

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4401

<<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 the title and 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, 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, 388.1618, 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), the title as amended by 1997 PA 142, 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, section 8b as added

House Bill No. 4401 as amended June 18, 2003 (1 of 2)  
 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 20k, 22d,  
 22e, 22f, 31e, 34, 51e, 55a, 93, 98b, 99b, 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.>>

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

4       (2) "Board" means the governing body of a district or public  
 5 school academy.

6       **(3) "Center" means the center for educational performance and**  
 7 **information created in section 94a.**

8       (4) ~~—(3)—~~ "Cooperative education program" means a written  
 9 voluntary agreement between and among districts to provide  
 10 certain educational programs for pupils in certain groups of  
 11 districts. The written agreement shall be approved by all  
 12 affected districts at least annually and shall specify the  
 13 educational programs to be provided and the estimated number of  
 14 pupils from each district who will participate in the educational  
 15 programs.

16       (5) ~~—(4)—~~ "Department", except in sections 67, 68, 107, and

17 108, means the department of education.

18       (6) ~~(5)~~ "District" means a local school district  
19 established under the revised school code, a local act school  
20 district, or, except in sections 6(4), 6(6), 13, 20, 22a, 23,

1 31a, 32f, 105, and 105c, a public school academy. Except in  
2 sections 6(4), 6(6), 13, 20, 22a, 105, and 105c, district also  
3 includes a university school.

4 (7) ~~-(6)-~~ "District of residence", except as otherwise  
5 provided in this subsection, means the district in which a  
6 pupil's custodial parent or parents or legal guardian resides.  
7 For a pupil described in section 24b, the pupil's district of  
8 residence is the district in which the pupil enrolls under that  
9 section. For a pupil described in section 6(4)(d), the pupil's  
10 district of residence shall be considered to be the district or  
11 intermediate district in which the pupil is counted in membership  
12 under that section. For a pupil under court jurisdiction who is  
13 placed outside the district in which the pupil's custodial parent  
14 or parents or legal guardian resides, the pupil's district of  
15 residence shall be considered to be the educating district or  
16 educating intermediate district.

17 (8) ~~-(7)-~~ "District superintendent" means the superintendent  
18 of a district, the chief administrator of a public school  
19 academy, or the chief administrator of a university school.

20 Sec. 6. (1) "Center program" means a program operated by a  
21 district or intermediate district for special education pupils  
22 from several districts in programs for the autistically impaired,  
23 trainable mentally impaired, severely mentally impaired, severely  
24 multiply impaired, hearing impaired, physically and otherwise  
25 health impaired, and visually impaired. Programs for emotionally  
26 impaired pupils housed in buildings that do not serve regular  
27 education pupils also qualify. Unless otherwise approved by the

1 department, a center program either shall serve all constituent  
 2 districts within an intermediate district or shall serve several  
 3 districts with less than 50% of the pupils residing in the  
 4 operating district. In addition, special education center  
 5 program pupils placed part-time in noncenter programs to comply  
 6 with the least restrictive environment provisions of section 612  
 7 of part B of the individuals with disabilities education act,  
 8 title VI of Public Law 91-230, 20 U.S.C. 1412, may be considered  
 9 center program pupils for pupil accounting purposes for the time  
 10 scheduled in either a center program or a noncenter program.

11 (2) "District ~~pupil retention~~ **and high school graduation**  
 12 rate" means the ~~proportion of pupils who have not dropped out of~~  
 13 ~~school in the immediately preceding school year and is equal to 1~~  
 14 ~~minus the quotient of the number of pupils unaccounted for in the~~  
 15 ~~immediately preceding school year, as determined pursuant to~~  
 16 ~~subsection (3), divided by the pupils of the immediately~~  
 17 ~~preceding school year~~ **annual completion and pupil dropout rate**  
 18 **that is calculated by the center pursuant to nationally**  
 19 **recognized standards.**

20 (3) "District ~~pupil retention~~ **and high school graduation**  
 21 report" means a report of the number of pupils, excluding migrant  
 22 and adult, in the district for the immediately preceding school  
 23 year, adjusted for those pupils who have transferred into **or out**  
 24 **of the district** ~~, transferred out of the district, or~~  
 25 ~~transferred to alternative programs, and have graduated, to~~  
 26 ~~determine the number of pupils who are unaccounted for. The~~  
 27 ~~number of pupils unaccounted for shall be calculated as~~

1 ~~determined by the department~~ **who leave high school with a**  
2 **diploma or other credential.**

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

21 (a) Except as otherwise provided in this subsection, and  
22 pursuant to subsection (6), a pupil shall be counted in  
23 membership in the pupil's educating district or districts. An  
24 individual pupil shall not be counted for more than a total of  
25 1.0 full-time equated membership.

26 (b) If a pupil is educated in a district other than the  
27 pupil's district of residence, if the pupil is not being educated

1 as part of a cooperative education program, if the pupil's  
2 district of residence does not give the educating district its  
3 approval to count the pupil in membership in the educating  
4 district, and if the pupil is not covered by an exception  
5 specified in subsection (6) to the requirement that the educating  
6 district must have the approval of the pupil's district of  
7 residence to count the pupil in membership, the pupil shall not  
8 be counted in membership in any district.

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

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

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

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

27 (g) A pupil enrolled in a university school shall be counted

1 in membership in the university school.

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

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

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

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

27 (j) If a district is the authorizing body for a public school



1 academy, then, in the first school year in which pupils are  
2 counted in membership on the pupil membership count day in the  
3 public school academy, the determination of the district's  
4 membership shall exclude from the district's pupil count for the  
5 immediately preceding supplemental count day any pupils who are  
6 counted in the public school academy on that first pupil  
7 membership count day who were also counted in the district on the  
8 immediately preceding supplemental count day.

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

14 (l) Pupils to be counted in membership shall be not less than  
15 5 years of age on December 1 and less than 20 years of age on  
16 September 1 of the school year except a special education pupil  
17 who is enrolled and receiving instruction in a special education  
18 program **or service** approved by the department and not having a  
19 high school diploma who is less than 26 years of age as of  
20 September 1 of the current school year shall be counted in  
21 membership.

22 (m) An individual who has obtained a high school diploma  
23 shall not be counted in membership. An individual who has  
24 obtained a general education development (G.E.D.) certificate  
25 shall not be counted in membership. An individual participating  
26 in a job training program funded under former section 107a or a  
27 jobs program funded under former section 107b, administered by

1 the Michigan strategic fund or the department of career  
2 development, or participating in any successor of either of those  
3 2 programs, shall not be counted in membership.

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

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

24 (ii) If the public school academy provides instruction for  
25 less than 1/2 of the class hours specified in subdivision (q),  
26 the district or intermediate district providing the remainder of  
27 the hours of instruction shall receive as its prorated share of

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

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

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

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

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

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

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

21 (u) If, as a result of a disciplinary action, a district  
22 determines through the district's alternative or disciplinary  
23 education program that the best instructional placement for a  
24 pupil is in the pupil's home, if that placement is authorized in  
25 writing by the district superintendent and district alternative  
26 or disciplinary education supervisor, and if the district  
27 provides appropriate instruction as described in this subdivision

1 to the pupil at the pupil's home, the district may count the  
2 pupil in membership on a pro rata basis, with the proration based  
3 on the number of hours of instruction the district actually  
4 provides to the pupil divided by the number of hours specified in  
5 subdivision (q) for full-time equivalency. For the purposes of  
6 this subdivision, a district shall be considered to be providing  
7 appropriate instruction if all of the following are met:

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

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

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

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

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

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

1 for the pupil membership count day to include the pupil in the  
2 count.

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

14 (y) If a district's membership for a particular fiscal year,  
15 as otherwise calculated under this subsection, would be less than  
16 1,550 pupils and the district has 4.5 or fewer pupils per square  
17 mile, as determined by the department, the district's membership  
18 shall be considered to be the membership figure calculated under  
19 this subdivision. ~~However, beginning in 2003-2004, this~~  
20 ~~subdivision applies only to districts located in the Lower~~  
21 ~~Peninsula.~~ If a district educates and counts in its membership  
22 pupils in grades 9 to 12 who reside in a contiguous district that  
23 does not operate grades 9 to 12 and if 1 or both of the affected  
24 districts request the department to use the determination allowed  
25 under this sentence, the department shall include the square  
26 mileage of both districts in determining the number of pupils per  
27 square mile for each of the districts for the purposes of this

## House Bill No. 4401 as amended June 18, 2003

1 subdivision. The membership figure calculated under this

2 subdivision is the greater of the following:

3 (i) The average of the district's membership for the  
4 3-fiscal-year period ending with that fiscal year, calculated by  
5 adding the district's actual membership for each of those 3  
6 fiscal years, as otherwise calculated under this subsection, and  
7 dividing the sum of those 3 membership figures by 3.

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

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

19 (5) "Public school academy" means a public school academy <<, urban  
20 high school academy,>> or  
21 strict discipline academy operating under the revised school  
22 code.

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

27 (a) A nonpublic part-time pupil enrolled in grades 1 to 12 in

1 accordance with section 166b.

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

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

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

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

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

21 (g) A pupil who has made an official written complaint or  
22 whose parent or legal guardian has made an official written  
23 complaint to law enforcement officials and to school officials of  
24 the pupil's district of residence that the pupil has been the  
25 victim of a criminal sexual assault or other serious assault, if  
26 the official complaint either indicates that the assault occurred  
27 at school or that the assault was committed by 1 or more other



1 pupils enrolled in the school the pupil would otherwise attend in  
2 the district of residence or by an employee of the district of  
3 residence. A person who intentionally makes a false report of a  
4 crime to law enforcement officials for the purposes of this  
5 subdivision is subject to section 411a of the Michigan penal  
6 code, 1931 PA 328, MCL 750.411a, which provides criminal  
7 penalties for that conduct. As used in this subdivision:

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

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

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

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

27 (j) A pupil enrolled in an alternative education program

1 operated by a district other than his or her district of  
2 residence who meets 1 or more of the following:

3 (i) The pupil has been suspended or expelled from his or her  
4 district of residence for any reason, including, but not limited  
5 to, a suspension or expulsion under section 1310, 1311, or 1311a  
6 of the revised school code, MCL 380.1310, 380.1311, and  
7 380.1311a.

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

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

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

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

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

21 (7) "Pupil membership count day" of a district or  
22 intermediate district means:

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

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

27 (i) Fourth Wednesday in July.

1           (ii) Fourth Wednesday in September.

2           (iii) Second Wednesday in February.

3           (iv) Fourth Wednesday in April.

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

27           (9) "Rule" means a rule promulgated pursuant to the

1 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
2 24.328.

