearings on the status of the food stamp error rate. The report shall include at least all of the following:

- (a) An update on federal sanctions and federal requirements for reinvestment due to the food stamp error rate.
- (b) Review of the status of training for employees who administer the food assistance program.
- (c) An outline of the past year's monthly status of worker to food stamp cases and monthly status of worker to food stamp applications.
- (d) Information detailing the effect and change in staffing due to the early retirement option.
- (e) Corrective action through policy, rules, and programming being taken to reduce the food stamp error rate.
- (f) Any other information regarding the food stamp error rate, including information pertaining to technology and computer applications used for the food assistance program.

Sec. 214. (1) The department shall submit a report to the chairpersons of the senate and house appropriations subcommittees on the family independence agency budget and the senate and house fiscal agencies and policy offices and the state budget director on the details of allocations within program budgeting line items and within the salaries and wages line items in the local office staff and operations appropriation unit. The report shall include a listing, by account, dollar amount, and fund source, of salaries and wages; longevity and insurance; retirement; contractual

services, supplies, and materials; equipment; travel; and grants within each program line item appropriated for the fiscal year ending September 30, 2004.

(2) On a bimonthly basis, the department shall report on the number of FTEs in pay status by type of staff.

Sec. 215. If a legislative objective of this act or the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, cannot be implemented without loss of federal financial participation because implementation would conflict with or violate federal regulations, the department shall notify the state budget director, the house and senate appropriations committees, and the house and senate fiscal agencies and policy offices of that fact. Upon receipt of the notification, a joint house and senate committee made up of the members of the house and senate appropriations subcommittees dealing with appropriations for the family independence agency may be appointed to meet with the director of the department to review the substantive, procedural, and legal ramifications of the legislative objective and to develop a plan to attain that legislative objective.

Sec. 218. (1) The department shall prepare a semiannual report on the TANF federal block grant. The report shall include projected expenditures for the current fiscal year, an accounting of any previous year funds carried forward, and a summary of all interdepartmental or interagency agreements relating to the use of TANF funds. The report shall be forwarded to the state budget director and the house and senate appropriations subcommittees on the family independence agency budget and the house and senate fiscal agencies and policy offices on or before January 15, 2004 and May 15, 2004.

(2) The state budget director shall give prior written notice to the members of the house and senate appropriations subcommittees for the family independence agency and to the house and senate fiscal agencies and policy offices of any proposed changes in utilization or distribution of TANF funding or the distribution of TANF maintenance of effort spending relative to the amounts reflected in the annual appropriations acts of all state agencies where TANF funding is appropriated.

Sec. 220. (1) In contracting with faith-based organizations for mentoring or supportive services, and in all contracts for services, the department shall ensure that no funds provided directly to institutions or organizations to provide services and administer programs shall be used or expended for any sectarian activity, including sectarian worship, instruction, or proselytization.

(2) If an individual requests the service and has an objection to the religious character of the institution or organization from which the individual receives or would receive services or assistance, the department shall provide the individual within a reasonable time after the date of the objection with assistance or services and which are substantially the same as the service the individual would have received from the organization.

(3) The department shall ensure that faith-based organizations are able to apply and compete for services, programs, or contracts that they are qualified and suitable to fulfill. The department shall not disqualify faith-based organizations solely on the basis of the religious nature of their organization or their guiding principles or statements of faith.

(4) The department shall follow guidelines related to faith-based involvement established in section 104 of title I of the personal responsibility and work opportunity reconciliation act of 1996, Public Law 104-193, 42 U.S.C. 604a.

Sec. 221. If the revenue collected by the department from private and local sources exceeds the amount spent from amounts appropriated in part 1, the revenue may be carried forward, with approval from the state budget director, into the subsequent fiscal year.

Sec. 223. (1) The department shall make a determination of Medicaid eligibility not later than 60 days after all information to make the determination is received from the applicant when disability is an eligibility factor. For all other Medicaid applicants, the department shall make a determination of Medicaid eligibility not later than 45 days after all information to make the determination is received from the applicant.

(2) The department shall analyze the efficacy of centralized monthly processing of Medicaid spend-down paperwork for clients whose monthly income amount is stable. The department shall present the findings of the analysis to the senate and house appropriations subcommittees on the family independence agency, during budget deliberations, and distribute the findings to the senate and house standing committees on human services matters, senate and house fiscal agencies, and policy offices.

Sec. 227. The department, with the approval of the state budget director, is authorized to realign sources of financing authorizations in order to maximize temporary assistance for needy families' maintenance of effort countable expenditures. This realignment of financing shall not be made until 15 days after notifying the chairs of the house and senate appropriations subcommittees on the family independence agency and house and senate fiscal agencies, and shall not produce an increase or decrease in any line-item expenditure authorization.

Sec. 259. (1) 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. User fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

(2) By October 15, 2003, the department shall report on the interagency agreement with the department of information technology to the house and senate appropriations subcommittees for the family independence agency budget, house and senate fiscal agencies, and policy offices. The report shall include the base service priorities in the agreement including, but not limited to, the following:

(a) Name and description of base service.

(b) Detail goals and objectives related to each base service.

(c) Cost of each base service.

(d) Time frame for implementation or completion of base service.

(3) Individual projects within the interagency agreement with a cost of \$500,000.00 or greater must be reported to the house and senate appropriations subcommittees for the family independence agency budget, house and senate fiscal agencies, and policy offices.

(4) As used in this section, "base services" means all services to be supplied by the department of information technology that are to be purchased by the department under the provisions of the interagency agreement.

Sec. 260. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department 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.

Sec. 261. (1) The department shall consult with the house and senate appropriations subcommittees on the family independence agency regarding the planned restructuring of local offices in response to 2002 PA 93. Issues to be covered shall include service delivery structure, facility needs, and administrative support. Any plan presented shall ensure that the department provides a presence and services in every county.

(2) The department shall implement a plan resulting in a \$2,000,000.00 savings by restructuring local offices in counties with more than 10 offices. The department shall report to the house and senate appropriations subcommittees on the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director on or before January 1, 2004 on the plan.

Sec. 264. Provided that an employee does not violate federal or state laws, breach confidentiality, violate civil service rules, or represent a formal department position without prior written authorization, the department shall ensure that all department employees, while on their personal time, are permitted to have appropriate communications with legislators and their staff.

Sec. 269. If title IV-D-related child support collections are escheated, the state budget director is authorized to adjust the sources of financing for the funds appropriated in part 1 for legal support contracts to reduce federal authorization by 66% of the escheated amount and increase general fund/general purpose authorization by the same amount. This budget adjustment is required to offset the loss of federal revenue due to the escheated amount being counted as title IV-D program income in accordance with federal regulations at 45 C.F.R. 304.50.

Sec. 270. A report required to be provided to the legislature and the state budget director under this act shall include all of the following information:

(a) The average cost per recipient served by the program.

(b) Information regarding how outcome achievement is measured in the program.

(c) Information regarding the measure used to determine how the program meets the goals of safety, permanence, well-being, and independence.

Sec. 271. (1) The department shall report to the senate and house appropriations subcommittees on the family independence agency, the senate and house standing committees on human services, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director on the progress of child and family services reviews (CFSR). The reviews, conducted in the state by the children's bureau of the United States department of health and human services, are intended to assess the department's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115, with the ultimate goal of improving the state child welfare system and the safety, permanency, and child and family service outcomes to children and families. The report shall be submitted quarterly beginning in December 2003.

(2) The report required under subsection (1) shall include the findings and progress of all of the following:

(a) Changes made by the courts with respect to court forms and court rules to meet the statutory requirement.

(b) Department policy changes within the areas of foster care, juvenile justice, and adoption to meet the statutory requirements.

(c) Recommendations made by a workgroup composed of department and other agency stakeholders.

(d) A summary of the 7 systemic factors that determine the state's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115.

(e) A summary of the 7 data outcome indicators used to determine the state's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115, including the length of time required to achieve family reunification for foster care cases.

(f) Federal recommendations made to the state, including recommendations to the courts.

(g) Federal penalties assessed against the state for noncompliance.

(h) Status of the performance improvement plan submitted to the federal government.

Sec. 272. (1) The department shall report to the senate and house appropriation subcommittees on the family independence agency, the senate and house standing committees on human services, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director on the result of the title IV-E foster care

eligibility reviews. The reviews, conducted in the state by the United States department of health and human services, are intended to assess the department's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115, ensuring the department's case files and payments records meet federal regulations, including standards on eligibility for placement reimbursement and the allowable payment rate.

(2) The report required under subsection (1) shall include the findings and progress of all of the following:

(a) Training programs conducted by the department and the Michigan judicial institute.

(b) Changes made by the courts on court forms and rules used in meeting the statutory requirements.

(c) Department policy changes that impact meeting the statutory requirements for foster care and adoption, including juvenile justice programs.

(d) Recommendations made by a department workgroup composed of representatives from the department and other departments and agencies.

(e) Federal recommendations submitted to the state, including recommendations to the courts.

(f) Federal penalties assessed against the state.

Sec. 273. (1) The department shall report no later than October 1, 2003 on each specific policy change made to implement enacted legislation to the senate and house appropriations subcommittees on the family independence agency budget, the senate and house standing committees on human services, and the senate and house fiscal agencies and policy offices.

(2) On an annual basis, the department shall provide a cumulative list of all policy changes in the following areas: child support, work first, work requirements, adult and child safety, local staff program responsibilities, and day care. The list shall be distributed to the senate and house appropriations subcommittees on the family independence agency budget, the senate and house standing committees dealing with human services, and the senate and house fiscal agencies and policy offices.

(3) Not later than July 1, 2004, the department shall report to the senate and house appropriations subcommittees on the family independence agency budget, the senate and house fiscal agencies, and the senate and house policy offices the annual regulatory plan submitted to the office of regulatory reform pursuant to section 53 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.253.

Sec. 274. The department shall report to the house and senate appropriations subcommittees on the family independence agency budget, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director as part of the annual budget presentation on each federal grant this state was eligible to apply for but for any reason chose not to submit an application.

Sec. 275. No funds appropriated in part 1 shall be used for billboard advertising unless required by federal or state regulations.

Sec. 276. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. The department shall follow all federal guidelines and state laws regarding short-term and long-term retention of records.

Sec. 277. Not more than 30 days after receiving a published report from the office of auditor general that states that the department has not complied with state or federal law, rule, or regulation, the department shall provide a report to the house and senate committees having jurisdiction over the family independence agency. The report shall state the reason for the noncompliance, a corrective action plan to bring the department into compliance, and the time frame for implementing and executing the plan.

EXECUTIVE OPERATIONS

Sec. 302. The appropriation in part 1 for the Michigan commission for the blind includes funds for case services. These funds may be used for tuition payments for blind clients for the school year beginning September 2003.

FAMILY INDEPENDENCE SERVICES ADMINISTRATION

Sec. 403. Not later than September 30 of each year, the department shall submit for public hearing to the chairpersons of the house and senate appropriations subcommittees dealing with appropriations for the family independence agency the proposed use and distribution plan for community services block grant funds appropriated in part 1 for the succeeding fiscal year.

Sec. 404. The department shall develop a plan based on recommendations from the department of civil rights and from Native American organizations to assure that the community services block grant funds are equitably distributed. The plan must be developed by October 31, 2003, and the plan shall be delivered to the appropriations subcommittees on the family independence agency in the house and senate.

Sec. 413. (1) Contingent upon the receipt of a refund from the federal government related to penalties previously imposed for the child support enforcement system, \$12,700,000.00 of the refund is appropriated for the following programs in the following amounts to provide funding in addition to funds appropriated in part 1:

(a) \$50,000.00 for community-based innovation grants for concerned citizens council for intercity youth facility.

(b) \$1,500,000.00 for expansion of community-based innovation grants on a statewide basis.

(c) \$1,500,000.00 for project zero and volunteer services workers.

(d) \$1,000,000.00 for protective services workers.

- (e) \$100,000.00 for analysis of the Medicaid spend-down.
 - (f) \$500,000.00 for establishment or enhancement of domestic violence supervised parenting time centers.
 - (g) \$50,000.00 for the Michigan coordinated access to food for the elderly (MICAFE) program.
 - (h) \$78,500.00 for a school-based crisis intervention demonstration project in Pontiac.
 - (i) \$45,000.00 for 5 communities to develop young at-risk males of color networks.
 - (j) \$500,000.00 for the effective family formation program.
 - (k) \$650,000.00 to provide a more uniform rate structure for specialized foster care by raising the rates for private agencies whose rates are below the median.
 - (l) \$1,150,000.00 to provide a rate increase for foster care and adoption subsidies for parents and agencies.
 - (m) \$50,000.00 for the 1 church 1 child program.
 - (n) \$50,000.00 to fund a pilot program in 4 counties to offer a 6-hour to 10-hour counseling class to Medicaid eligible pregnant teens on the merits of releasing their newborn child for adoption.
 - (o) \$100,000.00 for a 3-year teen pregnancy prevention project in the Pontiac school district.
 - (p) \$100,000.00 for a homeless prevention program working with extended families of clients at risk for homelessness.
 - (q) \$1,500,000.00 to cities in Michigan with a population of more than 900,000 people and \$500,000.00 to cities in Michigan with a population of more than 150,000 people, but less than 900,000 people, for a pilot project to implement the Amer-I-Can program.
 - (r) \$3,326,500.00 for state disability assistance caseload.
- (2) The funds appropriated in subsection (1) shall be considered a 1-time authority.
- (3) Contingent upon the receipt of the refund mentioned in subsection (1), \$1,800,000.00 in federal title IV-E match is appropriated for the following programs in the following amounts to provide funding in addition to funds appropriated in part 1 and subsection (1):
- (a) \$650,000.00 to provide a more uniform rate structure for specialized foster care by raising the rates for private agencies whose rates are below the median.
 - (b) \$1,150,000.00 to provide a rate increase for foster care and adoption subsidies for parents and agencies.
- (4) Not later than September 30, 2004, the department shall report to the senate and house appropriations subcommittees on the family independence agency, the senate and house fiscal agencies and policy offices, and the state budget director on the use of funds provided in subsection (1) for the Amer-I-Can program.
- Sec. 414. (1) Of the funds appropriated in part 1 for community services block grants, \$2,350,000.00 represents TANF funding earmarked for community action agencies.
- (2) From the funds appropriated in part 1 for community services block grants, the department is authorized to make allocations of TANF funds only to the community action agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. The use of TANF funds under this section should not be considered an ongoing commitment of funding.
- Sec. 415. (1) From the funds appropriated in part 1 for employment and training support services, the department shall expend \$500,000.00 in TANF to fund a fatherhood initiative program. The department may contract with independent contractors from various counties, including, but not limited to, faith-based and nonprofit organizations. The independent contractors shall provide at least 10% in matching funds, through any combination of local, state, or federal funds or in-kind or other donations. An independent contractor that cannot secure matching funds shall not be excluded from consideration for the fatherhood program.
- (2) The department may choose providers that will work with counties to help eligible fathers under TANF guidelines to acquire skills that will enable them to increase their responsible behavior toward their children and the mothers of their children. An increase of financial support for their children should be a very high priority as well as emotional support.
- (3) A fatherhood initiative program established under this section shall minimally include at least 3 of the following components: promoting responsible, caring, and effective parenting through counseling; mentoring and parental education; enhancing the abilities and commitment of unemployed or low-income fathers to provide material support for their families and to avoid or leave welfare programs by assisting them to take advantage of job search programs, job training, and education to improve their work habits and work skills; improving fathers' ability to effectively manage family business affairs by means such as education, counseling, and mentoring in household matters; infant care; effective communication and respect; anger management; children's financial support; and drug-free lifestyle.
- (4) The department is authorized to make allocations of TANF funds, of not more than 20% per county, under this section only to agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. The use of TANF funds under this section should not be considered an ongoing commitment of funding.
- (5) Upon receipt of the promotion of responsible fatherhood funds from the United States department of health and human services, the agency shall use the program criteria set forth in subsection (3) to implement the program with the federal funds.

Sec. 416. (1) From the funds appropriated in part 1 for employment and training support services, the department may expend up to \$750,000.00 in TANF to fund a marriage initiative program. The department may contract with independent contractors from various counties, including, but not limited to, faith-based and nonprofit organizations. The independent contractors shall provide at least 10% in matching funds, through any combination of local, state, or federal funds or in-kind or other donations. An independent contractor that cannot secure matching funds shall not be excluded from consideration for a marriage initiative program.

(2) The department may choose providers to work with counties that will work to support and strengthen marriages of those eligible under the TANF guidelines. The areas of work may include, but are not limited to, marital counseling, domestic violence counseling, family counseling, effective communication, and anger management as well as parenting skills to improve the family structure.

(3) A marriage initiative program established under this section may include, but is not limited to, 1 or more of the following: public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health; education in high schools on the value of marriage, relationship skills, and budgeting; premarital, marital, family, and domestic violence counseling; effective communication; marriage mentoring programs which use married couples as role models and mentors in at-risk communities; anger management; and parenting skills to improve the family structure.

(4) The department is authorized to make allocations of TANF funds, of not more than 20% per county, under this section only to agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

(5) Upon receipt of the healthy marriage promotion grant from the United States department of health and human services, the agency shall use the program criteria set forth in subsection (3) to implement the program with the federal funds.

Sec. 417. (1) From the funds appropriated in part 1 for community services block grant, the department shall expend up to 3.75% to fund a bureau of community action and economic opportunity and a commission on community action and social opportunity. The bureau shall serve as a statewide advocate for social and economic opportunities for low-income individuals, and the commission shall provide an opportunity for low-income individuals to actively participate in the development of policies and programs to reduce poverty. The bureau shall contract with public agencies, nonprofit private agencies, or nonprofit organizations for demonstration programs and other services necessary to implement community social and economic programs to reduce poverty.

(2) The department shall report to the senate and house appropriation subcommittees for the family independence agency budget, the senate and house standing committees on human services matters, and the senate and house fiscal agencies on the use of the funds described in subsection (1). The report shall include all of the following:

(a) Number of full-time equated employees funded.

(b) Administrative duties performed.

(c) The relationship between duties and the bureau of community action and economic opportunity and the commission on community action and social opportunity.

Sec. 418. From the funds appropriated in part 1 for employment and training support services, \$200,000.00 shall be appropriated to the Michigan IDA partnership to allocate to individual development account (IDA) matched savings programs serving TANF eligible households in Michigan. It is the intent of the legislature that the same amount be appropriated annually in each of the subsequent 4 fiscal years.

Sec. 419. The department in collaboration with the Michigan state university center for urban affairs and its partner organizations, the Michigan credit union league and the national federation of community development credit unions, shall further the work begun in fiscal year 1999-2000 that implemented the individual development accounts programs in the growing number of low-income designated credit unions, i.e., community development credit unions (CDCUs) located in this state's poorest communities. This further work will extend capacity-building and technical assistance services to existing and emerging CDCUs serving low-income populations and will include:

(a) Creation of a Michigan-based support system for the capacity-building of existing and emerging CDCUs serving low-income individuals and families, including development and testing of training, technical assistance, and professional development initiatives and related materials, and other capacity-building services to Michigan CDCUs.

(b) Other related support to assist existing and emerging CDCUs in becoming self-supporting institutions to assist impoverished Michigan residents in becoming economically independent.

(c) Training and technical assistance to CDCUs in the development of support services, such as economic literacy, credit counseling, budget counseling, and asset management programs for low-income individuals and families.

Sec. 420. From the funds appropriated in part 1 for employment and training support services, the department shall allocate \$40,000.00 in TANF for welfare to career innovation grants to replicate the Kent County model with Cascade engineering in 4 other counties.

CHILD AND FAMILY SERVICES

Sec. 501. The following goal is established by state law. During the fiscal year ending September 30, 2004, not more than 3,000 children supervised by the department shall remain in foster care longer than 24 months. The department shall give priority to reducing the number of children under 1 year of age in foster care.

Sec. 502. From the funds appropriated in part 1 for foster care, the department shall provide 50% reimbursement to Indian tribal governments for foster care expenditures for children who are under the jurisdiction of Indian tribal courts and who are not otherwise eligible for federal foster care cost sharing.

Sec. 503. The department shall continue adoption subsidy payments to families after the eighteenth birthday of an adoptee who meets the following criteria:

- (a) Has not yet graduated from high school or passed a high school equivalency examination.
- (b) Is making progress toward completing high school.
- (c) Has not yet reached his or her nineteenth birthday.

Sec. 504. The department's ability to satisfy appropriation deducts in part 1 for foster care private collections shall not be limited to collections and accruals pertaining to services provided only in the current fiscal year but shall include revenues collected during the fiscal year in excess of the amount specified in part 1.

Sec. 508. (1) In addition to the amount appropriated in part 1 for children's trust fund grants, money granted or money received as gifts or donations to the children's trust fund created by 1982 PA 249, MCL 21.171 to 21.172, is appropriated for expenditure in an amount not to exceed \$800,000.00.

(2) The state child abuse and neglect prevention board may initiate a joint project with another state agency to the extent that the project supports the programmatic goals of both the state child abuse and neglect prevention board and the state agency. The department may invoice the state agency for shared costs of a joint project in an amount authorized by the state agency, and the state child abuse and neglect prevention board may receive and expend funds for shared costs of a joint project in addition to those authorized by part 1.

(3) From the funds appropriated in part 1 for children's trust fund, the department may utilize interest and investment revenue from the current fiscal year only for programs, administration, services, or all sanctioned by the child abuse and neglect prevention board.

Sec. 509. (1) From the funds appropriated in part 1, the department shall not expend funds to preserve or reunite a family, unless there is a court order requiring the preservation or reuniting of the family or the court denies the petition, if either of the following would result:

- (a) A child would be living in the same household with a parent or other adult who has been convicted of criminal sexual conduct against a child.
- (b) A child would be living in the same household with a parent or other adult against whom there is a substantiated charge of sexual abuse against a child.

(2) Notwithstanding subsection (1), this section shall not prohibit counseling or other services provided by the department, if the service is not directed toward influencing the child to remain in an abusive environment, justifying the actions of the abuser, or reuniting the family.

Sec. 510. The department shall not be required to put up for bids contracts with service providers if currently only 1 provider in the service area exists.

Sec. 513. The department shall not expend funds appropriated in part 1 to pay for the placement of a child in an out-of-state facility unless all of the following conditions are met:

- (a) There is no appropriate placement available in this state.
- (b) The out-of-state facility meets all of the licensing standards of this state for a comparable facility.
- (c) The out-of-state facility meets all of the applicable licensing standards of the state in which it is located.
- (d) The department has done an on-site visit to the out-of-state facility, reviewed the facility records, and reviewed licensing records and reports on the facility and believes that the facility is an appropriate placement for the child.

Sec. 514. The department shall make a comprehensive report concerning children's protective services (CPS) to the legislature, including the senate and house policy offices, by January 1, 2004, that shall include all of the following:

- (a) Statistical information including, at a minimum, all of the following:
 - (i) The total number of reports of abuse or neglect investigated under the child protection law, 1975 PA 238, MCL 722.621 to 722.638, and the number of cases classified under category I or category II and the number of cases classified under category III, category IV, or category V.
 - (ii) Characteristics of perpetrators of abuse or neglect and the child victims, such as age, relationship, socioeconomic status, race, and ethnicity.
 - (iii) The mandatory reporter category in which the individual who made the report fits, or other categorization if the individual is not within a group required to report under the child protection law, 1975 PA 238, MCL 722.621 to 722.638.
- (b) New policies related to children's protective services including, but not limited to, major policy changes and court decisions affecting the children's protective services system during the immediately preceding 12-month period.

Sec. 515. From the funds appropriated in part 1 for foster care payments and related administrative costs, the department may incur costs and make payments required to finish and close out the federally approved title IV-E child welfare waiver managed care demonstration project. The department shall report to the senate and house appropriations subcommittees on the family independence agency budget and the senate and house fiscal agencies and policy offices on the outcome of the child welfare waiver managed care project. The report is due on or before August 30, 2004.

Sec. 517. (1) From the funds appropriated in part 1 for family preservation and prevention services, the department is authorized to allocate funds to multipurpose collaborative bodies to address issues raised in the Binsfeld children's commission report issued in July 1996. Priority for activities and services will be given to at-risk children and families and cases classified by the department as category III or category IV under sections 8 and 8d of the child protection law, 1975 PA 238, MCL 722.628 and 722.628d.

(2) From the funds appropriated in part 1 for family preservation and prevention services, up to \$4,000,000.00 may be used to fund community-based collaborative prevention services designed to do any of the following:

- (a) Foster positive parenting skills especially for parents of children under 3 years of age.
- (b) Improve parent/child interaction.
- (c) Promote access to needed community services.
- (d) Increase local capacity to serve families at risk.
- (e) Improve school readiness.
- (f) Support healthy family environments that discourage alcohol, tobacco, and other drug use.

(3) The appropriation provided for in subsection (2) is to fund secondary prevention programs as defined in the children's trust fund's preapplication materials for fiscal year 2003-2004 direct services grants.

(4) Projects funded through the appropriation provided for in subsection (2) shall meet all of the following criteria:

(a) Be awarded through a joint request for proposal process established by the department in conjunction with the children's trust fund and the state human services directors.

(b) Be secondary prevention initiatives. Funds are not intended to be expended in cases in which neglect or abuse has been substantiated.

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

(d) Provide a 25% local match of which not more than 10% is in-kind goods or services unless the maximum percentage is waived by the state human services directors.

(5) As used in this section, "state human services directors" means the director of the department of community health, the director of the department of education, and the director of the family independence agency.

Sec. 523. (1) From the funds appropriated in part 1 for youth in transition, domestic violence prevention and treatment, and teenage parent counseling, the department is authorized to make allocations of TANF funds only to the agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

(2) The agencies receiving teenage parent counseling TANF funds shall report to the family independence agency on both of the following:

(a) Whether program services have impacted the following issue areas:

- (i) The number of teen participants having fewer repeat pregnancies.
- (ii) The completion rate for high school diplomas or GEDs.
- (iii) The teen participants' rate of self-sufficiency.

(b) How many teens participate in the programs and have access to any or all of the following services:

(i) Adult supervised, supportive living arrangements.

(ii) Pregnancy prevention services or referrals.

(iii) Required completion of high school or receipt of GED, including child care to assist young mothers to focus on achievement.

(iv) Support services, including, but not limited to, health care, transportation, and counseling.

(v) Parenting and life-skills training.

(vi) Education, job training, and employment services.

(vii) Transition services in order to achieve self-sufficiency.

(viii) Instruction on self-protection.

(3) Agencies receiving teenage parent counseling funds shall provide at least 10% in matching funds, through any combination of local, state, or federal funds or in-kind or other donations.

Sec. 524. The department shall submit to the senate and house appropriations subcommittees on the family independence agency, the senate and house standing committees having jurisdiction over human services matters, the senate and house fiscal agencies, and the senate and house policy offices an annual report, beginning April 2, 2004, detailing the status of the prevention services program.

Sec. 531. (1) From the funds appropriated in part 1, the department may make claims for and pay to local units of government a portion of federal title IV-E revenues earned as a result of eligible costs incurred by local units of government.

(2) The department shall make payments under subsection (1) only to local units of government that have entered into formal agreements with the department. The agreement must include all of the following:

(a) Provide for the department to retain 50% of the federal revenues earned.

(b) Provide for agency review and approval of the local unit's plan for allocating costs to title IV-E.

(c) Provide for the local unit of government to submit bills at times, and in the format, specified by the department.
(d) Specify that the local unit of government is responsible for meeting all federal title IV-E regulation requirements, including reporting requirements, with regard to the activities and costs being billed to title IV-E.

(e) Provide for the local unit of government to pay the state for the amount of any federal revenues paid to the local unit that may subsequently be disallowed by the federal government.

(f) Be signed by the director of the department, the chief executive officer of the local government agency providing the title IV-E services, the chair of the county board of commissioners, and the chief executive officer of the county.

Sec. 532. (1) The department, in collaboration with representatives of private child and family agencies, shall review policies, practices, and procedures involving the annual licensing review and the annual contract compliance review conducted by the department regarding child placing agencies and child caring institutions. The review shall include efforts to identify duplication of staff activities and information sought from child placing agencies and child caring institutions in the annual review process.

(2) The department shall develop a streamlined licensing contract compliance review process, including potential for utilizing deeming status for nationally accredited agencies. The department shall report to the house and senate appropriations subcommittees on the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director on or before April 1, 2004 on the implementation of the licensing and contract compliance review process.

Sec. 533. The family independence agency shall make payments to private nonprofit child placing facilities for title IV-E out-of-home care services within 30 days of receiving all necessary documentation from those agencies.

Sec. 536. The family independence agency shall not implement a geographically based assignment system for foster care unless determined to be in the best interests of the foster children.

Sec. 537. (1) The department shall offer private nonprofit licensed agencies the first opportunity to provide foster care services for new foster children entering the system in a county when the department's direct care caseload for foster care is greater than 20 cases per foster care worker. This section only applies if the private nonprofit licensed agency has an available placement at the time the child needs to be placed and the placement is not contrary to the best interests of the child or the child's siblings.

(2) The department shall provide the senate and house appropriations subcommittees on the family independence agency, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director with a report on service cost similarities and differences between public and private licensed nonprofit agencies that includes all of the following:

- (a) Average caseload per foster care worker.
- (b) Average cost per case to the department and any other governmental agency.
- (c) Range of services provided to foster care youth.
- (d) A measurement of program outcomes.

(3) The department shall contract with a third party to compile and analyze the information required under subsection (2). The department shall distribute, in a quarterly report, the findings of the analysis to the senate and house appropriations subcommittees on the family independence agency, the senate and house standing committees on families and human services matters, the senate and house fiscal agencies, the senate and house policy offices, and the chief justice of the Michigan supreme court.

Sec. 539. The department shall work in collaboration with representatives from private nonprofit child placing agencies to ensure appropriate placement for children who have been adjudicated abused, neglected, or delinquent and for whom residential treatment is required. The department and the representatives from the private nonprofit child placing agencies shall focus on statewide placement criteria to address the best interest of the child in need of services.

Sec. 541. In order to be reimbursed for child care fund expenditures, counties are required to submit department-developed reports to enable the department to document potential federally claimable expenditures. This requirement is in accordance with the reporting requirements specified in section 117a(7) of the social welfare act, 1939 PA 280, MCL 400.117a.

Sec. 542. As a condition of receiving funds appropriated in part 1 for the child care fund, by February 15, 2004, counties shall have an approved service spending plan for the fiscal year ending September 30, 2004. Counties must submit the service spending plan to the department by December 15, 2003 for approval.

Sec. 543. The department shall develop a comprehensive plan to provide education and training to reduce the incidences of criminal sexual conduct involving underage youth. The plan shall be designed to reach state and local law enforcement officials, schools and education agencies, health care, counseling, and pregnancy prevention services, and any other agency the department considers relevant. The department shall issue a report to the house and senate appropriations subcommittees on the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director that shall contain at least all of the following:

(a) The names of the task force members or committee members, and their representative organizations, who helped develop the plan.

- (b) The recommendations the department is making to each of the following:
- (i) State and local law enforcement agencies.
 - (ii) Schools and education agencies.

(iii) Health care professionals.

(iv) Counseling agencies.

(v) Pregnancy prevention programs.

(c) The annual goals for reporting and reducing incidences of criminal sexual conduct involving underage youth.

(d) A summary of past plans and their outcomes submitted in compliance with federal guidelines.

Sec. 544. The department shall consider approval of pilot projects with applications pending for accelerated residential treatment.

Sec. 545. The department shall eliminate the current administrative freeze on approval of new specialized foster care programs.

Sec. 546. (1) The department shall continue all programs funded in fiscal year 2002-2003 included in part 1 for family preservation and prevention services. The \$8,000,000.00 reduction included in part 1 for family preservation and prevention services shall be based on an equal percentage reduction for all programs receiving funds from the line item except for the secondary prevention program for 0-3 year olds.

(2) The secondary prevention program for 0-3 year olds that receives funding from the appropriations in part 1 for family preservation and prevention services shall receive not less than the amount of funding received in fiscal year 2002-2003.

(3) The domestic violence families first collaborative programs shall be reduced by the equal percentage referred to in subsection (1) based on the programs' fiscal year 2002-2003 appropriation of \$1,300,000.00 prior to the Executive Order No. 2003-3.

PUBLIC ASSISTANCE

Sec. 601. (1) The department may terminate a vendor payment for shelter upon written notice from the appropriate local unit of government that a recipient's rental unit is not in compliance with applicable local housing codes or when the landlord is delinquent on property tax payments. A landlord shall be considered to be in compliance with local housing codes when the department receives from the landlord a signed statement stating that the rental unit is in compliance with local housing codes and that statement is not contradicted by the recipient and the local housing authority. The department shall terminate vendor payments if a taxing authority notifies the department that taxes are delinquent.

(2) Whenever a client agrees to the release of his or her name and address to the local housing authority, the department shall request from the local housing authority information regarding whether the housing unit for which vendoring has been requested meets applicable local housing codes. Vendoring shall be terminated for those units that the local authority indicates in writing do not meet local housing codes until such time as the local authority indicates in writing that local housing codes have been met.

(3) In order to participate in the rent vendoring programs of the department, a landlord shall cooperate in weatherization and conservation efforts directed by the department or by an energy provider participating in an agreement with the department when the landlord's property has been identified as needing services.

Sec. 603. (1) The department, as it determines is appropriate, shall enter into agreements with energy providers by which cash assistance recipients and the energy providers agree to permit the department to make direct payments to the energy providers on behalf of the recipient. The payments may include heat and electric payment requirements from recipient grants and amounts in excess of the payment requirements.

(2) The department shall establish caps for natural gas, wood, electric heat service, deliverable fuel heat services, and for electric service based on available federal funds.

(3) The department shall negotiate with positive billing utility companies to develop extended payment plans. Such plans shall allow clients who terminate from positive billing due to increased income to make monthly payments in order to gradually liquidate utility arrears.

(4) It is the intent of the legislature that the department review and adjust the standard utility allowance for the state food assistance program to ensure that it reflects current energy costs in the state.

Sec. 604. (1) The department shall operate a state disability assistance program. Except as provided in subsection (3), persons eligible for this program shall include needy citizens of the United States or aliens exempted from the supplemental security income citizenship requirement who are at least 18 years of age or emancipated minors meeting 1 or more of the following requirements:

(a) A recipient of supplemental security income, social security, or medical assistance due to disability or 65 years of age or older.

(b) A person with a physical or mental impairment which meets federal supplemental security income disability standards, except that the minimum duration of the disability shall be 90 days. Substance abuse alone is not defined as a basis for eligibility.

(c) A resident of an adult foster care facility, a home for the aged, a county infirmary, or a substance abuse treatment center.

(d) A person receiving 30-day postresidential substance abuse treatment.

(e) A person diagnosed as having acquired immunodeficiency syndrome.

- (f) A person receiving special education services through the local intermediate school district.
- (g) A caretaker of a disabled person as defined in subdivision (a), (b), (e), or (f) above.
- (2) Applicants for and recipients of the state disability assistance program shall be considered needy if they:
 - (a) Meet the same asset test as is applied to applicants for the family independence program.
 - (b) Have a monthly budgetable income that is less than the payment standards.

(3) Except for a person described in subsection (1)(c) or (d), a person is not disabled for purposes of this section if his or her drug addiction or alcoholism is a contributing factor material to the determination of disability. "Material to the determination of disability" means that, if the person stopped using drugs or alcohol, his or her remaining physical or mental limitations would not be disabling. If his or her remaining physical or mental limitations would be disabling, then the drug addiction or alcoholism is not material to the determination of disability and the person may receive state disability assistance. Such a person must actively participate in a substance abuse treatment program, and the assistance must be paid to a third party or through vendor payments. For purposes of this section, substance abuse treatment includes receipt of inpatient or outpatient services or participation in alcoholics anonymous or a similar program.

(4) A refugee or asylee who loses his or her eligibility for the federal supplemental security income program by virtue of exceeding the maximum time limit for eligibility as delineated in section 402 of title IV of the personal responsibility and work opportunity reconciliation act of 1996, Public Law 104-193, 8 U.S.C. 1612, and who otherwise meets the eligibility criteria under this section shall be eligible to receive benefits under the state disability assistance program.

Sec. 605. The level of reimbursement provided to state disability assistance recipients in licensed adult foster care facilities shall be the same as the prevailing supplemental security income rate under the personal care category.

Sec. 606. County family independence agencies shall require each recipient of state disability assistance who has applied with the social security administration for supplemental security income to sign a contract to repay any assistance rendered through the state disability assistance program upon receipt of retroactive supplemental security income benefits.

Sec. 607. The department's ability to satisfy appropriation deductions in part 1 for state disability assistance/ supplemental security income recoveries and public assistance recoupment revenues shall not be limited to recoveries and accruals pertaining to state disability assistance, or family independence assistance grant payments provided only in the current fiscal year, but shall include all related net recoveries received during the current fiscal year.

Sec. 608. Adult foster care facilities providing domiciliary care or personal care to residents receiving supplemental security income or homes for the aged serving residents receiving supplemental security income shall not require those residents to reimburse the home or facility for care at rates in excess of those legislatively authorized. To the extent permitted by federal law, adult foster care facilities and homes for the aged serving residents receiving supplemental security income shall not be prohibited from accepting third-party payments in addition to supplemental security income provided that the payments are not for food, clothing, shelter, or result in a reduction in the recipient's supplemental security income payment.

Sec. 609. The state supplementation level under the supplemental security income program for the personal care/ adult foster care and home for the aged categories shall not be reduced during the fiscal year beginning October 1, 2003 and ending September 30, 2004.

Sec. 610. In developing good cause criteria for the state emergency relief program, the department shall grant exemptions if the emergency resulted from unexpected expenses related to maintaining or securing employment.

Sec. 611. (1) The department shall not require providers of burial services to accept state payment for indigent burials as payments in full. Each provider shall be permitted to collect additional payment from relatives or other persons on behalf of the deceased. The total in additional payments shall not exceed \$2,600.00.

(2) Any additional payment collected pursuant to subsection (1) shall not increase the maximum charge limit for state payment as established by law.

Sec. 612. For purposes of determining housing affordability eligibility for state emergency relief, a group is considered to have sufficient income to meet ongoing housing expenses if their total housing obligation does not exceed 75% of their total net income.

Sec. 613. (1) From the funds appropriated in part 1 for state emergency relief, the maximum allowable charge limit for indigent burials shall be \$947.00. The funds shall be distributed as follows: \$603.00 for funeral directors; \$200.00 for cemeteries or crematoriums; and \$144.00 for the provider of the vault.

(2) On December 31, 2003, participating funeral home directors or cemeteries or crematoriums shall submit on a quarterly basis a report on a form made available by the department that includes all of the following information:

- (a) The number of indigent burials performed.
- (b) The cost of services rendered for each indigent burial performed.
- (c) The total reimbursement received from the state for indigent burials.
- (d) The amount the participating provider received from families toward indigent burials.
- (e) All other sources of reimbursement received by the participating providers shall be documented individually for indigent burials.

(f) The percentage of total burials performed by the provider that represents indigent burials.

(3) The department shall report on an annual basis on the information received from participating providers under subsection (2). The department shall submit the report to the state budget director, the chairpersons of the senate and house appropriations committees, the chairpersons of the senate and house appropriations subcommittees on the family independence agency, the senate and house fiscal agencies, and the senate and house policy offices.

Sec. 614. The funds available in part 1 for burial services shall be available if the deceased was an eligible recipient and an application for emergency relief funds was made within 10 days of the burial or cremation of the deceased person. Each provider of burial services shall be paid directly by the department.

Sec. 615. Except as required by federal law or regulations, funds appropriated in part 1 shall not be used to provide public assistance to a person who is an illegal alien. This section shall not prohibit the department from entering into contracts with food banks or emergency shelter providers who may, as a normal part of doing business, provide food or emergency shelter to individuals.

Sec. 616. (1) The appropriation in part 1 for the weatherization program shall be expended in such a manner that at least 25% of the households weatherized under the program shall be households of families receiving 1 or more of the following:

- (a) Family independence assistance.
- (b) State disability assistance.
- (c) Food assistance.
- (d) Supplemental security income.

(2) Any unencumbered balances of the weatherization program shall not lapse and may be carried forward to fiscal year 2005.

Sec. 617. In operating the family independence program with funds appropriated in part 1, the department shall not approve as a minor parent's adult supervised household a living arrangement in which the minor parent lives with his or her partner as the supervising adult.

Sec. 618. The department may only reduce, terminate, or suspend assistance provided under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, without prior notice in 1 or more of the following situations:

- (a) The only eligible recipient has died.
- (b) A recipient member of a program group or family independence assistance group has died.
- (c) A recipient child is removed from his or her family home by court action.
- (d) A recipient requests in writing that his or her assistance be reduced, terminated, or suspended.
- (e) A recipient has been approved to receive assistance in another state.
- (f) A change in either state or federal law that requires automatic grant adjustments for classes of recipients.

Sec. 619. The department shall exempt from the denial of title IV-A assistance and food assistance benefits, contained in section 115 of title I of the personal responsibility and work opportunity reconciliation act of 1996, Public Law 104-193, 21 U.S.C. 862a, any individual who has been convicted of a felony that included the possession, use, or distribution of a controlled substance, after August 22, 1996, provided that the individual is not in violation of his or her probation or parole requirements. Benefits shall be provided to such individuals as follows:

- (a) A third-party payee or vendor shall be required for any cash benefits provided.
- (b) An authorized representative shall be required for food assistance receipt.

Sec. 621. Funds appropriated in part 1 may be used to support multicultural assimilation and support services. The department shall distribute all of the funds described in this section based on assessed community needs.

Sec. 627. (1) From the funds appropriated in part 1 for day care services, the department shall contract to administer an amount not to exceed \$1,350,000.00 for the "enhance quality improvement program" (EQUIP) grants. A priority for the expenditure of EQUIP funds shall be given to providers to expand access to child care, specifically 24-hour care and weekend care. A child care program shall not be eligible for an EQUIP grant unless 25% or more of its clients receive day care payments from the department.

(2) From the funds appropriated in part 1 for day care services, the department shall establish an additional fund of at least \$350,000.00 for a grant pool for an "enhance quality improvement program" (EQUIP) specifically to establish new family and group home day care providers.

Sec. 631. The department shall maintain policies and procedures to achieve all of the following:

(a) The identification of individuals on entry into the system who have a history of domestic violence, while maintaining the confidentiality of that information.

(b) Referral of persons so identified to counseling and supportive services.

(c) In accordance with a determination of good cause, the waiving of certain requirements of family independence programs where compliance with those requirements would make it more difficult for the individual to escape domestic violence or would unfairly penalize individuals who have been victims of domestic violence or who are at risk of further domestic violence.

Sec. 632. The department shall calculate the food assistance allotment for applicants who are United States citizens and who live in a household with legal immigrants in a manner that maximizes the food assistance available to these United States citizens under federal law.

Sec. 635. Within 6 business days of receiving all information necessary to process an application for payments for child day care, the family independence agency shall determine whether the child day care provider to whom the payments, if approved, would be made, is listed on the child abuse and neglect central registry. If the provider is listed on the central registry, the family independence agency shall immediately send written notice denying the applicant's request for child day care payments.

Sec. 640. (1) From the funds appropriated in part 1 for day care services, the family independence agency shall expend up to \$8,000,000.00 to provide infant and toddler incentive payments to child day care providers serving children from 0 to 2-1/2 years of age who meet licensing or training requirements.

(2) The use of the funds under this section should not be considered an ongoing commitment of funding.

Sec. 643. As a condition of receipt of federal TANF funds, homeless shelters shall collaborate with the family independence agency to obtain necessary TANF eligibility information on families as soon as possible after admitting a family to the homeless shelter. From the funds appropriated in part 1 for homeless shelters within state emergency relief, the department is authorized to make allocations of TANF funds only to the agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. Homeless shelters that do not report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements will not receive reimbursements which exceed the per diem amount they received in fiscal year 2000. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

Sec. 645. An individual or family is considered homeless, for purposes of eligibility for state emergency relief, if living temporarily with others in order to escape domestic violence. For purposes of this section, domestic violence is defined and verified in the same manner as in the family independence agency's policies on good cause for not cooperating with child support and paternity requirements.

Sec. 648. From the funds appropriated in part 1 for public assistance, the department may make assistance payments to recipients beyond the 5-year limit set by the personal responsibility and work opportunity reconciliation act of 1996, Public Law 104-193, 110 Stat. 2105, providing the recipient is complying with asset, income, and participation standards set as a condition of eligibility to receive assistance and clearly demonstrates that he or she is making progress in becoming self-sufficient.

Sec. 653. From the funds appropriated in part 1 for food assistance, an individual who is the victim of domestic violence and does not qualify for any other exemption may be exempt from the 3-month in 36-month limit on receiving food assistance under section 6(o)(6) of the food stamp act of 1977, Public Law 88-525, 7 U.S.C. 2015. This exemption can be extended an additional 3 months upon demonstration of continuing need.

Sec. 657. (1) The department shall continue to fund the same before- or after-school programs that received funding in FY 2002-2003 to provide youth with a safe, engaging environment to motivate and inspire learning outside the traditional classroom setting. Before-school programs are limited to elementary school-aged children. Effective before- or after-school programs combine academic, enrichment, and recreation activities to guide learning and inspire children and youth in various activities. The before- or after-school programs can meet the needs of the communities served by the programs.

(2) The department shall work in collaboration with independent contractors to put into practice a pilot program establishing quality before- or after-school programs for children in kindergarten to ninth grades. In order for an independent contractor to receive TANF funds, a child served must be a member of a family with an income that does not exceed 200% of the federal poverty guidelines published by the United States department of health and human services.

(3) The department shall allocate through grants or contracts up to \$8,550,000.00 in TANF funds for pilot programs. A county shall receive no more than 20% of the funds appropriated in part 1 for this program. From the funds appropriated in part 1 for before- or after-school pilot programs within day care services, the department is authorized to make allocations of funds only to the agencies that report necessary data to the department for the purpose of meeting TANF and maintenance of effort eligibility reporting requirements. The use of funds under this section should not be considered an ongoing commitment of funding.

(4) The before- or after-school pilot programs shall include, at a minimum, at least 3 of the following topics:

- (a) Abstinence-based pregnancy prevention.
- (b) Chemical abuse and dependency including nonmedical services.
- (c) Gang violence prevention.
- (d) Academic assistance, including assistance with reading and writing.
- (e) Preparation toward future self-sufficiency.
- (f) Leadership development.
- (g) Case management or mentoring.
- (h) Parental involvement.
- (i) Anger management.

(5) The department may enter into grants or contracts with independent contractors including, but not limited to, faith-based organizations, boys or girls clubs, schools, or nonprofit organizations. The department shall grant priority in funding independent contractors who secure at least 10% in matching funds. The matching funds may either be

fulfilled through local, state, or federal funds, and/or through in-kind or other donations. An independent contractor who cannot fulfill the match described in this subsection shall not be excluded from applying for a before- or after-school program contract.

(6) A referral to a pilot program may be made by, but is not limited to, any of the following: a teacher, counselor, parent, police officer, judge, or social worker.

(7) By August 30, 2004, the department before- or after-school pilot program expenditures shall be audited and the department shall work in collaboration with independent contractors to provide a report on the before- or after-school pilot program to the senate and house standing committees dealing with human services, the senate and house appropriations subcommittees for the family independence agency budget, the senate and house fiscal agencies, and the senate and house policy offices. The report shall include the number of participants and the average cost per participant, as well as changes noted in program participants in any of the following categories:

- (a) Juvenile crime.
- (b) Aggressive behavior.
- (c) Academic achievement.
- (d) Development of new skills and interests.
- (e) School attendance and dropout rates.
- (f) Behavioral changes in school.

Sec. 660. From the funds appropriated in part 1 for food bank council activities within state emergency relief, the department is authorized to make allocations of TANF funds only to the agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. The agencies that do not report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements will not receive allocations in excess of those received in fiscal year 2000. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

Sec. 665. The department shall partner with the department of transportation to use TANF and other sources of available funding to support public transportation needs of TANF-eligible individuals. By February 1, 2004, the department shall report on the new transportation initiatives developed to the senate and house appropriations subcommittees on the family independence agency, senate and house standing committees on human services matters, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director.

Sec. 666. The department shall develop and implement a plan, in conjunction with the Michigan State University extension service, to increase the participation of eligible family independence program recipients in the federal earned income tax credit. The department shall report the details of the plan to the senate and house appropriations subcommittees on the family independence agency budget, the senate and house standing committees on human services, the senate and house fiscal agencies and policy offices, and the state budget director no later than December 31, 2003.

Sec. 667. The department may expend funds necessary to perform child day care provider background checks from fees collected.

Sec. 668. (1) In coordination with the Michigan alliance of boys and girls clubs, the department may expend up to \$250,000.00 in TANF funds to make allocations for a statewide collaborative project to develop a community-based program available to children ages 6 to 15.

(2) The department shall make allocations of TANF funds under this section only to agencies that report necessary data to the department for the purpose of meeting the TANF eligibility reporting requirements. The use of TANF funds under this section should not be considered an ongoing commitment.

(3) The department shall grant priority in funding to programs that provide at least 10% in matching funds. The matching funds requirement shall be fulfilled through any combination of local, state, or federal funds or in-kind or other donations. A program that cannot meet the matching requirement shall not be excluded from applying for a contract.

Sec. 669. (1) The department shall distribute cash and food assistance to recipients electronically by using debit cards.

(2) The department shall allocate up to \$4,740,000.00 for the annual school clothing allowance. The allowance shall be granted to all eligible children 4 to 18 years of age. At least 2 weeks prior to the clothing allowance transfer, the department shall notify assistance recipients eligible for the allowance of actual and potential participating retail establishments that offer discounts under the clothing allowance program. It is the intent of the legislature that the department expand outreach to retailers encouraging them to offer discounts.

Sec. 670. It is the intent of the legislature that the funds appropriated in part 1 for kinship care in the fiscal year ending September 30, 2004 reflect the legislature's commitment to reduce the benefit discrepancy between kinship care and a similar family size within the family independence agency program (FIP). The legislature recognizes the commitment of relatives to provide family continuity, nurturance, and care for this special population of children who can no longer remain in their parents' care due to abuse, neglect, or other social problems.

Sec. 671. The department may work with private nonprofit service providers to implement an Internet-based information system providing centralized benefit eligibility information and electronic application forms and application submission. This system may be used by volunteer counselors to assist users in obtaining all available public assistance.

Sec. 672. By February 1, 2004, the department shall report to the house and senate appropriations subcommittees for the family independence agency budget, the house and senate standing committees on human services, the house and senate fiscal agencies and policy offices, and the state budget director on the department's food assistance outreach efforts.

Sec. 673. The department shall immediately send notification to a client participating in the state child day care program and his or her child day care provider if the client's eligibility is reduced or eliminated.

JUVENILE JUSTICE SERVICES

Sec. 702. Expansion of facilities funded under part 1 for juvenile justice services shall not be authorized by the joint capital outlay subcommittee of the appropriations committees until the department has held a public hearing in the community where the facility proposed to be expanded is located.

Sec. 703. A juvenile adjudicated and placed in a state-operated maximum security program funded under part 1 for juvenile justice services shall not be allowed to leave the property of the maximum security facility at which the program is located except when required to leave the property for medical treatment, court appearances, or other good cause approved by the facility director. For purposes of this section, "juvenile" means that term as defined in section 115n of the social welfare act, 1939 PA 280, MCL 400.115n.

Sec. 704. New facilities funded under part 1 for juvenile justice services shall not be located within 1,500 feet of property in use for a K-12 educational program.

Sec. 705. (1) The department shall report on the W. J. Maxey facility to the house and senate appropriations subcommittees on the family independence agency budget, house and senate standing committees on human services matters, house and senate fiscal agencies and policy offices, and state budget director as part of its annual budget presentation. The report shall include the following:

(a) Population reintegration goals for juvenile justice wards including, but not limited to, the categorization of positive outcomes and recidivism by age and incarceration type.

(b) Facility media policy to ensure reinforcement and consistency with treatment plans and desired ward outcomes.

(c) Staff and resident safety.

(d) Outcome based service and treatment program plan for wards who are sex offenders or substance abusers.

(e) Facility procedure following traumatic campus occurrences such as, but not limited to, violent and sexual assaults.

(f) Quality control process for resident service and release plans.

(g) Findings of all federal investigations of the facility.

(2) The department shall ensure that all juveniles coming into care receive an assessment that includes a review of dysfunctional behavior in adolescents. In addition, the department shall ensure that all treatment addresses:

(a) Dysfunctional family practices, such as substance abuse and domestic violence.

(b) Sexual harassment and gender bias.

(c) Cultural and ethnic sensitivity.

(3) The department shall make a comparative analysis of public training schools and private facilities and report the analysis to the senate and house appropriations subcommittees on the family independence agency during the budget deliberations and distribute the findings to the senate and house standing committees on human services matters, the senate and house fiscal agencies, the senate and house policy offices, the state budget director, and the chief justice of the Michigan supreme court. The report shall include all of the following categories:

(a) Number of youths served by the facility.

(b) Number and type of security levels in the facility.

(c) Number of youths who earned a GED while at the facility.

(d) Recidivism rate for youths served by the facility.

(e) Breaches of security at the facility.

(f) Unique characteristics of the facility's program.

(g) Academic levels for youths served by the facility at intake and on discharge.

(h) Standardized psychological assessment scores for youths served by the facility at intake and on discharge.

(i) Program achievement outcomes.

Sec. 706. Counties shall be subject to 50% charge back for the use of alternative regional detention services, if those detention services do not fall under the basic provision of section 117e of the social welfare act, 1939 PA 280, MCL 400.117e, or if a county operates those detention services programs primarily with professional rather than volunteer staff.

Sec. 713. (1) The department shall work cooperatively with judiciary and with the departments of community health and career development to coordinate and improve the delivery of mental health and substance abuse treatment and education and training services to individuals leaving the juvenile justice system, especially those aging out of the system identified as continuing to pose a serious risk to themselves or others.

(2) As required by section 18 of chapter XIII of the probate code of 1939, 1939 PA 288, MCL 712A.18, juveniles committed to an institution operated by the department shall receive medical, dental, surgical, or other health care as necessary. The Medicaid reimbursable rate scale shall be used as the standard for allowable charges for services rendered. The family independence agency shall reimburse providers for the actual charges less than or equal to the Medicaid reimbursable rate scale for each service provided.

Sec. 714. (1) The family independence agency shall provide technical assistance for counties to develop information networks including, but not limited to, serious habitual offenders comprehensive action program (SHOCAP), juvenile justice on-line technology (JJOLT), and juvenile violent reporting system (JVRS).

(2) The department shall assist counties in identifying funding sources for the networks, including, but not limited to, the child care fund and the juvenile accountability incentive block grant.

(3) The local units of government shall report to the department on expenditures of their juvenile justice information networks in concert with their requests for reimbursement from the child care fund.

(4) The department shall provide during budget deliberation hearings the compilation of reports from the local units of government.

Sec. 715. (1) It is the intent of the legislature that the primary function of the juvenile justice system shall be to promote the protection of individuals and communities through the reduction of juvenile crime.

(2) Based on the recommendations of the 2001 joint house and senate task force on juvenile justice, the department shall present the early intervention initiatives demonstrating the principles at the annual balanced and restorative justice conference in May 2003. The early intervention shall include, but not be limited to, the following:

(a) Mentoring programs that focus on improving communication and collaboration, encourage quality mentoring programs, recruitment of mentors, and increasing public awareness of and participation in programs for at-risk youth.

(b) Discussion of programs relating to juvenile information networks as an Internet-based communication tool that assists with case management of juvenile offenders in the area.

(c) Discussion of the possibility of implementing a program modeled after the "Wisconsin citizenship initiative" to collaborate with the before- or after-school programs offered under the authority of this act.

(d) Exploration of the option of a summit conducted via the Internet to discuss measures relating to the prevention and intervention of at-risk youth.

(e) Discussion of California's "8% early intervention" program that focuses on aggressive early intervention and treatment of young, high at-risk juvenile offenders and their families.

(f) Multisystem therapy.

(g) Youth service projects.

(h) Community services projects.

(i) A report on the initiatives discussed at the balanced and restorative justice conference described in this section will be given to the senate and house appropriations subcommittees on the family independence agency budget, the senate and house standing committees dealing with human services, the senate and house fiscal agencies, and the policy offices no later than October 30, 2003.

Sec. 716. (1) The department shall make available the excess property located at the W. J. Maxey facility and pursue the sale of this property.

(2) Contingent upon the receipt of funds from the sale of property in subsection (1), a total of \$5,000,000.00 is appropriated for salaries and wages and contractual services, supplies, and materials within the executive operations unit, in addition to the funds appropriated in part 1.

(3) The sale of the property described in this section shall be conducted in a manner to realize the highest price for the sale and the highest return to the state. The sale of this property shall be done in an open manner that uses 1 or more of the following:

(a) A competitive sealed bid.

(b) Oral bid.

(c) Public auction.

(d) Use of broker services. Broker services for the sale of this property shall only be used if there are 3 or more bidders for this property. The minimum selling price for the property shall be the higher value of either its fair market value or the result of a professional concept plan value as determined by a real estate professional qualified to make such valuations. This real estate professional shall be selected through a request for proposal and competitive bid process.

(4) A notice of a sealed or oral bid, public auction sale, or use of broker negotiation services, regarding the property described in this section shall be published at least once in a newspaper as defined in section 1461 of the revised judicature act of 1961, 1961 PA 236, MCL 600.1461, not less than 10 days before the sale. The newspaper shall be one that is published in the county where the property is located. If a newspaper is not published in the county where the property is located, the notice shall be published in a newspaper in a county nearest to the county in which the property is located. A notice shall describe the general location of the property and the date, time, and place of the sale.

LOCAL OFFICE SERVICES

Sec. 750. The department shall maintain out-stationed eligibility specialists in community-based organizations and hospitals in the same locations and at staffing levels no less than in fiscal year 2002-2003.

DISABILITY DETERMINATION SERVICES

Sec. 801. The family independence agency disability determination services in agreement with the department of management and budget office of retirement systems will develop the medical information and determine eligibility of medical disability retirement for state employees, state police, judges, and school teachers.

CHILD SUPPORT ENFORCEMENT

Sec. 901. (1) From the federal money received for child support incentive payments, up to \$15,397,400.00 shall be retained by the state and expended for legal support contracts and child support program expenses.

(2) In addition to the amount retained in subsection (1), additional incentives may be retained and used by the state for special, enhanced, or centralized initiatives or services that are reasonably calculated by the department, in consultation with the state court administrative office and the state budget office, to result in an equivalent or greater increase in child support collections or child support incentive payments received from the federal government. If payment from the federal government for collection performance incentives exceeds the amount received by the state for the fiscal year 2000, the total amount paid to counties shall be no less than the total amount paid for federal performance incentives in fiscal year 2001.

(3) At the end of the current fiscal year, the department may, if it is cost beneficial to the state and counties, withhold from submitting to the federal office of child support administrative expenses eligible for federal financial participation. The department may recoup earned but unclaimed federal funds from the resulting increased federal child support incentive. The recoupment by the department shall be made prior to distribution of the increased incentive to the counties. Any incentive funds retained by the state under this section shall be separate and apart from incentive funds retained in any other section of this act.

(4) A county shall not be penalized due to the failure to comply with federal child support enforcement system requirements if the department determines that all of the following conditions are met:

(a) The county, friend of the court, and the department have a written agreement that outlines the county's commitment to participate in the system.

(b) The county and the friend of the court are fully and timely cooperating with the work plan outlined in the child support enforcement memorandum of understanding between the department and the county.

(c) The county and the friend of the court are implementing the child support enforcement system required for federal certification.

(d) The friend of the court and county prosecuting attorney's office use the statewide system upon availability to monitor and process title IV-D cases.

(5) In addition to the amount specified in subsection (1), the family independence agency may retain any federal title IV-D incentive payment revenues withheld from counties pursuant to the imposition of financial penalties, and may use the federal revenues retained for any child support program purpose.

(6) For the purpose of providing title IV-D child support enforcement funding, the department, as the IV-D agency, shall, within 30 days of the passage of this act, enter into a cooperative agreement with the state attorney general for IV-D funding to support the child support enforcement activities of the office of the attorney general. The department to the extent possible under federal law shall provide to the office of the attorney general any information used by the office of child support enforcement to locate parents who fail to pay court-ordered child support, to collect child support, or to enforce child support orders.

PART 2A**PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2002-2003**

Sec. 1001. (1) In addition to the funds appropriated in 2002 PA 529, there is appropriated up to \$16,085,700.00 contingent upon the receipt of a refund from the federal government related to penalties previously imposed for the child support enforcement system and upon certification from the state budget director that the funds are available for expenditure. Of this amount, up to: \$8,785,700.00 may be used for the child support enforcement system; \$4,300,000.00 may be used for family independence program caseload, state disability assistance, and child care fund costs; and \$3,000,000.00 may be used to fund the transitional work support program.

(2) The funds appropriated in subsection (1) shall be considered 1-time authority.

REPEALERS

Sec. 1002. Section 413 of 2002 PA 529 is repealed.

Second: That the Senate and House agree to the title of the bill to read as follows:

A bill to make, supplement, and adjust appropriations for the family independence agency and certain state purposes related to public welfare services for the fiscal years ending September 30, 2003 and September 30, 2004; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, and officers; and to repeal acts and parts of acts.

Bill Hardiman
Thomas M. George
Martha G. Scott
Conferees for the Senate

Jerry Kooiman
Jacob Hoogendyk, Jr.
Chris Kolb
Conferees for the House

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 463**Yeas—100**

Accavitti	Gaffney	Middaugh	Sheen
Acciavatti	Garfield	Milosch	Sheltrown
Adamini	Gielegem	Minore	Shulman
Amos	Gleason	Moolenaar	Spade
Anderson	Hager	Mortimer	Stahl
Bieda	Hoogendyk	Murphy	Stakoe
Bisbee	Hopgood	Newell	Stallworth
Bradstreet	Howell	Nitz	Steil
Brandenburg	Huizenga	Nofs	Stewart
Brown	Hummel	O'Neil	Tabor
Byrum	Hune	Paletko	Taub
Casperson	Hunter	Palmer	Tobocman
Caswell	Jamnick	Palsrok	Vagnozzi
Caul	Johnson, Rick	Pappageorge	Van Regenmorter
Cheeks	Johnson, Ruth	Pastor	Voorhees
Clack	Julian	Phillips	Walker
Condino	Koetje	Pumford	Ward
Dennis	Kolb	Reeves	Waters
DeRoche	Kooiman	Richardville	Wenke
DeRossett	LaJoy	Rivet	Whitmer
Drolet	LaSata	Robertson	Williams
Ehardt	Law	Rocca	Wojno
Emmons	Lipsey	Sak	Woodward
Farhat	Meisner	Shackleton	Woronchak
Farrah	Meyer	Shaffer	Zelenko

Nays—8

Daniels	Gillard	Hood	Plakas
Elkins	Hardman	McConico	Smith

In The Chair: Julian

Rep. Elkins, having reserved the right to explain her nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted no on the Conference Report to Senate Bill 283, the Family Independence Agency budget because I do not believe the budget is not able to fund the cost associated with the rising caseloads for the Family Independence Program, State Disability Assistance and Day Care Services. At a time when unemployment is high and our economy is weak, the current state of the economy is an indicator that the caseloads will continue to rise and this budget has funded the Family Independence Program at 74,065 cases. I do not believe that this is a sufficient level when the May 2003 caseload was 75,122 cases. The State Disability Assistance program is funded at 9,939 cases and the May 2003

caseload was 9,421 cases. The Wayne County and out state foster care cases are funded at 7, 245 cases and the May 2003 caseload was 7,045 cases. I cannot support any legislation that cuts funding to programs that provide effective and life-changing services to teen parents. Public testimony supported the success and continued need for Teenage Parent Counseling. This is a vital service to at-risk teen mothers and fathers who feel trapped and hopeless by an unexpected pregnancy. I am appalled by the reduction of funding to programs that provide direct services to children who are at risk for juvenile delinquency and educational failure. I cannot support the reductions to the school clothing allowance or the cut in the Before and After School program. I do not want to seal a child’s fate for failure. Research has shown that after school programs are a major deterrent to juvenile crime. Finally, it is a known fact that grandparents save the state millions each year by taking care of their grandchildren. I believe that cutting the Kinship Care Program fails to demonstrate the appreciation that we should be showing these grandparents who are sacrificing their time, money and resources to keep their family together. For these reasons, I voted no on Senate Bill 283.”

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **House Bill No. 4393, entitled**

A bill to make appropriations for the department of environmental quality for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create certain funds and accounts; to require certain reports; to prescribe the powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

Recommends:

First: That the Senate recede from the Substitute of the Senate as passed by the Senate.

Second: That the House and Senate agree to the Substitute of the House as passed by the House, amended to read as follows:

A bill to make appropriations for the department of environmental quality for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create certain funds and accounts; to require certain reports; to prescribe the powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of environmental quality for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF ENVIRONMENTAL QUALITY

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	1,605.7	
GROSS APPROPRIATION		\$ 346,424,400
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		\$ 14,142,900
ADJUSTED GROSS APPROPRIATION		\$ 332,281,500
Federal revenues:		
Total federal revenues		129,169,500
Special revenue funds:		
Total local revenues		0
Total private revenues		435,700
Total other state restricted revenues		146,480,000
State general fund/general purpose		\$ 56,196,300

FUND SOURCE SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	1,605.7	
GROSS APPROPRIATION		\$ 346,424,400
Interdepartmental grant revenues:		
IDG-MDA		100,000
IDG-MDCH, local public health operations		10,472,500

	For Fiscal Year Ending Sept. 30, 2004
IDG-MDSP	632,200
IDG, Michigan transportation fund	884,800
IDT, interdivisional charges	2,053,400
Total interdepartmental grants and intradepartmental transfers	14,142,900
ADJUSTED GROSS APPROPRIATION	\$ 332,281,500
Federal revenues:	
DOC-NOAA, federal.....	3,063,500
DOD, federal	455,300
DOI, federal.....	525,900
EPA, multiple.....	124,722,900
FEMA, federal	401,900
Total federal revenues	129,169,500
Special revenue funds:	
Private funds.....	435,700
Total private revenues	435,700
Aboveground storage tank fees	717,500
Air emissions fees.....	11,572,700
CESARS service fee	26,300
Clean Michigan initiative - administration.....	2,885,700
Clean Michigan initiative - clean water fund	4,400,000
Clean Michigan initiative - response activities.....	1,600,000
Cleanup and redevelopment fund	14,797,100
Community pollution prevention fund	250,000
Drinking water revolving fund.....	6,059,000
Environmental education fund	184,500
Environmental pollution prevention fund.....	1,492,700
Environmental protection fund.....	15,042,700
Environmental response fund.....	21,503,900
Fees and collections	818,700
Financial instruments	5,000,000
Great Lakes protection fund.....	2,551,100
Groundwater and freshwater protection fund	200,000
Groundwater discharge permit fees.....	1,700,000
Hazardous materials transportation permit fund.....	87,800
Land and water permit fees.....	3,330,900
Landfill maintenance trust fund	47,200
Metallic mining surveillance fee revenue.....	68,200
Mineral well regulatory fee revenue	215,300
NPDES fees	3,000,000
Oil and gas regulatory fund.....	7,814,200
Orphan well fund	2,002,000
Public utility assessments	786,100
Public water supply fees	4,445,600
Publication revenue.....	103,200
Retired engineers technical assistance fund	1,500,000
Saginaw bay and river restoration revenue.....	154,500
Sand extraction fee revenue	188,300
Scrap tire regulatory fund	4,642,800
Septage waste license fees	1,752,400
Settlement funds	3,395,900
Sewage sludge land application fee.....	742,500
Soil erosion and sedimentation control training fund	101,300
Solid waste program fees	3,914,500
Stormwater permit fees	2,526,500
Submerged log recovery fund	101,600
Underground storage tank fees.....	4,245,400

	For Fiscal Year Ending Sept. 30, 2004
Waste reduction fee revenue	4,464,300
Wastewater operator training fees	168,400
Water analysis fees.....	2,839,700
Water pollution control revolving fund	2,884,300
Water quality protection fund.....	25,000
Water use reporting fees.....	130,200
Total other state restricted revenues	146,480,000
State general fund/general purpose	\$ 56,196,300
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—8.0 FTE positions	847,500
Office of the Great Lakes—7.0 FTE positions	820,700
GROSS APPROPRIATION.....	\$ 2,150,800
Appropriated from:	
Federal revenues:	
DOI, federal	120,000
EPA, multiple.....	101,100
Special revenue funds:	
Environmental education fund	184,500
Environmental response fund.....	43,200
Great Lakes protection fund.....	501,100
Oil and gas regulatory fund.....	89,600
Settlement funds	210,700
State general fund/general purpose	\$ 900,600
Sec. 103. DEPARTMENT SUPPORT SERVICES	
Full-time equated classified positions	72.0
Financial and business services—32.0 FTE positions	\$ 1,570,600
Field operations support—20.0 FTE positions	1,325,600
Automated data processing	2,053,400
Office of special environmental projects—3.0 FTE positions	406,300
Personnel—13.0 FTE positions	715,200
Administrative hearings—4.0 FTE positions.....	369,900
Building occupancy charges.....	7,895,000
Rent-privately owned property.....	1,836,900
Environmental support projects.....	5,000,000
GROSS APPROPRIATION.....	\$ 21,172,900
Appropriated from:	
Interdepartmental grant revenues:	
IDT, interdivisional charges	2,053,400
Federal revenues:	
EPA, multiple.....	57,800
Special revenue funds:	
Aboveground storage tank fees	25,600
Air emissions fees.....	401,800
Clean Michigan initiative - administration.....	162,600
Environmental pollution prevention fund.....	62,900
Environmental response fund.....	1,443,700
Fees and collections	99,400
Financial instruments	5,000,000
Land and water permit fees.....	107,500
Oil and gas regulatory fund.....	598,100
Public utility assessments	12,300
Public water supply fees	528,100
Scrap tire regulatory fund	88,400

	For Fiscal Year Ending Sept. 30, 2004
Settlement funds	170,600
Solid waste program fees	69,600
Stormwater permit fees	50,500
Underground storage tank fees	206,600
Waste reduction fee revenue	54,700
Water analysis fees.....	187,700
Water pollution control revolving fund	14,900
Water use reporting fees.....	8,400
State general fund/general purpose	\$ 9,768,300
Sec. 104. AIR QUALITY	
Full-time equated classified positions	249.5
Air quality programs—249.5 FTE positions.....	\$ 20,546,300
GROSS APPROPRIATION.....	\$ 20,546,300
Appropriated from:	
Federal revenues:	
EPA, multiple.....	3,777,100
Special revenue funds:	
Air emissions fees.....	10,029,800
Environmental response fund.....	89,200
Fees and collections.....	343,000
State general fund/general purpose	\$ 6,307,200
Sec. 105. ENVIRONMENTAL SCIENCE AND SERVICES	
Full-time equated classified positions	184.5
Environmental services—26.5 FTE positions.....	\$ 1,886,000
Laboratory services—68.0 FTE positions	5,886,600
Municipal assistance—35.5 FTE positions.....	4,670,800
Pollution prevention and technical assistance—54.5 FTE positions	5,062,800
Pollution prevention outreach	300,000
Retired engineers technical assistance program.....	1,500,000
GROSS APPROPRIATION.....	\$ 19,306,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDA.....	100,000
Federal revenues:	
DOC-NOAA, federal.....	300,000
EPA, multiple.....	2,150,600
Special revenue funds:	
Private funds.....	300,000
Air emissions fees.....	654,200
Clean Michigan initiative - administration.....	147,900
Clean Michigan initiative - response activities.....	1,600,000
Drinking water revolving fund.....	1,273,800
Environmental protection fund.....	58,200
Environmental response fund.....	255,800
Public water supply fees	218,000
Retired engineers technical assistance fund	1,500,000
Settlement funds	363,100
Stormwater permit fees	86,500
Waste reduction fee revenue	3,962,900
Wastewater operator training fees	168,400
Water analysis fees.....	2,496,600
Water pollution control revolving fund	2,159,300
State general fund/general purpose	\$ 1,510,900
Sec. 106. GEOLOGICAL AND LAND MANAGEMENT	
Full-time equated classified positions	201.5
Program direction—11.0 FTE positions	\$ 797,800
Coal and sand dune management—3.0 FTE positions.....	594,200

	For Fiscal Year Ending Sept. 30, 2004
Field permitting and project assistance—69.0 FTE positions.....	5,858,700
Great Lakes shorelands—28.0 FTE positions.....	2,374,800
Metallic mine reclamation—1.0 FTE positions.....	68,200
Mineral wells management—3.0 FTE positions.....	215,300
Orphan well—2.5 FTE positions.....	2,002,000
Services to oil and gas—61.0 FTE positions.....	6,623,600
Water management—23.0 FTE positions.....	2,120,800
Submerged log recovery.....	101,600
GROSS APPROPRIATION.....	\$ 20,757,000

Appropriated from:

Interdepartmental grant revenues:	
IDG, Michigan transportation fund.....	838,500
Federal revenues:	
DOC-NOAA, federal.....	1,237,900
DOI, federal.....	405,900
EPA, multiple.....	453,000
FEMA, federal.....	401,900
Special revenue funds:	
Environmental response fund.....	75,900
Land and water permit fees.....	2,691,700
Metallic mining surveillance fee revenue.....	68,200
Mineral well regulatory fee revenue.....	215,300
Oil and gas regulatory fund.....	6,444,500
Orphan well fund.....	2,002,000
Publication revenue.....	103,200
Sand extraction fee revenue.....	188,300
Submerged log recovery fund.....	101,600
State general fund/general purpose.....	\$ 5,529,100

Sec. 107. REMEDIATION AND REDEVELOPMENT

Full-time equated classified positions.....	304.5
Contaminated site investigation, cleanup, and revitalization—233.5 FTE positions.....	\$ 19,957,900
Federal cleanup project management—71.0 FTE positions.....	7,203,200
Emergency cleanup actions.....	4,000,000
Environmental cleanup and redevelopment program.....	21,715,000
State cleanup 451.....	3,027,900
Superfund cleanup.....	4,000,000
GROSS APPROPRIATION.....	\$ 59,904,000

Appropriated from:

Federal revenues:	
DOD, federal.....	455,300
EPA, multiple.....	8,723,200
Special revenue funds:	
Private funds.....	135,700
Clean Michigan initiative - administration.....	2,038,200
Cleanup and redevelopment fund.....	13,097,100
Environmental protection fund.....	14,915,500
Environmental response fund.....	18,569,200
Landfill maintenance trust fund.....	47,200
Settlement funds.....	1,922,600
State general fund/general purpose.....	\$ 0

Sec. 108. WASTE AND HAZARDOUS MATERIALS

Full-time equated classified positions.....	187.5
Aboveground storage tank program—9.0 FTE positions.....	\$ 691,900
Hazardous waste management program—61.0 FTE positions.....	5,634,200
Low-level radioactive waste authority—2.0 FTE positions.....	769,700
Radiological protection program—16.5 FTE positions.....	1,504,800

	For Fiscal Year Ending Sept. 30, 2004
Scrap tire regulatory program—11.0 FTE positions	915,000
Solid waste management program—51.0 FTE positions	3,846,800
Underground storage tank program—37.0 FTE positions.....	4,102,900
GROSS APPROPRIATION.....	\$ 17,465,300
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDSP	632,200
Federal revenues:	
EPA, multiple.....	3,383,400
Special revenue funds:	
Aboveground storage tank fees	691,900
Environmental pollution prevention fund.....	1,429,800
Environmental response fund.....	262,700
Hazardous materials transportation permit fund.....	87,800
Public utility assessments	769,700
Scrap tire regulatory fund	915,000
Solid waste program fees	3,784,900
Underground storage tank fees.....	3,864,900
Waste reduction fee revenue	61,900
State general fund/general purpose	\$ 1,581,100
Sec. 109. WATER	
Full-time equated classified positions	369.2
Aquifer protection and dispute resolution	\$ 400,000
Aquifer protection revolving fund.....	400,000
Drinking water—84.2 FTE positions.....	13,663,600
Environmental health—30.0 FTE positions.....	2,725,400
Fish contaminant monitoring.....	316,100
Groundwater discharge—31.0 FTE positions	1,717,500
Groundwater use reporting.....	150,000
NPDES nonstormwater program—121.4 FTE positions	8,624,100
Sewage sludge land application program—6.5 FTE positions.....	742,500
Surface water—96.1 FTE positions.....	14,316,300
GROSS APPROPRIATION.....	\$ 43,055,500
Appropriated from:	
Federal revenues:	
EPA, multiple.....	12,741,400
Special revenue funds:	
CESARS service fee	26,300
Clean Michigan initiative - administration.....	537,000
Clean Michigan initiative - clean water fund	4,400,000
Drinking water revolving fund.....	3,369,600
Environmental response fund.....	147,800
Fees and collections.....	376,300
Great Lakes protection fund.....	150,000
Groundwater and freshwater protection fund	200,000
Groundwater discharge permit fees.....	1,700,000
Land and water permit fees.....	425,000
NPDES fees	3,000,000
Public water supply fees	2,034,200
Saginaw bay and river restoration revenue.....	154,500
Septage waste license fees	227,400
Sewage sludge land application fee.....	742,500
Soil erosion and sedimentation control training fund	101,300
Stormwater permit fees	2,389,500
Water pollution control revolving fund	590,300
Water use reporting fees.....	121,800
State general fund/general purpose	\$ 9,620,600

For Fiscal Year
Ending Sept. 30,
2004

Sec. 110. CRIMINAL INVESTIGATIONS

Full-time equated classified positions	22.0	
Environmental investigations—22.0 FTE positions.....		\$ 1,832,600
GROSS APPROPRIATION.....		\$ 1,832,600
Appropriated from:		
Federal revenues:		
EPA, multiple.....		129,900
Special revenue funds:		
Environmental response fund.....		111,700
Oil and gas regulatory fund.....		137,800
Scrap tire regulatory fund.....		58,100
State general fund/general purpose		\$ 1,395,100

Sec. 111. GRANTS

Grants to counties—air pollution		\$ 83,700
Water pollution control and drinking water revolving fund.....		102,353,500
Noncommunity water grants		1,400,000
Coastal management grants.....		1,800,000
Federal - nonpoint source water pollution grants		6,500,000
Federal - Great Lakes remedial action plan grants		700,000
Grants to counties - water quality monitoring.....		1,700,000
Great Lakes research and protection grants.....		1,900,000
Pollution prevention local grants.....		250,000
Radon grants		134,300
Septage waste compliance grants		1,525,000
Scrap tire grants		3,500,000
Drinking water revolving fund implementation.....		1,330,000
Local health department operations.....		10,472,500
Volunteer river, stream, and creek cleanup.....		25,000
GROSS APPROPRIATION.....		\$ 133,674,000

Appropriated from:

Interdepartmental grant revenues:

IDG-MDCH, local public health operations		10,472,500
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Federal revenues:

DOC-NOAA, federal.....		1,500,000
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EPA, multiple.....		92,590,000
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Special revenue funds:

Cleanup and redevelopment fund		1,700,000
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Community pollution prevention fund		250,000
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Drinking water revolving fund.....		1,330,000
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Great Lakes protection fund.....		1,900,000
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Public water supply fees		1,400,000
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Scrap tire regulatory fund		3,500,000
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Septage waste license fees		1,525,000
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Water quality protection fund.....		25,000
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State general fund/general purpose		\$ 17,481,500
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Sec. 112. INFORMATION TECHNOLOGY

Information technology services and projects		\$ 6,559,800
GROSS APPROPRIATION.....		\$ 6,559,800

Appropriated from:

Interdepartmental grant revenues:

IDG, Michigan transportation fund		46,300
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Federal revenues:

DOC-NOAA, federal.....		25,600
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EPA, multiple.....		615,400
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Special revenue funds:

Air emissions fees.....		486,900
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Drinking water revolving fund.....		85,600
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	For Fiscal Year Ending Sept. 30, 2004
Environmental protection fund.....	69,000
Environmental response fund.....	504,700
Land and water permit fees.....	106,700
Oil and gas regulatory fund.....	544,200
Public utility assessments.....	4,100
Public water supply fees.....	265,300
Scrap tire regulatory fund.....	81,300
Settlement funds.....	728,900
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.....	\$ 2,101,900

PART 2
PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

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 2003-2004 is \$202,676,300.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$20,145,500.00. 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
Grants to counties - water quality monitoring.....	1,700,000
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
Drinking water grants.....	1,330,000
TOTAL.....	\$ 20,145,500

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.

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

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.

Sec. 205. (1) Beginning October 1, 2004, 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.

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

Sec. 208. Unless otherwise specified in this act, 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.

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

Sec. 211. 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.

Sec. 212. By February 15, 2004, 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, 2003 and September 30, 2004.

Sec. 213. (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, 2004:

- (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, 2004.

Sec. 215. 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.

Sec. 216. (1) The department shall report all of the following information relative to allocations made in part 1 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.

Sec. 217. (1) In addition to the funds appropriated in part 1 for the environmental cleanup and redevelopment program and the leaking underground storage tank cleanup program, the department of environmental quality is authorized to expend amounts remaining from prior fiscal year appropriations to meet funding needs of legislatively approved sites.