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

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

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

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

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

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

22 (16) "State school aid fund" means the state school aid fund  
23 established in section 11 of article IX of the state constitution  
24 of 1963.

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

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

7           (19) ~~-(18)-~~ "Total state aid" or "total state school aid"  
8 means the total combined amount of all funds due to a district,  
9 intermediate district, or other entity under all of the  
10 provisions of this act.

11           (20) ~~-(19)-~~ "University school" means an instructional  
12 program operated by a public university under section 23 that  
13 meets the requirements of section 23.

14           Sec. 8b. (1) The department shall assign a district code  
15 to each public school academy that is authorized under the  
16 revised school code and is eligible to receive funding under this  
17 act **within 30 days after a contract is submitted to the**  
18 **department by the authorizing body of a public school academy.**

19           (2) If the department does not assign a district code to a  
20 public school academy ~~in a timely manner~~ **within the 30-day**  
21 **period described in subsection (1), the** ~~department of treasury~~  
22 ~~may assign a temporary district code to the public school academy~~  
23 ~~for the purpose of making payments under this act.~~ **district code**  
24 **the department shall use to make payments under this act to the**  
25 **newly authorized public school academy shall be a number that is**  
26 **equivalent to the sum of the last district code assigned to a**  
27 **public school academy located in the same county as the newly**

1 authorized public school academy plus 1. However, if there is  
2 not an existing public school academy located in the same county  
3 as the newly authorized public school academy, then the district  
4 code the department shall use to make payments under this act to  
5 the newly authorized public school academy shall be a 5-digit  
6 number that has the county code in which the public school  
7 academy is located as its first 2 digits, 9 as its third digit, 0  
8 as its fourth digit, and 1 as its fifth digit.

9       Sec. 11. (1) ~~For the fiscal year ending September 30,~~  
10 ~~2002, there is appropriated for the public schools of this state~~  
11 ~~and certain other state purposes relating to education the sum of~~  
12 ~~\$10,990,148,200.00 from the state school aid fund established by~~  
13 ~~section 11 of article IX of the state constitution of 1963 and~~  
14 ~~the sum of \$198,413,500.00 from the general fund.~~ For the fiscal  
15 year ending September 30, 2003, there is appropriated for the  
16 public schools of this state and certain other state purposes  
17 relating to education the sum of ~~-\$11,259,441,400.00~~  
18 **\$11,230,753,400.00** from the state school aid fund established by  
19 section 11 of article IX of the state constitution of 1963, the  
20 sum of \$198,413,500.00 from the general fund, and the sum of  
21 \$700,000.00 from local revenues. ~~However, if legislation~~  
22 ~~authorizing the transfer of \$79,500,000.00 from the Michigan~~  
23 ~~employment security act contingent fund, penalties and interest~~  
24 ~~subaccount, is not enacted and in effect on or before October 1,~~  
25 ~~2002, there is instead appropriated from the general fund for~~  
26 ~~2002-2003 the sum of \$122,656,500.00.~~ For the fiscal year ending  
27 September 30, 2004, there is appropriated for the public schools

1 of this state and certain other state purposes relating to  
2 education the sum of ~~-\$11,246,667,400.00~~ **\$10,972,778,500.00** from  
3 the state school aid fund established by section 11 of article IX  
4 of the state constitution of 1963 and the sum of  
5 ~~-\$198,413,500.00~~ **\$306,800,000.00** from the general fund. **From**  
6 **the merit award trust fund established in section 3 of the**  
7 **Michigan merit award scholarship act, 1999 PA 94, MCL 390.1453,**  
8 **\$17,000,000.00 is transferred and appropriated to the state**  
9 **school aid fund for the fiscal year ending September 30, 2004.**  
10 **Upon certification by the state treasurer that the school bond**  
11 **loan fund debt owed by this state under 1961 PA 112, MCL 388.981**  
12 **to 388.985, has been refinanced, the net proceeds from that**  
13 **transaction shall be deposited in the state school aid fund. In**  
14 **addition, available federal funds are appropriated for each of**  
15 **those fiscal years.**

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

1           (3) If the maximum amount appropriated under this section and  
2 section 11f from the state school aid fund for a fiscal year  
3 exceeds the amount available for expenditure from the state  
4 school aid fund for that fiscal year, payments under sections  
5 11f, 11g, 22a, 31d, 51a(2), and 51c shall be made in full. In  
6 addition, for districts beginning operations after 1994-95 that  
7 qualify for payments under section 22b, payments under section  
8 22b shall be made so that the qualifying districts receive **the**  
9 **lesser of** an amount equal to the 1994-95 foundation allowance of  
10 the district in which the district beginning operations after  
11 1994-95 is located **or \$5,500.00**. The amount of the payment to be  
12 made under section 22b for these qualifying districts shall be as  
13 calculated under section 22a, with the balance of the payment  
14 under section 22b being subject to the proration otherwise  
15 provided under this subsection **and subsection (4)**. ~~State~~ **For**  
16 **proration before May 1, 2003, state** payments under each of the  
17 other sections of this act from all state funding sources shall  
18 be prorated on an equal percentage basis as necessary to reflect  
19 the amount available for expenditure from the state school aid  
20 fund for ~~that~~ **the affected** fiscal year. **If additional**  
21 **proration is necessary in 2002-2003 because of the outcome of any**  
22 **revenue estimating conference occurring after May 1, 2003, and**  
23 **for any proration necessary after 2002-2003, state payments under**  
24 **each of the other sections of this act from all state funding**  
25 **sources shall be prorated in the manner prescribed in subsection**  
26 **(4) as necessary to reflect the amount available for expenditure**  
27 **from the state school aid fund for the affected fiscal year.**



1 However, if the department of treasury determines that proration  
2 will be required under this subsection, the department of  
3 treasury shall notify the state budget director, and the state  
4 budget director shall not notify the legislature at least 30  
5 calendar days or 6 legislative session days, whichever is more,  
6 before the department reduces any payments under this act because  
7 of the proration. During the 30 calendar day or 6 legislative  
8 session day period after that notification by the state budget  
9 director, the department shall not reduce any payments under this  
10 act because of proration under this subsection. The legislature  
11 may prevent proration from occurring by, within the 30 calendar  
12 day or 6 legislative session day period after that notification  
13 by the state budget director, enacting legislation appropriating  
14 additional funds from the general fund, countercyclical budget  
15 and economic stabilization fund, state school aid fund balance,  
16 or another source to fund the amount of the projected shortfall.

17 **(4) If additional proration is necessary in 2002-2003 because**  
18 **of the outcome of any revenue estimating conference occurring**  
19 **after May 1, 2003 and for any proration necessary after**  
20 **2002-2003, the department shall calculate the proration in**  
21 **district and intermediate district payments that is required**  
22 **under subsection (3) as follows:**

23 **(a) The department shall recover 95% of the proration amount**  
24 **required under subsection (3) by reducing payments to districts.**  
25 **This reduction shall be made by calculating an equal dollar**  
26 **amount per pupil as necessary to recover this percentage of the**  
27 **proration amount and reducing each district's total state school**

1 aid from state sources, other than payments under sections 11f,  
 2 11g, 22a, 31d, 51a(2), 51a(12), 51c, 53a, and 56, by that  
 3 amount.

4 (b) The department shall recover the remaining 5% of the  
 5 proration amount required under subsection (3) by reducing  
 6 payments to intermediate districts. This reduction shall be made  
 7 by reducing the payments to each intermediate district, other  
 8 than payments under sections 11f, 11g, 22a, 31d, 51a(2), 51a(12),  
 9 51c, 53a, and 56, on an equal percentage basis.

10 (5) For the fiscal year ending September 30, 2003 only, in  
 11 addition to the appropriations under subsection (1), the amount  
 12 of \$61,000,000.00 is transferred and appropriated from the  
 13 general fund to the state school aid fund. This transfer  
 14 reflects the estimated net shortfall in state school aid fund  
 15 revenue as determined at the May 2003 consensus revenue  
 16 estimating conference and is appropriated to avoid any further  
 17 proration under subsection (3) due to that estimated shortfall.

18 (6) ~~-(4)-~~ Except for the allocation under section 26a, any  
 19 general fund allocations under this act that are not expended by  
 20 the end of the state fiscal year are transferred to the state  
 21 school aid fund.

22 Sec. 11f. (1) ~~In addition to any other money appropriated~~  
 23 ~~under this act, there is appropriated from the state school aid~~  
 24 ~~fund~~ From the appropriations under section 11, there is  
 25 allocated for the purposes of this section an amount not to  
 26 exceed \$32,000,000.00 ~~each fiscal year for the fiscal year~~  
 27 ~~ending September 30, 2002, for the fiscal year ending September~~

1 ~~30, 2003,~~ for the fiscal year ending September 30, 2004 ~~—~~ and  
2 for each succeeding fiscal year through the fiscal year ending  
3 September 30, 2008. Payments under this section will cease after  
4 September 30, 2008. These ~~appropriations~~ **allocations** are for  
5 paying the amounts described in subsection (4) to districts and  
6 intermediate districts, other than those receiving a lump sum  
7 payment under subsection (2), that were not plaintiffs in the  
8 consolidated cases known as Durant v State of Michigan, Michigan  
9 supreme court docket no. 104458-104492 and that, on or before  
10 March 2, 1998, submitted to the state treasurer a board  
11 resolution waiving any right or interest the district or  
12 intermediate district has or may have in any claim or litigation  
13 based on or arising out of any claim or potential claim through  
14 September 30, 1997 that is or was similar to the claims asserted  
15 by the plaintiffs in the consolidated cases known as Durant v  
16 State of Michigan. The waiver resolution shall be in form and  
17 substance as required under subsection ~~-(8)-~~ (7). The state  
18 treasurer is authorized to accept such a waiver resolution on  
19 behalf of this state. The amounts described in this subsection  
20 represent offers of settlement and compromise of any claim or  
21 claims that were or could have been asserted by these districts  
22 and intermediate districts, as described in this subsection.

23 (2) In addition to any other money appropriated under this  
24 act, there was appropriated from the state school aid fund an  
25 amount not to exceed \$1,700,000.00 for the fiscal year ending  
26 September 30, 1999. This appropriation was for paying the  
27 amounts described in this subsection to districts and

1 intermediate districts that were not plaintiffs in the  
2 consolidated cases known as Durant v State of Michigan; that, on  
3 or before March 2, 1998, submitted to the state treasurer a board  
4 resolution waiving any right or interest the district or  
5 intermediate district had or may have had in any claim or  
6 litigation based on or arising out of any claim or potential  
7 claim through September 30, 1997 that is or was similar to the  
8 claims asserted by the plaintiffs in the consolidated cases known  
9 as Durant v State of Michigan; and for which the total amount  
10 listed in section 11h and paid under this section was less than  
11 \$75,000.00. For a district or intermediate district qualifying  
12 for a payment under this subsection, the entire amount listed for  
13 the district or intermediate district in section 11h was paid in  
14 a lump sum on November 15, 1998 or on the next business day  
15 following that date. The amounts paid under this subsection  
16 represent offers of settlement and compromise of any claim or  
17 claims that were or could have been asserted by these districts  
18 and intermediate districts, as described in this subsection.