(2) Unexpended and unencumbered amounts remaining from appropriations from the environmental protection bond fund contained in 1989 PA 180, 1990 PA 55, 1990 PA 194, 1991 PA 31, 1991 PA 160, 1993 PA 74, 1993 PA 353, 1994 PA 442, 1996 PA 353, and 1997 PA 114 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 1996 PA 319, 1997 PA 113, 1997 PA 114, 1998 PA 292, 1999 PA 125, 2000 PA 275, 2001 PA 43, and 2002 PA 520 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 1999 PA 111, 2000 PA 52, 2000 PA 506, and 2001 PA 120 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

Sec. 218. 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.

Sec. 219. 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.

Sec. 220. 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.

Sec. 221. The department of information technology shall establish a schedule of rates, user fees, and charges or assessments for standard services and information system support requirements to be made to departments for technology related services and projects. This schedule, as well as copies of related interagency agreements, shall be provided to the state budget office and the house of representatives and senate committees on appropriations before October 15, 2003. The department of environmental quality shall not process any payments or fund transfers to the department of information technology until the schedule of rates, user fees, and assessments is provided to the legislature and the department of environmental quality.

DEPARTMENT SUPPORT SERVICES

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 appropriation 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

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

Sec. 501. The funds appropriated in part 1 for pollution prevention and technical assistance include authorization for 1.0 FTE position and \$60,000.00 to provide technical assistance to organizations and businesses involved in recycling and composting.

Sec. 502. 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.

Sec. 503. By July 1, 2004, 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, 2002 PA 397, 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.

GEOLOGICAL AND LAND MANAGEMENT

Sec. 601. The department shall collect Great Lakes bottomland permit fees uniformly and fairly from commercial and noncommercial users of the Great Lakes bottomlands.

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

REMEDATION AND REDEVELOPMENT

Sec. 701. The unexpended funds appropriated in part 1 for the state cleanup program, environmental cleanup and redevelopment program, emergency cleanup action, contaminated site investigations, cleanup and revitalization, state site cleanup, leaking underground storage tank cleanup program, and superfund cleanup projects 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, 2008.

Sec. 702. The funds appropriated in part 1 for the environmental cleanup and redevelopment program shall be used to fund redevelopment and cleanup activities on the following sites:

Allegan	Sunrise Landfill
Berrien	Coloma DCPA
Berrien	Bendix
Branch	Bronson Area Wells
Cass	U.S. Aviex
Eaton	Parsons Chemical
Gladwin	Gladwin Bulk Oil Plant State St.
Gratiot	Velsicol Chemical Corporation
Gratiot	Pine R Downstream of St. Louis
Houghton	Torch Lake
Ingham	Americhem Corporation
Iosco	Res Wells Bachman Rd.
Jackson	Exxon Petroleum
Kalamazoo	Portage Creek/Kalamazoo River
Kent	Former Autostyle Plastics, Inc.
Mecosta	Joe’s Tire/Ridderman Oil
Midland	Tittabawasee River
Montmorency	Mary D’s
Muskegon	Green Ridge Subdivision
Muskegon	Laketon Auto Clinic
Muskegon	Meat Block
Wayne	Plymouth Industrial Center Holding Company

Sec. 703. Of the funds appropriated in part 1 for the environmental cleanup and redevelopment program, an amount not to exceed \$2,000,000.00 shall be expended for the NPL municipal landfill match grants.

Sec. 704. If federal funding is available, the department shall work with local stakeholders to identify the sources of contamination in the ruddiman creek watershed and shall submit an application for federal funding pursuant to the

Great Lakes legacy act of 2002, title I of the Great Lakes and Lake Champlain act of 2002, Public Law 107-303, 116 Stat. 2355, for this sediment cleanup project.

WASTE AND HAZARDOUS MATERIALS

Sec. 802. By February 1, 2004, 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

Sec. 901. Of the funds appropriated in part 1 for water quality monitoring, funding up to \$20,000.00 may be provided, on a 50:50 cost-sharing basis, to erect signs at beaches owned by governmental entities. These signs will inform the public where the most recent beach water quality information may be found.

Sec. 902. The appropriation in part 1 for aquifer protection and dispute resolution includes a \$100,000.00 interdepartmental grant to the Michigan department of agriculture to cover costs related to implementation of part 317 of the natural resources and environmental protection act, 1994 PA 451.

Sec. 903. The funds appropriated in part 1 for groundwater use reporting shall be awarded as a grant for the development of a groundwater database needed to model the demands for domestic water uses of groundwater supplies.

Sec. 904. The appropriation in part 1 for drinking water includes \$1,000,000.00 from the clean Michigan initiative - clean water fund for preparation of the statewide groundwater inventory and map established in section 32802 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.32802.

Sec. 909. By February 1, 2004, 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.

CRIMINAL INVESTIGATIONS

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.

Sec. 1002. With funds appropriated in part 1, the department shall provide training in support of local efforts to regulate solid waste disposal. Department environmental conservation officers shall be directed to help train law enforcement officers and other enforcement personnel to develop community partnerships to combat illegal dumping at the local level.

GRANTS

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.

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.

Sec. 1103. From the funds appropriated in part 1 for the drinking water revolving loan program, the department shall provide low-interest loans for public water supply systems found to be out of compliance with federal arsenic standards.

Sec. 1104. Of the money appropriated in part 1 for grants to counties—water quality monitoring, \$700,000.00 is for the city of St. Clair Shores for dredging of contaminated canals and \$1,000,000.00 is to establish and operate a comprehensive monitoring program to protect and manage the environmental quality of the St. Clair River, Lake St. Clair,

and the Clinton River watershed, consistent with the appropriation made for this purpose in section 1205 of 2002 PA 520.

Third: That the House and Senate agree to the title of the bill to read as follows:

A bill to make appropriations for the department of environmental quality for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create certain funds and accounts; to require certain reports; to prescribe the powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

John Pastor
Howard Walker
Rich Brown
Conferees for the House

Michelle McManus
Mike Goschka
Conferees for the Senate

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 464

Yeas—105

Accavitti	Garfield	Middaugh	Sheen
Acciavatti	Gielegem	Milosch	Sheltrown
Adamini	Gillard	Minore	Shulman
Amos	Gleason	Moolenaar	Smith
Anderson	Hager	Mortimer	Spade
Bieda	Hardman	Murphy	Stahl
Bisbee	Hood	Newell	Stakoe
Bradstreet	Hoogendyk	Nitz	Stallworth
Brandenburg	Hopgood	Nofs	Steil
Brown	Howell	O'Neil	Stewart
Byrum	Huizenga	Paletko	Tabor
Casperson	Hummel	Palmer	Taub
Caswell	Hune	Palsrok	Tobocman
Caul	Hunter	Pappageorge	Vagnozzi
Cheeks	Jamnick	Pastor	Van Regenmorter
Clack	Johnson, Rick	Phillips	Voorhees
Daniels	Johnson, Ruth	Plakas	Walker
Dennis	Julian	Pumford	Ward
DeRoche	Koetje	Reeves	Waters
DeRossett	Kolb	Richardville	Wenke
Drolet	Koومان	Rivet	Whitmer
Ehardt	LaJoy	Robertson	Williams
Elkins	LaSata	Rocca	Wojno
Emmons	Lipsey	Sak	Woodward
Farhat	McConico	Shackleton	Woronchak
Farrah	Meyer	Shaffer	Zelenko
Gaffney			

Nays—3

Condino	Law	Meisner
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In The Chair: Julian

Rep. Meisner, having reserved the right to explain his nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted against this bill due to grave concerns I have about the Department of Environmental Quality’s ability to fund essential programming designed to protect our lakes, rivers and streams under this bill. We need new direction and leadership to protect air, land and water. That leadership is not reflected in this legislation. What’s more, we had a very reasonable proposal to fund DEQ core functions with regard to the discharge of harmful waste and pollution into our waterways. This proposal would have shifted the burden for this program from the taxpayer, where it is currently, to the folks doing the polluting. This proposal was ignored, which means that taxpayers will continue to subsidize polluters. This I can not support.”

Rep. Condino, having reserved the right to explain his nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted no on the conference report to HB4393 because the Governor properly proposed restoring the ground water discharge program which oversees discharge of pollutants into the ground and groundwater. The funding in the report is not sufficient in my opinion, to properly restore this important protection to our environment.”

Rep. Law, having reserved the right to explain her nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted no on the proposed DEQ budget (HB 4393) because, simply put, it irresponsibly places Michigan’s environment and public health at risk. The budget unnecessarily makes steep cuts to all environmental protection program areas and administration. The Governor’s proposed budget is a responsible solution to our fiscal crisis that also protect core environmental protections for our air, water, and land. They address our budget predicament by reducing general fund spending by 20%. In exchange, to protect core environmental programs, user fees for key surface water, storm water, and groundwater programs, as well as for solid waste regulation, are used to offset the general fund cuts. Unfortunately, Republicans have rejected this approach. Instead, they propose additional general fund cuts without identifying any additional revenue. The result: staff layoffs and resource cuts that will cripple environmental and public health protections; significant loss of federal revenue; and taxpayers still paying for programs that are more appropriately funded by those creating the pollution that necessitates these programs. Taxpayers, the environment, and public health all lose under the bill.”

Second Reading of Bills

Senate Bill No. 314, entitled

A bill to allow the state to amend certain deeds.

The bill was read a second time.

Rep. Walker moved to amend the bill as follows:

1. Amend page 3, line 14, after “implement” by striking out “this act” and inserting “sections 1 to 3”.
2. Amend page 3, following line 15, by inserting:

“Sec. 5. The state administrative board, on behalf of the state, shall convey to the Traverse Bay intermediate school district, for consideration of \$1.00, all interest, including the reversionary interest, that the state has in certain property consisting of approximately 11.38 acres in Garfield township, Michigan, which was conveyed to the Traverse Bay intermediate school district by quit-claim deed dated October 30, 1992, pursuant to section 713 of 1992 PA 167. The instruments necessary to implement this section shall be approved by the attorney general.”

The motion prevailed and the amendments were adopted, a majority of the members serving voting therefor.

Rep. Richardville moved that consideration of the bill be postponed temporarily.

The motion prevailed.

Senate Bill No. 289, entitled

A bill to amend 1994 PA 451, entitled “Natural resources and environmental protection act,” by amending sections 32701, 32705, 32707, 32708, and 32714 (MCL 324.32701, 324.32705, 324.32707, 324.32708, and 324.32714), sections 32701, 32707, and 32708 as amended and section 32714 as added by 1996 PA 434 and section 32705 as added by 1995 PA 59, and by adding part 328.

Was read a second time, and the question being on the adoption of the proposed substitute (H-2) previously recommended by the Committee on Land Use and Environment,

The substitute (H-2) was adopted, a majority of the members serving voting therefor.

Rep. Farrah moved to amend the bill as follows:

1. Amend page 6, line 22, after “32714.” by striking out the balance of the subsection.

The motion did not prevail and the amendment was not adopted, a majority of the members serving not voting therefor.

Rep. Dennis moved to amend the bill as follows:

1. Amend page 7, line 11, after “**The**” by striking out “**source or sources**” and inserting “**location, reported in latitude and longitude to the nearest 100 feet, and capacity of each source of the water supply**”.

2. Amend page 8, line 17, after “**each**” by striking out “**township in the state**” and inserting “**farm well, or combination of farm wells that meets the provisions of section 32705 (1)(c).**”.

3. Amend page 8, line 18, after the first “**the**” by striking out “**township**”.

4. Amend page 12, following line 2, by inserting:

“(iv) **Each well that is on a farm that meets the provisions of section 32705(1)(c).**”.

5. Amend page 12, line 3, by striking out all of subdivision(h).

The question being on the adoption of the amendments offered by Rep. Dennis,

Rep. Dennis demanded the yeas and nays.

The demand was supported.

The question being on the adoption of the amendments offered by Rep. Dennis,

The amendments were not adopted, a majority of the members serving not voting therefor, by yeas and nays, as follows:

Roll Call No. 465

Yeas—40

Accavitti	Gielegem	McConico	Smith
Anderson	Gleason	Meisner	Stallworth
Bieda	Hardman	Minore	Tobocman
Byrum	Hood	Murphy	Vagnozzi
Cheeks	Hopgood	O’Neil	Waters
Clack	Hunter	Paletko	Whitmer
Condino	Jamnack	Phillips	Williams
Daniels	Kolb	Plakas	Wojno
Dennis	Law	Reeves	Woodward
Farrah	Lipsey	Sak	Zelenko

Nays—67

Acciavatti	Gaffney	Middaugh	Sheen
Adamini	Garfield	Milosch	Sheltrown
Amos	Gillard	Moolenaar	Shulman
Bisbee	Hager	Mortimer	Spade
Bradstreet	Hoogendyk	Newell	Stahl
Brandenburg	Howell	Nitz	Stakoe
Brown	Huizenga	Nofs	Steil
Casperson	Hummel	Palmer	Stewart
Caswell	Hune	Palsrok	Tabor
Caul	Johnson, Rick	Pastor	Taub
DeRoche	Johnson, Ruth	Pumford	Van Regenmorter
DeRossett	Julian	Richardville	Voorhees
Drolet	Koetje	Rivet	Walker
Ehardt	Kooiman	Robertson	Ward
Elkins	LaJoy	Rocca	Wenke
Emmons	LaSata	Shackleton	Woronchak
Farhat	Meyer	Shaffer	

In The Chair: Julian

Rep. Gielegem moved to amend the bill as follows:

1. Amend page 3, following line 19, by inserting:

“(I) “Surface water augmentation facility” means a water well or other removal method used to withdraw groundwater and convey or transport it to a lake, impoundment, or another surface water body for the purpose of maintaining or raising its water level.” and relettering the remaining subdivisions.

2. Amend page 4, following line 13, by inserting:

“(c) The person owns a surface water augmentation facility that has the capacity to withdraw over 100,000 gallons of water per day average in any consecutive 30-day period from the waters of the Great Lakes basin.” and relettering the remaining subdivision.

3. Amend page 5, line 4, after the second “facility,” by inserting “a surface water augmentation facility,”.

4. Amend page 11, following line 26, by inserting:

“(iii) “Surface water augmentation facilities registered under section 32705 that withdraw groundwater.” and renumbering the remaining subparagraph.

The motion did not prevail and the amendments were not adopted, a majority of the members serving not voting therefor.

Rep. Moolenaar moved to amend the bill as follows:

1. Amend page 12, line 21, after “members” by inserting “who shall serve as information resources to the council”.

2. Amend page 13, line 9, after “report” by inserting a comma and “approved by a majority of the voting members of the council,”.

The motion prevailed and the amendments were adopted, a majority of the members serving voting therefor.

Rep. Sak moved that Rep. Plakas be excused temporarily from today’s session.

The motion prevailed.

Rep. Dennis moved to amend the bill as follows:

1. Amend page 13, line 17, by striking out all of enacting section 1.

The question being on the adoption of the amendment offered by Rep. Dennis,

Rep. Dennis demanded the yeas and nays.

The demand was supported.

The question being on the adoption of the amendment offered by Rep. Dennis,

The amendment was not adopted, a majority of the members serving not voting therefor, by yeas and nays, as follows:

Roll Call No. 466

Yeas—45

Accavitti	Gielegem	McConico	Smith
Adamini	Gillard	Meisner	Spade
Anderson	Gleason	Minore	Stallworth
Bieda	Hardman	Murphy	Tobocman
Brown	Hood	O’Neil	Vagnozzi
Byrum	Hopgood	Paletko	Waters
Cheeks	Hunter	Phillips	Whitmer
Clack	Jamnick	Reeves	Williams
Condino	Kolb	Rivet	Wojno
Dennis	Law	Sak	Woodward
Elkins	Lipsey	Sheltrown	Zelenko
Farrah			

Nays—61

Acciavatti	Hager	Milosch	Shaffer
Amos	Hoogendyk	Moolenaar	Sheen

Bisbee	Howell	Mortimer	Shulman
Bradstreet	Huizenga	Newell	Stahl
Brandenburg	Hummel	Nitz	Stakoe
Casperson	Hune	Nofs	Steil
Caswell	Johnson, Rick	Palmer	Stewart
Caul	Johnson, Ruth	Palsrok	Tabor
DeRoche	Julian	Pappageorge	Taub
DeRossett	Koetje	Pastor	Van Regenmorter
Drolet	Kooiman	Pumford	Voorhees
Ehardt	LaJoy	Richardville	Walker
Emmons	LaSata	Robertson	Ward
Farhat	Meyer	Rocca	Wenke
Gaffney	Middaugh	Shackleton	Woronchak
Garfield			

In The Chair: Julian

Rep. Richardville moved that the bill be placed on the order of Third Reading of Bills.
The motion prevailed.

Rep. Richardville moved that the bill be placed on its immediate passage.
The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of
Third Reading of Bills

Senate Bill No. 289, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending sections 32701, 32705, 32707, 32708, and 32714 (MCL 324.32701, 324.32705, 324.32707, 324.32708, and 324.32714), sections 32701, 32707, and 32708 as amended and section 32714 as added by 1996 PA 434 and section 32705 as added by 1995 PA 59, and by adding part 328.

Was read a third time and passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 467

Yeas—91

Accavitti	Gielegem	Murphy	Spade
Acciavatti	Gillard	Newell	Stahl
Adamini	Gleason	Nitz	Stakoe
Amos	Hager	Nofs	Stallworth
Anderson	Howell	O'Neil	Steil
Bieda	Huizenga	Paletko	Stewart
Bisbee	Hunter	Palmer	Tabor
Brandenburg	Jamnick	Palsrok	Taub
Brown	Johnson, Rick	Pappageorge	Tobocman
Byrum	Johnson, Ruth	Pastor	Vagnozzi
Casperson	Julian	Phillips	Van Regenmorter
Clack	Koetje	Pumford	Voorhees
Condino	Kooiman	Richardville	Walker
Dennis	LaJoy	Rivet	Ward
DeRoche	LaSata	Robertson	Waters
DeRossett	McConico	Rocca	Wenke
Ehardt	Meisner	Sak	Whitmer
Elkins	Meyer	Shackleton	Williams
Emmons	Middaugh	Shaffer	Wojno
Farhat	Milosch	Sheen	Woodward

Farrah
Gaffney
Garfield

Minore
Moolenaar
Mortimer

Sheltrown
Shulman
Smith

Woronchak
Zelenko

Nays—14

Bradstreet
Caswell
Caul
Cheeks

Drolet
Hardman
Hood
Hoogendyk

Hopgood
Hummel
Hune

Law
Lipsey
Reeves

In The Chair: Julian

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, and assessments; to provide certain appropriations; to prescribe penalties and provide remedies; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts.”

The House agreed to the full title.

Rep. Richardville moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

By unanimous consent the House returned to the order of

Messages from the Senate

The Speaker laid before the House

House Bill No. 4087, entitled

A bill to amend 1994 PA 451, entitled “Natural resources and environmental protection act,” (MCL 324.101 to 324.90106) by adding part 317.

(The bill was received from the Senate on June 10, with substitute (S-4) and full title inserted, consideration of which, under the rules, was postponed until June 11, see House Journal No. 49, p. 755.)

The question being on concurring in the substitute (S-4) made to the bill by the Senate,

Rep. Dennis moved to amend the Senate substitute (S-4) as follows:

1. Amend page 8, line 8, after “**has**” by striking out “**clear and convincing**”.
2. Amend page 9, line 16, after “**is**” by striking out “**clear and convincing**”.

The question being on the adoption of the amendments offered by Rep. Dennis,

Rep. Dennis demanded the yeas and nays.

The demand was supported.

The question being on the adoption of the amendments offered by Rep. Dennis,

The amendments were not adopted, a majority of the members serving not voting therefor, by yeas and nays, as follows:

Roll Call No. 468

Yeas—36

Accavitti
Anderson
Bieda
Byrum
Cheeks

Gielegem
Hardman
Hood
Hopgood
Hunter

McConico
Meisner
Minore
Murphy
O’Neil

Stallworth
Tobocman
Vagnozzi
Waters
Whitmer

Clack	Jamnick	Paletko	Williams
Condino	Kolb	Phillips	Wojno
Dennis	Law	Reeves	Woodward
Farrah	Lipsey	Smith	Zelenko

Nays—69

Acciavatti	Garfield	Middaugh	Shaffer
Adamini	Gillard	Milosch	Sheen
Amos	Gleason	Moolenaar	Sheltrown
Bisbee	Hager	Mortimer	Shulman
Bradstreet	Hoogendyk	Newell	Spade
Brandenburg	Howell	Nitz	Stahl
Brown	Huizenga	Nofs	Stakoe
Casperson	Hummel	Palmer	Steil
Caswell	Hune	Palsrok	Stewart
Caul	Johnson, Rick	Pappageorge	Tabor
DeRoche	Johnson, Ruth	Pastor	Taub
DeRossett	Julian	Pumford	Van Regenmorter
Drolet	Koetje	Richardville	Voorhees
Ehardt	Kooiman	Rivet	Walker
Elkins	LaJoy	Robertson	Ward
Emmons	LaSata	Rocca	Wenke
Farhat	Meyer	Shackleton	Woronchak
Gaffney			

In The Chair: Julian

Rep. Williams moved to amend the Senate substitute (S-4) as follows:

1. Amend page 7, following line 9, by inserting:

“Sec. 31702a. (1) The director may issue emergency orders as provided in this section. Notwithstanding the complaint submission provisions of section 31702 and the groundwater conflict provisions of section 31703, the director may, by written notice, order an owner or operator of a high capacity well to temporarily limit or terminate use of the high capacity well or to provide an alternate temporary or permanent water supply if the director reasonably determines that the operation of the high capacity well has resulted in the failure of 1 or more small quantity wells to provide adequate potable water for domestic use and immediate relief is necessary to protect the public health, safety, and welfare. An order issued under this section shall state with reasonable specificity the basis for the issuance of the order.

(2) Subject to subsection (3), if an owner or operator of a high capacity well fails to comply with an order issued under this section, the department may undertake immediate replacement of the water supply, including, but not limited to, drilling a new well for the owner of the small quantity well, and may recover from the owner or operator of the high capacity well a sum equal to twice the costs of the replacement water supply, plus attorney fees and court costs. An action to recover such costs and fees shall be brought in the circuit court for the county in which the high capacity well is located or in the circuit court for the county of Ingham. In any judicial review of a director’s order issued under subsection (1) or following the hearing provided for in subsection (3), the director’s order shall be upheld unless the court finds that there was not a reasonable basis for the issuance of the order. The director may modify the requirements of an emergency order if, during the conduct of ordered actions, he or she determines that the modification is necessary to protect the public health, safety, or welfare. The director may terminate an emergency order upon a determination in writing that all necessary emergency actions have been complied with by the owner or operator and that an emergency no longer exists.

(3) Upon the issuance of an emergency order, the department shall provide the owner or operator of the high capacity well with an opportunity for a hearing pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, within 15 days of the date of its issuance. At the hearing, the department shall determine, based on information in the possession of the department and the evidence presented by the petitioner, whether the emergency order shall be continued, modified, or suspended as necessary to protect the public health, safety, and welfare.”

2. Amend page 13, line 3, after “**part**” by inserting a comma and “**including expenditures by the department for water replacement as provided in an emergency order under section 31702a**”.

The question being on the adoption of the amendments offered by Rep. Williams, Rep. Williams demanded the yeas and nays.

The demand was supported.

The question being on the adoption of the amendments offered by Rep. Williams,

The amendments were not adopted, a majority of the members serving not voting therefor, by yeas and nays, as follows:

Roll Call No. 469

Yeas—47

Accavitti	Farrah	McConico	Smith
Adamini	Gielegem	Meisner	Spade
Anderson	Gillard	Minore	Stallworth
Bieda	Gleason	Murphy	Tobocman
Brown	Hardman	O’Neil	Vagnozzi
Byrum	Hood	Paletko	Waters
Cheeks	Hopgood	Phillips	Whitmer
Clack	Hunter	Plakas	Williams
Condino	Jamnick	Reeves	Wojno
Daniels	Kolb	Rivet	Woodward
Dennis	Law	Sak	Zelenko
Elkins	Lipsey	Sheltrown	

Nays—61

Acciavatti	Hager	Milosch	Shaffer
Amos	Hoogendyk	Moolenaar	Sheen
Bisbee	Howell	Mortimer	Shulman
Bradstreet	Huizenga	Newell	Stahl
Brandenburg	Hummel	Nitz	Stakoe
Casperson	Hune	Nofs	Steil
Caswell	Johnson, Rick	Palmer	Stewart
Caul	Johnson, Ruth	Palsrok	Tabor
DeRoche	Julian	Pappageorge	Taub
DeRossett	Koetje	Pastor	Van Regenmorter
Drolet	Kooiman	Pumford	Voorhees
Ehardt	LaJoy	Richardville	Walker
Emmons	LaSata	Robertson	Ward
Farhat	Meyer	Rocca	Wenke
Gaffney	Middaugh	Shackleton	Woronchak
Garfield			

In The Chair: Julian

Rep. Farrah moved to amend the Senate substitute (S-4) as follows:

1. Amend page 5, following line 2, by inserting:

“(f) **If available to the small quantity well owner, a copy of the small quantity well record and any other information relative to pump setting or water intake.**”.

2. Amend page 5, line 13, after “**evaluation.**” by inserting “**If all of the information listed in subsection (1)(a) to (f) is submitted with the written complaint, the department or the department of agriculture may delay the on-site evaluation until after receipt of a well drilling contractor’s written assessment, if such an assessment is requested under this subsection.**”.

The question being on the adoption of the amendments offered by Rep. Farrah,
Rep. Farrah demanded the yeas and nays.

The demand was supported.

The question being on the adoption of the amendments offered by Rep. Farrah,

The amendments were not adopted, a majority of the members serving not voting therefor, by yeas and nays, as follows:

Roll Call No. 470**Yeas—46**

Accavitti	Farrah	McConico	Smith
Adamini	Gielegthem	Meisner	Spade
Anderson	Gillard	Minore	Stallworth
Bieda	Gleason	Murphy	Tobocman
Brown	Hardman	O'Neil	Vagnozzi
Byrum	Hood	Paletko	Waters
Cheeks	Hopgood	Phillips	Whitmer
Clack	Hunter	Plakas	Williams
Condino	Jamnick	Reeves	Wojno
Daniels	Kolb	Rivet	Woodward
Dennis	Law	Sak	Zelenko
Elkins	Lipsey		

Nays—62

Acciavatti	Hager	Moolenaar	Sheen
Amos	Hoogendyk	Mortimer	Sheltrown
Bisbee	Howell	Newell	Shulman
Bradstreet	Huizenga	Nitz	Stahl
Brandenburg	Hummel	Nofs	Stakoe
Casperson	Hune	Palmer	Steil
Caswell	Johnson, Rick	Palsrok	Stewart
Caul	Johnson, Ruth	Pappageorge	Tabor
DeRoche	Julian	Pastor	Taub
DeRossett	Koetje	Pumford	Van Regenmorter
Drolet	Kooiman	Richardville	Voorhees
Ehardt	LaJoy	Robertson	Walker
Emmons	LaSata	Rocca	Ward
Farhat	Meyer	Shackleton	Wenke
Gaffney	Middaugh	Shaffer	Woronchak
Garfield	Milosch		

In The Chair: Julian

The question being on concurring in the substitute (S-4) made to the bill by the Senate,

The substitute (S-4) was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 471**Yeas—68**

Acciavatti	Gillard	Milosch	Sheen
Adamini	Gleason	Moolenaar	Sheltrown
Amos	Hager	Mortimer	Shulman
Bisbee	Hoogendyk	Newell	Spade

Brandenburg	Howell	Nitz	Stahl
Brown	Huizenga	Nofs	Stakoe
Casperson	Hummel	Palmer	Steil
Caswell	Hune	Palsrok	Stewart
Caul	Johnson, Rick	Pappageorge	Tabor
DeRoche	Johnson, Ruth	Pastor	Taub
DeRossett	Julian	Pumford	Van Regenmorter
Ehardt	Koetje	Richardville	Voorhees
Elkins	Kooiman	Rivet	Walker
Emmons	LaJoy	Robertson	Ward
Farhat	LaSata	Rocca	Wenke
Gaffney	Meyer	Shackleton	Williams
Garfield	Middaugh	Shaffer	Woronchak

Nays—40

Accavitti	Drolet	Lipsey	Sak
Anderson	Farrar	McConico	Smith
Bieda	Gielegem	Meisner	Stallworth
Bradstreet	Hardman	Minore	Tobocman
Byrum	Hood	Murphy	Vagnozzi
Cheeks	Hopgood	O'Neil	Waters
Clack	Hunter	Paletko	Whitmer
Condino	Jamnick	Phillips	Wojno
Daniels	Kolb	Plakas	Woodward
Dennis	Law	Reeves	Zelenko

In The Chair: Julian

The House agreed to the full title of the bill.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

Rep. Bieda, having reserved the right to explain his nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted no on concurrence with the Senate Substitute for House Bill 4087 because the bill creates a new program without including sufficient funding to implement the program. Although HB 4087 establishes a general framework to try to solve a real problem, the proposed program is under-funded by approximately \$700,000. The state of our economy, and the current budget difficulties will no doubt make it difficult for the state to pay for these additional costs. The State of Michigan is experiencing an enormous budget crisis, and spending beyond our means is what created the fiscal crisis in which we currently find ourselves. Michigan simply cannot afford new programs without identified funding sources—no matter how worthy those programs may be. Thus, I voted no on House Bill 4087.”

Reps. Law and Hopgood, having reserved the right to explain their nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted no on HB4087 and SB289 which requires MDEQ to perform ground water monitoring and mapping without the necessary tools for success and in a 2 year time period. Inclusion of the words ‘clear and convincing standard’, legal terminology, makes the standards so high MDEQ will be unable to protect the integrity of Michigan’s aquifers. The lack of adequate funding and the shortage of personnel also make this an impossible task. The opt out provisions included for farmers weaken the analytical confidence and undermine the quality of scientific conclusions regarding aquifer quality. This is bad science and bad policy for Michigan.”

Rep. Dennis, having reserved the right to explain her nay vote, made the following statement:
 “Mr. Speaker and members of the House:

I voted no on HB 4087 because it creates a new program without including sufficient funding to implement the program. Although the bill establishes a general framework to try to solve a real problem, the proposed program is underfunded by approximately \$700,000. Spending beyond our means is what created the fiscal crisis in which we currently find ourselves. We simply cannot afford new programs without identified funding sources, no matter how worthy those programs may be.”

Rep. Brown moved that Rep. Whitmer be excused temporarily from today’s session.
 The motion prevailed.

By unanimous consent the House returned to the order of
Reports of Select Committees

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning
House Bill No. 4401, entitled

A bill to amend 1979 PA 94, entitled “The state school aid act of 1979,” by amending sections 3, 6, 8b, 11, 11f, 11g, 18, 19, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 38, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 99, 101, 105, 107, and 147 (MCL 388.1603, 388.1606, 388.1608b, 388.1611, 388.1611f, 388.1611g, 388.1618, 388.1619, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1638, 388.1639a, 388.1641, 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, 388.1699, 388.1701, 388.1705, 388.1707, and 388.1747), section 3 as amended by 2000 PA 297, sections 6, 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 99, 107, and 147 as amended by 2002 PA 521, section 8b as added and sections 19, 38, and 105 as amended by 2002 PA 191, section 18 as amended by 1999 PA 119, and section 101 as amended by 2002 PA 476, and by adding sections 20k, 20l, 22d, 22e, 32j, and 98b; and to repeal acts and parts of acts.

Recommends:

First: That the House and Senate agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

A bill to amend 1979 PA 94, entitled “The state school aid act of 1979,” by amending sections 3, 6, 8b, 11, 11f, 11g, 11j, 18, 19, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 38, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94a, 98, 99, 101, 104a, 105, 107, 108, 147, and 166a (MCL 388.1603, 388.1606, 388.1608b, 388.1611, 388.1611f, 388.1611g, 388.1611j, 388.1618, 388.1619, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1638, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1668, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1701, 388.1704a, 388.1705, 388.1707, 388.1708, 388.1747, and 388.1766a), section 3 as amended by 2000 PA 297, sections 6, 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94a, 98, 99, 104a, 107, 108, and 147 as amended by 2002 PA 521, sections 8b and 11j as added and sections 19, 38, and 105 as amended by 2002 PA 191, section 18 as amended by 1999 PA 119, section 101 as amended by 2002 PA 476, and section 166a as amended by 1996 PA 300, and by adding sections 11a, 11b, 11c, 20k, 22d, 22e, 31e, 32j, 41a, 55a, 98b, and 107a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

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.

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) ~~(3)~~ “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) ~~(4)~~ “Department”, except in sections 67, 68, 107, and 108, means the department of education.

(6) ~~(5)~~ “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, 32f, 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) ~~(6)~~ “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) ~~(7)~~ “District superintendent” means the superintendent of a district, the chief administrator of a public school academy, or the chief administrator of a university school.

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

(2) ~~“District pupil retention and high school graduation rate” means the proportion of pupils who have not dropped out of school in the immediately preceding school year and is equal to 1 minus the quotient of the number of pupils unaccounted for in the immediately preceding school year, as determined pursuant to subsection (3), divided by the pupils of the immediately preceding school year annual completion and pupil dropout rate that is calculated by the center pursuant to nationally recognized standards.~~

(3) ~~“District pupil retention 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, transferred out of the district, or transferred to alternative programs, and have graduated, to determine the number of pupils who are unaccounted for. The number of pupils unaccounted for shall be calculated as determined by the department who leave high school with a diploma or other credential.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(l) Pupils to be counted in membership shall be not less than 5 years of age on December 1 and less than 20 years of age on September 1 of the school year except a special education pupil who is enrolled and receiving instruction in a special education program **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 education development (G.E.D.) certificate shall not be counted in membership. An individual participating in a job training program funded under former section 107a or a jobs program funded under former section 107b, administered by the Michigan strategic fund or the department of career development, or participating in any successor of either of those 2 programs, shall not be counted in membership.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(y) 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, the district's membership shall be considered to be the membership figure calculated under this subdivision. ~~However, beginning in 2003-2004, this subdivision applies only to districts located in the Lower Peninsula.~~ 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 shall not be required for any of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Fourth Wednesday in July.

(ii) Fourth Wednesday in September.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

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

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

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

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

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

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

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

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

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

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

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

~~(20)~~ **(19)** "University school" means an instructional program operated by a public university under section 23 that meets the requirements of section 23.

Sec. 8b. (1) The department shall assign a district code to each public school academy that is authorized under the revised school code and is eligible to receive funding under this act **within 30 days after a contract is submitted to the department by the authorizing body of a public school academy.**

(2) If the department does not assign a district code to a public school academy ~~in a timely manner within the 30-day period described in subsection (1), the department of treasury may assign a temporary district code to the public school academy for the purpose of making payments under this act.~~ **district code the department shall use to make payments under this act to the newly authorized public school academy shall be a number that is equivalent to the sum of the last district code assigned to a public school academy located in the same county as the newly authorized public school academy plus 1. However, if there is not an existing public school academy located in the same county as the newly authorized public school academy, then the district code the department shall use to make payments under this act to the newly authorized public school academy shall be a 5-digit number that has the county code in which the public school academy is located as its first 2 digits, 9 as its third digit, 0 as its fourth digit, and 1 as its fifth digit.**

Sec. 11. (1) ~~For the fiscal year ending September 30, 2002, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$10,990,148,200.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$198,413,500.00 from the general fund. For the fiscal year ending September 30, 2003, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$11,259,441,400.00~~ **\$11,230,753,400.00** from the state school aid fund established by section 11 of article IX of the state constitution of 1963, the sum of \$198,413,500.00 from the general fund, and the sum of \$700,000.00 from local revenues. ~~However, if legislation authorizing the transfer of \$79,500,000.00 from the Michigan employment security act contingent fund, penalties and interest subaccount, is not enacted and in effect on or before October 1, 2002, there is instead appropriated from the general fund for 2002-2003 the sum of \$122,656,500.00. For the fiscal year ending September 30, 2004, there is appropriated for the~~

public schools of this state and certain other state purposes relating to education the sum of ~~\$11,246,667,400.00~~ **\$10,987,820,500.00** from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of ~~\$198,413,500.00~~ **\$282,100,000.00** from the general fund. **For the fiscal year ending September 30, 2004, from loan repayments deposited to the general fund pursuant to section 4 of 1961 PA 112, MCL 388.984, on the settlement date, as determined under section 9c of 1961 PA 108, MCL 388.959c, there is appropriated from the general fund to the state school aid fund the amount determined by the state treasurer to equal the difference between the outstanding amount of general obligation debt incurred pursuant to 1961 PA 112, MCL 388.981 to 388.985, and the outstanding amount of loans under 1961 PA 108, MCL 388.951 to 388.963, as reduced in accordance with section 9c(1) of 1961 PA 108, MCL 388.959c. In addition, for the fiscal year ending September 30, 2004, there is appropriated from the general fund to the state school aid fund an amount equal to the amount of all school bond loan fund repayments received by the state treasurer from June 1, 2003 through December 21, 2003, determined by the state treasurer not to have been paid from proceeds of bonds of the school district and representing the difference between the outstanding amount of general obligation debt incurred by this state under 1961 PA 112, MCL 388.981 to 388.985, and the outstanding amount of loans under 1961 PA 108, MCL 388.951 to 388.963, at the time of repayment. Funds appropriated to the state school aid fund from the general fund from loan repayments received as described in this subsection shall be expended within 90 days of deposit within the state school aid 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 ~~and from available federal funds~~ shall be expended to fund the purposes of this act before the expenditure of money appropriated under this section from the state school aid fund. If the maximum amount appropriated under this section from the state school aid fund for a fiscal year exceeds the amount necessary to fully fund allocations under this act from the state school aid fund, that excess amount shall not be expended in that state fiscal year and shall not lapse to the general fund, but instead shall ~~remain in the state school aid fund~~ **be deposited into the school aid stabilization fund created in section 11a.**

(3) If the maximum amount appropriated under this section ~~and section 11f~~ 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, 22a, 31d, 51a(2), and 51c shall be made in full. In addition, for districts beginning operations after 1994-95 that qualify for payments under section 22b, payments under section 22b shall be made so that the qualifying districts receive **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).** ~~State~~ **For proration before May 1, 2003, state** payments under each of the other sections of this act from all state funding sources shall be prorated on an equal percentage basis as necessary to reflect the amount available for expenditure from the state school aid fund for ~~that~~ **the affected** fiscal year. **If additional proration is necessary in 2002-2003 after May 1, 2003, and for any proration 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, the department of treasury shall notify the state budget director, and the state budget director shall not 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) If additional proration is necessary in 2002-2003 because of the outcome of any revenue estimating conference occurring after May 1, 2003 and for any proration necessary after 2002-2003, 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, 22a, 31d, 51a(2), 51a(12), 51c, 53a, and 56, 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, 22a, 31d, 51a(2), 51a(12), 51c, 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 on an equal percentage basis.

(5) For the fiscal year ending September 30, 2003 only, in addition to the appropriations under subsection (1), the amount of \$51,000,000.00 is transferred and appropriated from the general fund to the state school aid fund. This transfer reflects the estimated net shortfall in state school aid fund revenue as determined at the May 2003 consensus revenue estimating conference and is appropriated to avoid any further proration under subsection (3) due to that estimated shortfall.

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

Sec. 11a. (1) The school aid stabilization fund is created as a separate account within the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(2) The state treasurer may receive money or other assets from any source for deposit into the school aid stabilization fund. The state treasurer shall deposit into the school aid stabilization fund all of the following:

(a) Unexpended and unencumbered state school aid fund revenue for a fiscal year that remains in the state school aid fund as of the bookclosing for that fiscal year.

(b) Money statutorily dedicated to the school aid stabilization fund.

(c) Money appropriated to the school aid stabilization fund.

(3) Money available in the school aid stabilization fund may not be expended without a specific appropriation from the school aid stabilization fund. Money in the school aid stabilization fund shall be expended only for purposes for which state school aid fund money may be expended.

(4) The state treasurer shall direct the investment of the school aid stabilization fund. The state treasurer shall credit to the school aid stabilization fund interest and earnings from fund investments.

(5) Money in the school aid stabilization fund at the close of a fiscal year shall remain in the school aid stabilization fund and shall not lapse to the unreserved school aid fund balance or the general fund.

(6) If the maximum amount appropriated under section 11 from the state school aid fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, there is appropriated from the school aid stabilization fund to the state school aid fund an amount equal to the projected shortfall as determined by the department of treasury, but not to exceed available money in the school aid stabilization fund. If the money in the school aid stabilization fund is insufficient to fully fund an amount equal to the projected shortfall, the state budget director shall notify the legislature as required under section 11(3) and state payments in an amount equal to the remainder of the projected shortfall shall be prorated in the manner provided under section 11(4).

Sec. 11b. From the general fund money appropriated in section 11, there is allocated for 2003-2004 the sum of \$22,000,000.00 for deposit into the school aid stabilization fund created in section 11a.

Sec. 11c. If the unreserved general fund balance after final bookclosing for the fiscal year ending September 30, 2003 is at least \$350,000,000.00, then an amount equal to \$73,100,000.00 is appropriated from the general fund and deposited to the school aid stabilization fund not later than December 31, 2003 for the fiscal year ending September 30, 2004.

Sec. 11f. (1) ~~In addition to any other money appropriated under this act, there is appropriated from the state school aid fund~~ From the appropriations under section 11, there is allocated for the purposes of this section an amount not to exceed \$32,000,000.00 each fiscal year for the fiscal year ending September 30, 2002, for the fiscal year ending September 30, 2003, for the fiscal year ending September 30, 2004 ; and for each succeeding fiscal year through the fiscal year ending September 30, 2008. Payments under this section will cease after September 30, 2008. These ~~appropriations~~ **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 ~~(8)~~ (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 appropriations under this section are from the money appropriated and transferred to the state school aid fund from the countercyclical budget and economic stabilization fund under section 353c(2) and (3) of the management and budget act, 1984 PA 431, MCL 18.1353e.~~

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

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

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

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

Now, therefore, be it resolved as follows:

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

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

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

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

Sec. 11g. (1) From the general fund ~~money appropriated~~ **appropriation** in section 11, there is allocated an amount not to exceed ~~\$40,000,000.00~~ **\$141,000.00 each fiscal year** for the fiscal year ending ~~September 30, 2002, for the fiscal year ending~~ September 30, 2003, for the fiscal year ending September 30, 2004, and for **the fiscal year ending September 30, 2005. There is allocated an amount not to exceed \$34,200,000.00** for each succeeding fiscal year through the fiscal year ending September 30, 2013. Payments under this section will cease after September 30, 2013. These ~~appropriations~~ **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.

Sec. 11j. From the ~~general fund money appropriated~~ **appropriation** in section 11, there is allocated an amount not to exceed ~~\$4,674,000.00 for 2002-2003 only, and from district and intermediate district payments to the school loan bond redemption fund appropriated in section 11, there is allocated an amount not to exceed \$700,000.00 for 2002-2003 only,~~ **\$28,300,000.00 for 2003-2004** for payments to the school loan bond redemption fund in the department of treasury.

Sec. 18. (1) Except as provided in another section of this act, each district or other entity shall apply the money received by the district or entity under this act to salaries and other compensation of teachers and other employees, tuition, transportation, lighting, heating, ventilation, water service, the purchase of textbooks which are designated by the board to be used in the schools under the board's charge, other supplies, and any other school operating expenditures defined in section 7. However, not more than 20% of the total amount received by a district under article 2 or intermediate district under article 8 may be transferred by the board to either the capital projects fund or to the debt retirement fund for debt service. The money shall not be applied or taken for a purpose other than as provided in this section. The department shall determine the reasonableness of expenditures and may withhold from a recipient of funds under this act the apportionment otherwise due for the fiscal year following the discovery by the department of a violation by the recipient.

(2) For the purpose of determining the reasonableness of expenditures and whether a violation of this act has occurred, the department shall require that each district and intermediate district have an audit of the district's or intermediate district's financial and pupil accounting records conducted at least annually at the expense of the district or intermediate district, as applicable, by a certified public accountant or by the intermediate district superintendent, as may be required by the department, or in the case of a district of the first class by a certified public accountant, the intermediate superintendent, or the auditor general of the city. An intermediate district's annual financial audit shall be accompanied by the intermediate district's pupil accounting procedures report. A district's or intermediate district's annual financial audit shall include an analysis of the financial and pupil accounting data used as the basis for distribution of state school aid. The pupil accounting records and reports, audits, and management letters are subject to requirements established in the auditing and accounting manuals approved and published by the department. Except as otherwise provided in this subsection, a district shall file the annual financial audit reports with the intermediate district not later than 120 days after the end of each school fiscal year and the intermediate district shall forward the annual financial audit reports for its constituent districts and for the intermediate district, and the pupil accounting procedures report for the pupil membership count day and supplemental count day, to the department not later than November 15 of each year. The annual financial audit reports and pupil accounting procedures reports shall be available to the public in compliance with the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. Not later than December 1 of each year, the department shall notify the state budget director and the legislative appropriations subcommittees responsible for review of the school aid budget of districts and intermediate districts that have not filed an annual financial audit and pupil accounting procedures report required under this section for the school year ending in the immediately preceding fiscal year.

(3) ~~Each~~ **By November 15 of each year, each** district and intermediate district shall ~~file with the department by November 15 of each year an annual comprehensive financial report, known as "Form B", on a form and in the manner prescribed by the department~~ **submit to the center, in a manner prescribed by the center, annual comprehensive financial data consistent with accounting manuals and charts of accounts approved and published by the department.**

(4) **By September 30 of each year, each district and intermediate district shall file with the department the special education actual cost report, known as "SE-4096", on a form and in the manner prescribed by the department.**

(5) **By October 7 of each year, each district and intermediate district shall file with the department the transportation expenditure report, known as "SE-4094", on a form and in the manner prescribed by the department.**

(6) ~~(4)~~ Not later than July 1, 1999, the department shall approve and publish pupil accounting and pupil auditing manuals. The department shall review those manuals at least annually and shall periodically update those manuals to reflect changes in this act. The pupil accounting manuals in effect for the 1996-97 school year, including subsequent revisions issued by the superintendent, shall be the interim manuals in effect until new manuals are approved and published. However, the clarification of class-by-class accounting provided in the department's April 15, 1998 memorandum on pupil accounting procedures shall be excluded from the interim manuals.

(7) ~~(5)~~ If a district that is a public school academy purchases property using money received under this act, the public school academy shall retain ownership of the property unless the public school academy sells the property at fair market value.

(8) ~~(6)~~ If a district or intermediate district does not comply with subsection (2), ~~or~~ (3), (4), or (5), the department shall withhold all state school aid due to the district or intermediate district under this act, beginning with the next

payment due to the district or intermediate district, until the district or intermediate district complies with subsections (2), ~~and (3), (4), and (5)~~. If the district or intermediate district does not comply with subsections (2), ~~and (3), (4), and (5)~~ by the end of the fiscal year, the district or intermediate district forfeits the amount withheld.

Sec. 19. (1) A district shall comply with ~~the 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, 115 Stat. 1425, 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". ~~Additionally, each district and intermediate district shall provide to the department of information technology, in a form and manner prescribed by the department of information technology, on the achievement of national education goals, and information necessary for the development of other performance reports.~~

(3) 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) (3) If a district or intermediate district fails to meet the requirements of subsection (2), and sections 1204a, 1277, and 1278 of the revised school code, MCL 380.1204a, 380.1277, and 380.1278, (3), (4), or (5), the department shall withhold 5% of the total funds for which the district or intermediate district qualifies under this act until the district or intermediate district complies with all of those sections subsections. If the district or intermediate district does not comply with all of those sections 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 sections subsections.~~

~~(7) (4) If a school in a district is not accredited under section 1280 of the revised school code, MCL 380.1280, or is not making satisfactory progress toward meeting the standards for that accreditation, the department shall withhold 5% of the total funds for which the district qualifies under this act that are attributable to pupils attending that school. The department shall place the amount withheld from a district under this subsection in an escrow account and shall not release the funds to the district until the district submits to the department a plan for achieving accreditation for each of the district's schools that are not accredited under section 1280 of the revised school code, MCL 380.1280, or are not making satisfactory progress toward meeting the standards for that accreditation.~~

(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, 115 Stat. 1425, 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.

Sec. 20. (1) ~~For 2001-2002, the basic foundation allowance is \$6,300.00 per membership pupil. For 2002-2003 and for 2003-2004, the basic foundation allowance is \$6,700.00 per membership pupil.~~

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

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

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

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

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

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

(d) ~~Beginning in 2002-2003, for~~ For a district that ~~receives~~ **received** a payment under ~~former~~ **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~~ **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 ~~homestead principal residence~~ **homestead 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 ~~homestead principal residence~~ **homestead 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, ~~However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.~~

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

(6) Subject to subsection (7) and section 22b(3) and except as otherwise provided in this subsection, for pupils in membership, other than special education pupils, in a public school academy or a university school, the allocation calculated under this section is an amount per membership pupil other than special education pupils in the public school academy or university school equal to the sum of the local school operating revenue per membership pupil other than special education pupils for the district in which the public school academy or university school is located and the state portion of that district's foundation allowance, or the sum of the basic foundation allowance under subsection (1) plus ~~\$500.00~~ **\$300.00**, whichever is less. ~~However, beginning in 2002-2003, this \$500.00 amount shall instead be \$300.00.~~ Notwithstanding section 101(2), for a public school academy that begins operations in ~~2001-2002, 2002-2003, or 2003-2004~~, as applicable, after the pupil membership count day, the amount per membership pupil calculated under

this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 101(3). The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection.

(7) If more than 25% of the pupils residing within a district are in membership in 1 or more public school academies located in the district, then the amount per membership pupil calculated under this section for a public school academy located in the district shall be reduced by an amount equal to the difference between the product of the taxable value per membership pupil of all property in the district that is not a **homestead 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 **homestead 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 **homestead 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 **homestead principal residence** and qualified agricultural property are exempt and not to levy school operating taxes on a **homestead 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 **homestead 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 **homestead 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) ~~For 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 ~~lesser of an amount equal to the sum of the highest foundation allowance, as calculated under this section, among the original or affected districts plus \$50.00 or an amount equal to \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under this section for the current state fiscal year and \$5,000.00. However, beginning in 2002 2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.~~ **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.**

(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 2003-2004 only, 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. ~~However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.~~

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

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

(19) For a district that received a grant under former section 32e for 2001-2002, the district's foundation allowance for 2002-2003 shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of the amount of the grant award to the district for 2001-2002 under former section 32e divided by the district's membership for 2001-2002, **and the district's foundation allowance for 2003-2004 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 district's membership for 2001-2002.** ~~A~~ **Except as otherwise provided in this subsection, a district qualifying for a foundation allowance adjustment under this section 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, 115 Stat. 1425, 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. **This subsection only applies for 2002-2003. Beginning in 2003-2004, the foundation allowance of a district that received an adjustment under this subsection for 2002-2003 shall be calculated as if that 2002-2003 adjustment did not occur.**

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

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

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

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

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

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

(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.

Sec. 20k. If the maximum amount appropriated under section 11 from the state school aid fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year so that a district’s state school aid is reduced pursuant to section 11(3), the payments calculated under section 20j and made under section 22b shall be considered to be foundation allowance payments for the purpose of determining the maximum number of mills a district may levy under section 1211(3) of the revised school code, MCL 380.1211. However, the amount to be considered a foundation allowance payment for this purpose shall not exceed the amount reduced from the district’s state aid payment as a result of the implementation of section 11(3).

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$7,022,000,000.00 for 2001-2002 and an amount not to exceed \$6,953,000,000.00 each fiscal year for 2002-2003 and \$6,816,000,000.00 for 2003-2004~~ for payments to districts, qualifying university schools, and qualifying public school academies to guarantee each district, qualifying university school, and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the payments under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

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

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

(3) For pupils in membership in a qualifying public school academy or qualifying university school, there is allocated under this section ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ 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.

Sec. 22b. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$2,368,000,000.00 for 2001-2002, an amount not to exceed \$2,883,500,000.00 for 2002-2003, and an amount not to exceed \$2,880,000,000.00~~ **\$2,881,000,000.00** for 2003-2004 for discretionary nonmandated payments to districts under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

(3) In order to receive an allocation under this section, each district shall administer in each grade level that it operates in grades 1 to 5 a standardized assessment approved by the department of grade-appropriate basic educational skills. A district may use the Michigan literacy progress profile to satisfy this requirement for grades 1 to 3. 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 expend funds to pay for necessary costs associated with resolving matters pending in federal court impacting payments to districts, including, but not limited to, expert witness fees. Beginning in 2001-2002, from the allocation in subsection (1), the department shall also pay up to \$1,000,000.00 in litigation costs incurred by this state associated with lawsuits filed by 1 or more districts or intermediate districts against this state. If the allocation under this section is insufficient to fully fund all payments required under this section, the payments under this subsection shall be made in full before any proration of remaining payments under this section.

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

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

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

(8) If payments resulting from a final determination by the local claims review board or a court of competent jurisdiction that there has been a violation of section 29 of article IX of the state constitution of 1963 exceed the amount allocated for discretionary 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, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6 and 1396r-8 to 1396v.

Sec. 22d. If the department determines that a district has been required to pay interest and penalties due to a decision of the state tax tribunal involving a loss in taxable value related to property classified as industrial, the district shall receive a payment under this section to reimburse the district for the amount of interest and penalties the district is required to pay in excess of \$8,000,000.00, as determined by the department of treasury.

Sec. 22e. (1) From the appropriations in section 11, there is allocated an amount not to exceed \$120,000.00 for 2003-2004 for interest payments to districts under this section.

(2) If the department determines that a district is required to pay interest on any property tax refund ordered in the partial consent judgment entered on November 6, 2001 in Hitachi Magnetics Corporation v Home Township, Michigan tax tribunal, docket nos. 190507 and 247733 (consolidated), the district shall receive a payment under this section to reimburse the district for interest paid, in an amount determined by the department of treasury.

Sec. 24. (1) Subject to subsection (2), from the appropriation in section 11, there is allocated each fiscal year ~~for 2001-2002~~, for 2002-2003, and for 2003-2004 to the educating district or intermediate district an amount equal to 100% of the added cost each fiscal year for educating all pupils assigned by a court or the family independence agency to reside in or to attend a juvenile detention facility or child caring institution licensed by the family independence agency or the department of consumer and industry services and approved by the department to provide an on-grounds education program. The total amount to be paid under this section for added cost shall not exceed ~~\$8,400,000.00 for 2001-2002 and~~ \$8,900,000.00 ~~each fiscal year~~ for 2002-2003 and **\$8,000,000.00 for 2003-2004. 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 2003-2004 only, 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.****

(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.

(4) The department shall appoint a committee to study and make recommendations concerning issues related to the education of pupils under this section, including, but not limited to, pupil counts, cost controls, and the number and type of eligible programs under this section. The committee may include, but is not limited to, appointees from 1 or more adjudicated youth educators associations, the house fiscal agency, the senate fiscal agency, the department of management and budget, the family independence agency, the department of corrections, the court system, and the department. Not later than May 15, 2004, the committee shall submit its recommendations to the house and senate appropriations subcommittees responsible for this act and to the department of management and budget.

Sec. 26a. From the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$8,800,000.00 for 2001-2002 and an amount not to exceed \$10,174,000.00 each fiscal year for 2002-2003 and \$18,700,000.00 for 2002-2003 and an amount not to exceed \$25,260,000.00~~ for 2003-2004 to reimburse districts, intermediate districts, and the state school aid fund pursuant to section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in ~~2001~~, 2002, and 2003, respectively. This reimbursement shall be made by adjusting payments under section 22a to eligible districts, adjusting payments under section 56, 62, or 81 to eligible intermediate districts, and adjusting the state school aid fund. The adjustments shall be made not later than 60 days after the department of treasury certifies to the department and to the state budget director that the department of treasury has received all necessary information to properly determine the amounts due to each eligible recipient.

Sec. 31a. (1) From the state school aid fund money appropriated in section 11, there is allocated for ~~2001-2002 an amount not to exceed \$314,200,000.00 and there is allocated each fiscal year for 2002-2003 and for 2003-2004 an amount not to exceed \$314,200,000.00~~ for payments to eligible districts and eligible public school academies under this section. Subject to subsection ~~(11)~~ **(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, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, and reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year. However, for a public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the Richard B. Russell national school lunch act.

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

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

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

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

~~subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.~~ A public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year shall receive under this section for each membership pupil in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the Richard B. Russell national school lunch act and as reported to the department by October 31 of the current fiscal year and adjusted not later than December 31 of the current fiscal year, an amount per pupil equal to 11.5% of the public school academy's per membership pupil amount calculated under section 20 for the current state fiscal year.

(4) Except as otherwise provided in this section, a district or public school academy receiving funding under this section shall use that money only to provide instructional programs and direct noninstructional services, including, but not limited to, medical or counseling services, for at-risk pupils; for school health clinics; and for the purposes of subsection (5) or (6). ~~and~~ **A district or public school academy** shall not use any of that money for administrative costs or to supplant another program or other funds, except for funds allocated to the district or public school academy under this section in the immediately preceding year and already being used by the district or public school academy for at-risk pupils. The instruction or direct noninstructional services provided under this section may be conducted before or after regular school hours or by adding extra school days to the school year and may ~~be conducted using a~~ **include, but are not limited to, tutorial services, early childhood programs to serve children age 0 to 5, and reading programs as described in former section 32f as in effect for 2001-2002.** A tutorial method ~~;~~ **may be conducted** with paraprofessionals working under the supervision of a certificated teacher. The ratio of pupils to paraprofessionals shall be between 10:1 and 15:1. Only 1 certificated teacher is required to supervise instruction using a tutorial method. As used in this subsection, "to supplant another program" means to take the place of a previously existing instructional program or direct noninstructional services funded from a funding source other than funding under this section.

(5) ~~A~~ **Except as otherwise provided in subsection (11),** a district or public school academy that receives funds under this section and that operates a school breakfast program under section 1272a of the revised school code, MCL 380.1272a, shall use from the funds received under this section an amount, not to exceed \$10.00 per pupil for whom the district or public school academy receives funds under this section, necessary to operate the school breakfast program.

(6) From the funds allocated under subsection (1), there is allocated ~~for 2001-2002 an amount not to exceed \$2,400,000.00 to support teen health centers. These 2001-2002 funds shall be distributed to existing teen health centers in a manner determined by the department in collaboration with the department of community health. From the funds allocated under subsection (1), there is allocated each fiscal year for 2002-2003 and for beginning with 2003-2004 an amount not to exceed \$3,743,000.00 for competitive grants to support teen health centers. These grants for 2002-2003 and 2003-2004 shall be awarded~~ **for 3 consecutive years beginning with 2003-2004** in a form and manner approved jointly by the department and the department of community health. **Each grant recipient shall remain in compliance with the terms of the grant award or shall forfeit the grant award for the duration of the 3-year period after the noncompliance.** If any funds allocated under this subsection are not used for the purposes of this subsection for the fiscal year in which they are allocated, those unused funds shall be used that fiscal year to avoid or minimize any proration that would otherwise be required under subsection ~~(11)~~ **(12)** for that fiscal year.

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

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

(9) Subject to subsections (5), ~~and~~ (6), **and (11),** any district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) exceeds the district's aggregate percentage of those pupils. Subject to subsections (5), ~~and~~ (6), **and (11),** if a district obtains a waiver from the department, the district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) is at least 60% of the district's aggregate percentage of those pupils and at least 30% of the total number of pupils enrolled

in the school building. To obtain a waiver, a district must apply to the department and demonstrate to the satisfaction of the department that the class size reductions would be in the best interests of the district's at-risk pupils.

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

(11) For an individual school or schools operated by a district or public school academy receiving funds under this section 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, 115 Stat. 1425, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district or public school academy may submit to the department an application for flexibility in using the funds received under this section 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 benefit at-risk pupils in the school, but that may be different from the purposes otherwise allowable under this section. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to benefit at-risk pupils in the school. 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.

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

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

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

(14) A district or public school academy that does not meet the eligibility requirement under subsection (2)(a) is eligible for funding under this section if at least 1/4 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1), and at least 4,500 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1). A district or public school academy that is eligible for funding under this section because the district meets the requirements of this subsection shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as determined and reported as described in subsection (1), an amount per pupil equal to ~~5.75% for 2001-2002 and 11.5% for 2002-2003 and subsequent fiscal years~~ **11.5%** of the sum of the district's foundation allowance or public school academy's per pupil allocation under section 20, plus the amount of the district's per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00, ~~However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.~~

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

on the most recent MEAP science test for which results for the pupil have been received. For pupils in grades K-3, at-risk pupil also includes a pupil who is at risk of not meeting the district's core academic curricular objectives in English language, communication skills, or mathematics.

Sec. 31d. (1) From the ~~state school aid fund appropriation~~ **appropriations** in section 11, there is allocated an amount not to exceed ~~\$16,477,700.00 for 2001-2002 and an amount not to exceed \$17,337,200.00 each fiscal year for 2002-2003 and for 2003-2004, and from the general fund appropriation in section 11, there is allocated an amount not to exceed \$722,300.00 for 2001-2002 and an amount not to exceed \$762,800.00 each fiscal year for 2002-2003 and~~ **\$18,315,000.00 for 2002-2003 and an amount not to exceed \$21,300,000.00 for 2003-2004** for the purpose of making payments to districts, ~~intermediate districts,~~ and other eligible entities under this section.

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

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

(4) The payments made under this section to districts and other eligible entities that are not required under section 1272a of the revised school code, MCL 380.1272a, to provide a school lunch program shall be in an amount not to exceed \$10.00 per pupil plus 5 cents for each free lunch and 2 cents for each reduced price lunch provided, as determined by the department.

(5) (4) From the federal funds appropriated in section 11, there is allocated ~~each fiscal year for 2002-2003 and for 2003-2004~~ all available federal funding, estimated at \$272,125,000.00, ~~each fiscal year,~~ for the national school lunch program and all available federal funding, estimated at \$2,506,000.00, for the emergency food assistance program.

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

Sec. 31e. From the appropriations in section 11, there is allocated an amount not to exceed \$2,430,000.00 for 2002-2003 for the purpose of making payments to districts to reimburse for the cost of providing breakfast. The funds appropriated under this section shall be made available to all eligible applicant districts as determined under section 702 of 2002 PA 522.

Sec. 32c. (1) From the general fund ~~allocation in section 32a(1)~~ **appropriation in section 11**, there is allocated an amount not to exceed ~~\$2,000,000.00 each fiscal year for 2001-2002, for 2002-2003, and~~ **\$250,000.00** for 2003-2004 to the department for grants for community-based collaborative prevention services designed to foster positive parenting skills; improve parent/child interaction, especially for children 0-3 years of age; promote access to needed community services; increase local capacity to serve families at risk; improve school readiness; and support healthy family environments that discourage alcohol, tobacco, and other drug use. The allocation under this section is to fund secondary prevention programs as defined by the children's trust fund for the prevention of child abuse and neglect.

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

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

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

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

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

Sec. 32d. (1) From the ~~state school aid fund allocation under section 32a(1), there is allocated an amount not to exceed \$72,600,000.00 for 2001-2002, and from the state school aid fund money allocated~~ **appropriated** under section 32a **11**, there is allocated an amount not to exceed \$72,600,000.00 ~~each fiscal year for 2002-2003 and for 2003-2004~~ ; for school readiness **or preschool and parenting program** grants to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, Public Law 89-10, 108 Stat. 3519, **20 U.S.C. 6301 to 6304, 6311 to 6339, 6361 to 6368, 6371 to 6376, 6381 to 6383, 6391 to 6399, 6421 to 6472, 6491 to 6494, 6511 to 6518, 6531 to 6537, 6551 to 6561i, and 6571 to 6578**, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 89-10, 102 Stat. 140, and the head start act, subchapter B of chapter 8 of subtitle A of title VI of the omnibus budget reconciliation

act of 1981, Public Law 97-35, **42 U.S.C. 9831 to 9835, 9836 to 9844, 9846, and 9848 to 9852**, comprehensive compensatory programs designed to ~~improve~~ **do 1 or both of the following:**

(a) **Improve** the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who show evidence of 2 or more risk factors as defined in the state board report entitled "children at risk" that was adopted by the state board on April 5, 1988.

(b) **Provide preschool and parenting education programs similar to those under former section 32b as in effect for 2001-2002.**

(2) A comprehensive compensatory program funded under this section ~~shall~~ **may** include an age-appropriate educational curriculum, nutritional services, health screening for participating children, a plan for parent and legal guardian involvement, and provision of referral services for families eligible for community social services.

(3) In addition **to the allocation under subsection (1)**, ~~from the general fund allocations under section 32a(1), there is allocated an amount not to exceed \$200,000.00 for 2001-2002 for the purposes of subsection (2), and from the general fund money allocated under section 32a 11, there is allocated an amount not to exceed \$200,000.00 each fiscal year for 2002-2003 and for 2003-2004 for the purposes of subsection (2) (4).~~

(4) ~~(2)~~ From the general fund allocation in subsection ~~(4)~~ **(3)**, there is allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ an amount not to exceed \$200,000.00 for a competitive grant to continue a longitudinal evaluation of children who have participated in the Michigan school readiness program.

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

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

Sec. 32j. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$3,326,000.00 for 2003-2004 for grants to intermediate districts to provide programs for parents with preschool children. The purpose of these programs is to improve school readiness and foster the maintenance of stable families by encouraging positive parenting skills.

(2) **To qualify for funding under this section, a program shall provide services to all families with children age 5 or younger residing within the intermediate district who choose to participate, including at least all of the following services:**

(a) **Providing parents with information on child development from birth to age 5.**

(b) **Providing parents with methods to enhance parent-child interaction; including, but not limited to, encouraging parents to read to their preschool children at least 1/2 hour per day.**

(c) **Providing parents with examples of learning opportunities to promote intellectual, physical, and social growth of preschoolers.**

(d) **Promoting access to needed community services through a community-school-home partnership.**

(3) **To compete for a grant under this section, an intermediate district shall apply to the department not later than October 1, 2003 in the form and manner prescribed by the department. To be considered for a grant under this section, a grant application shall do all of the following in a manner prescribed by the department:**

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

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

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

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

(5) **The department shall do all of the following:**

(a) **The department shall make applications available for the purposes of this section not later than August 15, 2003.**

(b) The superintendent shall approve or disapprove applications and notify the applying intermediate district of that decision not later than November 15, 2003. The amount of each approved grant shall not exceed 3.5% of the intermediate district's 2002-2003 payment under section 81.

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

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

(6) An intermediate district receiving funds under this section shall use the funds only for the program funded under this section. An intermediate district receiving funds under this section may carry over any unexpended funds received under this section to subsequent fiscal years and may expend those unused funds in subsequent fiscal years.

Sec. 38. The maximum number of prekindergarten children construed to be in need of special readiness assistance under section 32d shall be calculated for each district in the following manner: one-half of the percentage of the district's pupils in grades 1-5 who are eligible for free lunch, as determined by the district's October count in the ~~immediately preceding~~ school year **2 years before the fiscal year for which the calculation is made** under the Richard B. Russell national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, as reported to the department not later than December 31 of the ~~immediately preceding~~ fiscal year **2 years before the fiscal year for which the calculation is made**, shall be multiplied by the average kindergarten enrollment of the district on the pupil membership count day of the 2 immediately preceding years.

Sec. 39a. (1) From the appropriation in section 11, there is allocated ~~each fiscal year for 2002-2003 and for 2003-2004 to districts, intermediate districts, and other eligible entities all available federal funding, estimated at \$634,919,400.00 each fiscal year,~~ **\$665,458,500.00**, for the federal programs under the no child left behind act of 2001, Public Law 107-110, 115 Stat. 1425. These funds are allocated for each fiscal year as follows:

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

(b) An amount estimated at ~~\$15,520,100.00~~ **\$15,946,200.00** to provide students with drug- and violence-prevention programs and to implement strategies to improve school safety, funded from DED-OESE, drug-free schools and communities funds.

(c) An amount estimated at ~~\$22,572,000.00~~ **\$14,546,300.00** for the purpose of improving teaching and learning through a more effective use of technology, funded from DED-OESE, educational technology state grant funds.

(d) An amount estimated at ~~\$104,568,800.00~~ **\$105,570,600.00** for the purpose of preparing, training, and recruiting high-quality teachers and class size reduction, funded from DED-OESE, improving teacher quality funds.

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

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

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

(h) An amount estimated at ~~\$1,909,600.00~~ **\$2,010,100.00** for rural and low income schools, funded from DED-OESE, rural and low income school funds.

(i) An amount estimated at \$11,123,700.00 to help schools develop and implement comprehensive school reform programs, funded from DED-OESE, title I and title X, comprehensive school reform funds.

(j) An amount estimated at ~~\$401,388,600.00~~ **\$427,000,000.00** to provide supplemental programs to enable educationally disadvantaged children to meet challenging academic standards, funded from DED-OESE, title I, disadvantaged children funds.

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

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

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

(n) An amount estimated at ~~\$11,585,100.00~~ **\$13,475,000.00** for the purpose of implementing innovative strategies for improving student achievement, funded from DED-OESE, title VI, innovative strategies funds.

(o) An amount estimated at ~~\$11,161,200.00~~ **\$20,696,300.00** for the purpose of providing high-quality extended learning opportunities, after school and during the summer, for children in low-performing schools, funded from DED-OESE, twenty-first century community learning center funds.

(2) From the federal funds appropriation in section 11, there is allocated ~~each fiscal year for 2002-2003 and for 2003-2004~~ to districts, intermediate districts, and other eligible entities all available federal funding, estimated at ~~\$6,495,300.00~~ **\$5,421,800.00** each fiscal year, for the following programs that are funded by federal grants:

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

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

~~(b)~~ (e) An amount estimated at \$1,553,500.00 for emergency services to immigrants, funded from DED-OBEMLA, emergency immigrant education assistance funds.

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

~~(d)~~ (e) An amount estimated at ~~\$400,000.00~~ **\$1,000,000.00** for refugee children school impact grants, funded from HHS-ACF, refugee children school impact funds.

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

~~(e)~~ (g) An amount estimated at ~~\$640,000.00~~ **\$800,000.00** for serve America grants, funded from the corporation for national and community service funds.

(3) All federal funds allocated under this section shall be distributed in accordance with federal law and with flexibility provisions outlined in Public Law 107-116, **115 Stat. 2177** and in the education flexibility partnership act of 1999, Public Law 106-25, 113 Stat. 41. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(4) As used in this section:

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

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

(c) "DED-OESE" means the DED office of elementary and secondary education.

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

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

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

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed ~~\$4,212,000.00 each fiscal year for 2001-2002, for 2002-2003, and~~ **\$2,800,000.00** for 2003-2004 to applicant districts and intermediate districts offering programs of ~~bilingual~~ instruction for pupils of limited English-speaking ability under section 1153 of the revised school code, MCL 380.1153. Reimbursement shall be on a per pupil basis and shall be based on the number of pupils of limited English-speaking ability in membership on the pupil membership count day. Funds allocated under this section shall be used solely for ~~bilingual~~ instruction in speaking, reading, writing, or comprehension of ~~pupils of limited English-speaking ability~~ **English. A pupil shall not be counted under this section or instructed in a program under this section for more than 3 years.**

Sec. 41a. From the federal funds appropriated in section 11, there is allocated an amount estimated at \$1,232,100.00 from the United States department of education-office of elementary and secondary education, language acquisition state grant funds, to districts and intermediate districts offering programs of instruction for pupils of limited English-speaking ability.

Sec. 51a. (1) From the appropriation in section 11, there is allocated ~~for 2001-2002 an amount not to exceed \$796,401,900.00 from state sources and all available federal funding under sections 611 to 619 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1419, estimated at \$203,000,000.00, plus any carryover federal funds from previous year appropriations; and there is allocated each fiscal year for 2002-2003 and for 2003-2004 an amount not to exceed \$852,721,900.00~~ **\$882,683,000.00** from state sources and all available federal funding **under sections 611 to 619 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1419**, estimated at ~~\$235,000,000.00 each fiscal year,~~ **\$285,000,000.00** plus any carryover federal funds from previous year appropriations. The allocations under this subsection are for the purpose of reimbursing districts and intermediate districts for special education programs, services, and special education personnel as prescribed in article 3 of the revised school code, MCL 380.1701 to 380.1766; net tuition payments made by intermediate districts to the Michigan schools for the deaf and blind; and special education programs and services for pupils who are eligible for special education programs and services according to statute or rule. For meeting the costs of special education programs and services not reimbursed under this article, a district or intermediate district may use money in general funds or special education funds, not otherwise restricted, or contributions from districts to intermediate districts, tuition payments, gifts and contributions from individuals, or federal funds that may be available for this purpose, as determined by the intermediate district plan prepared pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. All federal funds allocated under this section in excess of those allocated under this section for ~~2001-2002 2002-2003~~ may be distributed in accordance with ~~34 C.F.R. 300.234 and section 613(a)(2)(D) of part B of title VI~~ **the flexible funding provisions** of the individuals with disabilities education act, **title VI of Public Law 91-230, 20 U.S.C. 1413 including, but not limited to, 34 C.F.R. 300.234 and 300.235.** Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(2) From the funds allocated under subsection (1), there is allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ the amount necessary, estimated at ~~\$139,200,000.00 for 2001-2002 and \$149,500,000.00 each fiscal year for 2002-2003 and~~ **\$160,500,000.00** for 2003-2004, for payments toward reimbursing districts and intermediate districts for 28.6138% of total approved costs of special education, excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Allocations under this subsection shall be made as follows:

(a) The initial amount allocated to a district under this subsection toward fulfilling the specified percentages shall be calculated by multiplying the district's special education pupil membership, excluding pupils described in subsection (12), times the sum of the foundation allowance under section 20 of the pupil's district of residence plus the amount of the district's per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00 **minus \$200.00**, or, for a special education pupil in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil calculated under section 20(6). For an intermediate district, the amount allocated under this subdivision toward fulfilling the specified percentages shall be an amount per special education membership pupil, excluding pupils described in subsection (12), and shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00 **minus \$200.00**, and that district's per pupil allocation under section 20j(2). ~~However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subdivision shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.~~

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

(3) From the funds allocated under subsection (1), there is allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ the amount necessary, estimated at ~~\$2,000,000.00 each fiscal year~~ **\$2,600,000.00**, to make payments to districts and intermediate districts under this subsection. If the amount allocated to a district or intermediate district for a fiscal year under subsection (2)(b) is less than the sum of the amounts allocated to the district or intermediate district for 1996-97 under sections 52 and 58, there is allocated to the district or intermediate district for the fiscal year an amount equal to that difference, adjusted by applying the same proration factor that was used in the distribution of funds under section 52 in 1996-97 as adjusted to the district's or intermediate district's necessary costs of special education used in calculations for the fiscal year. This adjustment is to reflect reductions in special education program operations between 1996-97 and subsequent fiscal years. Adjustments for reductions in special education program operations shall be made in a manner determined by the department and shall include adjustments for program shifts.

(4) If the department determines that the sum of the amounts allocated for a fiscal year to a district or intermediate district under subsection (2)(a) and (b) is not sufficient to fulfill the specified percentages in subsection (2), then the shortfall shall be paid to the district or intermediate district during the fiscal year beginning on the October 1 following the determination and payments under subsection (3) shall be adjusted as necessary. If the department determines that the sum of the amounts allocated for a fiscal year to a district or intermediate district under subsection (2)(a) and (b) exceeds the sum of the amount necessary to fulfill the specified percentages in subsection (2), then the department shall deduct the amount of the excess from the district's or intermediate district's payments under this act for the fiscal year beginning on the October 1 following the determination and payments under subsection (3) shall be adjusted as necessary. However, if the amount allocated under subsection (2)(a) in itself exceeds the amount necessary to fulfill the specified percentages in subsection (2), there shall be no deduction under this subsection.

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

(6) From the amount allocated in subsection (1), there is allocated an amount not to exceed \$2,200,000.00 ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ to reimburse 100% of the net increase in necessary costs incurred by a district or intermediate district in implementing the revisions in the administrative rules for special education that became effective on July 1, 1987. As used in this subsection, "net increase in necessary costs" means the necessary additional costs incurred solely because of new or revised requirements in the administrative rules minus cost savings permitted in implementing the revised rules. Net increase in necessary costs shall be determined in a manner specified by the department.

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

(a) "Total approved costs of special education" shall be determined in a manner specified by the department and may include indirect costs, but shall not exceed 115% of approved direct costs for section 52 and section 53a programs. The total approved costs include salary and other compensation for all approved special education personnel for the

program, including payments for social security and medicare and public school employee retirement system contributions. The total approved costs do not include salaries or other compensation paid to administrative personnel who are not special education personnel as defined in section 6 of the revised school code, MCL 380.6. Costs reimbursed by federal funds, other than those federal funds included in the allocation made under this article, are not included. Special education approved personnel not utilized full time in the evaluation of students or in the delivery of special education programs, ancillary, and other related services shall be reimbursed under this section only for that portion of time actually spent providing these programs and services, with the exception of special education programs and services provided to youth placed in child caring institutions or juvenile detention programs approved by the department to provide an on-grounds education program.

(b) Reimbursement for ancillary and other related services, as defined by ~~R 340.1701~~ **R 340.1701c** of the Michigan administrative code, shall not be provided when those services are covered by and available through private group health insurance carriers or federal reimbursed program sources unless the department and district or intermediate district agree otherwise and that agreement is approved by the state budget director. Expenses, other than the incidental expense of filing, shall not be borne by the parent. In addition, the filing of claims shall not delay the education of a pupil. A district or intermediate district shall be responsible for payment of a deductible amount and for an advance payment required until the time a claim is paid.

(8) From the allocation in subsection (1), there is allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ an amount not to exceed \$15,313,900.00 ~~each fiscal year~~ to intermediate districts. The payment under this subsection to each intermediate district shall be equal to the amount of the 1996-97 allocation to the intermediate district under subsection (6) of this section as in effect for 1996-97.

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

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

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

(12) From the funds allocated in subsection (1), there is allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ the amount necessary, estimated at ~~\$7,200,000.00 each fiscal year~~ **\$6,300,000.00**, to pay the foundation allowances for pupils described in this subsection. The allocation to a district under this subsection shall be calculated by multiplying the number of pupils described in this subsection who are counted in membership in the district times the sum of the foundation allowance under section 20 of the pupil's district of residence plus the amount of the district's per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00 **minus \$200.00**, or, for a pupil described in this subsection who is counted in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil under section 20(6). The allocation to an intermediate district under this subsection shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00 **minus \$200.00**, and that district's per pupil allocation under section 20j(2). ~~However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.~~ This subsection applies to all of the following pupils:

(a) Pupils described in section 53a.

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

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

(13) After payments under subsections (2) and (12) and section 51c, the remaining expenditures from the allocation in subsection (1) shall be made in the following order:

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

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

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

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

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

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

(14) The allocations under subsection (2), subsection (3), and subsection (12) shall be allocations to intermediate districts only and shall not be allocations to districts, but instead shall be calculations used only to determine the state payments under section 22b.

Sec. 51c. As required by the court in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492, from the allocation under section 51a(1), there is allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ the amount necessary, estimated at ~~\$576,100,000.00 for 2001-2002 and \$621,900,000.00 each fiscal year for 2002-2003 and for 2003-2004~~ **\$644,400,000.00**, for payments to reimburse districts for 28.6138% of total approved costs of special education excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. 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 22b in order to fully fund those calculated allocations for the same fiscal year.

Sec. 51d. (1) From the federal funds appropriated in section 11, there is allocated ~~each fiscal year for 2002-2003 and for 2003-2004~~ all available federal funding, estimated at ~~\$59,837,200.00 each fiscal year~~ **\$60,500,000.00**, for special education programs that are funded by federal grants. All federal funds allocated under this section shall be distributed in accordance with federal law. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(2) From the federal funds allocated under subsection (1), the following amounts are allocated ~~each fiscal year for 2002-2003 and~~ for 2003-2004:

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

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

(c) An amount estimated at ~~\$30,337,200.00~~ **\$31,000,000.00** for special education programs funded by DED-OSERS, handicapped program, individuals with disabilities act funds.

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

Sec. 53a. (1) For districts, reimbursement for pupils described in subsection (2), reimbursement shall be 100% of the total approved costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766, minus the district's foundation allowance calculated under section 20, and minus the amount calculated for the district under section 20j. For intermediate districts, reimbursement for pupils described in section (2) shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and ~~the amount calculated for that district~~ **\$5,000.00, minus \$200.00**, and under section 20j. ~~However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.~~

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

(a) Pupils assigned to a district or intermediate district through the community placement program of the courts or a state agency, if the pupil was a resident of another intermediate district at the time the pupil came under the jurisdiction of the court or a state agency.

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

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

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

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

(3) Only those costs that are clearly and directly attributable to educational programs for pupils described in subsection (2), and that would not have been incurred if the pupils were not being educated in a district or intermediate district, are reimbursable under this section.

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

(5) Not more than ~~\$14,800,000.00 each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ **\$12,800,000.00** of the allocation **for 2003-2004** in section 51a(1) shall be allocated under this section.