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

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

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

25           (6) Funds paid to a district or intermediate district under  
26 this section shall be used only for textbooks, electronic  
27 instructional material, software, technology, infrastructure or

1 infrastructure improvements, school buses, school security,  
 2 training for technology, or to pay debt service on voter-approved  
 3 bonds issued by the district or intermediate district before the  
 4 effective date of this section. For intermediate districts only,  
 5 funds paid under this section may also be used for other  
 6 nonrecurring instructional expenditures including, but not  
 7 limited to, nonrecurring instructional expenditures for  
 8 vocational education, or for debt service for acquisition of  
 9 technology for academic support services. Funds received by an  
 10 intermediate district under this section may be used for projects  
 11 conducted for the benefit of its constituent districts at the  
 12 discretion of the intermediate board. To the extent payments  
 13 under this section are used by a district or intermediate  
 14 district to pay debt service on debt payable from millage  
 15 revenues, and to the extent permitted by law, the district or  
 16 intermediate district may make a corresponding reduction in the  
 17 number of mills levied for that debt service.

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

23 (7) ~~-(8)-~~ The resolution to be adopted and submitted by a  
 24 district or intermediate district under this section and section  
 25 11g shall read as follows:

26 "Whereas, the board of \_\_\_\_\_ (name of district  
 27 or intermediate district) desires to settle and compromise, in

1 their entirety, any claim or claims that the district (or  
2 intermediate district) has or had for violations of section 29 of  
3 article IX of the state constitution of 1963, which claim or  
4 claims are or were similar to the claims asserted by the  
5 plaintiffs in the consolidated cases known as Durant v State of  
6 Michigan, Michigan supreme court docket no. 104458-104492.

7       Whereas, the district (or intermediate district) agrees to  
8 settle and compromise these claims for the consideration  
9 described in sections 11f and 11g of the state school aid act of  
10 1979, 1979 PA 94, MCL 388.1611f and 388.1611g, and in the amount  
11 specified for the district (or intermediate district) in  
12 section 11h of the state school aid act of 1979, 1979 PA 94,  
13 MCL 388.1611h.

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

16       Now, therefore, be it resolved as follows:

17       1. The board of \_\_\_\_\_ (name of district or  
18 intermediate district) waives any right or interest it may have  
19 in any claim or potential claim through September 30, 1997  
20 relating to the amount of funding the district or intermediate  
21 district is, or may have been, entitled to receive under the  
22 state school aid act of 1979, 1979 PA 94, MCL 388.1601 to  
23 388.1772, or any other source of state funding, by reason of the  
24 application of section 29 of article IX of the state constitution  
25 of 1963, which claims or potential claims are or were similar to  
26 the claims asserted by the plaintiffs in the consolidated cases  
27 known as Durant v State of Michigan, Michigan supreme court

1 docket no. 104458-104492.

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

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

15           4. This resolution is contingent on continued payments by  
16 the state each fiscal year as determined under sections 11f and  
17 11g of the state school aid act of 1979, 1979 PA 94,  
18 MCL 388.1611f and 388.1611g. However, this resolution shall be  
19 an irrevocable waiver of any claim to amounts actually received  
20 by the school district or intermediate school district under  
21 sections 11f and 11g of the state school aid act of 1979.".

22           Sec. 11g. (1) From the general fund ~~money appropriated~~  
23 **appropriation** in section 11, there is allocated an amount not to  
24 exceed ~~-\$40,000,000.00-~~ **\$141,000.00 each fiscal year** for the  
25 fiscal year ending ~~September 30, 2002, for the fiscal year~~  
26 ~~ending~~ September 30, 2003, for the fiscal year ending  
27 September 30, 2004, and for **the fiscal year ending September 30,**



1 2005. There is allocated an amount not to exceed \$34,200,000.00  
2 for each succeeding fiscal year through the fiscal year ending  
3 September 30, 2013. Payments under this section will cease after  
4 September 30, 2013. These ~~appropriations~~ **allocations** are for  
5 paying the amounts described in subsection (3) to districts and  
6 intermediate districts, other than those receiving a lump sum  
7 payment under section 11f(2), that were not plaintiffs in the  
8 consolidated cases known as Durant v State of Michigan, Michigan  
9 supreme court docket no. 104458-104492 and that, on or before  
10 March 2, 1998, submitted to the state treasurer a waiver  
11 resolution described in section 11f. The amounts paid under this  
12 section represent offers of settlement and compromise of any  
13 claim or claims that were or could have been asserted by these  
14 districts and intermediate districts, as described in this  
15 section.

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

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

1 following:

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

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

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

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

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

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

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

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

18 Sec. 18. (1) Except as provided in another section of this  
19 act, each district or other entity shall apply the money received  
20 by the district or entity under this act to salaries and other  
21 compensation of teachers and other employees, tuition,  
22 transportation, lighting, heating, ventilation, water service,  
23 the purchase of textbooks which are designated by the board to be  
24 used in the schools under the board's charge, other supplies, and  
25 any other school operating expenditures defined in section 7.  
26 However, not more than 20% of the total amount received by a  
27 district under article 2 or intermediate district under article 8

1 may be transferred by the board to either the capital projects  
2 fund or to the debt retirement fund for debt service. The money  
3 shall not be applied or taken for a purpose other than as  
4 provided in this section. The department shall determine the  
5 reasonableness of expenditures and may withhold from a recipient  
6 of funds under this act the apportionment otherwise due for the  
7 fiscal year following the discovery by the department of a  
8 violation by the recipient.

9 (2) For the purpose of determining the reasonableness of  
10 expenditures and whether a violation of this act has occurred,  
11 the department shall require that each district and intermediate  
12 district have an audit of the district's or intermediate  
13 district's financial and pupil accounting records conducted at  
14 least annually at the expense of the district or intermediate  
15 district, as applicable, by a certified public accountant or by  
16 the intermediate district superintendent, as may be required by  
17 the department, or in the case of a district of the first class  
18 by a certified public accountant, the intermediate  
19 superintendent, or the auditor general of the city. An  
20 intermediate district's annual financial audit shall be  
21 accompanied by the intermediate district's pupil accounting  
22 procedures report. A district's or intermediate district's  
23 annual financial audit shall include an analysis of the financial  
24 and pupil accounting data used as the basis for distribution of  
25 state school aid. The pupil accounting records and reports,  
26 audits, and management letters are subject to requirements  
27 established in the auditing and accounting manuals approved and

1 published by the department. Except as otherwise provided in  
2 this subsection, a district shall file the annual financial audit  
3 reports with the intermediate district not later than 120 days  
4 after the end of each school fiscal year and the intermediate  
5 district shall forward the annual financial audit reports for its  
6 constituent districts and for the intermediate district, and the  
7 pupil accounting procedures report for the pupil membership count  
8 day and supplemental count day, to the department not later than  
9 November 15 of each year. The annual financial audit reports and  
10 pupil accounting procedures reports shall be available to the  
11 public in compliance with the freedom of information act, 1976  
12 PA 442, MCL 15.231 to 15.246. Not later than December 1 of each  
13 year, the department shall notify the state budget director and  
14 the legislative appropriations subcommittees responsible for  
15 review of the school aid budget of districts and intermediate  
16 districts that have not filed an annual financial audit and pupil  
17 accounting procedures report required under this section for the  
18 school year ending in the immediately preceding fiscal year.

19       (3) ~~Each~~ **By November 15 of each year, each** district and  
20 intermediate district shall ~~file with the department by~~  
21 ~~November 15 of each year an annual comprehensive financial~~  
22 ~~report, known as "Form B", on a form and in the manner prescribed~~  
23 ~~by the department~~ **submit to the center, in a manner prescribed**  
24 **by the center, annual comprehensive financial data consistent**  
25 **with accounting manuals and charts of accounts approved and**  
26 **published by the department.**

27       (4) **By September 30 of each year, each district and**

1 intermediate district shall file with the department the special  
2 education actual cost report, known as "SE-4096", on a form and  
3 in the manner prescribed by the department.

4 (5) By October 7 of each year, each district and intermediate  
5 district shall file with the department the transportation  
6 expenditure report, known as "SE-4094", on a form and in the  
7 manner prescribed by the department.

8 (6) ~~(4)~~ Not later than July 1, 1999, the department shall  
9 approve and publish pupil accounting and pupil auditing manuals.  
10 The department shall review those manuals at least annually and  
11 shall periodically update those manuals to reflect changes in  
12 this act. The pupil accounting manuals in effect for the 1996-97  
13 school year, including subsequent revisions issued by the  
14 superintendent, shall be the interim manuals in effect until new  
15 manuals are approved and published. However, the clarification  
16 of class-by-class accounting provided in the department's April  
17 15, 1998 memorandum on pupil accounting procedures shall be  
18 excluded from the interim manuals.

19 (7) ~~(5)~~ If a district that is a public school academy  
20 purchases property using money received under this act, the  
21 public school academy shall retain ownership of the property  
22 unless the public school academy sells the property at fair  
23 market value.

24 (8) ~~(6)~~ If a district or intermediate district does not  
25 comply with subsection (2), ~~or~~ (3), (4), or (5), the department  
26 shall withhold all state school aid due to the district or  
27 intermediate district under this act, beginning with the next

1 payment due to the district or intermediate district, until the  
 2 district or intermediate district complies with subsections (2),  
 3 ~~and~~ (3), **(4), and (5)**. If the district or intermediate  
 4 district does not comply with subsections (2), ~~and~~ (3), **(4),**  
 5 **and (5)** by the end of the fiscal year, the district or  
 6 intermediate district forfeits the amount withheld.

7       Sec. 19. (1) A district shall comply with ~~the~~ **any**  
 8 requirements of sections 1204a, 1277, 1278, and 1280 of the  
 9 revised school code, MCL 380.1204a, 380.1277, 380.1278, and  
 10 380.1280, commonly referred to as "public act 25 of 1990" **that**  
 11 **are not also required by the no child left behind act of 2001,**  
 12 **Public Law 107-110, 115 Stat. 1425, as determined by the**  
 13 **department.**

14       (2) Each district and intermediate district shall provide to  
 15 the department, in a form and manner prescribed by the  
 16 department, information necessary for the development of an  
 17 annual progress report on the **required** implementation of sections  
 18 1204a, 1277, 1278, and 1280 of the revised school code,  
 19 MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly  
 20 referred to as "public act 25 of 1990". ~~Additionally, each~~  
 21 ~~district and intermediate district shall provide to the~~  
 22 ~~department of information technology, in a form and manner~~  
 23 ~~prescribed by the department of information technology, on the~~  
 24 ~~achievement of national education goals, and information~~  
 25 ~~necessary for the development of other performance reports.~~

26       (3) A district or intermediate district shall comply with all  
 27 applicable reporting requirements specified in the no child left

1 behind act of 2001, Public Law 107-110, 115 Stat. 1425. Data  
2 provided to the center, in a form and manner prescribed by the  
3 center, shall be aggregated and disaggregated as required by the  
4 no child left behind act of 2001, Public Law 107-110, 115  
5 Stat. 1425.

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

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

21 (6) ~~(3)~~ If a district or intermediate district fails to  
22 meet the requirements of subsection (2), ~~and sections 1204a,~~  
23 ~~1277, and 1278 of the revised school code, MCL 380.1204a,~~  
24 ~~380.1277, and 380.1278,~~ (3), (4), or (5), the department shall  
25 withhold 5% of the total funds for which the district or  
26 intermediate district qualifies under this act until the district  
27 or intermediate district complies with all of those ~~sections~~



1 **subsections.** If the district or intermediate district does not  
 2 comply with all of those ~~sections~~ **subsections** by the end of the  
 3 fiscal year, the department shall place the amount withheld in an  
 4 escrow account until the district or intermediate district  
 5 complies with all of those ~~sections~~ **subsections.**

6 (7) ~~(4)~~ If a school in a district is not accredited under  
 7 section 1280 of the revised school code, MCL 380.1280, or is not  
 8 making satisfactory progress toward meeting the standards for  
 9 that accreditation, the department shall withhold 5% of the total  
 10 funds for which the district qualifies under this act that are  
 11 attributable to pupils attending that school. The department  
 12 shall place the amount withheld from a district under this  
 13 subsection in an escrow account and shall not release the funds  
 14 to the district until the district submits to the department a  
 15 plan for achieving accreditation for each of the district's  
 16 schools that are not accredited under section 1280 of the revised  
 17 school code, MCL 380.1280, or are not making satisfactory  
 18 progress toward meeting the standards for that accreditation.

19 (8) **Before publishing a list of schools or districts**  
 20 **determined to have failed to make adequate yearly progress as**  
 21 **required by the federal no child left behind act of 2001, Public**  
 22 **Law 107-110, 115 Stat. 1425, the department shall allow a school**  
 23 **or district to appeal that determination. The department shall**  
 24 **consider and act upon the appeal within 30 days after it is**  
 25 **submitted and shall not publish the list until after all appeals**  
 26 **have been considered and decided.**

27 Sec. 20. (1) ~~For 2001-2002, the basic foundation allowance~~

1 ~~is \$6,300.00 per membership pupil.~~ For 2002-2003 and for  
2 2003-2004, the basic foundation allowance is \$6,700.00 per  
3 membership pupil.

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

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

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

26 (b) For a district that in the 1994-95 state fiscal year had  
27 a foundation allowance greater than \$6,500.00, the district's

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

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

27 (d) ~~Beginning in 2002-2003, for~~ **For** a district that

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

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

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

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

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

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

1 2002-2003 ~~—~~ or 2003-2004, as applicable, after the pupil  
2 membership count day, the amount per membership pupil calculated  
3 under this subsection shall be adjusted by multiplying that  
4 amount per membership pupil by the number of hours of pupil  
5 instruction provided by the public school academy after it begins  
6 operations, as determined by the department, divided by the  
7 minimum number of hours of pupil instruction required under  
8 section 101(3). The result of this calculation shall not exceed  
9 the amount per membership pupil otherwise calculated under this  
10 subsection.

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

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

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

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



1 than \$6,500.00 and that had fewer than 350 pupils in membership,  
2 if the district elects not to reduce the number of mills from  
3 which a homestead and qualified agricultural property are exempt  
4 and not to levy school operating taxes on a homestead and  
5 qualified agricultural property as provided in section 1211(1) of  
6 the revised school code, MCL 380.1211, and not to levy school  
7 operating taxes on all property as provided in section 1211(2) of  
8 the revised school code, MCL 380.1211, there is calculated under  
9 this subsection for 1994-95 and each succeeding fiscal year a  
10 separate supplemental amount in an amount equal to the amount the  
11 district would have received per membership pupil had it levied  
12 school operating taxes on a homestead and qualified agricultural  
13 property at the rate authorized for the district under  
14 section 1211(1) of the revised school code, MCL 380.1211, and  
15 levied school operating taxes on all property at the rate  
16 authorized for the district under section 1211(2) of the revised  
17 school code, MCL 380.1211, as determined by the department of  
18 treasury. If in the calendar year ending in the fiscal year a  
19 district does not levy 18 mills or the number of mills of school  
20 operating taxes levied by the district in 1993, whichever is  
21 less, on property that is not a homestead or qualified  
22 agricultural property, the amount calculated under this  
23 subsection will be reduced by the same percentage as the millage  
24 actually levied compares to the 18 mills or the number of mills  
25 levied in 1993, whichever is less.

26 (10) For a district that is formed or reconfigured after  
27 June 1, 2002 by consolidation of 2 or more districts or by

1 annexation, the resulting district's foundation allowance under  
2 this section beginning after the effective date of the  
3 consolidation or annexation shall be the ~~lesser of an amount~~  
4 ~~equal to the sum of the highest foundation allowance, as~~  
5 ~~calculated under this section, among the original or affected~~  
6 ~~districts plus \$50.00 or an amount equal to \$6,500.00 adjusted by~~  
7 ~~the dollar amount of the difference between the basic foundation~~  
8 ~~allowance under this section for the current state fiscal year~~  
9 ~~and \$5,000.00. However, beginning in 2002-2003, the \$6,500.00~~  
10 ~~amount prescribed in this subsection shall be adjusted each year~~  
11 ~~by an amount equal to the dollar amount of the difference between~~  
12 ~~the basic foundation allowance for the current state fiscal year~~  
13 ~~and \$5,000.00, minus \$200.00. **average of the foundation**~~  
14 **allowances of each of the original or affected districts,**  
15 **calculated as provided in this section, weighted as to the**  
16 **percentage of pupils in total membership in the resulting**  
17 **district who reside in the geographic area of each of the**  
18 **original or affected districts.**

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

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

26 (13) To assist the legislature in determining the basic  
27 foundation allowance for the subsequent state fiscal year, each

1 revenue estimating conference conducted under section 367b of the  
2 management and budget act, 1984 PA 431, MCL 18.1367b, shall  
3 calculate a pupil membership factor, a revenue adjustment factor,  
4 and an index as follows:

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

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

1 for any change in the rate or base of a tax the proceeds of which  
2 are deposited in that fund. If a consensus revenue factor is not  
3 determined at the revenue estimating conference, the principals  
4 of the revenue estimating conference shall report their estimates  
5 to the house and senate subcommittees responsible for school aid  
6 appropriations not later than 7 days after the conclusion of the  
7 revenue conference.

8 (c) The index shall be calculated by multiplying the pupil  
9 membership factor by the revenue adjustment factor. **However, for**  
10 **2003-2004 only, the index shall be 1.00.** If a consensus index is  
11 not determined at the revenue estimating conference, the  
12 principals of the revenue estimating conference shall report  
13 their estimates to the house and senate subcommittees responsible  
14 for school aid appropriations not later than 7 days after the  
15 conclusion of the revenue conference.

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

22 (15) If at the January revenue estimating conference it is  
23 estimated that pupil membership, excluding intermediate district  
24 membership, for the subsequent state fiscal year will be greater  
25 than 101% of the pupil membership, excluding intermediate  
26 district membership, for the current state fiscal year, then it  
27 is the intent of the legislature that the executive budget

1 proposal for the school aid budget for the subsequent state  
2 fiscal year include a general fund/general purpose allocation  
3 sufficient to support the membership in excess of 101% of the  
4 current year pupil membership.

5 (16) For a district that had combined state and local revenue  
6 per membership pupil in the 1993-94 state fiscal year of more  
7 than \$6,500.00, that had fewer than 7 pupils in membership in the  
8 1993-94 state fiscal year, that has at least 1 child educated in  
9 the district in the current state fiscal year, and that levies  
10 the number of mills of school operating taxes authorized for the  
11 district under section 1211 of the revised school code,  
12 MCL 380.1211, a minimum amount of combined state and local  
13 revenue shall be calculated for the district as provided under  
14 this subsection. The minimum amount of combined state and local  
15 revenue for 1999-2000 shall be \$67,000.00 plus the district's  
16 additional expenses to educate pupils in grades 9 to 12 educated  
17 in other districts as determined and allowed by the department.  
18 The minimum amount of combined state and local revenue under this  
19 subsection, before adding the additional expenses, shall increase  
20 each fiscal year by the same percentage increase as the  
21 percentage increase in the basic foundation allowance from the  
22 immediately preceding fiscal year to the current fiscal year.  
23 The state portion of the minimum amount of combined state and  
24 local revenue under this subsection shall be calculated by  
25 subtracting from the minimum amount of combined state and local  
26 revenue under this subsection the sum of the district's local  
27 school operating revenue and an amount equal to the product of

1 the sum of the state portion of the district's foundation  
2 allowance plus the amount calculated under section 20j times the  
3 district's membership. As used in this subsection, "additional  
4 expenses" means the district's expenses for tuition or fees, not  
5 to exceed \$6,500.00 as adjusted each year by an amount equal to  
6 the dollar amount of the difference between the basic foundation  
7 allowance for the current state fiscal year and \$5,000.00, **minus**  
8 **\$200.00**, plus a room and board stipend not to exceed \$10.00 per  
9 school day for each pupil in grades 9 to 12 educated in another  
10 district, as approved by the department. ~~However, beginning in~~  
11 ~~2002-2003, the \$6,500.00 amount prescribed in this subsection~~  
12 ~~shall be adjusted each year by an amount equal to the dollar~~  
13 ~~amount of the difference between the basic foundation allowance~~  
14 ~~for the current state fiscal year and \$5,000.00, minus \$200.00.~~

15 (17) For a district in which 7.75 mills levied in 1992 for  
16 school operating purposes in the 1992-93 school year were not  
17 renewed in 1993 for school operating purposes in the 1993-94  
18 school year, the district's combined state and local revenue per  
19 membership pupil shall be recalculated as if that millage  
20 reduction did not occur and the district's foundation allowance  
21 shall be calculated as if its 1994-95 foundation allowance had  
22 been calculated using that recalculated 1993-94 combined state  
23 and local revenue per membership pupil as a base. A district is  
24 not entitled to any retroactive payments for fiscal years before  
25 2000-2001 due to this subsection.