~~(6) From the allocation in subsection (5), there is allocated each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004 an amount not to exceed \$150,000.00 to an intermediate district that received at least \$1,000,000.00 for 1999-2000 under subsection (4).~~

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

Sec. 55a. From the general fund appropriation in section 11, there is allocated the amount of \$50,000.00 for 2003-2004 to Grand Valley state university for the purpose of providing grants to at least 1 center devoted to enhancing the skills of children with motor impairments. To be eligible to receive a grant under this section, a center must provide children with motor impairments and their families with an innovative, highly successful educational program designed to improve the child's independence, self-esteem, and overall quality of life.

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

(a) "Membership" means for a particular fiscal year the total membership for the immediately preceding fiscal year of the intermediate district and the districts constituent to the intermediate district.

(b) "Millage levied" means the millage levied for special education pursuant to part 30 of the revised school code, MCL 380.1711 to 380.1743, including a levy for debt service obligations.

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

(2) From the allocation under section 51a(1), there is allocated an amount not to exceed ~~\$37,900,000.00 for 2001-2002 and an amount not to exceed \$38,120,000.00 each fiscal year for 2002-2003 and~~ **\$36,881,100.00** for 2003-2004 to reimburse intermediate districts levying millages for special education pursuant to part 30 of the revised school code, MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan.

(3) ~~Reimbursement for those millages levied in 2000-2001 shall be made in 2001-2002 at an amount per 2000-2001 membership pupil computed by subtracting from \$119,200.00 the 2000-2001 taxable value behind each membership pupil and multiplying the resulting difference by the 2000-2001 millage levied. Reimbursement for those millages levied in 2001-2002 shall be made in 2002-2003 at an amount per 2001-2002 membership pupil computed by subtracting from \$125,900.00 the 2001-2002 taxable value behind each membership pupil and multiplying the resulting difference by the 2001-2002 millage levied. Reimbursement for those millages levied in 2002-2003 shall be made in 2003-2004 at an amount per 2002-2003 membership pupil computed by subtracting from \$125,900.00~~ **\$132,275.00** the 2002-2003 taxable value behind each membership pupil and multiplying the resulting difference by the 2002-2003 millage levied.

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$600,000.00 each fiscal year for 2001-2002, for 2002-2003, and~~ **\$50,000.00** for 2003-2004 to applicant intermediate districts that provide support services for the education of ~~gifted and talented~~ **advanced and accelerated** pupils. An intermediate district is entitled to 75% of the actual salary, but not to exceed \$25,000.00 reimbursement for an individual salary, of a support services teacher approved by the department, and not to exceed \$4,000.00 reimbursement for expenditures to support program costs, excluding in-county travel and salary, as approved by the department.

(2) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$400,000.00 each fiscal year for 2001-2002, for 2002-2003, and~~ **\$0.00** for 2003-2004 to support part of the cost of summer institutes for ~~gifted and talented~~ **advanced and accelerated** students. This amount shall be contracted to applicant intermediate districts in cooperation with a local institution of higher education and shall be coordinated by the department.

(3) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$4,000,000.00 each fiscal year for 2001-2002, for 2002-2003, and~~ **\$200,000.00** for 2003-2004 for the development and operation of comprehensive programs for ~~gifted and talented~~ **advanced and accelerated** pupils. An eligible district or consortium of districts shall receive an amount not to exceed \$100.00 per K-12 pupil for up to 5% of the district's or consortium's K-12 membership for the immediately preceding fiscal year with a minimum total grant of \$6,000.00. Funding shall be provided in the following order: the per pupil allotment, and then the minimum total grant of \$6,000.00 to individual districts. An intermediate district may act as the fiscal agent for a consortium of districts. In order to be eligible for funding under this subsection, the district or consortium of districts shall submit each year a current 3-year plan for operating a comprehensive program for ~~gifted and talented~~ **advanced and accelerated** pupils and the district or consortium shall demonstrate to the department that the district or consortium will contribute matching funds of at least \$50.00 per K-12 pupil. The plan or revised plan shall be developed in accordance with criteria established by the department and shall be submitted to the department for approval. Within the criteria, the department shall encourage the development of consortia among districts of less than 5,000 memberships.

Sec. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$31,027,600.00 each fiscal year for 2001-2002, for 2002-2003, and~~ **\$30,000,000.00** for 2003-2004 to reimburse on an added cost basis

districts, except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, and secondary area vocational-technical education centers for secondary-level vocational-technical education programs, including parenthood education programs, according to rules approved by the superintendent. Applications for participation in the programs shall be submitted in the form prescribed by the department. The department shall determine the added cost for each vocational-technical program area. The allocation of added cost funds shall be based on the type of vocational-technical programs provided, the number of pupils enrolled, and the length of the training period provided, and shall not exceed 75% of the added cost of any program. With the approval of the department, the board of a district maintaining a secondary vocational-technical education program may offer the program for the period from the close of the school year until September 1. The program shall use existing facilities and shall be operated as prescribed by rules promulgated by the superintendent.

(2) Except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, districts and intermediate districts shall be reimbursed for local vocational administration, shared time vocational administration, and career education planning district vocational-technical administration. The definition of what constitutes administration and reimbursement shall be pursuant to guidelines adopted by the superintendent. Not more than \$800,000.00 of the allocation in subsection (1) shall be distributed under this subsection.

(3) From the allocation in subsection (1), there is allocated an amount not to exceed \$388,700.00 ~~each fiscal year for 2003-2004~~ to intermediate districts with constituent districts that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more, served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, and had an adjustment made to their 1994-95 combined state and local revenue per membership pupil pursuant to section 20d. The payment under this subsection to the intermediate district shall equal the amount of the allocation to the intermediate district for 1996-97 under this subsection.

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

(a) "Membership" means for a particular fiscal year the total membership for the immediately preceding fiscal year of the intermediate district and the districts constituent to the intermediate district or the total membership for the immediately preceding fiscal year of the area vocational-technical program.

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

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

(i) The district operates the area vocational-technical education program pursuant to a contract with the intermediate district.

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

(2) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$9,810,000.00 for 2001-2002 and an amount not to exceed \$9,000,000.00 each fiscal year for 2002-2003 and \$9,000,000.00 for 2003-2004~~ to reimburse intermediate districts and area vocational-technical education programs established under section 690(3) of the revised school code, MCL 380.690, levying millages for area vocational-technical education pursuant to sections 681 to 690 of the revised school code, MCL 380.681 to 380.690. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by those millages.

(3) ~~Reimbursement for the millages levied in 2000-2001 shall be made in 2001-2002 at an amount per 2000-2001 membership pupil computed by subtracting from \$122,300.00 the 2000-2001 taxable value behind each membership pupil, and multiplying the resulting difference by the 2000-2001 millage levied. Reimbursement for the millages levied in 2001-2002 shall be made in 2002-2003 at an amount per 2001-2002 membership pupil computed by subtracting from \$130,200.00 the 2001-2002 taxable value behind each membership pupil, and multiplying the resulting difference by the 2001-2002 millage levied.~~ Reimbursement for the millages levied in 2002-2003 shall be made in 2003-2004 at an amount per 2002-2003 membership pupil computed by subtracting from ~~\$130,200.00~~ **\$137,700.00** the 2002-2003 taxable value behind each membership pupil and multiplying the resulting difference by the 2002-2003 millage levied.

Sec. 68. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$21,850,000.00 each fiscal year for 2001-2002, for 2002-2003, and \$1,000,000.00 for 2003-2004~~ to be used to implement the Michigan career preparation system ~~in the corresponding school years~~ as provided under this section. **These funds may be used**

for the purposes of this section and for the purposes of former section 67 as in effect for 2002-2003. In order to receive funds under this section, an eligible education agency shall be part of an approved regional career preparation plan under subsection (2) and shall agree to expend the funds required under this section in accordance with the regional career preparation plan. Funds awarded under this section that are not expended in accordance with this section may be recovered by the department.

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

(a) A 3-year regional career preparation plan shall be developed under subdivisions (b), (c), and (d) for all public education agencies participating as part of a regional career preparation system within the geographical boundaries of a workforce development board, and revised annually. If an intermediate district is located within the geographical boundaries of more than 1 workforce development board, the board of the intermediate district shall choose 1 workforce development board with which to align and shall notify the department of this choice not later than October 31, 1997.

(b) The regional career preparation plan shall be developed by representatives of the education advisory group of each workforce development board in accordance with guidelines developed under former section 67(5), and in accordance with subdivisions (d) and (e). All of the following shall be represented on each education advisory group: workforce development board members, other employers, labor, districts, intermediate districts, postsecondary institutions, career/technical educators, parents of public school pupils, and academic educators. The representatives of districts, intermediate districts, and postsecondary institutions appointed to the education advisory group by the workforce development board shall be individuals designated by the board of the district, intermediate district, or postsecondary institution.

(c) By majority vote, the education advisory group may nominate 1 education representative, who may or may not be a member of the education advisory group, for appointment to the workforce development board. This education representative shall be in addition to existing education representation on the workforce development board. This education representative shall meet all workforce development board membership requirements.

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

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

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

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

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

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

(vi) Identification of all federal, state, local, and private sources of funding available for career preparation activities in the region.

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

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

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

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

(i) Career exploration, guidance, and counseling.

(ii) Curriculum development, including integration of academic and technical content, and professional development for teachers directly related to career preparation.

(iii) Technology and equipment determined to be necessary.

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

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

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

(vii) Career placement services.

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

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

(c) The department shall calculate career preparation costs per FTE for each career cluster, including career exploration, guidance, and counseling, by dividing the allowable costs for each career cluster by the prior year FTE enrollment for each career cluster. Distribution to eligible education agencies shall be the product of 50% of career preparation costs per FTE times the current year FTE enrollment of each career cluster. This allocation shall be distributed to eligible education agencies in decreasing order of the career cluster ranking described in subdivision (a) until the money allocated for grant recipients in this section is distributed. Beginning in 2001-2002, funds shall be distributed to eligible education agencies according to workforce development board geographic area consistent with subsection (2)(a) based upon the proportion of each workforce development board area's K-12 public school membership to the total state K-12 public school membership.

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

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

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

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

(8) As used in this section:

(a) "Advanced career academy" means a career-technical education program operated by a district, by an intermediate district, or by a public school academy, that applies for and receives advanced career academy designation from the department. To receive this designation, a career-technical education program shall meet criteria established by the department, which criteria shall include at least all of the following:

(i) Operation of programs for those career clusters identified by the department as being eligible for advanced career academy status.

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

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

(iv) Demonstration of an established career preparation system resulting in industry-validated career ladders for graduates of the program, including, but not limited to, written articulation agreements with postsecondary institutions to allow pupils to receive advanced college placement and credit or federally registered apprenticeships, as applicable.

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

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

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

(e) "Eligible education agency" means a district, intermediate district, or advanced career academy that participates in an approved regional career preparation plan.

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

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

(h) "Strategic plan" means a department-approved comprehensive plan prepared by a workforce development board with input from local representatives, including the education advisory group, that includes career preparation system goals and objectives for the region.

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

(2) From the allocation in subsection (1), there is allocated each fiscal year the amount necessary for payments to state supported colleges or universities and intermediate districts providing school bus driver safety instruction or driver skills road tests pursuant to sections 51 and 52 of the pupil transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The payments shall be in an amount determined by the department not to exceed 75% of the actual cost of instruction and driver compensation for each public or nonpublic school bus driver attending a course of instruction. For the purpose of computing compensation, the hourly rate allowed each school bus driver shall not exceed the hourly rate received for driving a school bus. Reimbursement compensating the driver during the course of instruction or

driver skills road tests shall be made by the department to the college or university or intermediate district providing the course of instruction.

(3) From the allocation in subsection (1), there is allocated each fiscal year the amount necessary to pay the reasonable costs of nonspecial education auxiliary services transportation provided pursuant to section 1323 of the revised school code, MCL 380.1323. Districts funded under this subsection shall not receive funding under any other section of this act for nonspecial education auxiliary services transportation.

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ to the intermediate districts the sum necessary, but not to exceed ~~\$92,170,800.00 for 2001-2002 and not to exceed \$95,028,100.00 each fiscal year for 2002-2003 and for 2003-2004~~ **\$91,702,100.00**, to provide state aid to intermediate districts under this section. ~~Except as otherwise provided in this section, there shall be allocated to each intermediate district for 2001-2002 an amount equal to 105% of the amount of funding actually received by the intermediate district under this subsection for 2000-2001.~~ Except as otherwise provided in this section, there shall be allocated to each intermediate district ~~each fiscal year for 2002-2003 and for 2003-2004 an amount equal to 103.1% of the amount of funding actually received by the intermediate district under this subsection for 2001-2002~~ **96.5% of the amount appropriated under this subsection for 2002-2003 in 2002 PA 521, before any reduction made for 2002-2003 under section 11(3).** Funding provided under this section shall be used to comply with requirements of this act and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board.

(2) From the allocation in subsection (1), there is allocated to an intermediate district, formed by the consolidation or annexation of 2 or more intermediate districts or the attachment of a total intermediate district to another intermediate school district or the annexation of all of the constituent K-12 districts of a previously existing intermediate school district which has disorganized, an additional allotment of \$3,500.00 each fiscal year for each intermediate district included in the new intermediate district for 3 years following consolidation, annexation, or attachment.

~~(3) If an intermediate district participated in 1993-94 in a consortium operating a regional educational media center under section 671 of the revised school code, MCL 380.671, and rules promulgated by the superintendent, and if the intermediate district obtains written consent from each of the other intermediate districts that participated in the consortium in 1993-94, the intermediate district may notify the department not later than December 30 of the current fiscal year that it is electing to directly receive its payment attributable to participation in that consortium. An intermediate district making that election, and that has obtained the necessary consent, shall receive each fiscal year for 2001-2002, for 2002-2003, or for 2003-2004, as applicable, for each pupil in membership in the intermediate district or a constituent district an amount equal to the quotient of the 1993-94 allocation to the fiscal agent for that consortium under former section 83, adjusted as determined by the department to account for that election, divided by the combined total membership for the current fiscal year in all of the intermediate districts that participated in that consortium and their constituent districts. The amount allocated to an intermediate district under this subsection for a fiscal year shall be deducted from the total allocation for that fiscal year under this section to the intermediate district that was the 1993-94 fiscal agent for the consortium.~~

~~(3)~~ (4) During a fiscal year, the department shall not increase an intermediate district's allocation under subsection (1) because of an adjustment made by the department during the fiscal year in the intermediate district's taxable value for a prior year. Instead, the department shall report the adjustment and the estimated amount of the increase to the house and senate fiscal agencies and the state budget director not later than June 1 of the fiscal year, and the legislature shall appropriate money for the adjustment in the next succeeding fiscal year.

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

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

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

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

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

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

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

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

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

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

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

(a) One representative from the house fiscal agency.

(b) One representative from the senate fiscal agency.

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

(d) One representative from the state education agency.

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

(f) Three representatives from intermediate school districts.

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

(i) Michigan association of school boards.

(ii) Michigan association of school administrators.

(iii) Michigan school business officials.

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

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

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

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

(b) Defining the roles of all stakeholders in the data collection system.

(c) Recommending timelines for the implementation and ongoing collection of data.

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

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

(f) Establishing and maintaining state and model local policies related to data collection, including, but not limited to, privacy policies related to individual student data.

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

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

(4) The center may enter into any interlocal agreements necessary to fulfill its functions.

(5) ~~From the general fund appropriation in section 11, there is allocated an amount not to exceed \$2,332,000.00 for 2001-2002 for payments to the center. From the general fund appropriation in section 11, there is allocated an amount not to exceed \$4,500,000.00 each fiscal year for 2002-2003 and \$363,400.00 for 2003-2004 to the office of the state budget in the department of management and budget to support the operations of the center. In addition, from the general fund appropriation in section 11 for 2003-2004, there is allocated \$1,500,000.00 to the center for a contract with Standard & Poor's for the school evaluation services website.~~ The center shall cooperate with the state education agency to ensure that this state is in compliance with federal law and is maximizing opportunities for increased federal funding to improve education in this state. In addition, from the federal funds appropriated in section 11 ~~for 2002-2003 and~~ for 2003-2004, there is allocated the following amounts ~~each fiscal year~~ in order to fulfill federal reporting requirements:

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

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

(c) An amount estimated at ~~\$46,750.00~~ **\$46,800.00** funded from DED-OESE, title I, migrant education funds.

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

(e) An amount estimated at ~~\$526,100.00~~ **\$100,000.00** funded from DED-OESE, drug-free schools and communities funds.

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

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

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

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

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

(7) The center may bill departments as necessary in order to fulfill reporting requirements of state and federal law.

(8) (9) As used in this section:

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

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

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

Sec. 98. (1) From the general fund money appropriated in section 11, there is allocated an amount not to exceed ~~\$1,500,000.00 for 2001-2002 and an amount not to exceed \$5,000,000.00 each fiscal year for 2002-2003 and \$750,000.00 for 2003-2004 to the department~~ to provide a grant to the Michigan virtual university for the development, implementation, and operation of the Michigan virtual high school and to fund other purposes described in this section. In addition, from the federal funds appropriated in section 11, there is allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004 the following amounts:~~ (a) ~~An an~~ amount estimated at ~~\$3,251,800.00~~ **\$2,250,000.00** from DED-OESE, title II, improving teacher quality funds.

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

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

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

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

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

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

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

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

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

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

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

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

(a) Information technology courses.

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

(c) Courses and dual enrollment opportunities.

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

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

(f) Special interest courses.

(g) Professional development programs and services for teachers.

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

~~(4) (5)~~ The state education agency shall sign a memorandum of understanding with the Michigan virtual university regarding the DED-OESE, title II, improving teacher quality funds as provided under this subsection. ~~To the extent allowed under federal law, the Michigan virtual university shall address the unique issues of providing educational~~

~~opportunities in rural communities.~~ The memorandum of understanding under this subsection shall require that the Michigan virtual university coordinate the following activities related to DED-OESE, title II, improving teacher quality funds in accordance with federal law:

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

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

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

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

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

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

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

~~(a) Programs for the development or acquisition and use of instructional and educational materials, including computer software and hardware for instructional use, that will be used to improve student academic achievement as part of an overall education reform strategy.~~

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

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

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

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

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

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

(5) If a home-schooled or nonpublic school student is a resident of a district that subscribes to services provided by the Michigan virtual university, the student may use the services provided by the Michigan virtual university to the district without charge to the student beyond what is charged to a district pupil using the same services.

(6) From the allocations in subsection (1), the amount necessary, not to exceed \$1,250,000.00, shall be used to provide online professional development for classroom teachers. This allocation is intended to be for the first of 3 years. These funds may be used for designing and building courses, marketing and outreach, workshops and evaluation, content acquisition, technical assistance, project management, and customer support. The Michigan virtual university shall offer at least 5 hours of online professional development for classroom teachers under this section in 2003-2004 without charge to the teachers or to districts or intermediate districts.

(7) A district or intermediate district may require a full-time teacher to participate in at least 5 hours of online professional development provided by the Michigan virtual university under subsection (6). Five hours of this professional development shall be considered to be part of the 51 hours allowed to be counted as hours of pupil instruction under section 101(10).

(8) ~~(11)~~ As used in this section:

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

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

Sec. 98b. (1) From the school aid stabilization fund created in section 11a, there is appropriated and allocated for 2003-2004 an amount not to exceed \$22,000,000.00 for the freedom to learn program described in this section. In addition, there is allocated for 2003-2004 the following federal funds:

(a) From the federal funds appropriated in section 11, an amount estimated at \$10,343,200.00 from the competitive grants of DED-OESE, title II, educational technology grants funds.

(b) An amount estimated at \$7,000,000.00 from funds carried forward from 2002-2003 from unexpended DED-OESE, title II, educational technology grants funds.

(2) The allocations in subsection (1) shall be used to develop, implement, and operate the freedom to learn program and make program grants. The goal of the program is to achieve one-to-one access to wireless technology for K-12 pupils through statewide and local public-private partnerships. To implement the program, the state education agency shall sign a memorandum of understanding with the Michigan virtual university that provides for joint administration of program grants under this subsection. By December 1, 2003, the Michigan virtual university and the state education agency shall make grants to districts as described in this section. In awarding the grants, the Michigan virtual university and the state education agency shall give priority to applications that demonstrate that the district's program will meet all of the following:

(a) Will be ready for implementation by January 1, 2004 and will have begun professional development on technology integration in the classroom before January 1, 2004.

(b) Will utilize state structure and resources for professional development, as coordinated by the Michigan virtual university.

(c) Will opt to participate in the statewide partnership described in subsection (6).

(3) The amount of program grants to districts is estimated at \$250.00 per pupil in membership in grade 6 in 2003-2004, or in another grade allowed in this section. The state education agency and the Michigan virtual university shall establish grant criteria that maximize the distribution of federal funds to achieve the \$250.00 per pupil in districts that qualify for federal funds. To qualify for a grant under this section, a district shall submit an application to the state education agency and the Michigan virtual university and complete the application process established by the state education agency and the Michigan virtual university. The application shall include at least all of the following:

(a) If the district is applying for federal funds, how the district will meet the requirements of the competitive grants under DED-OESE, title II, part D.

(b) How the district will provide the opportunity for each pupil in membership in grade 6 to receive a wireless computing device. If the district has already achieved one-to-one wireless access in grade 6 or if the district's school building grade configuration makes implementation of the program for grade 6 impractical, the district may apply for a grant for the next highest grade. If the district does not have a grade 6 or higher, the district may apply for funding for the next lowest grade level. If the district operates 1 or more schools that are not meeting adequate yearly progress, as determined by the department, and that contain grade 6, the district may apply for funding for a school building-wide program for 1 or more of those schools. A public school academy that does not offer a grade higher than grade 5 may apply to receive a grant under this section for pupils in the highest grade offered by the public school academy.

(c) The district shall submit a plan describing the uses of the grant funds. The plan shall describe a plan for professional development on technology integration, content and curriculum, and local partnerships with the other districts and representatives from businesses, industry, and higher education. The plan shall include at least the following:

(i) The academic achievement goals, which may include, but are not limited to, goals related to mathematics, science, and language arts.

(ii) The engagement goals, which may include, but are not limited to, goals related to retention rates, dropout rates, detentions, and suspensions.

(iii) A commitment that at least 25% of the total local budget for the program will be used on professional development on technology integration in the classroom.

(d) A 3- to 5-year plan or funding model for increasing the share that is borne locally of the expenditures for one-to-one wireless access. The Michigan virtual university shall provide districts with sample local plans and funding models for the purposes of this subdivision and with information on available federal and private resources.

(e) How the district will amend its local technology plan as required under state and federal law to reflect the program under this section.

(4) A district that receives a grant under this section shall provide at least a \$25.00 per pupil match for grant money received under this section from local public or private resources.

(5) A district that received money under section 98 in 2002-2003 for a wireless technology grant is eligible to receive a grant under this section. The funding under subsection (1)(b) shall be used first to provide the grants under this subsection. A district described in this subsection shall apply to the Michigan virtual university and

the state education agency for a grant in the form and manner prescribed by the department. An application under this section is not subject to the requirements of subsection (3) if the application demonstrates that the program will meet all of the following:

(a) Will continue as a demonstration program.

(b) Will provide regional assistance to schools that are not meeting adequate yearly progress, as determined by the department, and to new grant recipients, as directed by the state education agency and the Michigan virtual university.

(c) Will seek to expand its existing wireless technology initiatives.

(6) By October 15, 2003, the department of management and budget shall establish a statewide public-private partnership to implement the program. The department of management and budget shall select a program partner through a request for proposals process for a total learning technology package that includes, but is not limited to, a wireless laptop, software, professional development, service, and support, and for management by a single point of contact individual responsible for the overall implementation. The proposal selected shall achieve significant efficiencies and economies of scale and be interoperable with existing technologies. The private partner selected in the request for proposals process to partner with the state must possess all of the following:

(a) Experience in the development and successful implementation of large-scale, school-based wireless technology projects.

(b) Proven technical ability to deliver a total solutions package of learning technology for elementary and secondary students and teachers.

(c) Results-based education solutions to increase student achievement and advance professional development for teachers.

(d) Ability to coordinate, utilize, and expand existing technology infrastructures and professional development delivery systems within school districts and regions.

(e) Ability to provide a wireless computing device that is able to be connected to the wireless network and is able to access a school's preexisting local network and the internet both wirelessly in the school and through dial-up or other remote connection from the home or elsewhere outside school.

(7) A district may elect to purchase or lease wireless computing devices from a vendor other than the statewide partnership described in subsection (6) if the Michigan virtual university determines that the vendor meets the requirements of subdivisions (a) to (d) of subsection (6) and the vendor is identified in the district's grant application.

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

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

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

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

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

(11) The state education agency shall ensure that the program goals and plans for the freedom to learn program are contained in the state technology plan required by federal law.

(12) From the funds allocated under this section, an amount not to exceed \$4,000,000.00 is allocated to the Michigan virtual university to be used for statewide activities, as follows:

(a) An amount estimated at \$2,700,000.00 to develop a professional development network in partnership with other statewide entities for professional development on technology integration in the classroom.

(b) An amount estimated at \$250,000.00 for development of a content resource package that will include on-line coursework content.

(c) An amount estimated at \$250,000.00 to develop or purchase an on-line assessment system to supplement the Michigan education assessment program tests and provide immediate feedback on pupil achievement. The assessment system shall include high-quality tests aligned to the state curriculum framework and tests that can

be customized by teachers and integrated with on-line instructional resources. The Michigan virtual university and the state education agency shall work in partnership with the department of treasury to implement the assessment program. The state education agency shall give first priority in implementing the assessment systems to districts not meeting adequately yearly progress requirements as established by the federal no child left behind act and to schools participating in grant programs under this section.

(d) An amount not to exceed \$800,000.00 for comprehensive statewide evaluation of current and future projects under this section and for statewide administration of the freedom to learn program.

(13) The Michigan virtual university is encouraged to work in partnership with Ferris state university in performing the functions under subsection (12).

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

(15) It is the intent of the legislature that this state will seek to raise private funds for the current and future funding of the freedom to learn program under this section and all of the program components.

(16) As used in this section:

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

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

Sec. 99. (1) From the ~~state school aid fund appropriation~~ **appropriations** in section 11, there is allocated an amount not to exceed ~~\$9,684,300.00 each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ and from the ~~general fund appropriation in section 11~~ there is allocated an amount not to exceed ~~\$548,000.00 each fiscal year for 2001-2002, for 2002-2003, and~~ **\$2,500,000.00** for 2003-2004 for implementing the comprehensive master plan for mathematics and science centers developed by the department and approved by the state board on ~~February 17, 1993~~ **August 8, 2002**. **In addition, from the federal funds appropriated in section 11, there is allocated an amount estimated at \$2,487,700.00 from DED-OESE, title II, mathematics and science partnership grants.**

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

(3) The department shall not award a **state** grant under this section to more than 1 mathematics and science center located in a ~~particular intermediate district~~ **designated region as prescribed in the 2002 master plan** unless each of the grants serves a distinct target population or provides a service that does not duplicate another program in the ~~intermediate district designated region~~.

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

(5) Allocations under this section to support the activities and programs of mathematics and science centers shall be continuing support grants to all ~~25~~ **33** established mathematics and science centers. ~~and, subject to subsection (9), the 8 satellite extensions that were funded in 1996-97.~~ Each established mathematics and science center that was funded in ~~1999-2000~~ **2002-2003** shall receive **state funding in** an amount equal to ~~105.3%~~ **24.43%** of the amount it received under this section in ~~1999-2000~~ **for 2002-2003 in 2002 PA 521, before any reduction made for 2002-2003 under section 11(3).**

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

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

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

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

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

(7) ~~(8)~~ Not later than ~~June 30, 2000~~ **September 30, 2007**, the department shall reevaluate and update the comprehensive master plan described in subsection (1), including any recommendations for upgrading satellite extensions to full centers.

(8) The department shall give preference in awarding the federal grants allocated in subsection (1) to eligible existing mathematics and science centers.

~~(9) During the course of the 2000-2001 and 2001-2002 fiscal years, the department shall facilitate the conversion of the 8 existing satellite extensions to full mathematics and science centers. To this end, in 2000-2001 the department shall provide 4 satellite extensions, as selected by the department, with applications for conversion to full centers, and in 2001-2002 the department shall provide the remaining 4 satellite extensions with applications for conversion. The department shall provide the applications not later than October 15 of the applicable fiscal year; a satellite extension shall submit the application and a detail plan as prescribed by the department not later than November 15 of the applicable fiscal year; and the department shall review the applications and plans and notify the satellite extensions of their status not later than December 1 of the applicable fiscal year. The allocations under this section are sufficient to fund the conversion of the satellite extensions to full centers and to fund them as full centers. In order to receive state funds under this section, a grant recipient shall provide at least a 10% local match from local public or private resources for the funds received under this section.~~

(10) As used in this section:

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

(b) "DED-OESE" means the DED office of elementary and secondary education.

Sec. 101. (1) To be eligible to receive state aid under this act, not later than the fifth Wednesday after the pupil membership count day and not later than the fifth Wednesday after the supplemental count day, each district superintendent through the secretary of the district's board shall file with the intermediate superintendent a certified and sworn copy of the number of pupils enrolled and in regular daily attendance in the district as of the pupil membership count day and as of the supplemental count day, as applicable, for the current school year. In addition, a district maintaining school during the entire year, as provided under section 1561 of the revised school code, MCL 380.1561, shall file with the intermediate superintendent a certified and sworn copy of the number of pupils enrolled and in regular daily attendance in the district for the current school year pursuant to rules promulgated by the superintendent. Not later than the seventh Wednesday after the pupil membership count day and not later than the seventh Wednesday after the supplemental count day, the intermediate district shall transmit to the ~~department center~~ the data filed by each of its constituent districts. If a district fails to file the sworn and certified copy with the intermediate superintendent in a timely manner, as required under this subsection, the intermediate district shall notify the department and state aid due to be distributed under this act shall be withheld from the defaulting district immediately, beginning with the next payment after the failure and continuing with each payment until the district complies with this subsection. If an intermediate district fails to transmit the data in its possession in a timely and accurate manner to the department, as required under this subsection, state aid due to be distributed under this act shall be withheld from the defaulting intermediate district immediately, beginning with the next payment after the failure and continuing with each payment until the intermediate district complies with this subsection. If a district or intermediate district does not comply with this subsection by the end of the fiscal year, the district or intermediate district forfeits the amount withheld. A person who willfully falsifies a figure or statement in the certified and sworn copy of enrollment shall be punished in the manner prescribed by section 161.

(2) To be eligible to receive state aid under this act, not later than the twenty-fourth Wednesday after the pupil membership count day and not later than the twenty-fourth Wednesday after the supplemental count day, an intermediate district shall submit to the ~~department center~~, in a form and manner prescribed by the ~~department center~~, the audited enrollment and attendance data for the pupils of its constituent districts and of the intermediate district. If an intermediate district fails to transmit the audited data as required under this subsection, state aid due to be distributed under this act shall be withheld from the defaulting intermediate district immediately, beginning with the next payment after the failure and continuing with each payment until the intermediate district complies with this subsection. If an intermediate district does not comply with this subsection by the end of the fiscal year, the intermediate district forfeits the amount withheld.

(3) Except as otherwise provided in this section, each district shall provide at least ~~180 days of pupil instruction and a number of 1,098~~ hours of pupil instruction. ~~at least equal to the required minimum number of hours of pupil instruction required for 2000-2001 under section 1284 of the revised school code, MCL 380.1284. Except as otherwise provided in this act, a district failing to hold 180 days of pupil instruction shall forfeit from its total state aid allocation for each day of failure an amount equal to 1/180 of its total state aid allocation.~~ Except as otherwise provided in this act, a district failing to comply with the required minimum hours of pupil instruction under this subsection shall forfeit from its total state aid allocation an amount determined by applying a ratio of the number of hours the district was in noncompliance in relation to the required minimum number of hours under this subsection. ~~A district failing to meet both the 180 days of pupil instruction requirement and the minimum number of hours of pupil instruction requirement under this subsection shall be penalized only the higher of the 2 amounts calculated under the forfeiture provisions of this subsection.~~ Not later than August 1, the board of each district shall certify to the department the number of days and hours of pupil instruction in the previous school year. If the district did not ~~hold at least 180 days and provide at least~~ the required minimum number of hours of pupil instruction under this subsection, the deduction of state aid shall

be made in the following fiscal year from the first payment of state school aid. A district is not subject to forfeiture of funds under this subsection for a fiscal year in which a forfeiture was already imposed under subsection ~~(7)~~ (6). ~~Days or hours~~ **Hours** lost because of strikes or teachers' conferences shall not be counted as days or hours of pupil instruction. A district not having at least 75% of the district's membership in attendance on any day of pupil instruction shall receive state aid in that proportion of 1/180 that the actual percent of attendance bears to the specified percentage. The superintendent shall promulgate rules for the implementation of this subsection.

(4) Except as otherwise provided in this subsection, the first ~~2 days~~ **30 hours** for which pupil instruction is not provided because of conditions not within the control of school authorities, such as severe storms, fires, epidemics, or health conditions as defined by the city, county, or state health authorities, shall be counted as ~~days~~ **hours** of pupil instruction. In addition, for ~~2001-2002~~ **2002-2003** only, the department shall count as days of pupil instruction not more than ~~4~~ **5** additional days, and shall count as hours of pupil instruction not more than ~~24~~ **30** hours, for which pupil instruction was not provided in a district ~~after May 27, 2002~~ **from April 3, 2003 to April 11, 2003** due to a ~~train derailment involving hazardous materials~~ **storm**. Subsequent such ~~days~~ **hours** shall not be counted as ~~days~~ **hours** of pupil instruction.

(5) A district shall not forfeit part of its state aid appropriation because it adopts or has in existence an alternative scheduling program for pupils in kindergarten if the program provides at least the number of hours required under subsection (3) for a full-time equated membership for a pupil in kindergarten as provided under section 6(4).

~~(6) Upon application by the district for a particular fiscal year, the superintendent may waive the minimum number of days of pupil instruction requirement of subsection (3) for a district if the district has adopted an experimental school year schedule in 1 or more buildings in the district if the experimental school year schedule provides the required minimum number of hours of pupil instruction under subsection (3) or more and is consistent with all state board policies on school improvement and restructuring. If a district applies for and receives a waiver under this subsection and complies with the terms of the waiver, for the fiscal year covered by the waiver the district is not subject to forfeiture under this section of part of its state aid allocation for the specific building or program covered by the waiver.~~

~~(6)~~ (7) Not later than April 15 of each fiscal year, the board of each district shall certify to the department the planned number of ~~days and~~ hours of pupil instruction in the district for the school year ending in the fiscal year. In addition to any other penalty or forfeiture under this section, if at any time the department determines that 1 or more of the following has occurred in a district, the district shall forfeit in the current fiscal year beginning in the next payment to be calculated by the department a proportion of the funds due to the district under this act that is equal to the proportion below ~~180 days and~~ the required minimum number of hours of pupil instruction under subsection (3), as specified in the following:

(a) The district fails to operate its schools for at least ~~180 days and~~ the required minimum number of hours of pupil instruction under subsection (3) in a school year, including ~~days and~~ **hours** counted under subsection (4).

(b) The board of the district takes formal action not to operate its schools for at least ~~180 days and~~ the required minimum number of hours of pupil instruction under subsection (3) in a school year, including ~~days and~~ **hours** counted under subsection (4).

~~(7)~~ (8) In providing the minimum number of hours of pupil instruction required under subsection (3), a district shall use the following guidelines, and a district shall maintain records to substantiate its compliance with the following guidelines:

(a) Except as otherwise provided in this subsection, a pupil must be scheduled for at least the required minimum number of hours of instruction, excluding study halls, or at least the sum of 90 hours plus the required minimum number of hours of instruction, including up to 2 study halls.

(b) The time a pupil is assigned to any tutorial activity in a block schedule may be considered instructional time, unless that time is determined in an audit to be a study hall period.

(c) A pupil in grades 9 to 12 for whom a reduced schedule is determined to be in the individual pupil's best educational interest must be scheduled for a number of hours equal to at least 80% of the required minimum number of hours of pupil instruction to be considered a full-time equivalent pupil.

(d) If a pupil in grades 9 to 12 who is enrolled in a cooperative education program or a special education pupil cannot receive the required minimum number of hours of pupil instruction solely because of travel time between instructional sites during the school day, that travel time, up to a maximum of 3 hours per school week, shall be considered to be pupil instruction time for the purpose of determining whether the pupil is receiving the required minimum number of hours of pupil instruction. However, if a district demonstrates to the satisfaction of the department that the travel time limitation under this subdivision would create undue costs or hardship to the district, the department may consider more travel time to be pupil instruction time for this purpose.

~~(8)~~ (9) The department shall apply the guidelines under subsection ~~(8)~~ (7) in calculating the full-time equivalency of pupils.

~~(9)~~ (10) Upon application by the district for a particular fiscal year, the superintendent may waive for a district the ~~180 days or~~ minimum number of hours of pupil instruction requirement of subsection (3) for a department-approved

alternative education program. If a district applies for and receives a waiver under this subsection and complies with the terms of the waiver, for the fiscal year covered by the waiver the district is not subject to forfeiture under this section for the specific program covered by the waiver.

~~(10) (11) Beginning in 2000-2001, a~~ A district may count up to 51 hours of professional development for teachers, **including the 5 hours of online professional development provided by the Michigan virtual university under section 98**, as hours of pupil instruction. A district that elects to use this exception shall notify the department of its election.

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

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

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

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

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

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

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

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

(6) The department of **treasury** shall ensure that the length of the assessments used for the purposes of this section and the combined total time necessary to administer all of the assessments are the shortest possible that will still maintain the degree of reliability and validity of the assessment results determined necessary by the department of **treasury**. The department of **treasury** shall ensure that the maximum total combined length of time that schools are

required to set aside for administration of all of the assessments used for the purposes of this section does not exceed 8 hours. However, this subsection does not limit the amount of time that individuals may have to complete the assessments.

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

(8) A district shall provide accommodations to a pupil with disabilities for the assessments required under this section, as provided under section 504 of title V of the rehabilitation act of 1973, Public Law 93-112, 29 U.S.C. 794; subtitle A of title II of the Americans with disabilities act of 1990, Public Law 101-336, 42 U.S.C. 12131 to 12134; and the implementing regulations for those statutes.

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

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

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

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

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

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

(15) If the Michigan assessment governing board is established by law, the Michigan assessment governing board shall administer this section and shall have all of the powers and duties as otherwise provided under this section for the department ~~or the superintendent~~ of **treasury**.

(16) As used in this section:

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

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

Sec. 105. (1) In order to avoid a penalty under this section, and in order to count a nonresident pupil residing within the same intermediate district in membership without the approval of the pupil's district of residence, a district shall comply with this section.

(2) Except as otherwise provided in this section, a district shall determine whether or not it will accept applications for enrollment by nonresident applicants residing within the same intermediate district for the next school year. If the district determines to accept applications for enrollment of a number of nonresidents, beyond those entitled to preference under this section, the district shall use the following procedures for accepting applications from and enrolling nonresidents:

(a) The district shall publish the grades, schools, and special programs, if any, for which enrollment may be available to, and for which applications will be accepted from, nonresident applicants residing within the same intermediate district.

(b) If the district has a limited number of positions available for nonresidents residing within the same intermediate district in a grade, school, or program, all of the following apply to accepting applications for and enrollment of nonresidents in that grade, school, or program:

(i) The district shall do all of the following not later than the second Friday in August:

(A) Provide notice to the general public that applications will be taken for a 15-day period from nonresidents residing within the same intermediate district for enrollment in that grade, school, or program. The notice shall identify the 15-day period and the place and manner for submitting applications.

(B) During the application period under sub-subparagraph (A), accept applications from nonresidents residing within the same intermediate district for enrollment in that grade, school, or program.

(C) Within 15 days after the end of the application period under sub-subparagraph (A), using the procedures and preferences required under this section, determine which nonresident applicants will be allowed to enroll in that grade, school, or program, using the random draw system required under subsection (13) as necessary, and notify the parent or legal guardian of each nonresident applicant of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment.

(ii) Beginning on the third Monday in August and not later than the end of the first week of school, if any positions become available in a grade, school, or program due to accepted applicants failing to enroll or to more positions being added, the district may enroll nonresident applicants from the waiting list maintained under subsection (13), offering enrollment in the order that applicants appear on the waiting list. If there are still positions available after enrolling all applicants from the waiting list who desire to enroll, the district may not fill those positions until the second semester enrollment under subsection (3), as provided under that subsection, or until the next school year.

(c) For a grade, school, or program that has an unlimited number of positions available for nonresidents residing within the same intermediate district, all of the following apply to enrollment of nonresidents in that grade, school, or program:

(i) The district may accept applications for enrollment in that grade, school, or program, and may enroll nonresidents residing within the same intermediate district in that grade, school, or program, until the end of the first week of school. The district shall provide notice to the general public of the place and manner for submitting applications and, if the district has a limited application period, the notice shall include the dates of the application period. The application period shall be at least a 15-day period.