26 (18) For a district in which an industrial facilities  
27 exemption certificate that abated taxes on property with a state

1 equalized valuation greater than the total state equalized  
2 valuation of the district at the time the certificate was issued  
3 or \$700,000,000.00, whichever is greater, was issued under 1974  
4 PA 198, MCL 207.551 to 207.572, before the calculation of the  
5 district's 1994-95 foundation allowance, the district's  
6 foundation allowance for 2002-2003 is an amount equal to the sum  
7 of the district's foundation allowance for 2002-2003, as  
8 otherwise calculated under this section, plus \$250.00.

9 (19) For a district that received a grant under former  
10 section 32e for 2001-2002, the district's foundation allowance  
11 for 2002-2003 shall be adjusted to be an amount equal to the sum  
12 of the district's foundation allowance, as otherwise calculated  
13 under this section, plus the quotient of the amount of the grant  
14 award to the district for 2001-2002 under former section 32e  
15 divided by the district's membership for 2001-2002, **and the**  
16 **district's foundation allowance for 2003-2004 shall be adjusted**  
17 **to be an amount equal to the sum of the district's foundation**  
18 **allowance, as otherwise calculated under this section, plus the**  
19 **quotient of 89.84% of the amount of the grant award to the**  
20 **district for 2001-2002 under former section 32e divided by the**  
21 **district's membership for 2001-2002. ~~—A—~~ Except as otherwise**  
22 **provided in this subsection, a district qualifying for a**  
23 **foundation allowance adjustment under this ~~—section—~~ subsection**  
24 **shall use the funds resulting from this adjustment for at least 1**  
25 **of grades K to 3 for purposes allowable under former section 32e**  
26 **as in effect for 2001-2002. For an individual school or schools**  
27 **operated by a district qualifying for a foundation allowance**

House Bill No. 4401 as amended June 18, 2003

1 under this subsection that have been determined by the department  
2 to meet the adequate yearly progress standards of the federal no  
3 child left behind act of 2001, Public Law 107-110, 115  
4 Stat. 1425, in both mathematics and English language arts at all  
5 applicable grade levels for all applicable subgroups, the  
6 district may submit to the department an application for  
7 flexibility in using the funds resulting from this adjustment  
8 that are attributable to the pupils in the school or schools.  
9 The application shall identify the affected school or schools and  
10 the affected funds and shall contain a plan for using the funds  
11 for specific purposes identified by the district that are  
12 designed to <<reduce class size,>> but that may be  
13 different from the purposes otherwise allowable under this  
14 subsection. The department shall approve the application if the  
15 department determines that the purposes identified in the plan  
16 are reasonably designed to <<reduce class size.>> If  
17 the department does not act to approve or disapprove an  
18 application within 30 days after it is submitted to the  
19 department, the application is considered to be approved. If an  
20 application for flexibility in using the funds is approved, the  
21 district may use the funds identified in the application for any  
22 purpose identified in the plan.

23 (20) For a district that is a qualifying school district with  
24 a school reform board in place under part 5a of the revised  
25 school code, MCL 380.371 to 380.376, the district's foundation  
26 allowance for 2002-2003 shall be adjusted to be an amount equal  
27 to the sum of the district's foundation allowance, as otherwise



## House Bill No. 4401 as amended June 18, 2003

1 calculated under this section, plus the quotient of  
2 \$15,000,000.00 divided by the district's membership for  
3 2002-2003. If a district ceases to meet the requirements of this  
4 subsection, the department shall adjust the district's foundation  
5 allowance in effect at that time based on a 2002-2003 foundation  
6 allowance for the district that does not include the 2002-2003  
7 adjustment under this subsection. **This subsection only applies**  
8 **for 2002-2003. Beginning in 2003-2004, the foundation allowance**  
9 **of a district that received an adjustment under this subsection**  
10 **for 2002-2003 shall be calculated as if that 2002-2003 adjustment**  
11 **did not occur.**

12 (21) For a district in which the school electors voted in  
13 1993 on a proposal to override a millage reduction required under  
14 section 31 of article IX of the state constitution of 1963 of 4.2  
15 mills for operating purposes but did not approve the proposal,  
16 the district's combined state and local revenue per membership  
17 pupil shall be recalculated as if that millage reduction did not  
18 occur and, beginning in 2003-2004, the district's foundation  
19 allowance shall be calculated as if its 1994-95 foundation  
20 allowance had been calculated using the recalculated 1993-94  
21 combined state and local revenue per membership pupil as a base.  
22 A district is not entitled to any retroactive payments for fiscal  
23 years before 2003-2004 due to this subsection. However, a  
24 district receiving an adjustment under this subsection shall not  
25 receive more than <<\$100.00>> for a fiscal year as a result of  
26 this adjustment.

27 (22) ~~-(21)-~~ Payments to districts, university schools, or

1 public school academies shall not be made under this section.  
2 Rather, the calculations under this section shall be used to  
3 determine the amount of state payments under section 22b.

4       **(23)** ~~-(22)-~~ If an amendment to section 2 of article VIII of  
5 the state constitution of 1963 allowing state aid to some or all  
6 nonpublic schools is approved by the voters of this state, each  
7 foundation allowance or per pupil payment calculation under this  
8 section may be reduced.

9       **(24)** ~~-(23)-~~ As used in this section:

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

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

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

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

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

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

26       (g) "Local school operating revenue per membership pupil"  
27 means a district's local school operating revenue divided by the

1 district's membership excluding special education pupils.

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

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

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

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

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

19 **Sec. 20k. If the maximum amount appropriated under section**  
20 **11 from the state school aid fund for a fiscal year exceeds the**  
21 **amount available for expenditure from the state school aid fund**  
22 **for that fiscal year so that a district's state school aid is**  
23 **reduced pursuant to section 11(3), the payments calculated under**  
24 **section 20j and made under section 22b shall be considered to be**  
25 **foundation allowance payments for the purpose of determining the**  
26 **maximum number of mills a district may levy under section 1211(3)**  
27 **of the revised school code, MCL 380.1211. However, the amount to**

1 be considered a foundation allowance payment for this purpose  
2 shall not exceed the amount reduced from the district's state aid  
3 payment as a result of the implementation of section 11(3).

4 Sec. 22a. (1) From the appropriation in section 11, there  
5 is allocated an amount not to exceed ~~\$7,022,000,000.00~~ for  
6 ~~2001-2002~~ and an amount not to exceed ~~\$6,953,000,000.00~~ each  
7 ~~fiscal year for 2002-2003~~ and **\$6,842,300,000.00** for 2003-2004  
8 for payments to districts, qualifying university schools, and  
9 qualifying public school academies to guarantee each district,  
10 qualifying university school, and qualifying public school  
11 academy an amount equal to its 1994-95 total state and local per  
12 pupil revenue for school operating purposes under section 11 of  
13 article IX of the state constitution of 1963. Pursuant to  
14 section 11 of article IX of the state constitution of 1963, this  
15 guarantee does not apply to a district in a year in which the  
16 district levies a millage rate for school district operating  
17 purposes less than it levied in 1994. However, subsection (2)  
18 applies to calculating the payments under this section. Funds  
19 allocated under this section that are not expended in the state  
20 fiscal year for which they were allocated, as determined by the  
21 department, may be used to supplement the allocations under  
22 sections 22b and 51c in order to fully fund those calculated  
23 allocations for the same fiscal year.

24 (2) To ensure that a district receives an amount equal to the  
25 district's 1994-95 total state and local per pupil revenue for  
26 school operating purposes, there is allocated to each district a  
27 state portion of the district's 1994-95 foundation allowance in

1 an amount calculated as follows:

2 (a) Except as otherwise provided in this subsection, the  
3 state portion of a district's 1994-95 foundation allowance is an  
4 amount equal to the district's 1994-95 foundation allowance or  
5 \$6,500.00, whichever is less, minus the difference between the  
6 product of the taxable value per membership pupil of all property  
7 in the district that is not a homestead or qualified agricultural  
8 property times the lesser of 18 mills or the number of mills of  
9 school operating taxes levied by the district in 1993-94 and the  
10 quotient of the ad valorem property tax revenue of the district  
11 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax  
12 increment finance authority act, 1980 PA 450, MCL 125.1801 to  
13 125.1830, the local development financing act, 1986 PA 281,  
14 MCL 125.2151 to 125.2174, or the brownfield redevelopment  
15 financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by  
16 the district's membership. For a district that has a millage  
17 reduction required under section 31 of article IX of the state  
18 constitution of 1963, the state portion of the district's  
19 foundation allowance shall be calculated as if that reduction did  
20 not occur.

21 (b) For a district that had a 1994-95 foundation allowance  
22 greater than \$6,500.00, the state payment under this subsection  
23 shall be the sum of the amount calculated under subdivision (a)  
24 plus the amount calculated under this subdivision. The amount  
25 calculated under this subdivision shall be equal to the  
26 difference between the district's 1994-95 foundation allowance  
27 minus \$6,500.00 and the current year hold harmless school

1 operating taxes per pupil. If the result of the calculation  
2 under subdivision (a) is negative, the negative amount shall be  
3 an offset against any state payment calculated under this  
4 subdivision. If the result of a calculation under this  
5 subdivision is negative, there shall not be a state payment or a  
6 deduction under this subdivision. The taxable values per  
7 membership pupil used in the calculations under this subdivision  
8 are as adjusted by ad valorem property tax revenue captured under  
9 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance  
10 authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local  
11 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,  
12 or the brownfield redevelopment financing act, 1996 PA 381,  
13 MCL 125.2651 to 125.2672, divided by the district's membership.

14 (3) For pupils in membership in a qualifying public school  
15 academy or qualifying university school, there is allocated under  
16 this section ~~each fiscal year for 2001-2002, for 2002-2003, and~~  
17 for 2003-2004 to the authorizing body that is the fiscal agent  
18 for the qualifying public school academy for forwarding to the  
19 qualifying public school academy, or to the board of the public  
20 university operating the qualifying university school, an amount  
21 equal to the 1994-95 per pupil payment to the qualifying public  
22 school academy or qualifying university school under section 20.

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

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

17           (6) As used in this section:

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

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

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

1 (d) "Hold harmless millage" means, for a district with a  
2 1994-95 foundation allowance greater than \$6,500.00, the number  
3 of mills by which the exemption from the levy of school operating  
4 taxes on a homestead and qualified agricultural property could be  
5 reduced as provided in section 1211(1) of the revised school  
6 code, MCL 380.1211, and the number of mills of school operating  
7 taxes that could be levied on all property as provided in section  
8 1211(2) of the revised school code, MCL 380.1211, as certified by  
9 the department of treasury for the 1994 tax year.

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

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

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

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

21 (i) "Qualifying university school" means a university school  
22 that was in operation in the 1994-95 school year and is in  
23 operation in the current fiscal year.

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

27 (k) "Taxable value per membership pupil" means each of the



1 following divided by the district's membership:

2 (i) For the number of mills by which the exemption from the  
3 levy of school operating taxes on a homestead and qualified  
4 agricultural property may be reduced as provided in section  
5 1211(1) of the revised school code, MCL 380.1211, the taxable  
6 value of homestead and qualified agricultural property for the  
7 calendar year ending in the current state fiscal year.

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

13 Sec. 22b. (1) From the appropriation in section 11, there  
14 is allocated an amount not to exceed ~~-\$2,368,000,000.00 for~~  
15 ~~2001-2002, an amount not to exceed \$2,883,500,000.00 for~~  
16 ~~2002-2003, and an amount not to exceed \$2,880,000,000.00~~  
17 **\$2,881,399,900.00** for 2003-2004 for discretionary nonmandated  
18 payments to districts under this section. Funds allocated under  
19 this section that are not expended in the state fiscal year for  
20 which they were allocated, as determined by the department, may  
21 be used to supplement the allocations under sections 22a and 51c  
22 in order to fully fund those calculated allocations for the same  
23 fiscal year.

24 (2) Subject to subsection (3) ~~, subsections (5) to (9),~~ and  
25 section 11, the allocation to a district under this section shall  
26 be an amount equal to the sum of the amounts calculated under  
27 sections 20, 20j, 51a(2), 51a(3), and 51a(12), minus the sum of

1 the allocations to the district under sections 22a and 51c.

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

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

23 (5) It is the intent of the legislature that all  
24 constitutional obligations of this state have been fully funded  
25 under sections 22a, 31d, 51a, and 51c. If a claim is made by an  
26 entity receiving funds under this act that challenges the  
27 legislative determination of the adequacy of this funding or

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

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

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

House Bill No. 4401 as amended June 18, 2003

1 appeals shall have and shall exercise jurisdiction over the  
2 claim.

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

10 <<(9) If a lawsuit challenging payments made to districts  
11 related to costs reimbursed by federal title XIX medicaid funds  
12 is filed against this state during 2001-2002, 2002-2003, or  
13 2003-2004, 50% of the amount allocated in subsection (1) not  
14 previously paid out for 2002-2003, 2003-2004, and each succeeding fiscal  
15 year is a work project appropriation and the funds are carried forward  
16 into the following fiscal year. The purpose of the work project  
17 is to provide for any payments that may be awarded to districts  
18 as a result of the litigation. The work project shall be  
19 completed upon resolution of the litigation. In addition, this  
20 state reserves the right to terminate future federal title XIX  
21 medicaid reimbursement payments to districts if the amount or  
22 allocation of reimbursed funds is challenged in the lawsuit. As  
23 used in this subsection, "title XIX" means title XIX of the  
24 social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to  
25 1396r-6 and 1396r-8 to 1396v.>>

26 **Sec. 22d. If the department determines that a district has**  
27 **been required to pay interest and penalties due to a decision of**

1 the state tax tribunal involving a loss in taxable value related  
2 to property classified as industrial, the district shall receive  
3 a payment under this section to reimburse the district for the  
4 amount of interest and penalties the district is required to pay  
5 in excess of \$8,000,000.00, as determined by the department of  
6 treasury.

7       Sec. 22e. (1) From the appropriations in section 11, there  
8 is allocated an amount not to exceed \$120,000.00 for 2003-2004  
9 for interest payments to districts under this section.

10       (2) If the department determines that a district is required  
11 to pay interest on any property tax refund ordered in the partial  
12 consent judgment entered on November 6, 2001 in Hitachi Magnetics  
13 Corporation v Home Township, Michigan tax tribunal, docket  
14 nos. 190507 and 247733 (consolidated), the district shall receive  
15 a payment under this section to reimburse the district for  
16 interest paid, in an amount determined by the department of  
17 treasury.

18       Sec. 22f. From the appropriation in section 11, there is  
19 allocated an amount not to exceed \$100.00 for 2003-2004 to  
20 reimburse districts for payments made for the public schools'  
21 share of the cost of examinations authorized under section 22a of  
22 the general property tax act, 1893 PA 206, MCL 211.22a, under a  
23 contract approved by the department of treasury. The public  
24 schools' share for a calendar year shall be calculated by adding  
25 that year's millage rate under the state education tax act, 1993  
26 PA 331, MCL 211.901 to 211.906, and the millage rate levied that  
27 year under section 1211 of the revised school code, MCL 380.1211,

1 on property that is not a homestead and not qualified  
2 agricultural property, and dividing the sum by the total millage  
3 rate levied that year on property that is not a homestead and not  
4 qualified agricultural property. The department shall make  
5 distributions under this section based on amounts determined by  
6 the department of treasury.

7       Sec. 24. (1) Subject to subsection (2), from the  
8 appropriation in section 11, there is allocated ~~each fiscal year~~  
9 ~~for 2001-2002, for 2002-2003, and~~ for 2003-2004 to the educating  
10 district or intermediate district an amount equal to 100% of the  
11 added cost each fiscal year for educating all pupils assigned by  
12 a court or the family independence agency to reside in or to  
13 attend a juvenile detention facility or child caring institution  
14 licensed by the family independence agency or the department of  
15 consumer and industry services and approved by the department to  
16 provide an on-grounds education program. The total amount to be  
17 paid under this section for added cost shall not exceed  
18 ~~\$8,400,000.00 for 2001-2002 and \$8,900,000.00 each fiscal year~~  
19 ~~for 2002-2003 and~~ **\$8,000,000.00** for 2003-2004. For the purposes  
20 of this section, "added cost" shall be computed by deducting all  
21 other revenue received under this act for pupils described in  
22 this section from total costs, as approved by the department, **in**  
23 **whole or in part**, for educating those pupils in the on-grounds  
24 education program or in a program approved by the department that  
25 is located on property adjacent to a juvenile detention facility  
26 or child caring institution. Costs reimbursed by federal funds  
27 are not included. **For an on-grounds education program or a**

1 program located on property adjacent to a juvenile detention  
2 facility or child caring institution that was not in existence at  
3 the time the allocations under this section were approved, the  
4 department shall give approval for only that portion of the  
5 educating district's or intermediate district's total costs that  
6 will not prevent the allocated amounts under this section from  
7 first being applied to 100% of the added cost of the programs  
8 that were in existence at the time the allocations under this  
9 section were approved.

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

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

22 Sec. 26a. From the general fund appropriation in section  
23 11, there is allocated an amount not to exceed ~~-\$8,800,000.00 for~~  
24 ~~2001-2002 and an amount not to exceed \$10,174,000.00 each fiscal~~  
25 ~~year for 2002-2003 and~~ **\$18,700,000.00 for 2002-2003 and an**  
26 **amount not to exceed \$27,910,000.00** for 2003-2004 to reimburse  
27 districts, intermediate districts, and the state school aid fund

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

12       Sec. 31a. (1) From the state school aid fund money  
13 appropriated in section 11, there is allocated for ~~2001-2002 an~~  
14 ~~amount not to exceed \$314,200,000.00 and there is allocated each~~  
15 ~~fiscal year for 2002-2003 and for~~ 2003-2004 an amount not to  
16 exceed ~~\$314,200,000.00~~ **\$314,359,400.00** for payments to eligible  
17 districts and eligible public school academies under this  
18 section. Subject to subsection ~~(11)~~ **(12)**, the amount of the  
19 additional allowance under this section shall be based on the  
20 number of actual pupils in membership in the district or public  
21 school academy who met the income eligibility criteria for free  
22 breakfast, lunch, or milk in the immediately preceding state  
23 fiscal year, as determined under the Richard B. Russell national  
24 school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to  
25 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c,  
26 and 1769f to 1769h, and reported to the department by October 31  
27 of the immediately preceding fiscal year and adjusted not later



1 than December 31 of the immediately preceding fiscal year.  
2 However, for a public school academy that began operations as a  
3 public school academy after the pupil membership count day of the  
4 immediately preceding school year, the basis for the additional  
5 allowance under this section shall be the number of actual pupils  
6 in membership in the public school academy who met the income  
7 eligibility criteria for free breakfast, lunch, or milk in the  
8 current state fiscal year, as determined under the Richard  
9 B. Russell national school lunch act.

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

16 (a) The sum of the district's or public school academy's  
17 combined state and local revenue per membership pupil in the  
18 current state fiscal year, as calculated under section 20, plus  
19 the amount of the district's per pupil allocation under section  
20 20j(2), is less than or equal to \$6,500.00 adjusted by the dollar  
21 amount of the difference between the basic foundation allowance  
22 under section 20 for the current state fiscal year and \$5,000.00,  
23 ~~— However, beginning in 2002-2003, the \$6,500.00 amount~~  
24 ~~prescribed in this subdivision shall be adjusted each year by an~~  
25 ~~amount equal to the dollar amount of the difference between the~~  
26 ~~basic foundation allowance for the current state fiscal year and~~  
27 ~~\$5,000.00, minus \$200.00.~~

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

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

## House Bill No. 4401 as amended June 18, 2003

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

11 (4) Except as otherwise provided in this section, a district  
 12 or public school academy receiving funding under this section  
 13 shall use that money only to provide instructional programs and  
 14 direct noninstructional services, including, but not limited to,  
 15 medical or counseling services, for at-risk pupils; for school  
 16 health clinics; and for the purposes of subsection (5) or (6). ~~→~~  
 17 ~~and~~ **A district or public school academy** shall not use any of  
 18 that money for administrative costs or to supplant another  
 19 program or other funds, except for funds allocated to the  
 20 district or public school academy under this section in the  
 21 immediately preceding year and already being used by the district  
 22 or public school academy for at-risk pupils. The instruction or  
 23 direct noninstructional services provided under this section may  
 24 be conducted before or after regular school hours or by adding  
 25 extra school days to the school year and may ~~<<be conducted using~~  
 26 ~~a>>~~ **<<include, but are not limited to, tutorial services, early**  
 27 **childhood programs to serve children age 0 to 5, and reading**

House Bill No. 4401 as amended June 18, 2003

1 **programs as described in former section 32f as in effect for**  
2 **2001-2002. A tutorial method may be conducted>>** with  
3 paraprofessionals working under the supervision of a certificated  
4 teacher. The ratio of pupils to paraprofessionals shall be  
5 between 10:1 and 15:1. Only 1 certificated teacher is required  
6 to supervise instruction using a tutorial method. As used in  
7 this subsection, "to supplant another program" means to take the  
8 place of a previously existing instructional program or direct  
9 noninstructional services funded from a funding source other than  
10 funding under this section.