(ii) Not later than the end of the first week of school, the district shall notify the parent or legal guardian of each nonresident applicant who is accepted for enrollment that the applicant has been accepted for enrollment in the grade, school, or program and of the date by which the applicant must enroll in the district and the procedures for enrollment.

(3) If a district determines during the first semester of a school year that it has positions available for enrollment of a number of nonresidents residing within the same intermediate district, beyond those entitled to preference under this section, for the second semester of the school year, the district may accept applications from and enroll nonresidents residing within the same intermediate district for the second semester using the following procedures:

(a) Not later than 2 weeks before the end of the first semester, the district shall publish the grades, schools, and special programs, if any, for which enrollment for the second semester may be available to, and for which applications will be accepted from, nonresident applicants residing within the same intermediate district.

(b) During the last 2 weeks of the first semester, the district shall accept applications from nonresidents residing within the same intermediate district for enrollment for the second semester in the available grades, schools, and programs.

(c) By the beginning of the second semester, using the procedures and preferences required under this section, the district shall determine which nonresident applicants will be allowed to enroll in the district for the second semester and notify the parent or legal guardian of each nonresident applicant residing within the same intermediate district of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment.

(4) If deadlines similar to those described in subsection (2) or (3) have been established in an intermediate district, and if those deadlines are not later than the deadlines under subsection (2) or (3), the districts within the intermediate district may use those deadlines.

(5) A district offering to enroll nonresident applicants residing within the same intermediate district may limit the number of nonresident pupils it accepts in a grade, school, or program, at its discretion, and may use that limit as the reason for refusal to enroll an applicant.

(6) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based on intellectual, academic, artistic, or other ability, talent, or accomplishment, or lack thereof, or based on a mental or physical disability, except that a district may refuse to admit a nonresident applicant if the applicant does not meet the same criteria, other than residence, that an applicant who is a resident of the district must meet to be accepted for enrollment in a grade or a specialized, magnet, or intra-district choice school or program to which the applicant applies.

(7) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based on age, except that a district may refuse to admit a nonresident applicant applying for a program that is not appropriate for the age of the applicant.

(8) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based upon religion, race, color, national origin, sex, height, weight, marital status, or athletic ability, or, generally, in violation of any state or federal law prohibiting discrimination.

(9) A district may refuse to enroll a nonresident applicant if the applicant is, or has been within the preceding 2 years, suspended from another school or if the applicant has ever been expelled from another school.

(10) A district shall continue to allow a pupil who was enrolled in and attended the district under this section in the school year or semester immediately preceding the school year or semester in question to enroll in the district until the pupil graduates from high school. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(11) A district shall give preference for enrollment under this section over all other nonresident applicants residing within the same intermediate district to other school-age children who reside in the same household as a pupil described in subsection (10).

(12) If a nonresident pupil was enrolled in and attending school in a district as a nonresident pupil in the 1995-96 school year and continues to be enrolled continuously each school year in that district, the district shall allow that nonresident pupil to continue to enroll in and attend school in the district until high school graduation, without requiring the nonresident pupil to apply for enrollment under this section. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(13) If the number of qualified nonresident applicants eligible for acceptance in a school, grade, or program does not exceed the positions available for nonresident pupils in the school, grade, or program, the school district shall accept for enrollment all of the qualified nonresident applicants eligible for acceptance. If the number of qualified nonresident applicants residing within the same intermediate district eligible for acceptance exceeds the positions available in a grade, school, or program in a district for nonresident pupils, the district shall use a random draw system, subject to the need to abide by state and federal antidiscrimination laws and court orders and subject to preferences allowed by this section. The district shall develop and maintain a waiting list based on the order in which nonresident applicants were drawn under this random draw system.

(14) If a district, or the nonresident applicant, requests the district in which a nonresident applicant resides to supply information needed by the district for evaluating the applicant's application for enrollment or for enrolling the applicant, the district of residence shall provide that information on a timely basis.

(15) If a district is subject to a court-ordered desegregation plan, and if the court issues an order prohibiting pupils residing in that district from enrolling in another district or prohibiting pupils residing in another district from enrolling in that district, this section is subject to the court order.

(16) This section does not require a district to provide transportation for a nonresident pupil enrolled in the district under this section or for a resident pupil enrolled in another district under this section. However, at the time a nonresident pupil enrolls in the district, a district shall provide to the pupil's parent or legal guardian information on available transportation to and from the school in which the pupil enrolls.

~~(17) If the total number of pupils enrolled and counted in membership in a district for 2001-2002 is less than 90% of the total number of pupils residing in the district who are enrolled and counted in membership in either that district or 1 or more other districts for 2001-2002, the total amount of money allocated to that district for 2001-2002 under sections 22a and 22b shall be adjusted so that the district receives a total allocation under those sections equal to the amount the district would receive under those sections if exactly 90% of the pupils residing in the district who are enrolled and counted in either that district or 1 or more other districts were enrolled and counted in membership in that district.~~

~~(18) Beginning in 2002-2003, if the total number of pupils enrolled and counted in membership in a district for a fiscal year is less than 90% of the sum of the total number of pupils residing in the district who are enrolled and counted in membership for the fiscal year in that district plus the total number of pupils residing in that district who are enrolled and counted in membership for the fiscal year in 1 or more other districts under this section or section 105e, the department shall calculate the total amount of money that would be allocated to that district for the fiscal year under sections 22a and 22b if exactly 90% of the sum of the total number of pupils residing in the district who are enrolled and counted in membership for the fiscal year in that district plus the total number of pupils residing in that district who are enrolled and counted in membership for the fiscal year in 1 or more other districts under this section or section 105e were enrolled and counted in membership in that district for the fiscal year. The department shall use this calculation to calculate a payment under subsection (19).~~

~~(19) Subject to subsection (20), beginning in 2002-2003, the department shall make a payment to a district described in subsection (18) in an amount equal to a percentage of the difference between the total amount of money the district~~

~~would receive under sections 22a and 22b for the particular fiscal year as otherwise calculated under this act and the amount calculated under subsection (18). This percentage is as follows:~~

~~(a) For 2002-2003, 75%.~~

~~(b) For 2003-2004, 50%.~~

~~(c) For 2004-2005, 25%.~~

~~(d) For 2005-2006 and succeeding fiscal years, 0%.~~

~~(20) A district is not eligible for a payment under subsection (19) if the district receives additional funding for the applicable fiscal year due to the membership calculation under section 6(4)(y).~~

~~(17) (21) A district may participate in a cooperative education program with 1 or more other districts or intermediate districts whether or not the district enrolls any nonresidents pursuant to this section.~~

~~(18) (22) A district that, pursuant to this section, enrolls a nonresident pupil who is eligible for special education programs and services according to statute or rule, or who is a child with disabilities, as defined under the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1400 to 1420, 1431 to 1461, and 1471 to 1487, shall be considered to be the resident district of the pupil for the purpose of providing the pupil with a free appropriate public education. Consistent with state and federal law, that district is responsible for developing and implementing an individualized education plan annually for a nonresident pupil described in this subsection.~~

~~(19) (23) If a district does not comply with this section, the district forfeits 5% of the total state school aid allocation to the district under this act.~~

~~(20) (24) Upon application by a district, the superintendent may grant a waiver for the district from a specific requirement under this section for not more than 1 year.~~

Sec. 107. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$75,000,000.00 for 2001-2002 and an amount not to exceed \$77,500,000.00 each fiscal year for 2002-2003 and \$20,000,000.00 for 2003-2004~~ for adult education programs authorized under this section.

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

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

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

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

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

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

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

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

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

(3) ~~The~~ **Except as otherwise provided in subsection (4), the** amount allocated under subsection (1) shall be distributed as follows:

(a) For districts and consortia that received payments for ~~1995-96 under former section 107f and that received payments for 1996-97 under subsection (4) of this section as in effect in 1996-97~~ **2001-2002 under this section**, the amount allocated to each for ~~2001-2002, for 2002-2003, and for 2003-2004~~ shall be ~~an amount each fiscal year equal to 36.76% based on the number of participants served by the district or consortium for 2003-2004, using the amount allocated per full-time equated participant under subsection (5), up to a maximum total allocation under this section in an amount equal to 26.67% of the amount the district or consortium received for 1995-96 under former section 107f~~ **2001-2002 under this section before any reallocations made for 2001-2002 under subsection (4).**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Ninety percent for enrollment of eligible participants.

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

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

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

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

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

(15) ~~The department shall work with the department of education to ensure that this section is administered in the same manner as in 1998-99.~~ A district or intermediate district receiving funds under this section may establish a sliding scale of tuition rates based upon a participant's family income. A district or intermediate district may charge a participant tuition to receive adult education services under this section from that sliding scale of tuition rates on a uniform basis. The amount of tuition charged per participant shall not exceed the actual operating cost per participant minus any funds received under this section per participant. A district or intermediate district may not charge a participant tuition under this section if the participant's income is at or below 200% of the federal poverty guidelines published by the United States department of health and human services.

(16) For a district that had a pupil accounting audit of its adult education and alternative education programs for the fiscal years 1999-2000, 2000-2001, and 2001-2002 and for which a deduction resulting from the audit pertaining to the 2001-2002 fiscal year was settled with the department by September 30, 2002, the audit shall be considered closed after September 30, 2003 and any remaining claim by this state resulting from the audit shall be considered satisfied and discharged.

Sec. 107a. (1) The family resource center curriculum blue ribbon study committee is established to explore and make recommendations on implementing a new integrated system of delivering adult education and related family services beginning with the 2004-2005 school year, including, but not limited to:

(a) Educational services, including, but not limited to, high school completion programs, adult basic education, general education development (G.E.D.) test preparation, English as a second language programs, and early childhood education.

(b) Family services, including, but not limited to, even start programs, 21st century learning center grants, before- and after-school child care programs, parenting classes, and referrals for family and child services.

(c) Employment and training services, including, but not limited to, career preparation programs and work readiness classes.

(2) The family resource center curriculum blue ribbon study committee shall consist of the following:

(a) Two members of the senate, 1 appointed by the senate majority leader and 1 appointed by the senate minority leader.

(b) Two members of the house of representatives, 1 appointed by the speaker of the house of representatives and 1 appointed by the minority leader of the house of representatives.

(c) A representative of the Michigan association of community and adult education.

(d) A representative of the Michigan works! association.

(e) Three local adult education program directors, appointed jointly by the legislative members appointed under subdivisions (a) and (b).

(f) Three local Michigan works program directors, appointed jointly by the legislative members appointed under subdivisions (a) and (b).

(g) The state director of adult education.

(3) The timetable for the work of the family resource center curriculum blue ribbon study committee is as follows:

(a) Not later than September 1, 2003, report on its progress to the senate and house appropriations subcommittees responsible for this act.

(b) Not later than November 1, 2003, make final recommendations to the senate and house appropriations subcommittees responsible for this act.

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

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

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

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

(3) From the allocation under subsection (1), an amount not to exceed ~~\$19,800,000.00 is allocated for 2001-2002 and an amount not to exceed \$19,800,000.00 is allocated each fiscal year for 2002-2003 and~~ **\$980,000.00 is allocated** for 2003-2004 to local workforce development boards for the purpose of providing regional adult learning programs. An application for a grant under this subsection shall be in the form and manner prescribed by the department of career development. Subject to subsections (4), (5), and (6), the amount allocated to each local workforce development board shall be as provided in this subsection, except that an eligible local workforce development board shall not receive an initial allocation under this section that is less than \$70,000.00. The maximum amount of a grant awarded to an eligible local workforce development board shall be the sum of the following components:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(8) Local workforce development boards shall award competitive grants to eligible adult learning providers for the purpose of providing adult learning programs in the local workforce development board region. Applications shall be in a form and manner prescribed by the department of career development. In awarding grants, local workforce development boards shall consider all of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Fifty percent of the contract amount shall be allocated to eligible adult learning providers based upon enrollment of participants in adult learning programs. "Enrollment" means a participant enrolled in the program who received a preenrollment assessment using assessment tools approved by the department of career development and for whom an individual adult learner plan has been developed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(16) Of the amount allocated in subsection (1), up to ~~\$200,000.00~~ **\$20,000.00** is allocated to the department of career development for the development and administration of a standardized data collection system. Local workforce development boards and adult learning providers receiving funding under this section shall use the standardized data collection system for enrolling participants in adult learning programs, tracking participant progress, reporting participant outcomes, and reporting other performance measures.

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

(18) As used in this section:

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

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

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

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

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

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

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

Sec. 147. (1) ~~The allocations for 2001-2002, for 2002-2003, and allocation~~ for 2003-2004 for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. The annual level percentage of payroll contribution rate is estimated at ~~12.17% for the 2001-2002 state fiscal year and at 12.99% for the 2002-2003 state fiscal year~~ **14.37% for the 2003-2004 state fiscal year. However, if all eligible districts participating in the school bond loan authority assist the state treasurer in the refinancing of school bond loan authority debt, the annual level percentage of payroll contribution rate for all districts is estimated to be 12.99% for the 2003-2004 fiscal year. If an eligible district does not assist in the refinancing, that district's payroll contribution rate is estimated to be 14.37% for the 2003-2004 fiscal year.** The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This contribution rate reflects an amortization period of ~~35 years for 2001-2002, 34 years for 2002-2003, and~~ 33 years for 2003-2004. The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

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

Sec. 166a. (1) In order to avoid forfeiture of state aid under subsection (2), the board of a district or intermediate district providing reproductive health or other sex education instruction under section 1169, 1506, or 1507 of the revised school code, ~~being sections 380.1169, 380.1506, and 380.1507 of the Michigan Compiled Laws~~ **MCL 380.1169, 380.1506, and 380.1507, or under any other provision of law**, shall ensure that **all of the following are met:**

(a) **That** the district or intermediate district does not provide any of ~~that~~ the instruction to a pupil who is less than 18 years of age unless the district or intermediate district notifies the pupil's parent or legal guardian in advance of the instruction and the content of the instruction, gives the pupil's parent or legal guardian a prior opportunity to review the materials to be used in the instruction, allows the pupil's parent or legal guardian to observe the instruction, and notifies the pupil's parent or legal guardian in advance of his or her rights to observe the instruction and to have the pupil excused from the instruction. ~~Upon~~

(b) **That, upon** the written request of a pupil's parent or legal guardian or of a pupil if the pupil is at least age 18, the pupil shall be excused, without penalty or loss of academic credit, from attending class sessions in which the instruction is provided.

(c) **That the sex education instruction includes information clearly informing pupils that having sex or sexual contact with an individual under the age of 16 is a crime punishable by imprisonment, and that 1 of the other results of being convicted of this crime is to be listed on the sex offender registry on the internet for at least 25 years.**

(2) A district or intermediate district that does not comply with this section shall forfeit 5% of its total state school aid allocation under this act.

Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2002 PA 521, 2002 PA 191, 2001 PA 121, and 2000 PA 297 from state sources for fiscal year 2002-2003 is estimated at \$11,462,251,900.00 and state appropriations to be paid to local units of government for fiscal year 2002-2003 are estimated at \$11,408,849,600.00; and total state spending in this amendatory act and in 2002 PA 521 from state sources for fiscal year 2003-2004 is estimated at \$11,269,920,500.00 and state appropriations to be paid to local units of government for fiscal year 2003-2004 are estimated at \$11,234,802,800.00.

Enacting section 2. Sections 8, 8c, 18d, 32a, 32i, 55, 67, 94, 96, 99a, 121a, and 158 of the state school aid act of 1979, 1979 PA 94, MCL 388.1608, 388.1608c, 388.1618d, 388.1632a, 388.1632i, 388.1655, 388.1667, 388.1694, 388.1696, 388.1699a, 388.1721a, and 388.1758, are repealed effective October 1, 2003.

Enacting section 3. (1) Except as otherwise specified in subsection (2), this amendatory act takes effect October 1, 2003.

(2) Sections 11, 11g, 20, 24, 26a, and 31d of 1979 PA 94, as amended by this amendatory act, and sections 20k, 31e, 98b, and 107a of 1979 PA 94, as added by this amendatory act, take effect upon enactment of this amendatory act.

Second: That the House and Senate agree to the title of the bill to read as follows:

A bill to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to prescribe penalties; and to repeal acts and parts of acts," by amending sections 3, 6, 8b, 11, 11f, 11g, 11j, 18, 19, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 38, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94a, 98, 99, 101, 104a, 105, 107, 108, 147, and 166a (MCL 388.1603, 388.1606, 388.1608b, 388.1611, 388.1611f, 388.1611g,

388.1611j, 388.1618, 388.1619, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1638, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1668, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1701, 388.1704a, 388.1705, 388.1707, 388.1708, 388.1747, and 388.1766a), section 3 as amended by 2000 PA 297, sections 6, 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94a, 98, 99, 104a, 107, 108, and 147 as amended by 2002 PA 521, sections 8b and 11j as added and sections 19, 38, and 105 as amended by 2002 PA 191, section 18 as amended by 1999 PA 119, section 101 as amended by 2002 PA 476, and section 166a as amended by 1996 PA 300, and by adding sections 11a, 11b, 11c, 20k, 22d, 22e, 31e, 32j, 41a, 55a, 98b, and 107a; and to repeal acts and parts of acts.

John Moolenaar
Judy Emmons
Gretchen Whitmer
Conferees for the House

Ron Jelinek
Alan L. Cropsey
Michael Switalski
Conferees for the Senate

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 472

Yeas—83

Accavitti	Gaffney	Middaugh	Shaffer
Acciavatti	Garfield	Milosch	Sheen
Adamini	Gillard	Moolenaar	Sheltrown
Amos	Hager	Mortimer	Shulman
Anderson	Hoogendyk	Murphy	Spade
Bieda	Hopgood	Newell	Stahl
Bisbee	Howell	Nitz	Stakoe
Brandenburg	Huizenga	Nofs	Steil
Brown	Hummel	Paletko	Stewart
Byrum	Hune	Palmer	Taub
Casperson	Jamnack	Palsrok	Vagnozzi
Caswell	Johnson, Rick	Pappageorge	Van Regenmorter
Caul	Julian	Pastor	Voorhees
Condino	Koetje	Phillips	Ward
Dennis	Kolb	Plakas	Wenke
DeRoche	Kooiman	Pumford	Williams
DeRossett	LaJoy	Richardville	Wojno
Ehardt	LaSata	Rivet	Woodward
Elkins	Law	Robertson	Woronchak
Emmons	Lipsey	Sak	Zelenko
Farhat	Meyer	Shackleton	

Nays—24

Bradstreet	Gielegem	McConico	Smith
Cheeks	Gleason	Meisner	Stallworth
Clack	Hardman	Minore	Tabor

Daniels	Hood	O'Neil	Tobocman
Drolet	Hunter	Reeves	Walker
Farrah	Johnson, Ruth	Rocca	Waters

In The Chair: Julian

Rep. Meisner, having reserved the right to explain his nay vote, made the following statement:

“Mr. Speaker and members of the House:

It is with great pain that I vote against HB 4401, the conference report on the K-12 budget for the next fiscal year. The reason I can not support this bill, despite its many benefits - and there are many - is because it represents the abandonment of our adult and community educational system and poor public policy. We need to face the fact that not everyone follows the traditional path. Some are deterred from that path by their own actions and some by the actions of others. Adult education is a cost-effective way to help these people get back on track. The alternative, an alternative which the Legislature today seems to favor, is to spend this money and much more on dealing with these people when they can't get a job. When they turn to a life of crime and now we're spending ten times more than we could have on incarceration.”

Rep. Farrah, having reserved the right to explain her nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted no on House Bill 4401 CR-1 because of the tremendous cut to the Adult Education Program. I realize that we must make tough decisions to make it through this fiscal crisis; however, adult education is more than an education program. It is a prevention program. If we do not help these individuals who wish to help themselves become contributing members of society, then we will end up paying for them in the future in corrections costs. Adult Education is cut from \$77.5 million to \$20 million in this conference report. Because of the devastating effect of this cut, I voted no on House Bill 4401 CR-1.”

Rep. Tobocman, having reserved the right to explain his nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted no on House Bill 4401 CR-1 because of the tremendous cut to the Adult Education Program. I realize that we must make tough decisions to make it through this fiscal crisis; however, adult education is more than an education program. It is a prevention program. If we do not help these individuals who wish to help themselves become contributing members of society, then we will end up paying for them in the future in corrections costs. Adult Education is cut from \$77.5 million to \$20 million in this conference report. Because of the devastating effect of this cut, I voted no on House Bill 4401 CR-1. In addition, the bill fails to live up to the commitment made to the Detroit Public Schools at the time that the elected School Board was removed and a Reform Board was put into place. This bill will deprive Detroit Public School children from funds that have been committed to their education.”

Messages from the Senate

The House returned to the consideration of

House Bill No. 4748, entitled

A bill to amend 1961 PA 236, entitled “An act to revise and consolidate the statutes relating to the organization and jurisdiction of the courts of this state; the powers and duties of such courts, and of the judges and other officers thereof; the forms and attributes of civil claims and actions; the time within which civil actions and proceedings may be brought in said courts; pleading, evidence, practice and procedure in civil and criminal actions and proceedings in said courts; to provide remedies and penalties for the violation of certain provisions of this act; to repeal all acts and parts of acts inconsistent with or contravening any of the provisions of this act; and to repeal acts and parts of acts,” by amending sections 321, 880, 880a, 880b, 1027, 2529, 2538, 5756, 8371, and 8420 (MCL 600.321, 600.880, 600.880a, 600.880b, 600.1027, 600.2529, 600.2538, 600.5756, 600.8371, and 600.8420), section 321 as amended by 1997 PA 182, sections 880 and 880b as amended by 2000 PA 56, section 880a as added and sections 5756 and 8420 as amended by 1993 PA 189, section 1027 as added by 1996 PA 388, sections 2529 and 8371 as amended by 2002 PA 605, and section 2538

as amended by 1999 PA 151, and by adding sections 171 and 244.

(The bill was considered earlier today, see today's Journal p. 1310.)

The question being on concurring in the substitute (S-4) made to the bill by the Senate,

Reps. Howell and Lipsey moved to amend the Senate substitute (S-4) as follows:

1. Amend page 13, line 26, by striking out all of subsection (3) and inserting:

“(3) An attorney general’s operations fund is created within the state treasury. The state treasurer may receive money or other assets from any source for deposit into the fund. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments. Money in the fund at the close of the fiscal year shall remain in the fund and shall not lapse to the general fund. The department of attorney general shall expend money from the fund, upon appropriation, for operational purposes.”.

The motion prevailed and the amendment was adopted, a majority of the members serving voting therefor.

Reps. Howell and Lipsey moved to amend the Senate substitute (S-4) as follows:

1. Amend page 12, line 26, after “reimbursable” by striking out the comma and **“except as directed in subsection (3),”**.

The motion prevailed and the amendment was adopted, a majority of the members serving voting therefor.

The question being on concurring in the substitute (S-4) made to the bill by the Senate,

The substitute (S-4), as amended, was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 473

Yeas—69

Accavitti	Jamnack	O’Neil	Stakoe
Anderson	Johnson, Rick	Palsrok	Stallworth
Brown	Koetje	Pappageorge	Steil
Byrum	Kolb	Phillips	Stewart
Casperson	Kooiman	Plakas	Tabor
Caswell	LaJoy	Pumford	Taub
Caul	LaSata	Reeves	Tobocman
Cheeks	Lipsey	Rivet	Van Regenmorter
Dennis	Meisner	Rocca	Walker
Emmons	Meyer	Sak	Ward
Farhat	Minore	Shackleton	Waters
Farrah	Moolenaar	Shaffer	Wenke
Gaffney	Mortimer	Sheen	Whitmer
Gielegthem	Murphy	Sheltrown	Williams
Hager	Newell	Shulman	Woodward
Hood	Nitz	Smith	Woronchak
Howell	Nofs	Stahl	Zelenko
Hunter			

Nays—38

Acciavatti	DeRoche	Hopgood	Paletko
Adamini	DeRossett	Huizenga	Palmer
Amos	Drolet	Hummel	Pastor
Bieda	Ehardt	Hune	Richardville
Bisbee	Elkins	Johnson, Ruth	Robertson
Bradstreet	Garfield	Julian	Spade
Brandenburg	Gillard	Law	Vagnozzi
Clack	Gleason	Middaugh	Voorhees
Condino	Hardman	Milosch	Wojno
Daniels	Hoogendyk		

In The Chair: Julian

Rep. Bieda, having reserved the right to explain his nay vote, made the following statement:

“Mr. Speaker and members of the House:

Where there is much to recommend in this bill, and I commend the sponsor for the excellent work, I voted against this bill because of a strong concern that the higher filing fees will severely compromise the ability of individuals to seek judicial relief. While I also support any legitimate effort to improve child support collection, I question the wisdom of having people who are playing by the rules have to foot the bill so that the Attorney General can try to collect money from people who are not. For both of these reasons, I voted against this bill.”

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Richardville moved that Rule 45 be suspended.

The motion prevailed, 3/5 of the members present voting therefor.

Rep. Richardville moved that the Committee on Appropriations be discharged from further consideration of **Senate Bill No. 540**.

The motion prevailed, a majority of the members serving voting therefor.

The bill was placed on the order of Second Reading of Bills and laid over one day.

Rep. Gielegem moved that Rep. Jamnick be excused temporarily from today’s session.

The motion prevailed.

Messages from the Senate

House Bill No. 4627, entitled

A bill to amend 1952 PA 214, entitled “An act authorizing the Mackinac bridge authority to acquire a bridge connecting the upper and lower peninsulas of Michigan, including causeways, tunnels, roads and all useful related equipment and facilities, including park, parking, recreation, lighting and terminal facilities; extending the corporate existence of the authority; authorizing such authority to enjoy and carry out all powers incident to its corporate objects; authorizing the appropriation and use of state funds for the preliminary purposes of the authority; providing for the payment of the cost of such bridge and in that connection authorizing the authority to issue revenue bonds payable solely from the revenues of the bridge; granting the right of condemnation to the authority; granting the use of state land and property to the authority; making provisions for the payment and security of such bonds and granting certain rights and remedies to the holders thereof; authorizing banks and trust companies to perform certain acts in connection therewith; authorizing the imposition of tolls and charges; authorizing the authority to secure the consent of the United States government to the construction of the bridge and to secure approval of plans, specifications and location of same; authorizing employment of engineers irrespective of whether such engineers have been previously employed to make preliminary inspections or reports with respect to the bridge; authorizing the state highway department to operate and maintain such bridge or to contribute thereto and enter into leases and agreements in connection therewith; exempting such bonds and the property of the authority from taxation; prohibiting competing traffic facilities; authorizing the operation of ferries by the authority; providing for the construction and use of certain buildings; and making an appropriation,” by amending section 7 (MCL 254.317).

The Senate has amended the bill as follows:

1. Amend page 5, line 16, after “**to**” by inserting “**subsection (2) and**”.

The Senate has passed the bill as amended and ordered that it be given immediate effect.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

Rep. Richardville moved that Rule 45 be suspended.

The motion prevailed, 3/5 of the members present voting therefor.

The question being on concurring in the amendment made to the bill by the Senate,

The amendment was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 474**Yeas—63**

Acciavatti	Farrah	Meyer	Sak
Adamini	Gaffney	Moolenaar	Shackleton
Amos	Garfield	Mortimer	Sheen
Bisbee	Hoogendyk	Newell	Stahl
Bradstreet	Howell	Nitz	Stakoe
Brandenburg	Huizenga	Nofs	Steil
Brown	Hummel	O'Neil	Stewart
Casperson	Hune	Palmer	Tabor
Caswell	Hunter	Palsrok	Taub
Caul	Johnson, Rick	Pappageorge	Van Regenmorter
DeRoche	Johnson, Ruth	Pastor	Voorhees
DeRossett	Julian	Plakas	Walker
Drolet	Koetje	Richardville	Ward
Ehardt	Kooiman	Rivet	Wenke
Emmons	LaJoy	Robertson	Woronchak
Farhat	LaSata	Rocca	

Nays—44

Accavitti	Gillard	Middaugh	Smith
Anderson	Gleason	Milosch	Spade
Bieda	Hager	Minore	Stallworth
Byrum	Hardman	Murphy	Tobocman
Cheeks	Hood	Paletko	Vagnozzi
Clack	Hopgood	Phillips	Waters
Condino	Kolb	Pumford	Whitmer
Daniels	Law	Reeves	Williams
Dennis	Lipsey	Shaffer	Wojno
Elkins	McConico	Sheltrown	Woodward
Gielegem	Meisner	Shulman	Zelenko

In The Chair: Julian

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

Rep. Gleason, having reserved the right to explain his nay vote, made the following statement:

“Mr. Speaker and members of the House:

Due to the extreme budget shortfall, I feel this is a worthy revenue source for the state. It has been reduced by only a fraction annually and does not put undo financial stress on the bridge authority.”

Third Reading of Bills

The House returned to the consideration of

Senate Bill No. 466, entitled

A bill to amend 2000 PA 403, entitled “Motor fuel tax act,” by amending section 163 (MCL 207.1163).

(The bill was considered earlier today, see today’s Journal p. 1360.)

The question being on the passage of the bill,

The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 475**Yeas—65**

Acciavatti	Garfield	Middaugh	Shackleton
Adamini	Hager	Milosch	Shaffer
Amos	Hoogendyk	Moolenaar	Sheen
Bisbee	Howell	Mortimer	Shulman
Bradstreet	Huizenga	Newell	Stahl
Brandenburg	Hummel	Nitz	Stakoe
Brown	Hune	Nofs	Steil
Casperson	Hunter	Palmer	Stewart
Caswell	Johnson, Rick	Palsrok	Tabor
Caul	Johnson, Ruth	Pappageorge	Taub
DeRoche	Julian	Pastor	Van Regenmorter
DeRossett	Koetje	Pumford	Voorhees
Drolet	Kooiman	Richardville	Walker
Ehardt	LaJoy	Rivet	Ward
Emmons	LaSata	Robertson	Wenke
Farhat	Meyer	Rocca	Woronchak
Gaffney			

Nays—42

Accavitti	Gielegem	Minore	Spade
Anderson	Gillard	Murphy	Stallworth
Bieda	Gleason	O'Neil	Tobocman
Byrum	Hardman	Paletko	Vagnozzi
Cheeks	Hood	Phillips	Waters
Clack	Hopgood	Plakas	Whitmer
Condino	Kolb	Reeves	Williams
Daniels	Law	Sak	Wojno
Dennis	Lipsey	Sheltrown	Woodward
Elkins	McConico	Smith	Zelenko
Farrah	Meisner		

In The Chair: Julian

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to prescribe a tax on the sale and use of certain types of fuel in motor vehicles on the public roads or highways of this state and on certain other types of gas; to prescribe the manner and the time of collection and payment of this tax and the duties of officials and others pertaining to the payment and collection of this tax; to provide for the licensing of persons involved in the sale, use, or transportation of motor fuel and the collection and payment of the tax imposed by this act; to prescribe fees; to prescribe certain other powers and duties of certain state agencies and other persons; to provide for exemptions and refunds and for the disposition of the proceeds of this tax; to provide for appropriations from the proceeds of this tax; to prescribe remedies and penalties for the violation of this act; and to repeal acts and parts of acts,”

The House agreed to the full title.

Rep. Richardville moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

Senate Bill No. 554, entitled

A bill to amend 1949 PA 300, entitled “Michigan vehicle code,” by amending sections 217a, 217d, 307, 312e, 312h, 320e, 801, 801d, 802, 803b, 803m, 804, 806, 807, 810, 811, 811c, 811h, and 812 (MCL 257.217a, 257.217d, 257.307, 257.312e, 257.312h, 257.320e, 257.801, 257.801d, 257.802, 257.803b, 257.803m, 257.804, 257.806, 257.807, 257.810, 257.811, 257.811c, 257.811h, and 257.812), section 217a as amended by 1988 PA 419, section 217d as amended by 2000 PA 78, section 307 as amended by 2002 PA 534, section 312e as amended by 2002 PA 652, section 312h

as amended by 1989 PA 299, section 320e as amended by 1998 PA 346, section 801 as amended by 2002 PA 417, section 801d as amended by 1984 PA 123, section 802 as amended by 1998 PA 396, section 803b as amended by 1996 PA 142, section 803m as amended and section 811c as added by 1994 PA 332, section 804 as amended and section 811h as added by 2000 PA 77, section 806 as amended by 2002 PA 497, section 807 as amended by 1998 PA 384, section 810 as amended by 1987 PA 238, section 811 as amended by 2000 PA 456, and section 812 as amended by 1989 PA 280, and by adding sections 803r and 810b; and to repeal acts and parts of acts.

(The bill was read a third time, amendments seconded and bill postponed temporarily on July 15, see House Journal No. 61, p. 1287.)

The question being on the adoption of the amendments offered previously by Rep. Caul,
Rep. Caul withdrew the amendments.

Rep. Caul moved to amend the bill as follows:

1. Amend page 72, following line 15, by inserting:

“(4) Beginning October 1, 2004, of the funds deposited to the fund as described in subsection (2), \$1,800,000.00 shall annually be transferred to the trooper recruit school fund created under section 819b.”.

2. Amend page 72, line 16, by striking out **“(4) The”** and inserting:

“(5) Except as otherwise provided in subsection (4), the”.

3. Amend page 72, following line 21, by inserting:

“Sec. 819b. (1) The trooper recruit school fund is created within the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the fund. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments.

(3) Money in an amount of not more than \$5,000,000.00 in the fund at the close of the fiscal year shall remain in the fund and shall not lapse to the general fund. Any amount greater than \$5,000,000.00 at the close of the fiscal year shall be credited to the traffic law enforcement and safety fund created under section 819a.

(4) The department of state police shall expend money from the fund, upon appropriation, only for 1 or more of the following purposes:

(a) Conduct a trooper recruit school to recruit and train new troopers.

(b) Conduct retraining schools for new troopers during the trooper probationary period.”.

The motion was seconded.

The question being on the adoption of the amendments offered by Rep. Caul,

Rep. Caul demanded the yeas and nays.

The demand was supported.

The question being on the adoption of the amendments offered by Rep. Caul,

The amendments were not adopted, a majority of the members serving not voting therefor, by yeas and nays, as follows:

Roll Call No. 476

Yeas—53

Acciavatti	Garfield	Mortimer	Sheen
Adamini	Gielegem	Newell	Spade
Amos	Howell	Nitz	Stahl
Bisbee	Hune	Nofs	Stakoe
Brandenburg	Johnson, Ruth	Paletko	Steil
Brown	Julian	Palsrok	Stewart
Casperson	Koetje	Pappageorge	Taub
Caswell	Kooiman	Pastor	Van Regenmorter
Caul	LaJoy	Plakas	Walker
Drolet	LaSata	Pumford	Whitmer
Emmons	Meyer	Robertson	Williams
Farhat	Middaugh	Rocca	Wojno
Farrah	Milosch	Shaffer	Woronchak
Gaffney			

Nays—24

Anderson	Hardman	Meisner	Shulman
Cheeks	Hopgood	Murphy	Stallworth

Condino	Johnson, Rick	O'Neil	Vagnozzi
Daniels	Kolb	Phillips	Ward
DeRoche	Law	Sak	Wenke
Hager	Lipsey	Sheltrown	Zelenko

In The Chair: Julian

Rep. Caul moved to reconsider the vote by which the House did not adopt the amendments.

The question being on the motion made by Rep. Caul,

Rep. Caul demanded the yeas and nays.

The demand was supported.

The question being on the motion made by Rep. Caul,

The motion prevailed, a majority of the members present voting therefor, by yeas and nays, as follows:

Roll Call No. 477

Yeas—67

Acciavatti	Farhat	Meyer	Shaffer
Adamini	Gaffney	Middaugh	Sheen
Amos	Garfield	Milosch	Shulman
Bieda	Gillard	Moolenaar	Stahl
Bisbee	Hager	Mortimer	Stakoe
Bradstreet	Hoogendyk	Newell	Steil
Brandenburg	Howell	Nitz	Stewart
Brown	Huizenga	Nofs	Tabor
Casperson	Hummel	Palmer	Taub
Caswell	Hune	Palsrok	Van Regenmorter
Caul	Johnson, Rick	Pappageorge	Voorhees
DeRoche	Johnson, Ruth	Pastor	Walker
DeRossett	Julian	Pumford	Ward
Drolet	Koetje	Richardville	Wenke
Ehardt	Kooiman	Robertson	Woodward
Elkins	LaJoy	Rocca	Woronchak
Emmons	LaSata	Shackleton	

Nays—39

Accavitti	Hardman	Minore	Smith
Anderson	Hood	Murphy	Spade
Byrum	Hopgood	O'Neil	Stallworth
Cheeks	Hunter	Paletko	Tobocman
Clack	Jamnick	Phillips	Vagnozzi
Condino	Kolb	Plakas	Waters
Daniels	Law	Reeves	Williams
Farrah	Lipsey	Rivet	Wojno
Gielegem	McConico	Sak	Zelenko
Gleason	Meisner	Sheltrown	

In The Chair: Julian

Rep. DeRoche moved that Rep. Huizenga be excused temporarily from today's session.
The motion prevailed.

The question being on the adoption of the amendments previously offered by Rep. Caul,
Rep. Caul demanded the yeas and nays.

The demand was supported.

The question being on the adoption of the amendments previously offered by Rep. Caul,

The amendments were adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 478**Yeas—94**

Accavitti	Garfield	Minore	Sheen
Acciavatti	Gielegem	Moolenaar	Smith
Adamini	Gillard	Mortimer	Spade
Amos	Gleason	Murphy	Stahl
Anderson	Hardman	Newell	Stakoe
Bieda	Hood	Nitz	Stallworth
Bisbee	Hoogendyk	Nofs	Steil
Bradstreet	Hopgood	O'Neil	Stewart
Brandenburg	Howell	Paletko	Taub
Brown	Hummel	Palmer	Tobocman
Byrum	Hune	Palsrok	Vagnozzi
Casperson	Hunter	Pappageorge	Van Regenmorter
Caswell	Johnson, Ruth	Pastor	Voorhees
Caul	Julian	Phillips	Walker
Clack	Koetje	Plakas	Ward
Condino	Kooiman	Pumford	Waters
Daniels	LaJoy	Richardville	Wenke
Dennis	LaSata	Rivet	Whitmer
Ehardt	Law	Robertson	Williams
Elkins	McConico	Rocca	Wojno
Emmons	Meisner	Sak	Woodward
Farhat	Meyer	Shackleton	Woronchak
Farrah	Middaugh	Shaffer	Zelenko
Gaffney	Milosch		

Nays—8

DeRoche	Hager	Johnson, Rick	Shulman
Drolet	Jamnick	Sheltrown	Tabor

In The Chair: Julian

Rep. Richardville moved that consideration of the bill be postponed temporarily.
The motion prevailed.

Second Reading of Bills**Senate Bill No. 399, entitled**

A bill to amend 1933 PA 167, entitled "General sales tax act," by amending section 25 (MCL 205.75), as amended by 1993 PA 325.

Was read a second time, and the question being on the adoption of the proposed substitute (H-1) previously recommended by the Committee on Appropriations,

The substitute (H-1) was adopted, a majority of the members serving voting therefor.

Reps. Kooiman and Brown moved to amend the bill as follows:

1. Amend page 2, line 18, after “2003” by inserting “**and for the fiscal year ending September 30, 2006 and each fiscal year ending after September 30, 2006**”.

2. Amend page 2, line 23, after “2004” by striking out the balance of the line through “2004” on line 24 and inserting “**and the fiscal year ending September 30, 2005**”.

The motion prevailed and the amendments were adopted, a majority of the members serving voting therefor.

Rep. Richardville moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville moved that the bill be placed on its immediate passage.

The motion prevailed, a majority of the members serving voting therefor.

Rep. Tabor moved that Rep. Taub be excused temporarily from today’s session.

The motion prevailed.

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 399, entitled

A bill to amend 1933 PA 167, entitled “General sales tax act,” by amending section 25 (MCL 205.75), as amended by 1993 PA 325.