11 (5) ~~A~~ **Except as otherwise provided in subsection (11), a**  
12 district or public school academy that receives funds under this  
13 section and that operates a school breakfast program under  
14 section 1272a of the revised school code, MCL 380.1272a, shall  
15 use from the funds received under this section an amount, not to  
16 exceed \$10.00 per pupil for whom the district or public school  
17 academy receives funds under this section, necessary to operate  
18 the school breakfast program.

19 (6) From the funds allocated under subsection (1), there is  
20 allocated ~~for 2001-2002 an amount not to exceed \$2,400,000.00 to~~  
21 ~~support teen health centers. These 2001-2002 funds shall be~~  
22 ~~distributed to existing teen health centers in a manner~~  
23 ~~determined by the department in collaboration with the department~~  
24 ~~of community health. From the funds allocated under~~  
25 ~~subsection (1), there is allocated each fiscal year for 2002-2003~~  
26 ~~and for~~ **beginning with** 2003-2004 an amount not to exceed  
27 \$3,743,000.00 ~~for competitive grants~~ to support teen health

1 centers. These grants ~~for 2002-2003 and 2003-2004~~ shall be  
2 awarded **for 3 consecutive years beginning with 2003-2004** in a  
3 form and manner approved jointly by the department and the  
4 department of community health. **Each grant recipient shall**  
5 **remain in compliance with the terms of the grant award or shall**  
6 **forfeit the grant award for the duration of the 3-year period**  
7 **after the noncompliance.** If any funds allocated under this  
8 subsection are not used for the purposes of this subsection for  
9 the fiscal year in which they are allocated, those unused funds  
10 shall be used that fiscal year to avoid or minimize any proration  
11 that would otherwise be required under subsection ~~(11)~~ **(12)** for  
12 that fiscal year.

13 (7) Each district or public school academy receiving funds  
14 under this section shall submit to the department by July 15 of  
15 each fiscal year a report, not to exceed 10 pages, on the usage  
16 by the district or public school academy of funds under this  
17 section, which report shall include at least a brief description  
18 of each program conducted by the district or public school  
19 academy using funds under this section, the amount of funds under  
20 this section allocated to each of those programs, the number of  
21 at-risk pupils eligible for free or reduced price school lunch  
22 who were served by each of those programs, and the total number  
23 of at-risk pupils served by each of those programs. If a  
24 district or public school academy does not comply with this  
25 subsection, the department shall withhold an amount equal to the  
26 August payment due under this section until the district or  
27 public school academy complies with this subsection. If the

1 district or public school academy does not comply with this  
2 subsection by the end of the state fiscal year, the withheld  
3 funds shall be forfeited to the school aid fund.

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

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

## House Bill No. 4401 as amended June 18, 2003

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

6 (11) For an individual school or schools operated by a  
7 district or public school academy receiving funds under this  
8 section that have been determined by the department to meet the  
9 adequate yearly progress standards of the federal no child left  
10 behind act of 2001, Public Law 107-110, 115 Stat. 1425, in both  
11 mathematics and English language arts at all applicable grade  
12 levels for all applicable subgroups, the district or public  
13 school academy may submit to the department an application for  
14 flexibility in using the funds received under this section that  
15 are attributable to the pupils in the school or schools. The  
16 application shall identify the affected school or schools and the  
17 affected funds and shall contain a plan for using the funds for  
18 specific purposes identified by the district that are designed to  
19 benefit at-risk pupils in the school, but that may be different  
20 from the purposes otherwise allowable under this section. The  
21 department shall approve the application if the department  
22 determines that the purposes identified in the plan are  
23 reasonably designed to benefit at-risk pupils in the school. If  
24 the department does not act to approve or disapprove an  
25 application within 30 days after it is submitted to the  
26 department, the application is considered to be approved. If an  
27 application for flexibility in using the funds is approved, the

1 district may use the funds identified in the application for any  
2 purpose identified in the plan.

3 (12) ~~(11)~~ If necessary, and before any proration required  
4 under section 11, the department shall prorate payments under  
5 this section by reducing the amount of the per pupil payment  
6 under this section by a dollar amount calculated by determining  
7 the amount by which the amount necessary to fully fund the  
8 requirements of this section exceeds the maximum amount allocated  
9 under this section and then dividing that amount by the total  
10 statewide number of pupils who met the income eligibility  
11 criteria for free breakfast, lunch, or milk in the immediately  
12 preceding fiscal year, as described in subsection (1).

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

18 (13) If a district is formed by consolidation after June 1,  
19 1995, and if 1 or more of the original districts was not eligible  
20 before the consolidation for an additional allowance under this  
21 section, the amount of the additional allowance under this  
22 section for the consolidated district shall be based on the  
23 number of pupils described in subsection (1) enrolled in the  
24 consolidated district who reside in the territory of an original  
25 district that was eligible before the consolidation for an  
26 additional allowance under this section.

27 (14) A district or public school academy that does not meet



1 the eligibility requirement under subsection (2)(a) is eligible  
2 for funding under this section if at least 1/4 of the pupils in  
3 membership in the district or public school academy met the  
4 income eligibility criteria for free breakfast, lunch, or milk in  
5 the immediately preceding state fiscal year, as determined and  
6 reported as described in subsection (1), and at least 4,500 of  
7 the pupils in membership in the district or public school academy  
8 met the income eligibility criteria for free breakfast, lunch, or  
9 milk in the immediately preceding state fiscal year, as  
10 determined and reported as described in subsection (1). A  
11 district or public school academy that is eligible for funding  
12 under this section because the district meets the requirements of  
13 this subsection shall receive under this section for each  
14 membership pupil in the district or public school academy who met  
15 the income eligibility criteria for free breakfast, lunch, or  
16 milk in the immediately preceding fiscal year, as determined and  
17 reported as described in subsection (1), an amount per pupil  
18 equal to ~~5.75% for 2001-2002 and 11.5% for 2002-2003 and~~  
19 ~~subsequent fiscal years~~ **11.5%** of the sum of the district's  
20 foundation allowance or public school academy's per pupil  
21 allocation under section 20, plus the amount of the district's  
22 per pupil allocation under section 20j(2), not to exceed  
23 \$6,500.00 adjusted by the dollar amount of the difference between  
24 the basic foundation allowance under section 20 for the current  
25 state fiscal year and \$5,000.00, ~~— However, beginning in~~  
26 ~~2002-2003, the \$6,500.00 amount prescribed in this subsection~~  
27 ~~shall be adjusted each year by an amount equal to the dollar~~

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

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

25 Sec. 31d. (1) From the ~~state school aid fund~~  
26 ~~appropriation~~ **appropriations** in section 11, there is allocated  
27 an amount not to exceed ~~\$16,477,700.00 for 2001-2002 and an~~

1 ~~amount not to exceed \$17,337,200.00 each fiscal year for~~  
2 ~~2002-2003 and for 2003-2004, and from the general fund~~  
3 ~~appropriation in section 11, there is allocated an amount not to~~  
4 ~~exceed \$722,300.00 for 2001-2002 and an amount not to exceed~~  
5 ~~\$762,800.00 each fiscal year for 2002-2003 and~~ **\$18,315,000.00**  
6 **for 2002-2003 and an amount not to exceed \$21,300,000.00** for  
7 2003-2004 for the purpose of making payments to districts ~~—~~  
8 ~~intermediate districts,~~ and other eligible entities under this  
9 section.

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

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

23 (4) **The payments made under this section to districts and**  
24 **other eligible entities that are not required under section 1272a**  
25 **of the revised school code, MCL 380.1272a, to provide a school**  
26 **lunch program shall be in an amount not to exceed \$10.00 per**  
27 **pupil plus 5 cents for each free lunch and 2 cents for each**

1 **reduced price lunch provided, as determined by the department.**

2       (5) ~~(4)~~ From the federal funds appropriated in section 11,  
3 there is allocated ~~each fiscal year for 2002-2003 and~~ for  
4 2003-2004 all available federal funding, estimated at  
5 \$272,125,000.00, ~~each fiscal year,~~ for the national school  
6 lunch program and all available federal funding, estimated at  
7 \$2,506,000.00, for the emergency food assistance program.

8       (6) ~~(5)~~ Notwithstanding section 17b, payments to  
9 ~~intermediate districts and other~~ eligible entities **other than**  
10 **districts** under this section shall be paid on a schedule  
11 determined by the department.

12       **Sec. 31e. From the appropriations in section 11, there is**  
13 **allocated an amount not to exceed \$2,430,000.00 for 2002-2003 for**  
14 **the purpose of making payments to districts to reimburse for the**  
15 **cost of providing breakfast. The funds appropriated under this**  
16 **section shall be made available to all eligible applicant**  
17 **districts as determined under section 702 of 2002 PA 522.**

18       Sec. 32c. (1) From the general fund ~~allocation in~~  
19 ~~section 32a(1)~~ **appropriation in section 11**, there is allocated  
20 an amount not to exceed ~~\$2,000,000.00 each fiscal year for~~  
21 ~~2001-2002, for 2002-2003, and~~ **\$1,900,000.00** for 2003-2004 to the  
22 department for grants for community-based collaborative  
23 prevention services designed to foster positive parenting skills;  
24 improve parent/child interaction, especially for children 0-3  
25 years of age; promote access to needed community services;  
26 increase local capacity to serve families at risk; improve school  
27 readiness; and support healthy family environments that

1 discourage alcohol, tobacco, and other drug use. The allocation  
2 under this section is to fund secondary prevention programs as  
3 defined by the children's trust fund for the prevention of child  
4 abuse and neglect.