Was read a third time and passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 479

Yeas—105

Accavitti	Gaffney	Meisner	Shackleton
Acciavatti	Garfield	Meyer	Shaffer
Adamini	Gielegem	Middaugh	Sheen
Amos	Gillard	Milosch	Sheltrown
Anderson	Gleason	Minore	Shulman
Bieda	Hager	Moolenaar	Smith
Bisbee	Hood	Mortimer	Spade
Bradstreet	Hoogendyk	Murphy	Stahl
Brandenburg	Hopgood	Newell	Stakoe
Brown	Howell	Nitz	Stallworth
Byrum	Huizenga	Nofs	Steil
Casperson	Hummel	O’Neil	Stewart
Caswell	Hune	Paletko	Tabor
Caul	Hunter	Palmer	Tobocman
Cheeks	Jamnick	Palsrok	Vagnozzi
Clack	Johnson, Rick	Pappageorge	Van Regenmorter
Condino	Johnson, Ruth	Pastor	Voorhees
Daniels	Julian	Phillips	Ward
Dennis	Koetje	Plakas	Waters
DeRoche	Kolb	Pumford	Wenke
DeRossett	Kooiman	Reeves	Whitmer
Drolet	LaJoy	Richardville	Williams
Ehardt	LaSata	Rivet	Wojno
Elkins	Law	Robertson	Woodward
Emmons	Lipsey	Rocca	Woronchak
Farhat	McConico	Sak	Zelenko
Farrah			

Nays—2

Hardman

Walker

In The Chair: Julian

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to provide for the raising of additional public revenue by prescribing certain specific taxes, fees, and charges to be paid to the state for the privilege of engaging in certain business activities; to provide, incident to the enforcement thereof, for the issuance of licenses to engage in such occupations; to provide for the ascertainment, assessment and collection thereof; to appropriate the proceeds thereof; and to prescribe penalties for violations of the provisions of this act,”

The House agreed to the full title.

Rep. Richardville moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

By unanimous consent the House returned to the order of

Messages from the Senate**Senate Bill No. 537, entitled**

A bill to amend 1994 PA 451, entitled “An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, and assessments; to provide certain appropriations; to prescribe penalties and provide remedies; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts,” by amending section 74117 (MCL 324.74117), as added by 1995 PA 58; and to repeal acts and parts of acts.

(The bill was received from the Senate on July 15, with an amendment to the House amendment and immediate effect given by the Senate, consideration of which, under the rules, was postponed until today, see House Journal No. 61, p. 1267.)

The question being on concurring in the amendment to the House amendment made to the bill by the Senate,

Rep. Middaugh moved to amend the Senate amendment as follows:

1. Amend the Senate amendment after “**for a fee of**” by striking out “**\$10.00**” and inserting “**\$6.00**”.

The motion prevailed and the amendment was adopted, a majority of the members serving voting therefor.

The question being on concurring in the amendment to the House amendment made to the bill by the Senate,

The Senate amendment, as amended, was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 480**Yeas—57**

Accavitti	Hager	Middaugh	Rivet
Anderson	Howell	Minore	Sheltrown
Bisbee	Huizenga	Moolenaar	Shulman
Brown	Hunter	Murphy	Stakoe
Byrum	Jamnick	Nitz	Stallworth
Caswell	Johnson, Rick	O’Neil	Steil
Cheeks	Julian	Palmer	Tobocman
Clack	Koetje	Pappageorge	Walker
Dennis	Kolb	Pastor	Ward
DeRoche	Kooiman	Phillips	Waters
DeRossett	Lipsey	Plakas	Wenke
Emmons	McConico	Pumford	Whitmer

Farrah
Gaffney
Gielegghem

Meisner
Meyer

Reeves
Richardville

Williams
Zelenko

Nays—50

Acciavatti
Adamini
Amos
Bieda
Bradstreet
Brandenburg
Casperson
Caul
Condino
Daniels
Drolet
Ehardt
Elkins

Farhat
Garfield
Gillard
Gleason
Hardman
Hood
Hoogendyk
Hopgood
Hummel
Hune
Johnson, Ruth
LaJoy
LaSata

Law
Milosch
Mortimer
Newell
Nofs
Paletko
Palsrok
Robertson
Rocca
Sak
Shackleton
Shaffer

Sheen
Smith
Spade
Stahl
Stewart
Tabor
Vagnozzi
Van Regenmorter
Voorhees
Wojno
Woodward
Woronchak

In The Chair: Julian

By unanimous consent the House returned to the order of

Motions and Resolutions

Reps. Walker, Hoogendyk, Bradstreet, Caspersion, Stahl, Gaffney, Ruth Johnson, Reeves, Hummel, Meyer, Steil, Brandenburg, Vander Veen, Huizenga, Ehardt, Voorhees, Farhat, Palsrok, Howell, Newell, Acciavatti, Adamini, Amos, Bieda, DeRossett, Elkins, Emmons, Farrah, Garfield, Julian, Koetje, Kooiman, LaJoy, Law, Lipsey, Milosch, Mortimer, Nofs, O'Neil, Richardville, Rocca, Shaffer, Sheen, Spade, Stakoe, Williams, Wojno and Woodward offered the following resolution:

House Resolution No. 106.

A resolution to memorialize Congress to enact legislation allowing the Department of Commerce (DOC) to help shield children by establishing and requiring the .xxx domain name for adult-only web sites.

Whereas, From 1983 to 1998, the federal government managed the Internet, including the Domain Name System (DNS), a central coordinating body that assigns unique e-mail and Web site addresses so that the network runs smoothly. As the Internet evolved from a small-scale system of links among American academic institutions into a mainstream international communications, educational, and electronic commerce medium, the federal government concluded that it should no longer manage its development. In 1998, the United States Department of Commerce (DOC), in an effort to establish global standards and consensus-based policies, agreed to a Memorandum of Understanding (MOU) with the California-based private sector, nonprofit corporation called the Internet Corporation of Assigned Names and Numbers (ICANN). In part, the MOU calls for the joint development of the DNS in order to facilitate its future transfer to the private sector; and

Whereas, While the DOC continues to serve as the steward of the DNS during its transition to private sector management, it does not regulate ICANN, play a vital role in ICANN's internal governance or day-to-day operations, or intervene in ICANN activities unless the corporation's actions are inconsistent with the MOU. The only way that the department can influence ICANN decisions is either to not renew the MOU, which expires September 30, 2003, or through informal discussions with corporation officials; and

Whereas, In 2001, ICANN approved seven new top-level domain names, but refused to approve the .xxx domain name, which would have provided a cyber sanctuary to protect children from the corrupting influences of on-line pornography. To protect children, Congress has the authority to direct the DOC to establish and operate the second-level .xxx domain name within the United States. The .xxx domain name will safeguard children by allowing parents and libraries to employ filtering or blocking software technologies; now, therefore, be it

Resolved by the House of Representatives, That we memorialize Congress to enact legislation allowing the Department of Commerce (DOC) to help shield children by establishing and requiring the .xxx domain name for adult-only web sites; and be it further

Resolved, That copies of this resolution be transmitted to the United States Department of Commerce, the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

The resolution was referred to the Committee on Commerce.

Reps. Hoogendyk, Walker, Brandenburg, Palsrok, Vander Veen, Newell, Acciavatti, Amos, Bradstreet, Casperson, DeRossett, Ehardt, Emmons, Farhat, Garfield, Howell, Huizenga, Hummel, Julian, Kooiman, LaJoy, Meyer, Mortimer, Nofs, O'Neil, Richardville, Rocca, Shaffer, Sheen, Shulman, Spade, Stahl, Stakoe, Voorhees and Wojno offered the following resolution:

House Resolution No. 107.

A resolution to memorialize the United States Department of Commerce to encourage the Internet Corporation for Assigned Names and Numbers (ICANN) to prohibit the registration of obscene domain names.

Whereas, From 1983 to 1998, the federal government managed the Internet, including the Domain Name System (DNS), a central coordinating body that assigns unique e-mail and Web site addresses so that the network runs smoothly. As the Internet evolved from a small-scale system of links among American academic institutions into a mainstream international communications, educational, and electronic commerce medium, the federal government concluded that it should no longer manage its development. In 1998, the United States Department of Commerce (DOC), in an effort to establish global standards and consensus-based policies, agreed to a Memorandum of Understanding (MOU) with the California-based private sector, nonprofit corporation called the Internet Corporation of Assigned Names and Numbers (ICANN). In part, the MOU calls for the joint development of the DNS in order to facilitate its future transfer to the private sector; and

Whereas, While the DOC continues to serve as the steward of the DNS during its transition to private sector management, it does not regulate ICANN, play a vital role in ICANN's internal governance or day-to-day operations, or intervene in ICANN activities unless the corporation's actions are inconsistent with the MOU. The only way that the department can influence ICANN decisions is either to not renew the MOU, which expires September 30, 2003, or through informal discussions with corporation officials; and

Whereas, ICANN permits the registration of obscene domain names, ranging from the Federal Trade Commission's banned "seven dirty words" to more vulgar and imaginative but related words. Consequently, obscene domain names, whose degrading and corrupting content influences our children, are widespread throughout the Internet. Obscenity is not entitled to protection under the First Amendment under *Miller v. California*; now, therefore, be it

Resolved by the House of Representatives, That we memorialize the Department of Commerce to encourage the International Corporation for Assigned Names and Numbers (ICANN) to prohibit the registration of obscene domain names; and be it further

Resolved, That copies of this resolution be transmitted to the United States Department of Commerce, the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

The resolution was referred to the Committee on Commerce.

Reps. DeRoche, Nitz, Wenke, Rocca, Bisbee, Amos, Nofs, Gaffney, Stakoe, Ward, Shackleton, LaJoy, Huizenga, Hummel, Mortimer, Tabor, Pastor, Ehardt, Casperson, Milosch, Sheen, Hoogendyk, Steil, Vander Veen, Howell, Hune, Middaugh, Hager, Newell, Acciavatti, Caswell, Palsrok, Bradstreet, Brandenburg, DeRossett, Emmons, Farhat, Garfield, Julian, Koetje, Kooiman, Meyer, Palmer, Richardville, Shaffer, Stahl, Voorhees and Walker offered the following resolution:

House Resolution No. 108.

A resolution to memorialize the United States Senate and Michigan's United States Senators to act to begin the confirmation hearings on the Michigan nominees to the United States 6th Circuit Court of Appeals.

Whereas, The Senate of the United States is perpetuating a grave injustice and endangering the well-being of countless Americans, putting our system of justice in jeopardy in Michigan and the states of the Sixth Circuit of the federal court system; and

Whereas, The Senate of the United States is allowing the continued, intentional obstruction of the judicial nominations of four fine Michigan jurists: Judges Henry W. Saad, Susan B. Neilson, David W. McKeague, and Richard A. Griffin, all nominated by the President of the United States to serve on the United States 6th Circuit Court of Appeals; and

Whereas, This obstruction is not only harming the lives and careers of good, qualified judicial nominees, but it is also prolonging a dire emergency in the administration of justice. This emergency has brought home to numerous Americans the truth of the phrase "justice delayed is justice denied"; and

Whereas, Both of Michigan's Senators continue to block the Judiciary Committee of the United States Senate from holding hearings regarding these nominees. This refusal to allow the United States Senate to complete its constitutional

duty of advice and consent is denying the nominees the opportunity to address any honest objections to their records or qualifications. It is also denying other Senators the right to air the relevant issues and vote according to their consciences. This is taking place during an emergency in the United States 6th Circuit Court of Appeals with the backlog of cases; and

Whereas, We join with the members of Michigan's congressional delegation who wrote Chairman Orrin Hatch on February 26, 2003, to express their concern that "if the President's nominations are permitted to be held hostage, for reasons not personal to any nominee, then these judicial seats traditionally held by judges representing the citizens of Michigan may be filled with nominees from other states within the Sixth Circuit. This would be an injustice to the many citizens who support these judges and who have given much to their professions and government in Michigan"; and

Whereas, We are concerned about the Sixth Circuit as a whole, a circuit court understaffed, with 4 of its 16 seats vacant, knowing that the Sixth Circuit ranks next to last out of the 12 circuit courts in the time it takes to complete its cases. Since 1996, each active judge has had to increase his or her number of decisions by 46%—more than three times the national average. In the recent past, the Sixth Circuit has taken as long as 15.3 months to reach a final disposition of an appeal. With the national average at only 10.9 months, this means the Sixth Circuit takes over 40% longer than the national average to process a case; and

Whereas, The last time the Sixth Circuit was this understaffed, former Chief Judge Gilbert S. Merritt said that it was handling "a caseload that is excessive by any standard." Judge Merritt also wrote that the court was "rapidly deteriorating, understaffed and unable to properly carry out their responsibilities"; and

Whereas, Decisions from the Sixth Circuit are slower in coming, based on less careful deliberation, and, as a result, are less likely to be just and predictable. The effects on our people, our society, and our economy are far-reaching, including transaction costs. Litigation increases as people strive to continue doing business when the lines of swift justice and clear precedent are being blurred; and

Whereas, President Bush has done his part to alleviate this judicial crisis. Over the past two years, he has nominated eight qualified people to the Sixth Circuit Court of Appeals, with three of them designated to address judicial emergencies. Four of these nominees continue to languish without hearings because of the obstruction of the two Michigan Senators; now, therefore, be it

Resolved by the House of Representatives, That we memorialize the United States Senate and Michigan's United States Senators to act to begin the confirmation hearings on the Michigan nominees to the United States 6th Circuit Court of Appeals; and be it further

Resolved, That copies of this resolution be transmitted to Michigan's United States Senators and to the President of the United States Senate.

The resolution was referred to the Committee on Judiciary.

Reps. Hoogendyk, Stahl, Palmer, Julian, Voorhees, Richardville, Meyer, Brandenburg, Kooiman, Hummel, Robertson, Emmons, Moolenaar, Ehardt, Casperson, DeRoche, Pastor, Shackleton, Tabor, Milosch, Ward, Sheen, Mortimer, Steil, Vander Veen, Wenke, Howell, LaJoy, Hune, Huizenga, Middaugh, Hager, Garfield, Stakoe, Acciavatti, Newell, Caswell, Nofs, Bisbee, Palsrok, Van Regenmorter, Bradstreet, DeRossett, Farhat, Koetje, Shulman, Walker and Wojno offered the following resolution:

House Resolution No. 109.

A resolution to memorialize the Congress of the United States to adopt and submit to the states for ratification an amendment to the United States Constitution to define marriage as consisting only of the union between a man and a woman.

Whereas, Marriage is the fundamental institution from which our society derives its values. Our customs, laws, and policies have been rooted in the family, which traditionally springs from marriage; and

Whereas, While marriage as an institution has faced many challenges in our society over the years, recent court and legislative actions in Canada provide a unique threat to marriage as we have known it throughout history. Canadian moves to legitimize same-sex marriages may represent a potentially devastating challenge to marriage in our society; and

Whereas, Along with many other states, Michigan enacted legislation, in 1996, defining marriage as only being between a man and a woman. The Congress and the President took a similar step with the enactment of the Defense of Marriage Act in 1996, which does the same thing in federal statute. However, given the unique actions that have taken place in Canada, many people feel that stronger protections, in the form of an amendment to the United States Constitution, need to be put in place; now, therefore, be it

Resolved by the House of Representatives, That we memorialize the Congress of the United States to adopt and submit to the states for ratification an amendment to the United States Constitution to define marriage as consisting only of the union between a man and a woman; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

The resolution was referred to the Committee on Government Operations.

Reps. Hood, Cheeks, Accavitti, Condino, Clack, Phillips, Smith, Meisner, McConico, Tobocman, Plakas, Farrah, Daniels, Woodward, Pappageorge, Anderson, Hunter, Bieda and Spade offered the following resolution:

House Resolution No. 110.

A resolution to request the Michigan Department of Corrections to include additional information through its Offender Tracking Information System and to consider offering automated phone access to the system.

Whereas, The Offender Tracking Information System (OTIS) operated by the Department of Corrections provides important information on the status of offenders who are within the jurisdiction of the department. This Internet-accessible information includes the status of the offender, known aliases, sentences, probation, and conditions of supervision; and

Whereas, More than 300,000 prisoners, parolees, and probationers are included in OTIS. This information is of particular value to the victims of crimes, as they can monitor the activities of offenders as they move through the corrections system. In many cases, this information can provide relief to victims of crime, and it can encourage a fairer administration of justice; and

Whereas, However, OTIS does not provide some key information that could make it more effective in reducing the likelihood of future crimes. Under the current department procedures, notifications of upcoming parole review are sent only to the attorney, judge, and victim of the crime for which the person was incarcerated. If OTIS included information on scheduled hearings, other people with relevant knowledge about an offender could provide information that could be crucial to the hearing. In this way, any person with information could come forth. This would help ensure that parole decisions are based on much more complete information; and

Whereas, The full potential of OTIS to provide vital information to victims of crime and other interested parties, however, is not realized because of the number of people in this state who do not have ready access to computer technology. Michigan would do well to follow the lead of other states that provide this type of information through an automated phone system. While we recognize that current financial challenges may make immediate establishment of an automated phone system impractical for now, this option should be studied. Increasing the availability of offender information is a most appropriate goal; now, therefore, be it

Resolved by the House of Representatives, That we request the Michigan Department of Corrections to include information on scheduled parole hearings and on the results of the hearings in its Offender Tracking Information System. We also urge the department to consider offering automated phone access to the system; and be it further

Resolved, That copies of this resolution be transmitted to the Michigan Department of Corrections.

The resolution was referred to the Committee on Criminal Justice.

Reps. McConico, Tobocman, Stallworth, Hood, Smith, Cheeks, Paletko, Phillips, Elkins, Waters, Hardman, Accavitti, Acciavatti, Bieda, Brandenburg, Byrum, Casperson, Clack, Condino, Daniels, DeRossett, Ehardt, Emmons, Farhat, Farrah, Gillard, Hunter, Julian, Law, Lipsey, Mortimer, Murphy, Richardville, Rivet, Sak, Spade, Voorhees, Wojno and Woodward offered the following concurrent resolution:

House Concurrent Resolution No. 25.

A concurrent resolution to request the Michigan Department of Corrections to include additional information through its Offender Tracking Information System and to consider offering automated phone access to the system.

Whereas, The Offender Tracking Information System (OTIS) operated by the Department of Corrections provides important information on the status of offenders who are within the jurisdiction of the department. This Internet-accessible information includes the status of the offender, known aliases, sentences, probation, and conditions of supervision; and

Whereas, More than 300,000 prisoners, parolees, and probationers are included in OTIS. This information is of particular value to the victims of crimes, as they can monitor the activities of offenders as they move through the corrections system. In many cases, this information can provide relief to victims of crime, and it can encourage a fairer administration of justice; and

Whereas, However, OTIS does not provide some key information that could make it more effective in reducing the likelihood of future crimes. Under the current department procedures, notifications of upcoming parole review are sent only to the attorney, judge, and victim of the crime for which the person was incarcerated. If OTIS included information on scheduled hearings, other people with relevant knowledge about an offender could provide information that could be crucial to the hearing. In this way, any person with information could come forth. This would help ensure that parole decisions are based on much more complete information; and

Whereas, The full potential of OTIS to provide vital information to victims of crime and other interested parties, however, is not realized because of the number of people in this state who do not have ready access to computer technology. Michigan would do well to follow the lead of other states that provide this type of information through an automated phone system. While we recognize that current financial challenges may make immediate establishment of an automated phone system impractical for now, this option should be studied. Increasing the availability of offender information is a most appropriate goal; now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That we request the Michigan Department of Corrections to include information on scheduled parole hearings and on the results of the hearings in its Offender

Tracking Information System. We also urge the department to consider offering automated phone access to the system; and be it further

Resolved, That copies of this resolution be transmitted to the Michigan Department of Corrections.

The concurrent resolution was referred to the Committee on Criminal Justice.

Reports of Select Committees

House Bill No. 4388, entitled

A bill to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to establish or continue certain funds, programs, and categories; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

(For text of conference report, see today's Journal, p. 1370.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4390, entitled

A bill to make appropriations for the department of corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to provide for reports; to provide for the creation of certain advisory committees and boards; to prescribe certain powers and duties of the department of corrections, certain other state officers and agencies, and certain advisory committees and boards; to provide for the collection of certain funds; and to provide for the disposition of fees and other income received by certain state agencies.

(For text of conference report, see House Journal No. 56, p. 1030.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4391, entitled

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

(For text of conference report, see today's Journal, p. 1378.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4392, entitled

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

(For text of conference report, see today's Journal, p. 1413.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4393, entitled

A bill to make appropriations for the department of environmental quality for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create certain funds and accounts; to require certain

reports; to prescribe the powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

(For text of conference report, see today's Journal, p. 1465.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4396, entitled

A bill to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2003 and for the fiscal year ending September 30, 2004; to provide for the expenditures of those appropriations; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

(For text of conference report, see today's Journal, p. 1387.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4400, entitled

A bill to make appropriations for the department of natural resources for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create funds and accounts; to require reports; to prescribe certain powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

(For text of conference report, see today's Journal, p. 1400.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4401, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 8b, 11, 11f, 11g, 18, 19, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 38, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 99, 101, 105, 107, and 147 (MCL 388.1603, 388.1606, 388.1608b, 388.1611, 388.1611f, 388.1611g, 388.1618, 388.1619, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1638, 388.1639a, 388.1641, 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, 388.1699, 388.1701, 388.1705, 388.1707, and 388.1747), section 3 as amended by 2000 PA 297, sections 6, 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 99, 107, and 147 as amended by 2002 PA 521, section 8b as added and sections 19, 38, and 105 as amended by 2002 PA 191, section 18 as amended by 1999 PA 119, and section 101 as amended by 2002 PA 476, and by adding sections 20k, 20l, 22d, 22e, 32j, and 98b; and to repeal acts and parts of acts.

(For text of conference report, see today's Journal, p. 1487.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

Senate Bill No. 285, entitled

A bill to make appropriations for the department of career development and the Michigan strategic fund and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; and to provide for the disposition of fees and other income received by the state agencies.

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The Conference Report was read as follows:

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **Senate Bill No. 285, entitled**

A bill to make appropriations for the department of career development and the Michigan strategic fund and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; and to provide for the disposition of fees and other income received by the state agencies.

Recommends:

First: That the Senate and House agree to the Substitute of the House as passed by the House, amended to read as follows:

A bill to make appropriations for the department of career development and the Michigan strategic fund and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; and to provide for the disposition of fees and other income received by the state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of career development and the Michigan strategic fund for the fiscal year ending September 30, 2004, from the funds indicated in this part, the following:

TOTAL APPROPRIATIONS

Full-time equated classified positions	1,189.5	
GROSS APPROPRIATION		\$ 571,393,200
Total interdepartmental grants and intradepartmental transfers		\$ 100,900
ADJUSTED GROSS APPROPRIATION		\$ 571,292,300
Federal revenues:		
Total federal revenues		471,053,700
Special revenue funds:		
Total local revenues		15,011,900
Total private revenues		3,249,400
Total other state restricted revenues		16,714,700
State general fund/general purpose		\$ 65,262,600

Sec. 102. DEPARTMENT OF CAREER DEVELOPMENT

(1) APPROPRIATION SUMMARY

Full-time equated classified positions	989.5	
GROSS APPROPRIATION		\$ 466,880,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION		\$ 466,880,000
Federal revenues:		
Total federal revenues		418,100,400
Special revenue funds:		
Total local revenues		15,011,900
Total private revenues		2,396,300
Total other state restricted revenues		6,664,700
State general fund/general purpose		\$ 24,706,700

(2) DEPARTMENT OPERATIONS

Full-time equated classified positions	60.0	
Administration—60.0 FTE positions.....		\$ 6,489,600
Building occupancy charges - property development services.....		923,400
Special project advances		200,000
Worker’s compensation		186,000
GROSS APPROPRIATION		\$ 7,799,000

Appropriated from:

Federal revenues:		
CNS		205,800
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants		1,948,700
DOL-ETA, workforce investment act		355,300
DOL, federal funds		1,965,000

	For Fiscal Year Ending Sept. 30, 2004
Federal revenues	451,200
HHS, temporary assistance for needy families	337,700
Special revenue funds:	
Private - special project advances	200,000
Contingent fund, penalty and interest.....	436,100
State general fund/general purpose	\$ 1,899,200
(3) WORKFORCE DEVELOPMENT	
Full-time equated classified positions	577.5
Employment training services—500.0 FTE positions.....	\$ 80,931,200
Michigan career and technical institute—77.5 FTE positions	10,894,300
GROSS APPROPRIATION	\$ 91,825,500
Appropriated from:	
Federal revenues:	
CNS	1,663,800
DAG, employment and training	167,600
DED-OPSE, multiple grants.....	815,500
DED-OSERS, centers for independent living.....	58,200
DED-OSERS, rehabilitation long-term training	566,900
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants	46,256,100
DED-OSERS, state grants for technical related assistance.....	56,000
DOL-ETA, workforce investment act.....	3,994,000
DOL, federal funds	16,000,000
DED, Perkins act	173,600
HHS, temporary assistance for needy families	3,128,400
HHS-SSA, supplemental security income	4,394,800
Special revenue funds:	
Private - gifts, bequests, and donations	1,396,300
Local vocational rehabilitation match	3,054,000
Rehabilitation services fees.....	1,246,000
Second injury fund.....	51,500
Student fees	308,000
Training material fees	256,300
State general fund/general purpose	\$ 8,238,500
(4) CAREER EDUCATION PROGRAMS	
Full-time equated classified positions	54.0
Career and technical education—23.0 FTE positions	\$ 3,324,900
Postsecondary education—14.0 FTE positions.....	2,402,900
Adult education—15.0 FTE positions	2,283,100
Commission on Spanish-speaking affairs—2.0 FTE positions.....	220,500
GROSS APPROPRIATION	\$ 8,231,400
Appropriated from:	
Federal revenues:	
Federal revenues	6,130,000
Special revenue funds:	
Private occupational school license fees	378,900
Defaulted loan collection fees.....	100,000
State general fund/general purpose	\$ 1,622,500
(5) DEPARTMENT GRANTS	
Adult basic education.....	\$ 13,500,000
Council of Michigan foundations.....	1,000,000
Focus: HOPE	5,860,200
Gear-up program grants	3,000,000
Job training programs subgrantees	98,612,700
Michigan community service commission subgrantees	6,180,100

	For Fiscal Year Ending Sept. 30, 2004
Michigan virtual university	1,000,000
Personal assistance services	459,500
Precollege programs in engineering and the sciences.....	500,000
Supported employment grants	1,441,300
Technology assistance grants	1,378,700
Carl D. Perkins grants	42,500,000
Vocational rehabilitation client services/facilities	51,207,400
Vocational rehabilitation independent living	3,079,700
Welfare-to-work programs	72,698,600
GROSS APPROPRIATION	\$ 302,418,200
Appropriated from:	
Federal revenues:	
CNS	5,500,000
DAG, employment and training	13,000,000
DED-OESE, gear-up	3,000,000
DED-OSERS, centers for independent living.....	450,200
DED-OSERS, client assistance for individuals with disabilities	440,000
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants	35,797,900
DED-OSERS, rehabilitation services facilities.....	2,272,500
DED-OSERS, supported employment	1,441,300
DED-OSERS, state grants for technical related assistance.....	1,378,700
DED-OVAE, adult education.....	13,500,000
DED-OVAE, basic grants to states.....	42,500,000
DOL-ETA, workforce investment act.....	104,602,700
DOL-ETA, welfare-to-work	20,000,000
HHS, temporary assistance for needy families	32,399,000
HHS-SSA, supplemental security income	2,480,600
Special revenue funds:	
Private - gifts, bequests, and donations	800,000
Contingent fund, penalty and interest account	1,000,000
Local vocational rehabilitation match	6,630,500
Local vocational rehabilitation facilities match.....	1,278,300
Tobacco settlement revenue	1,000,000
State general fund/general purpose	\$ 12,946,500
(6) EMPLOYMENT SERVICE AGENCY	
Full-time equated classified positions	298.0
Building occupancy charges - property development service	\$ 757,700
Worker's compensation	71,000
Employment services—246.0 FTE positions	43,799,300
Labor market information—52.0 FTE positions	5,485,200
GROSS APPROPRIATION	\$ 50,113,200
Appropriated from:	
Federal revenues:	
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants	1,317,400
DOL, federal funds	42,858,800
Special revenue funds:	
Contingent fund, penalty and interest account	1,887,900
Local revenue	4,049,100
State general fund/general purpose	\$ 0
(7) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 6,492,700
GROSS APPROPRIATION	\$ 6,492,700
Appropriated from:	
Federal revenues:	
Federal revenue.....	6,492,700

	For Fiscal Year Ending Sept. 30, 2004
State general fund/general purpose	\$ 0
Sec. 103. MICHIGAN STRATEGIC FUND	
(1) APPROPRIATION SUMMARY	
Full-time equated classified positions	200.0
GROSS APPROPRIATION.....	\$ 104,513,200
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	100,900
ADJUSTED GROSS APPROPRIATION	\$ 104,412,300
Federal revenues:	
Total federal revenues	52,953,300
Special revenue funds:	
Total private revenues	853,100
Total other state restricted revenues	10,050,000
State general fund/general purpose	\$ 40,555,900
(2) MICHIGAN STRATEGIC FUND	
Full-time equated classified positions	200.0
Administration—40.0 FTE positions	\$ 4,054,700
Job creation services—160.0 FTE positions.....	19,693,000
Michigan promotion program.....	5,717,500
Economic development job training grants	10,048,000
Community development block grants	50,000,000
Life sciences and technology tri-corridor: life sciences initiative	15,000,000
GROSS APPROPRIATION.....	\$ 104,513,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDEQ, air quality fees	100,900
Federal revenues:	
DOL-ETA, employment service	783,700
HUD-CPD, community development block grant.....	52,169,600
Special revenue funds:	
Private-Michigan certified development corporations fees.....	353,100
Private-special project advances	500,000
Industry support fees.....	50,000
Tobacco settlement revenue	10,000,000
State general fund/general purpose	\$ 40,555,900

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

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 2003-2004 is \$81,977,300.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$0.

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.

Sec. 203. As used in this appropriation act:

- (a) "CEO" means chief executive officer of the Michigan strategic fund.
- (b) "CNS" means the corporation for national services.
- (c) "DAG" means the United States department of agriculture.
- (d) "DED" means the United States department of education.
- (e) "DED-OESE" means the DED office of elementary and secondary education.
- (f) "DED-OPSE" means the DED office of postsecondary education.
- (g) "DED-OSERS" means the DED office of special education rehabilitation services.
- (h) "DED-OVAE" means the DED office of vocational and adult education.
- (i) "Department" means the department of career development.
- (j) "Director" means the director of the department of career development.

(k) "DOL" means the United States department of labor.
(l) "DOL-ETA" means the DOL employment and training act.
(m) "Fiscal agencies" means the Michigan house fiscal agency and the Michigan senate fiscal agency.
(n) "FTE" means full-time equated.
(o) "Fund" means the Michigan strategic fund.
(p) "GED" means general education degree.
(q) "HHS" means the United States department of health and human services.
(r) "HHS-SSA" means HHS social security administration.
(s) "HUD-CPD" means HUD community planning and development.
(t) "IDG" means interdepartmental grant.
(u) "MDEQ" means the Michigan department of environmental quality.
(v) "MEDC" means the Michigan economic development corporation, which is the public body corporate created under section 28 of article VII of the state constitution of 1963 and the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by contractual interlocal agreement effective April 5, 1999, between local participating economic development corporations formed under the economic development corporations act, 1974 PA 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund.

(w) "Subcommittees" means all members of the subcommittees of the house and senate appropriations committees with jurisdiction over the budgets for the department and the fund.

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.

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 or state classified civil service positions that are fully federally funded.

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

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

Sec. 208. Unless otherwise specified, the department and fund 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. Quarterly, the department and fund shall provide to the subcommittee, state budget office, and the fiscal agencies an electronic and paper copy listing of the reports submitted during the most recent 3-month period along with the Internet or Intranet site of each report, if any.

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

Sec. 210. The director or the CEO of each department and agency receiving appropriations in part 1 are encouraged to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director or CEO will strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

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

Sec. 212. 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 and records.

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

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

DEPARTMENT OF CAREER DEVELOPMENT

Sec. 301. The Michigan career and technical institute may receive equipment and in-kind contributions for the direct support of staff services through the Pine Lake fund, the Delton-Kellogg school district or other local or intermediate school district, or any combination of local or intermediate school districts in addition to those authorized in part 1.

Sec. 302. The Michigan rehabilitation service shall make every effort to ensure that all sources of matching funds in this state are used to obtain federal vocational rehabilitation funds. All sources include, but are not limited to, privately raised funds to support public nonprofit rehabilitation centers as permitted by the rehabilitation act of 1973, Public Law 93-112, 29 U.S.C. 701 to 718, 720 to 751, 760 to 765, 771 to 776, 780 to 785, 791 to 794e, 795 to 795n, and 796 to 796l.

Sec. 303. The local match requirements for vocational rehabilitation facilities establishment grants shall not exceed 21.3% for the fiscal year ending September 30.

Sec. 304. (1) Of the funds appropriated in part 1 for vocational rehabilitation independent living, all general fund/general purpose revenue not used to match federal funds shall be used for the support of centers for independent living which are in compliance with federal standards for such centers, for the development of new centers in areas presently unserved or underserved, for technical assistance to centers, and for projects to build capacity of centers to deliver independent living services. Applications for such funds shall be reviewed in accordance with criteria and procedures established by the statewide independent living council, the Michigan rehabilitation services unit within the department, and the Michigan commission for the blind. Funds must be used in a manner consistent with the priorities established in the state plan for independent living. The department is directed to work with the Michigan association of centers for independent living and the local workforce development boards to identify other competitive sources of funding.

(2) The statewide independent living council and the Michigan association of centers for independent living shall jointly produce a report providing the following information:

(a) Results in terms of enhanced statewide access to independent living services to individuals who do not have access to such services through other existing public agencies, including measures by which these results can be monitored over time. These measures shall include:

(i) Total number of persons assisted by the centers and a comparison to the number assisted in the previous year.

(ii) Number of persons moved out of nursing homes into independent living situations and a comparison to the number assisted in the previous year.

(iii) Number of persons for whom accommodations were provided to enable independent living or access to employment and a comparison to the number assisted in the previous year.

(iv) The total number of disabled individuals served by personal care attendants and the number of personal care attendants provided through the use of any funds appropriated in part 1 administered by a center for independent living and a comparison to the number served in the previous year.

(b) Information from each center for independent living receiving funding through appropriations in part 1 detailing their total budget for their most recently completed fiscal year as well as the amount within that budget funded through the vocational rehabilitation independent living grant program referenced in part 1, the total amount funded through other state agencies, the amount funded through federal sources, and the amount funded through local and private sources.

(c) Savings to state taxpayers in other specific areas that can be shown to be the direct result of activities funded from the vocational rehabilitation independent living grant program during the most recently completed state fiscal year.

(3) The report required in subsection (2) shall be submitted to the appropriate appropriations subcommittees, the fiscal agencies, and the state budget director on or before January 30.

Sec. 305. (1) The appropriation in part 1 to the department for the work first program shall be expended for grants which provide employment and training services to family independence program applicants and recipients and may be expended for grants which provide employment and training services to former family independence program recipients, as well as to recipients of noncash public assistance, specifically child day care, Medicaid, or food stamp benefits. The work first program, however, shall not be construed to be an entitlement to services.

(2) An applicant may be a school district, intermediate school district, community college, public or private nonprofit college or university, nonprofit organization that provides school-to-work transition programs or that provides employment and training services or vocational rehabilitation programs or state licensed accredited vocational or technical education programs, proprietary school licensed by the state board of education, local workforce development board, or a consortium consisting of any combination of school districts, intermediate school districts, community colleges, nonprofit organizations described in this subsection, licensed proprietary schools, or public or private nonprofit colleges or universities described in this subsection.

(3) When the work first job search requirements have been completed, if the participant has not found employment, the work first site shall identify the barriers which may have prevented the participant from obtaining employment and assist the client in removing those barriers. The work first site shall also identify appropriate education and job training programs which would be available to the participant. The department shall encourage the Michigan works! agencies to consider transportation challenges for work first participants placed in employment. When an individual is re-referred to work first because of an inability to retain employment, the department shall confer with the Michigan rehabilitation services, the family independence agency, or other professionals if deemed appropriate by the Michigan works! agency to screen for and identify issues that are preventing the participant from succeeding in the labor market. Each Michigan works agency shall determine locally the number of times an individual may be re-referred back to the program before consulting with other service agencies. If no prohibitive barriers to work are found, the individual shall comply with the work first program, or be subject to appropriate penalties.

(4) Work first program participants shall include applicants and recipients of the family independence program established under section 57a of the social welfare act, 1939 PA 280, MCL 400.57a, and such individuals referred to a job club program by a county family independence agency board or a county friend of the court as long as the participation in the job club is part of an application made under this section.

(5) Participants in the work first program shall not be enrolled and counted in membership in a school district or intermediate school district.

(6) The department will work with the family independence agency to coordinate support services to work first participants relating to special/emergency needs.

(7) Work first program participants must receive or be provided an explanation of the program including their benefits and responsibilities before the job interview phase of the program. This explanation shall include clear guidelines with regard to an individual's eligibility for postemployment training support and for applying hours in training toward work requirements.

(8) The department shall make every effort to place a minimum of 50% of clients who participate in the work first program in positions that provide wages of \$8.00 per hour or more.

(9) The department shall submit to the fiscal agencies and the state budget director by March 15 a report on the work first program, including the number of participants served under this section, the number of persons who located employment through work first, the average wage of participants who found employment, the number of persons who retained jobs for 90 days, the number of participants placed in employment training and education programs, the number of clients referred to work first who failed to report, a compilation of barriers to employment by incidence and type experienced by participants, and the number of participants referred back to the family independence agency.

(10) The department shall provide to the state budget director and the fiscal agencies by May 15 and November 15 of each year a report on the work first grants. The report due by May 15 shall provide the information described in this subsection for each grant or contract awarded during the preceding 2 quarters of the state fiscal year. The report due by November 15 shall provide this information for each grant or contract awarded during the preceding full fiscal year. The report shall contain both of the following:

(a) The amount and recipient of each grant or contract.

(b) The number of participants in each service delivery area and the number of clients placed in employment in each service delivery area.

(11) The department shall make available to work first participants guidelines on eligibility for postemployment training and how training/education hours are applied toward work participation requirements. These guidelines will be presented during joint orientation conducted by the family independence agency and the department contracted staff in accordance with department policy issuances and family independence agency program bulletins. These guidelines presented by the department and the family independence agency shall balance the ability of participants to obtain training and subsequent long-term high-wage employment with the need to connect participants with the workplace. Any and all training/education, with the exception of high school completion and GED preparation, must be occupationally relevant and in demand in the labor market as determined by the workforce development board. Participants must make satisfactory progress to continue in a training/education component.

(12) The work participation requirement is up to 40 hours per week. However, work first participants may meet the work participation requirement by combining a minimum of 10 hours per week of work with training/education. Training/education may last up to 12 months and the calculated hours may include actual classroom seat time up to 10 hours per week plus up to 1 hour of study time for each hour of classroom seat time. Work first participants may enroll in additional hours of classroom seat time beyond 10 hours. However, these hours and the related study time will not count toward the work participation requirement. The training may be no longer than a 1-year program or the final year of a 2- or 4-year undergraduate program designed to lead to immediate labor force attachment.

(13) Work first participants may meet the work participation requirement through enrollment in a short-term vocational program requiring 30 hours of classroom seat time per week for a period not to exceed 6 months, or by enrollment in full-time internships, practicums, or clinicals required by an academic or training institution for licensure, professional certification, or degree completion, without an additional work requirement. In cases where a

short-term vocational program lasts less than 6 months, the participant shall be eligible to enroll in 1 additional short-term vocational program for a combined period not to exceed a total of 6 months.

(14) Work first participants who lack a high school diploma or GED and who enroll in high school completion or classes to obtain a GED may count up to 10 hours of classroom seat time, combined with a minimum number of hours of work per week, to meet their work participation requirement. There shall be no time limit on high school completion. GED preparation shall be limited to 6 months.

Sec. 306. (1) Using all relevant state data sources, the department shall conduct a 3-year longitudinal study of all former work first participants, whose family independence program cases closed due to earnings during fiscal year 1999 and in succeeding fiscal years. The data will include the following:

- (a) The number and percentage employed.
- (b) The average hourly wage of those employed.
- (c) The current hourly wage of those employed.
- (d) The range of wages earned by those employed.
- (e) The number of individuals that earned each wage amount.
- (f) The number and percentage receiving health care benefits from their employer.
- (g) The number and percentage receiving tuition reimbursement from their employer.
- (h) The number and percentage receiving training benefits from their employer.
- (i) The type of jobs obtained by former participants in general categories.
- (j) The length of time former participants have retained their jobs, or if participants have had more than 1 job, the length of time employed at each job.
- (k) The number and percentage continuing to receive any type of public assistance.
- (l) If the former recipient has children, whether the children are enrolled in and attending school.
- (m) The extent to which the former participant feels that they and their family are better off now than when they were on cash assistance with regard to household income, housing, food and nutritional needs, child health care, and access to health insurance coverage.

(2) The department shall notify the subcommittees, fiscal agencies, and state budget director electronically by March 15, 2004 of the location of the Internet site where the report containing the identified data is located.

(3) The department shall cooperate with the family independence agency in formulating and acquiring the identified data.

(4) The department may retain a third party to conduct the studies to obtain the data identified under this section.

Sec. 307. State and federal funds allocated to local workforce development boards for disbursement shall not be expended unless the local workforce development boards maintain a partnership with governmental agencies, public school districts, and public colleges located within the local service delivery area. Each board shall appoint an education advisory group made up of high-level administrators within local educational institutions, workforce development board members, other employers, labor, academic educators, and parents of public school pupils.

Sec. 309. (1) Of the funds appropriated in part 1 for precollege programs in engineering and the sciences, \$250,000.00 shall be provided in the form of a grant to the Detroit precollege engineering program, incorporated and \$250,000.00 shall be provided in the form of a grant to the Grand Rapids area precollege engineering program.

(2) The department shall submit a report to the subcommittees and the fiscal agencies by February 1 regarding dropout rates, grade point averages, enrollment in science, engineering, and math-based curricula, and employment in science, engineering, and math-based fields for students within the programs. The report shall continue to evaluate the effectiveness of the precollege programs in engineering and sciences funded through part 1 appropriations and shall make recommendations on whether state support to expand such programs to other areas of the state is warranted in future fiscal years.

Sec. 310. Funds earned or authorized by the United States department of labor in excess of the gross appropriation in part 1 for the employment service agency from the United States department of labor are appropriated and may be expended for staffing and related expenses incurred in the operation of its programs. These funds may be spent after the department notifies the subcommittees, fiscal agencies, and the state budget office of the purpose and amount of each grant award.

Sec. 311. (1) The department shall have at least 1 disabled veterans outreach program specialist or local veterans employment representative present, at each Michigan works! service center on a full- or part-time basis during hours of operation.

(2) The department shall ensure that each Michigan works! service center shall have the necessary equipment to allow the disabled veterans outreach specialist or local veterans employment representative to perform his or her duties in the same manner they were performed prior to February 1, 1999.

(3) The department shall require each Michigan works! service center to have an employee available to ask each individual who enters the office for service whether that individual is a veteran and to refer each veteran to the disabled veterans outreach program specialist or local veterans employment representative on duty at the time.

(4) The department shall require that each Michigan works! service center shall have posted in a conspicuous place within the office a notice advising veterans that a disabled veterans outreach program specialist or a local veterans employment representative is available to assist him or her.

(5) The department shall require each Michigan works! service center to provide free mediated services to employers wishing to hire a veteran.

(6) The department shall continue to make the appropriate placement of veterans and disabled veterans a priority.

Sec. 313. The funds appropriated in part 1 for the council of Michigan foundations from tobacco settlement revenue shall be distributed to the council of Michigan foundations as a grant to support local community efforts to address smoking prevention and cessation efforts. The council may distribute the funds according to a formula determined by the council. Any investment earnings from this year or prior year appropriations shall be used for the same purpose as the original appropriation.

Sec. 314. The department may carry into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 and that do not require additional state matching funds are appropriated for the purposes intended.

Sec. 315. Of the amounts appropriated in part 1 for postsecondary education, private occupational school license fees shall fund related administrative costs of the proprietary schools oversight unit within the department.

Sec. 317. The department is appropriated an amount not to exceed \$100,000.00 from collection of defaulted loans under the future faculty program in the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks programs to offset costs of administering the loan collections.

Sec. 318. From the funds appropriated in part 1 for postsecondary education, the department shall compile data from each university that receives funding for the future faculty program within the King-Chavez-Parks initiative on employment outcomes for program participants. The report shall be distributed to the house and senate appropriations committees by February 1 of each year. The report shall include data from each participating university covering the most recently completed fiscal year. The data shall include all of the following:

(a) The number of participants receiving support under the program.

(b) The number of participants obtaining full-time employment.

(c) The number of participants obtaining full-time employment in college faculty positions.

(d) The number of participants obtaining full-time employment in college faculty positions within the university through which they received future faculty program support for graduate studies.

Sec. 320. The department shall work with the department of community health to establish a Medicaid buy-in program for the working disabled through the options available under the federal ticket to work and work incentives improvement act of 1999.

Sec. 321. The King-Chavez-Parks initiative shall be marketed by the department to Michigan parents and high school and college students, to promote the benefits and the availability of the college day, select student support services, college/university partnership, visiting professors, Morris Hood, Jr. educator development, and future faculty programs. The department shall provide electronic notification of the location of the report on the Internet to the subcommittees on December 30, 2003, identifying all efforts taken to market these programs, including, but not limited to, the amount of funding allocated for this purpose, the fund source and any expenditures or encumbrances relating to this marketing effort. It is the intent of the legislature that the department administer the King-Chavez-Parks initiative in the same manner as when it was previously contained in the department of education and consistent with all boilerplate language pertaining to the above listed programs as included in the appropriations act for higher education institutions.

Sec. 325. The department shall work cooperatively with the department of civil service to identify state employees who will lose their jobs as a result of an agency or program being reorganized, modified, or eliminated and shall develop training programs and provide training to these individuals that will provide them an opportunity and skills necessary to secure new employment within state government or the private sector. It shall be a priority of the department to provide training and employment opportunities to these individuals through their employment service locations.

Sec. 326. From the funds appropriated in part 1 to job training programs subgrantees, the department shall allocate sufficient funds to the Michigan works! service centers to allow these centers to remain fully operational.

Sec. 328. From the funds appropriated in part 1 for the Michigan virtual university, the department shall work with the Michigan virtual university to do the following:

(a) Promote the use of education technology to accelerate career and workforce development by improving the learning environment, stimulating innovative teaching methods, and providing residents of this state with greater technology-based career choices.

(b) Promote technology-based training to public and private sector organizations that emphasize partnerships between public education and the business sector.

(c) Support and encourage various collaborative efforts among educational institutions and government agencies to meet the training needs of the state's workforce.

Sec. 329. (1) Focus: HOPE shall submit a report on the use of the grant's funds appropriated in part 1 to the chairs of the house and senate subcommittees and the fiscal agencies that includes, but is not limited to, the following:

- (a) Detailed expenditures for administration including salaries and wages of employees.
 - (b) Amount allocated for education and training programs including number of students served by each program.
 - (c) Amount allocated for job search assistance and career planning including the number of students served by each program.
 - (d) Detailed expenditures for any contracts entered into with the use of these funds.
 - (e) Detailed expenditures for any program enhancements including number of new hires and capital expenditures.
- (2) The report shall be submitted on or before January 31.

MICHIGAN STRATEGIC FUND

Sec. 401. (1) The appropriation in part 1 to the fund for economic development job training shall be expended in 2 categories: the business response program for employee training grants which maintain or attract permanent jobs for Michigan residents and the manufacturing competitiveness program for grants to fund collaborative efforts which increase the competitiveness of multiple companies within a grant. The business response program is allocated up to \$6,524,000.00, and the manufacturing competitiveness program is allocated up to \$3,524,000.00 not to exceed the part 1 appropriation for this program in its entirety. The fund has the authority to reallocate these amounts during the fiscal year dependent on business demand and economic conditions.

(2) Not more than \$800,000.00 of the total grant may be expended for administrative costs. Not more than 10% of the total grant award may be expended by a recipient for administration costs.

(3) No funds appropriated in part 1 to the fund for economic development job training grants may be expended for the training of permanent striker replacement workers, unless a strike exceeds 3 years and good faith negotiations are ongoing.

(4) Of the total funds appropriated in part 1 for economic development job training grants, at least 75% of the funds shall be awarded to community colleges or a consortium of community colleges and other eligible applicants pursuant to subsection (5).

(5) An applicant may be a school district, intermediate school district, community college, public or private nonprofit college or university, nonprofit organization whose primary purpose is to provide education programs or employment and training services or vocational rehabilitation programs or school-to-work transition programs, local workforce development board, the headquarters of a federal and state sponsored manufacturing technology center, or a consortium consisting of any combination of school districts, intermediate school districts, community colleges, nonprofit organizations described in this subsection, or public or private nonprofit colleges or universities described in this subsection.

(6) On or before October 1, the fund shall publish proposed application criteria, instructions, and forms for use by eligible applicants. The fund shall provide at least a 2-week period for public comment prior to finalization of the application criteria, instructions, and forms.

(7) The award process will include a simple notice of intent to be reviewed to see if the application merits further consideration. If so, a full application may be submitted. Applications for all grants shall be submitted to the fund, and each application shall contain at least all of the following:

(a) The name, address, and total number of employees of each business organization whose employees are receiving job training.

(b) A description of the specific job skills that will be taught.

(c) A clear statement of the project's scope of activities and number of participants to be involved.

(d) A commitment to maintain participant records in a form and manner required by the fund.

(e) A budget which relates to the proposed activities and various program components.

(8) Priority in the fund's awarding of grants shall be based on the following criteria:

(a) Demonstrated need for the type of training offered.

(b) Creation and/or retention of high wage and high skilled level jobs.

(c) Other criteria determined by the fund to be important.

(d) In addition, for the manufacturing competitiveness program, the following criteria will receive priority; strong level of collaboration and cooperation and demonstration of new techniques, systems, and processes of value to the affected companies.

(9) Participants in economic development job training programs shall be 16 years or older and not enrolled and counted in membership in a school district, intermediate school district, or community college.

(10) A recipient of a grant under this section shall not charge tuition or fees to participants in the program funded by the grant. However, a nonprofit organization may charge tuition or fees if the tuition plan or fees are recognized by the state and the nonprofit organization receives additional funding from other governmental or private funding sources for its programs.

(11) For training delivered to incumbent workers under the business response program, the business receiving the benefit of the training shall provide a minimum of 30% of the program costs in matching funds as necessitated by the

program. For training delivered under the manufacturing competitiveness program, the business receiving the benefit of the training shall provide a minimum of 30% of the program costs in matching funds as necessitated by the program.

(12) Grant funds shall be expended on a cost reimbursement basis.

(13) A recipient of a grant under this section shall allow the fund or the agency's designee to audit all records related to the grant for all entities that receive money, either directly or indirectly through a contract, from the grant funds. A grant recipient or contractor shall reimburse the state for all disallowances found in the audit.

(14) The fund shall provide to the state budget director and the fiscal agencies by May 1 and November 1 of each year a report on the economic development job training grants. The report due by May 1 shall provide the information described in this subsection for each grant or contract awarded during the preceding 2 quarters of the state fiscal year. The report due by November 1 shall provide this information for each grant or contract awarded during the preceding full fiscal year. The report shall contain all of the following:

(a) The amount and recipient of each grant or contract.

(b) The number of participants under each grant or contract and the number of new hires who are in training under the grant.

(c) The names, addresses, and total number of employees of all business organizations for whom training is or will be provided.

(d) The matching funds, if any, to be provided by a business organization.

(15) Of the funds appropriated in part 1 for economic development job training grants, the fund shall not use these funds to finance the startup or in any way subsidize any private distributor of liquor products in Michigan.

(16) As a condition of receiving funds under part 1 of this act, the fund shall not expend any of the economic development job training grant funds to train any employee who is an officer of a corporation in a corporation employing more than 250 employees.

(17) The Michigan growth capital fund shall be used to develop the technology business sector in Michigan. The fund will be used to encourage private and public investment in the technology business sector, and all of the following apply:

(a) An applicant must match state funds on a 1:1 basis.

(b) Eligible uses of the fund include investments in organizations and programs that promote the development of new industry sectors in Michigan; inducements to attract additional venture capital funds to finance technology development; support organizations, initiatives, or events that promote entrepreneurship; provide match for university federal research grants; and support technology transfer and commercialization programs with universities and the private sector.

(c) The Michigan economic development corporation shall administer the Michigan growth capital fund.

(d) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the Michigan growth capital fund, shall be received, held, and applied by the Michigan strategic fund for the purposes described in this subsection.

(e) The Michigan economic development corporation shall provide an annual report on the status of the Michigan growth capital fund to the subcommittees, the fiscal agencies, and the state budget office by January 31.

Sec. 402. Travel Michigan may establish and collect a fee to cover the cost of materials and processing of photographic prints, slides, videotapes, and travel product database information that are requested by the media and other segments of the public and private sectors. The fees collected shall be appropriated for all expenses necessary to purchase and distribute these photographic prints, slides, videotapes, and travel product database information. The funds are available for expenditure when they are received by the department of treasury.

Sec. 404. Travel Michigan may receive and expend private revenue related to the use of the "Michigan Great Lakes. Great Times." copyrighted slogan and image. This revenue may come from the direct licensing of the name and image or from the royalty payments from various merchandise sales. Revenue collected is appropriated for the marketing of the state as a travel destination. The funds are available for expenditure when they are received by the department of treasury.

Sec. 406. The fund shall submit on or before May 1 and November 1 to the subcommittees, state budget office, and the fiscal agencies a listing of all grants which have been awarded by the fund or by the Michigan economic development corporation from the funds appropriated in part 1. The list shall include all of the following:

(a) The name of the recipient.

(b) The amount awarded to the recipient.

(c) The purpose of the grant.

Sec. 407. (1) The fund shall provide reports to the relevant subcommittees, the state budget director, and the fiscal agencies concerning the activities of the Michigan economic development corporation grants and investment programs financed from the strategic fund using investment or Indian gaming revenues. The report shall provide a list of individual grants and loans made from the fund. The report shall include, but not be limited to, the following programs funded in part 1:

(a) Travel Michigan.

- (b) Michigan business development.
- (c) Global business development.
- (d) Small, minority, and disabled business services.
- (e) Community development block grants.
- (f) Strategic fund administration.
- (g) Renaissance zones.
- (h) Emerging business sectors and roundtables.
- (i) Business and clean air ombudsman.
- (j) Economic development job training grants.
- (k) Community assistance team.
- (l) Life sciences and technology tri-corridor.
- (m) Any other programs of the fund.

(2) The reports in subsection (1) shall be submitted by January 1. The report for each program in subsection (1)(a) through (m) shall include details on the actual spending and number of FTEs for that program for the previous fiscal year.

Sec. 408. As a condition of receiving funds under part 1, any interlocal agreement entered into by the fund shall include language which states that if a local unit of government has a contract or memorandum of understanding with a private economic development agency, the Michigan economic development corporation will work cooperatively with that private organization in that local area.

Sec. 409. (1) Of the funds appropriated to the fund or through grants to the Michigan economic development corporation, no funds shall be expended for the purchase of options on land or the purchase of land unless at least 1 of the following conditions applies:

(a) The land is located in an economically distressed area.

(b) The land is obtained through a purchase or exercise of an option at the invitation of the local unit of government and local economic development agency.

(2) Consideration may be given to purchases where the proposed use of the land is consistent with a regional land use plan, will result in the redevelopment of an economically distressed area, can be supported by existing infrastructure, and will not cause shifts in population away from the area's population centers.

(3) As used in this section, "economically distressed area" means an area in a city, village, or township that has been designated as blighted; a city, village, or township that shows negative population change from 1970 and a poverty rate and unemployment rate greater than the statewide average; or an area certified as a neighborhood enterprise zone.

Sec. 410. (1) From the funds appropriated in part 1 for the life sciences and technology tri-corridor, \$15,000,000.00 is appropriated for the life sciences initiative. These funds are appropriated to support the research and commercialization in these respective areas and all potential business commercialization opportunities. All funding for the areas of homeland security and automotive initiative shall be funded from the Indian casino revenue or other federal sources. The program shall be administered by the Michigan economic development corporation.

(2) A life sciences and technology tri-corridor steering committee, appointed by the governor, shall consist of 19 members including the CEO of the Michigan economic development corporation, the director of the department of consumer and industry services, the state treasurer, a member from Michigan State University, the University of Michigan, Wayne State University, Western Michigan University for fiscal year 2003-04, the Van Andel Institute, 2 members representing the legislature, 1 of which is chosen by the speaker of the house of representatives and 1 of which is chosen by the majority leader of the senate, and 2 members actively engaged in each of the 3 targeted business sectors. The remaining members shall be appointed at large and may include members from the private sector, public sector, or other Michigan universities. Committee members are authorized to designate alternate members. The purpose of the steering committee is to provide advice and oversight of the initiative, including the development of criteria for the award of contracts or grants to qualifying universities, institutions, companies, or individuals. The steering committee will make decisions regarding distribution of these funds.

(3) Of the funds appropriated, up to \$2,500,000.00 may be used for administering the life sciences initiative including the monitoring of previous years' awards. Not more than \$5,000,000.00 shall be used to support a competitive business commercial development fund to support business commercialization research opportunities in Michigan. In allocating funding to the business commercial development fund, the life sciences and technology tri-corridor steering committee shall give maximum priority to supporting all potential commercialization opportunities that appear to have merit. Business commercialization proposals receiving funding need not contain a life sciences component. Of the remaining funds appropriated for the life sciences initiative, 55% are allocated for a basic research fund, to be distributed on a competitive basis to Michigan universities or Michigan nonprofit research institutes, or both, for basic research in health-related areas. In addition, 45% of the remaining appropriated funds for the life sciences initiative are earmarked for a collaborative research fund to support peer-reviewed collaborative grants among Michigan universities and/or private research facilities, with emphasis on research testing or developing emerging discoveries.

(4) The life sciences and technology tri-corridor steering committee shall ensure that all research proposals receiving funding from the homeland security and automotive initiative contain a life sciences component and complement those proposals funded under the life sciences initiative. Any business commercialization proposal receiving funding from the homeland security and automotive initiative need not complement those proposals funded under the life sciences initiative.

(5) Repayment of any funds received as a result of awards made under 1999 PA 120, 2000 PA 292, 2001 PA 80, 2002 PA 517, or this act including, but not limited to, funds received as interest or return on investment shall be deposited in the business commercial development fund. These funds are authorized for expenditure upon receipt and shall not lapse to the general fund.

(6) The records of the life sciences and technology tri-corridor steering committee involving a proposal submitted by an eligible entity that are of a scientific, technical, or proprietary nature, the release of which could cause competitive harm to the eligible entity as determined by the life sciences and technology tri-corridor steering committee, are exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

Sec. 411. The money appropriated in part 1 to the fund is subject to the condition that none is spent for premiums or advertising material involving personal effects or apparel including, but not limited to, t-shirts, hats, coffee mugs, or other promotional items, except travel Michigan.

Sec. 412. (1) From the general fund/general purpose appropriations in part 1 to the fund and granted or transferred to the Michigan economic development corporation, any unexpended or unencumbered balance shall be disposed of in accordance with the requirements in the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, unless carryforward authorization has been otherwise provided for.

(2) Any encumbered funds shall be used for the same purposes for which funding was originally appropriated in this act.

Sec. 413. As a condition of receiving funds under part 1, the fund shall ensure that the MEDC and the Michigan strategic fund comply with all of the following:

(a) The freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(b) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(c) Annual audits of all financial records by the auditor general or his or her designee.

(d) All reports required by law to be submitted to the legislature.

(e) If the MEDC is unable for any reason to perform duties under this act, the Michigan strategic fund may exercise those duties.

Sec. 414. As a condition for receiving the appropriations in part 1, any staff of the Michigan economic development corporation involved in private fund-raising activities shall not be party to any decisions regarding the awarding of grants or tax abatements from the Michigan strategic fund, Michigan economic development corporation, or the Michigan economic growth authority.

Sec. 415. (1) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the core communities fund, shall be received, held, and applied by the Michigan strategic fund for the purposes described in this act.

(2) The fund shall provide an annual report on the status of this fund. The report shall be provided to the subcommittees, the fiscal agencies, and the state budget office by January 31.

Sec. 418. (1) The funding appropriated in part 1 of 2000 PA 291 for the Michigan core communities fund may be used to create an urban revitalization infrastructure program in the Michigan strategic fund for economic development awards to create new jobs or contribute to redevelopment and encourage private investment in core communities.

(2) Awards may be provided to qualified local governmental units as defined in the obsolete property rehabilitation act, 2000 PA 146, or certified technology parks, as defined in the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174.

(3) Awards can be used for land and property acquisition and assembly, demolition, site development, utility modifications and improvements, street and road improvements, telecommunication infrastructure, site location and relocation, infrastructure improvements, and any other costs related to the successful development and implementation of core community or certified technology park projects, at the discretion of the Michigan economic development corporation.

(4) Funding may be provided in the form of loans, grants, sales or cash flow participation agreements, guarantees, or any combination of these. A cash match of at least 10%, or local repayment guarantee with a dedicated funding source, is required. Priority shall be given to projects which are integrated with existing economic development programs, and to projects in proportion to the amount that local matching rates exceed 10%.

(5) The Michigan economic development corporation shall have all administrative responsibility for the Michigan core communities fund and shall establish application and application scoring criteria and approve awards. The Michigan economic development corporation may utilize up to 1/2 of 1% of the fund for administrative purposes.

(6) Funds will be awarded through an open competitive process based on criteria including the following: project impact, project marketability, lack of adequate infrastructure or land assembly financing sources, local administrative capacity, and the level of local matching funds. Awardees shall agree to expedite the local development process, such

as fast-track permitting procedures, streamlined regulatory requirements, standardized construction and building codes, and the use of competitive construction permitting fees.

(7) No single applicant shall be awarded more than \$10,000,000.00 per project.

(8) Fifteen days prior to the award of the funds, notification shall be provided to the speaker of the house of representatives, the senate majority leader, the members of the house and senate appropriations committees, the house and senate fiscal agencies, and the state budget director.

(9) Funds shall not be awarded for any of the following purposes:

(a) Land sited for use as, or support for, a gaming facility.

(b) Land or other facilities owned or operated by a gaming facility.

(c) Publicly owned land or facilities which may directly or indirectly support a gaming facility.

Sec. 419. It is the intent of the legislature that the members of the executive committee of the corporation board of the MEDC be subject to the advice and consent of the senate.

Second: That the Senate and House agree to the title of the bill to read as follows:

A bill to make appropriations for the department of career development and the Michigan strategic fund and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; and to provide for the disposition of fees and other income received by the state agencies.

Valde Garcia
Thomas M. George
Michael Prusi
Conferees for the Senate

Marc Shulman
Glenn Steil, Jr.
Gretchen Whitmer
Conferees for the House

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Announcement by the Clerk of Printing and Enrollment

The Clerk announced that the following bill had been printed and placed upon the files of the members on Thursday, July 3:

Senate Bill No. 606

The Clerk announced that the following bills had been printed and placed upon the files of the members on Tuesday, July 8:

Senate Bill Nos. 607 608 609 610

The Clerk announced the enrollment printing and presentation to the Governor on Tuesday, July 15, for her approval of the following bill:

Enrolled House Bill No. 4247 at 8:26 p.m.

The Clerk announced the enrollment printing and presentation to the Governor on Wednesday, July 16, for her approval of the following bills:

Enrolled House Bill No. 4300 at 3:48 p.m.

Enrolled House Bill No. 4502 at 3:50 p.m.

Enrolled House Bill No. 4516 at 3:52 p.m.

Enrolled House Bill No. 4522 at 3:54 p.m.

Enrolled House Bill No. 4579 at 3:56 p.m.

Enrolled House Bill No. 4580 at 3:58 p.m.

Enrolled House Bill No. 4581 at 4:00 p.m.

Enrolled House Bill No. 4582 at 4:02 p.m.

Enrolled House Bill No. 4657 at 4:04 p.m.

The Clerk announced that the following bills had been printed and placed upon the files of the members on Wednesday, July 16:

House Bill Nos. 4950 4951 4952 4953 4954 4955 4956 4957 4958 4959 4960

The Clerk announced that the following Senate bill had been received on Wednesday, July 16:

Senate Bill No. 99

By unanimous consent the House returned to the order of
Messages from the Senate

House Bill No. 4218, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," by amending section 1303 (MCL 380.1303), as amended by 1995 PA 289.

The Senate has passed the bill, ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The House agreed to the full title.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4630, entitled

A bill to amend 1952 PA 214, entitled "An act authorizing the Mackinac bridge authority to acquire a bridge connecting the upper and lower peninsulas of Michigan, including causeways, tunnels, roads and all useful related equipment and facilities, including park, parking, recreation, lighting and terminal facilities; extending the corporate existence of the authority; authorizing such authority to enjoy and carry out all powers incident to its corporate objects; authorizing the appropriation and use of state funds for the preliminary purposes of the authority; providing for the payment of the cost of such bridge and in that connection authorizing the authority to issue revenue bonds payable solely from the revenues of the bridge; granting the right of condemnation to the authority; granting the use of state land and property to the authority; making provisions for the payment and security of such bonds and granting certain rights and remedies to the holders thereof; authorizing banks and trust companies to perform certain acts in connection therewith; authorizing the imposition of tolls and charges; authorizing the authority to secure the consent of the United States government to the construction of the bridge and to secure approval of plans, specifications and location of same; authorizing employment of engineers irrespective of whether such engineers have been previously employed to make preliminary inspections or reports with respect to the bridge; authorizing the state highway department to operate and maintain such bridge or to contribute thereto and enter into leases and agreements in connection therewith; exempting such bonds and the property of the authority from taxation; prohibiting competing traffic facilities; authorizing the operation of ferries by the authority; providing for the construction and use of certain buildings; and making an appropriation," by amending section 12 (MCL 254.322).

The Senate has passed the bill and ordered that it be given immediate effect.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4631, entitled

A bill to amend 1951 PA 51, entitled "An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts

of acts,” by amending the title and section 11 (MCL 247.661), the title as amended by 1997 PA 79 and section 11 as amended by 2002 PA 639.

The Senate has passed the bill and ordered that it be given immediate effect.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4748, entitled

A bill to amend 1961 PA 236, entitled “An act to revise and consolidate the statutes relating to the organization and jurisdiction of the courts of this state; the powers and duties of such courts, and of the judges and other officers thereof; the forms and attributes of civil claims and actions; the time within which civil actions and proceedings may be brought in said courts; pleading, evidence, practice and procedure in civil and criminal actions and proceedings in said courts; to provide remedies and penalties for the violation of certain provisions of this act; to repeal all acts and parts of acts inconsistent with or contravening any of the provisions of this act; and to repeal acts and parts of acts,” by amending sections 321, 880, 880a, 880b, 1027, 2529, 2538, 5756, 8371, and 8420 (MCL 600.321, 600.880, 600.880a, 600.880b, 600.1027, 600.2529, 600.2538, 600.5756, 600.8371, and 600.8420), section 321 as amended by 1997 PA 182, sections 880 and 880b as amended by 2000 PA 56, section 880a as added and sections 5756 and 8420 as amended by 1993 PA 189, section 1027 as added by 1996 PA 388, sections 2529 and 8371 as amended by 2002 PA 605, and section 2538 as amended by 1999 PA 151, and by adding sections 171 and 244.

The Senate has concurred in the House amendments to the Senate substitute (S-4).

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4866, entitled

A bill to amend 1961 PA 112, entitled “An act to authorize and provide for the issuance, sale, and refunding of bonds, notes, or commercial paper of the state; to provide funds for making loans to school districts for payment of principal and interest on certain school bonds; to provide for use of moneys repaid to the state by school districts; and to make an appropriation,” by amending section 3 (MCL 388.983), as amended by 1991 PA 64.

The Senate has passed the bill and ordered that it be given immediate effect.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

Senate Bill No. 99, entitled

A bill to authorize the administration of an organ donor leave time program for certain persons employed by this state; to provide for implementation and operation; and to prescribe powers and duties of certain state officers and agencies.

The Senate has passed the bill.

The bill was read a first time by its title and referred to the Committee on Employment Relations, Training and Safety.

Messages from the Governor

Date: July 15, 2003

Time: 10:00 p.m.

To the Speaker of the House of Representatives:

Sir—I have this day approved and signed

Enrolled House Bill No. 4247 (Public Act No. 61, I.E.), being

An act to amend 1949 PA 300, entitled “An act to provide for the registration, titling, sale, transfer, and regulation of certain vehicles operated upon the public highways of this state or any other place open to the general public or generally accessible to motor vehicles and distressed vehicles; to provide for the licensing of dealers; to provide for the examination, licensing, and control of operators and chauffeurs; to provide for the giving of proof of financial responsibility and security by owners and operators of vehicles; to provide for the imposition, levy, and collection of specific taxes on vehicles, and the levy and collection of sales and use taxes, license fees, and permit fees; to provide for the regulation and use of streets and highways; to create certain funds; to provide penalties and sanctions for a violation of this act; to provide for civil liability of owners and operators of vehicles and service of process on residents and nonresidents; to provide for the levy of certain assessments; to provide for the enforcement of this act; to provide for the creation of and to prescribe the powers and duties of certain state and local agencies; to impose liability upon the state or local agencies; to provide appropriations for certain purposes; to repeal all other acts or parts of acts inconsistent with this act or contrary to this act; and to repeal certain parts of this act on a specific date,” by

amending sections 303, 310d, 310e, 319, 320a, 624b, 625, 625a, 625c, 625f, 625g, 625i, 625k, 625l, 625m, and 904d (MCL 257.303, 257.310d, 257.310e, 257.319, 257.320a, 257.624b, 257.625, 257.625a, 257.625c, 257.625f, 257.625g, 257.625i, 257.625k, 257.625l, 257.625m, and 257.904d), section 303 as amended by 2002 PA 422, sections 310d and 625g as amended by 1999 PA 73, section 310e as amended by 2002 PA 554, section 319 as amended by 2002 PA 534, section 320a as amended by 2002 PA 149, section 624b as amended by 1998 PA 349, sections 625 and 625m as amended by 2000 PA 460, section 625a as amended by 1998 PA 351, section 625c as amended by 1998 PA 350, section 625f as amended by 1994 PA 450, section 625i as amended by 1998 PA 354, sections 625k and 625l as amended by 1998 PA 340, and section 904d as amended by 2001 PA 159, and by adding section 1d.

(Filed with the Secretary of State July 15, 2003, at 10:04 p.m.)

Communications from State Officers

The following communication from the Department of Community Health was received and read:

July 10, 2003

Attached please find a copy of the 2003 Asset Forfeiture Report for the State of Michigan. This report, compiled by the Office of Drug Control Policy, is required to be completed annually under Public Act 1978, No. 368.

If you have additional questions or concerns, please feel free to call Jim Rapp at 517.241.2916.

Sincerely,

Jan Christensen

Interim Policy and Legislative Liaison

Policy and Legal Affairs Administration

The communication was referred to the Clerk.

Introduction of Bills

Rep. Spade introduced

House Bill No. 4961, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," (MCL 400.1 to 400.119b) by adding section 109h. The bill was read a first time by its title and referred to the Committee on Insurance.

Rep. Spade introduced

House Bill No. 4962, entitled

A bill to amend 1980 PA 350, entitled "The nonprofit health care corporation reform act," (MCL 550.1101 to 550.1704) by adding section 416d.

The bill was read a first time by its title and referred to the Committee on Insurance.

Rep. Spade introduced

House Bill No. 4963, entitled

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," (MCL 500.100 to 500.8302) by adding section 3406r.

The bill was read a first time by its title and referred to the Committee on Insurance.

Reps. Walker, Palsrok, Hoogendyk, Hummel, Sheen, Nofs, Ward, Huizenga, Taub, Moolenaar, Brown, Pastor, Mortimer, Stewart, Middaugh, Bisbee, Garfield, Robertson, Bradstreet and Shackleton introduced

House Bill No. 4964, entitled

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," (MCL 206.1 to 206.532) by adding section 270.

The bill was read a first time by its title and referred to the Committee on Tax Policy.

Reps. Ehardt, Wojno, Accavitti, Law, Vander Veen and Bieda introduced

House Bill No. 4965, entitled

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 3406k (MCL 500.3406k), as added by 1998 PA 125.

The bill was read a first time by its title and referred to the Committee on Health Policy.

Reps. Wojno, Ehardt, Accavitti, Law, Vander Veen and Bieda introduced

House Bill No. 4966, entitled

A bill to amend 1980 PA 350, entitled "The nonprofit health care corporation reform act," by amending section 418 (MCL 550.1418), as added by 1998 PA 124.

The bill was read a first time by its title and referred to the Committee on Health Policy.

Reps. Rocca, Accavitti, Bieda, Palmer and Gielegghem introduced

House Bill No. 4967, entitled

A bill to amend 1965 PA 261, entitled "An act to authorize the creation and to prescribe the powers and duties of county and regional parks and recreation commissions; and to prescribe the powers and duties of county boards of commissioners with respect to county and regional parks and recreation commissions," by amending section 1 (MCL 46.351), as amended by 2000 PA 496.

The bill was read a first time by its title.

Pending the reference of the bill to a committee,

Rep. Richardville moved that Rules 44 and 45 be suspended.

The motion prevailed, 3/5 of the members present voting therefor.

Rep. Richardville moved that the bill be placed on the order of Second Reading of Bills and laid over one day.

The motion prevailed.

Reps. Condino, Hummel, Spade, Clack, Sak, Tobocman, Minore, Gielegghem, Kooiman, Bieda, Gleason, Cheeks and Hunter introduced

House Bill No. 4968, entitled

A bill to amend 1978 PA 368, entitled "Public health code," by amending section 12522 (MCL 333.12522).

The bill was read a first time by its title and referred to the Committee on Conservation and Outdoor Recreation.

Reps. Condino, Spade, Clack, Sak, Tobocman, Minore, Gielegghem, Kooiman, Gleason, Cheeks and Hunter introduced

House Bill No. 4969, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," by amending section 57k (MCL 400.57k), as added by 1998 PA 361.

The bill was read a first time by its title and referred to the Committee on Family and Children Services.

Reps. Kolb, Gillard, Tobocman, Rivet, Minore, Jamnick, Gielegghem, Lipsey and Sak introduced

House Bill No. 4970, entitled

A bill to require certain providers of electric service to comply with a portfolio standard for renewable energy; to prescribe the powers and duties of certain state agencies and officials; and to provide for penalties.

The bill was read a first time by its title and referred to the Committee on Energy and Technology.

Reps. Kolb, Tobocman, Rivet, Minore, Jamnick, Bieda, Gielegghem, Lipsey and Sak introduced

House Bill No. 4971, entitled

A bill to amend 1967 PA 288, entitled "Land division act," by amending sections 108 and 109 (MCL 560.108 and 560.109), section 108 as added by 1996 PA 591 and section 109 as amended by 1997 PA 87.

The bill was read a first time by its title and referred to the Committee on Land Use and Environment.

Reps. Kolb, Tobocman, Rivet, Minore, Jamnick, Bieda, Gielegghem and Lipsey introduced

House Bill No. 4972, entitled

A bill to amend 1921 PA 207, entitled "City and village zoning act," by amending section 1 (MCL 125.581), as amended by 1995 PA 36.

The bill was read a first time by its title and referred to the Committee on Land Use and Environment.

Reps. Kolb, Tobocman, Rivet, Minore, Jamnick, Bieda, Gielegghem and Lipsey introduced

House Bill No. 4973, entitled

A bill to amend 1943 PA 184, entitled "Township zoning act," by amending section 1 (MCL 125.271), as amended by 1996 PA 47.

The bill was read a first time by its title and referred to the Committee on Land Use and Environment.

Reps. Kolb, Tobocman, Rivet, Minore, Jamnick and Gielegem introduced

House Bill No. 4974, entitled

A bill to authorize governing bodies located within certain counties to levy and collect impact fees on developers to defray the cost of certain improvements required by land development; to provide for certain credits and exemptions; to allow the governing bodies to enter into agreements relating to impact fees; to prescribe powers and duties of the governing bodies; to prescribe the powers and duties of certain state agencies and officers; to create certain funds; and to prescribe remedies.

The bill was read a first time by its title and referred to the Committee on Land Use and Environment.

Reps. Accavitti, Bieda, Brandenburg, Tobocman, Ruth Johnson, Rocca, Minore, Dennis, Condino, Wojno, Smith, Garfield, Murphy, Stakoe, Ward, Wenke and Jamnick introduced

House Bill No. 4975, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," (MCL 380.1 to 380.1852) by adding section 1136. The bill was read a first time by its title and referred to the Committee on Education.

Reps. Accavitti, Vagnozzi, Bieda, Paletko, Brandenburg, Tobocman, Dennis, Condino and Murphy introduced

House Bill No. 4976, entitled

A bill to amend 1978 PA 368, entitled "Public health code," by amending section 17755 (MCL 333.17755). The bill was read a first time by its title and referred to the Committee on Health Policy.

Reps. Minore, Zelenko and Rocca introduced

House Bill No. 4977, entitled

A bill to amend 1980 PA 299, entitled "Occupational code," by amending section 804 (MCL 339.804), as amended by 1995 PA 217; and to repeal acts and parts of acts.

The bill was read a first time by its title and referred to the Committee on Regulatory Reform.

Reps. Minore, Zelenko and Rocca introduced

House Bill No. 4978, entitled

A bill to amend 1931 PA 328, entitled "The Michigan penal code," by amending sections 442 and 447 (MCL 750.442 and 750.447).

The bill was read a first time by its title and referred to the Committee on Regulatory Reform.

Reps. Minore, Zelenko, Ruth Johnson, Robertson, Clack, Vagnozzi, Condino, Gleason and Woodward introduced

House Bill No. 4979, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," by amending section 614 (MCL 380.614), as amended by 2002 PA 157.

The bill was read a first time by its title and referred to the Committee on Local Government and Urban Policy.

Reps. Bieda, Vagnozzi, Lipsey, Paletko, Adamini, Plakas, LaSata, Pappageorge, Garfield, Gleason, McConico, Condino, Rivet, Woodward, Dennis, Meisner, Stewart, Koetje, Byrum, Brown, Shaffer, Stahl, Gaffney, Hoogendyk, Pumford, Gillard, Smith, O'Neil, Anderson, Gielegem, Farrah, Tobocman, Hardman and Waters introduced

House Bill No. 4980, entitled

A bill to amend 1961 PA 236, entitled "Revised judicature act of 1961," by amending section 2912a (MCL 600.2912a), as amended by 1993 PA 78.

The bill was read a first time by its title and referred to the Committee on Judiciary.

Reps. Bieda, Spade, Wojno, Gielegem, Paletko, Gleason, Lipsey, Plakas, Ehardt, Pappageorge, Elkins, Meisner, Gillard, Woodward, Dennis, Law, Minore, DeRoche, Hune, Farrah, Stewart, Zelenko, Clack, Jamnick, Rocca, Tobocman, Hopgood, Byrum, Anderson, Kooiman, Brown, Shaffer, Stahl, Condino, Vagnozzi, Sak, Pumford, Smith, O'Neil, Daniels, Waters, Hunter, Hardman, Hood and Nofs introduced

House Bill No. 4981, entitled

A bill to amend 1954 PA 116, entitled "Michigan election law," by amending sections 758, 759, and 759b (MCL 168.758, 168.759, and 168.759b), section 758 as amended by 1996 PA 207 and section 759 as amended by 1995 PA 261.

The bill was read a first time by its title and referred to the Committee on Local Government and Urban Policy.

Reps. Vagnozzi, Woronchak, Zelenko, Stallworth, Meisner and Condino introduced

House Bill No. 4982, entitled

A bill to amend 1978 PA 368, entitled "Public health code," (MCL 333.1101 to 333.25211) by adding section 21735. The bill was read a first time by its title and referred to the Committee on Senior Health, Security and Retirement.

Reps. Tobocman, Minore, Condino, Bieda, Meisner, Woronchak, Huizenga, Rivet, Gielegem, Kolb, Lipsey, Kooiman, Vander Veen, Voorhees, Steil, Byrum, Farhat and Gleason introduced

House Bill No. 4983, entitled

A bill to regulate certain transactions involved in certain immigration matters; to set standards involving certain immigration matters and persons engaged in immigration matters; to provide for certain powers and duties for certain state and local agencies; to provide for the imposition of certain fees; and to provide for remedies and penalties.

The bill was read a first time by its title and referred to the Committee on Criminal Justice.

Reps. Huizenga, Minore, Condino, Bieda, Meisner, Woronchak, Tobocman, Rivet, Gielegem, Kolb, Lipsey, Kooiman, Vander Veen, Voorhees, Steil, Gleason and Farhat introduced

House Bill No. 4984, entitled

A bill to amend 1927 PA 175, entitled "The code of criminal procedure," by amending section 13p of chapter XVII (MCL 777.13p), as amended by 2002 PA 475.

The bill was read a first time by its title and referred to the Committee on Criminal Justice.

Reps. Tobocman, Gielegem, Bieda, Pappageorge, Hunter, Byrum, Hopgood and Woodward introduced

House Bill No. 4985, entitled

A bill to regulate deferred deposit loans for issued checks; to provide for licensing and fees; to prescribe the powers and duties of certain state agencies and officials; and to provide for penalties.

The bill was read a first time by its title and referred to the Committee on Commerce.

Rep. Mortimer moved that the House adjourn.
The motion prevailed, the time being 9:05 p.m.

The Speaker Pro Tempore declared the House adjourned until Thursday, July 17, at 10:00 a.m.

GARY L. RANDALL
Clerk of the House of Representatives