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

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

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

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

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

23 Sec. 32d. (1) From the ~~state school aid fund allocation~~  
24 ~~under section 32a(1), there is allocated an amount not to exceed~~  
25 ~~\$72,600,000.00 for 2001-2002, and from the state school aid fund~~  
26 ~~money allocated~~ **appropriated** under section ~~32a~~ **11**, there is  
27 allocated an amount not to exceed ~~\$72,600,000.00 each fiscal~~

1 ~~year for 2002-2003 and \$66,928,400.00~~ for 2003-2004 — for  
2 school readiness **or preschool and parenting program** grants to  
3 enable eligible districts, as determined under section 37, to  
4 develop or expand, in conjunction with whatever federal funds may  
5 be available, including, but not limited to, federal funds under  
6 title I of the elementary and secondary education act of 1965,  
7 Public Law 89-10, 108 Stat. 3519, **20 U.S.C. 6301 to 6304, 6311 to**  
8 **6339, 6361 to 6368, 6371 to 6376, 6381 to 6383, 6391 to 6399,**  
9 **6421 to 6472, 6491 to 6494, 6511 to 6518, 6531 to 6537, 6551 to**  
10 **6561i, and 6571 to 6578,** chapter 1 of title I of the  
11 Hawkins-Stafford elementary and secondary school improvement  
12 amendments of 1988, Public Law 89-10, 102 Stat. 140, and the head  
13 start act, subchapter B of chapter 8 of subtitle A of title VI of  
14 the omnibus budget reconciliation act of 1981, Public Law 97-35,  
15 **42 U.S.C. 9831 to 9835, 9836 to 9844, 9846, and 9848 to 9852,**  
16 comprehensive compensatory programs designed to ~~improve~~ **do 1 or**  
17 **both of the following:**

18       **(a) Improve** the readiness and subsequent achievement of  
19 educationally disadvantaged children as defined by the department  
20 who will be at least 4, but less than 5 years of age, as of  
21 December 1 of the school year in which the programs are offered,  
22 and who show evidence of 2 or more risk factors as defined in the  
23 state board report entitled "children at risk" that was adopted  
24 by the state board on April 5, 1988.

25       **(b) Provide preschool and parenting education programs**  
26 **similar to those under former section 32b as in effect for**  
27 **2001-2002.**

1           **(2)** A comprehensive compensatory program funded under this  
2 section ~~shall~~ **may** include an age-appropriate educational  
3 curriculum, nutritional services, health screening for  
4 participating children, a plan for parent and legal guardian  
5 involvement, and provision of referral services for families  
6 eligible for community social services.

7           **(3)** In addition **to the allocation under subsection (1)**,  
8 ~~from the general fund allocations under section 32a(1), there is~~  
9 ~~allocated an amount not to exceed \$200,000.00 for 2001-2002 for~~  
10 ~~the purposes of subsection (2), and~~ from the general fund money  
11 allocated under section ~~32a~~ **11**, there is allocated an amount  
12 not to exceed \$200,000.00 ~~each fiscal year for 2002-2003 and~~  
13 for 2003-2004 for the purposes of subsection ~~(2)~~ **(4)**.

14           **(4)** ~~(2)~~ From the general fund allocation in subsection  
15 ~~(1)~~ **(3)**, there is allocated ~~each fiscal year for 2001-2002,~~  
16 ~~for 2002-2003, and~~ for 2003-2004 an amount not to exceed  
17 \$200,000.00 for a competitive grant to continue a longitudinal  
18 evaluation of children who have participated in the Michigan  
19 school readiness program.

20           **(5)** ~~(3)~~ A district receiving a grant under this section may  
21 contract for the provision of the comprehensive compensatory  
22 program and retain for administrative services an amount equal to  
23 not more than 5% of the grant amount.

24           **(6)** ~~(4)~~ A grant recipient receiving funds under this  
25 section shall report to the department no later than October 15  
26 of each year the number of children participating in the program  
27 who meet the income or other eligibility criteria specified under

1 section 37(3)(g) and the total number of children participating  
 2 in the program. For children participating in the program who  
 3 meet the income or other eligibility criteria specified under  
 4 section 37(3)(g), grant recipients shall also report whether or  
 5 not a parent is available to provide care based on employment  
 6 status. For the purposes of this subsection, "employment status"  
 7 shall be defined by the family independence agency in a manner  
 8 consistent with maximizing the amount of spending that may be  
 9 claimed for temporary assistance for needy families maintenance  
 10 of effort purposes.

<<Sec. 34. (1) The early literacy intervention instructional  
 technology fund is created within the state treasury. The state  
 treasurer may receive money or other assets from donations or any other  
 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 shall expend money from the fund, upon  
 appropriation, only for the purposes of this section.

(2) From the general fund appropriations in section 11, there is  
 allocated the sum of \$100.00 for 2003-2004 for deposit into the early  
 literacy intervention instructional technology fund created under  
 subsection (1).

(3) The department shall allocate money from the early literacy  
 intervention instructional technology fund for pilot grants to districts  
 for software-based early literacy intervention instructional technology  
 programs. The programs may be operated by the district or by another  
 entity under contract with the district. The grants shall be awarded on  
 a competitive basis to districts to increase the literacy skills and  
 reading abilities of pupils in grades K to 3.

(4) The department shall prescribe the form and manner of  
 applications for grants under this section and shall determine the amount  
 of grants under this section.>>

11 Sec. 38. The maximum number of prekindergarten children  
 12 construed to be in need of special readiness assistance under  
 13 section 32d shall be calculated for each district in the  
 14 following manner: one-half of the percentage of the district's  
 15 pupils in grades 1-5 who are eligible for free lunch, as  
 16 determined by the district's October count in the ~~immediately~~  
 17 ~~preceding~~ school year **2 years before the fiscal year for which**



18 **the calculation is made** under the Richard B. Russell national  
19 school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to  
20 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c,  
21 and 1769f to 1769h, as reported to the department not later than  
22 December 31 of the ~~immediately preceding~~ fiscal year **2 years**  
23 **before the fiscal year for which the calculation is made**, shall  
24 be multiplied by the average kindergarten enrollment of the  
25 district on the pupil membership count day of the 2 immediately  
26 preceding years.

27       Sec. 39a. (1) From the appropriation in section 11, there

1 is allocated ~~each fiscal year for 2002-2003 and~~ for 2003-2004  
2 to districts, intermediate districts, and other eligible entities  
3 all available federal funding, estimated at ~~-\$634,919,400.00 each~~  
4 ~~fiscal year,~~ **\$639,068,800.00**, for the federal programs under the  
5 no child left behind act of 2001, Public Law 107-110, 115  
6 Stat. 1425. These funds are allocated for each fiscal year as  
7 follows:

8 (a) An amount estimated at \$1,666,300.00 for community  
9 service state grants, funded from DED-OESE, community service  
10 state grant funds.

11 (b) An amount estimated at ~~-\$15,520,100.00~~ **\$15,946,200.00** to  
12 provide students with drug- and violence-prevention programs and  
13 to implement strategies to improve school safety, funded from  
14 DED-OESE, drug-free schools and communities funds.

15 (c) An amount estimated at ~~-\$22,572,000.00~~ **\$11,863,000.00**  
16 for the purpose of improving teaching and learning through a more  
17 effective use of technology, funded from DED-OESE, educational  
18 technology state grant funds.

19 (d) An amount estimated at ~~-\$104,568,800.00~~ **\$105,570,600.00**  
20 for the purpose of preparing, training, and recruiting  
21 high-quality teachers and class size reduction, funded from  
22 DED-OESE, improving teacher quality funds.

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

26 (f) An amount estimated at \$8,550,000.00 for the Michigan  
27 charter school subgrant program, funded from DED-OESE, charter

1 school funds.

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

5 ~~(h) An amount estimated at \$1,909,600.00 for rural and low~~  
6 ~~income schools, funded from DED-OESE, rural and low income school~~  
7 ~~funds.~~

8 (h) ~~(i)~~ An amount estimated at \$11,123,700.00 to help  
9 schools develop and implement comprehensive school reform  
10 programs, funded from DED-OESE, title I and title X,  
11 comprehensive school reform funds.

12 (i) ~~(j)~~ An amount estimated at ~~-\$401,388,600.00~~  
13 **\$427,000,000.00** to provide supplemental programs to enable  
14 educationally disadvantaged children to meet challenging academic  
15 standards, funded from DED-OESE, title I, disadvantaged children  
16 funds.

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

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

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

26 (m) ~~(n)~~ An amount estimated at ~~-\$11,585,100.00~~  
27 **\$12,475,000.00** for the purpose of implementing innovative

1 strategies for improving student achievement, funded from  
2 DED-OESE, title VI, innovative strategies funds.

3 ~~(e) An amount estimated at \$11,161,200.00 for the purpose of~~  
4 ~~providing high quality extended learning opportunities, after~~  
5 ~~school and during the summer, for children in low performing~~  
6 ~~schools, funded from DED-OESE, twenty-first century community~~  
7 ~~learning center funds.~~

8 (2) From the federal funds appropriation in section 11, there  
9 is allocated ~~each fiscal year for 2002-2003 and~~ for 2003-2004  
10 to districts, intermediate districts, and other eligible entities  
11 all available federal funding, estimated at ~~-\$6,495,300.00~~  
12 **\$5,421,800.00** each fiscal year, for the following programs that  
13 are funded by federal grants:

14 (a) An amount estimated at \$600,000.00 for acquired  
15 immunodeficiency syndrome education grants, funded from  
16 HHS-center for disease control, AIDS funding.

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

19 **(b)** ~~(e)~~ An amount estimated at \$1,553,500.00 for emergency  
20 services to immigrants, funded from DED-OBEMLA, emergency  
21 immigrant education assistance funds.

22 **(c)** ~~(d)~~ An amount estimated at \$1,468,300.00 to provide  
23 services to homeless children and youth, funded from DED-OVAE,  
24 homeless children and youth funds.

25 **(d)** ~~(e)~~ An amount estimated at ~~-\$400,000.00~~ **\$1,000,000.00**  
26 for refugee children school impact grants, funded from HHS-ACF,  
27 refugee children school impact funds.

1       ~~(f) An amount estimated at \$857,500.00 for school age child~~  
2 ~~care grants, funded from HHS ACF, dependent care block grant~~  
3 ~~funds.~~

4       **(e)** ~~-(g)~~ An amount estimated at ~~-\$640,000.00~~ **\$800,000.00**  
5 for serve America grants, funded from the corporation for  
6 national and community service funds.

7       (3) All federal funds allocated under this section shall be  
8 distributed in accordance with federal law and with flexibility  
9 provisions outlined in Public Law 107-116, **115 Stat. 2177** and in  
10 the education flexibility partnership act of 1999, Public Law  
11 106-25, 113 Stat. 41. Notwithstanding section 17b, payments of  
12 federal funds to districts, intermediate districts, and other  
13 eligible entities under this section shall be paid on a schedule  
14 determined by the department.

15       (4) As used in this section:

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

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

19       (c) "DED-OESE" means the DED office of elementary and  
20 secondary education.

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

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

25       (f) "HHS-ACF" means the HHS administration for children and  
26 families.

27       Sec. 41. From the appropriation in section 11, there is

House Bill No. 4401 as amended June 18, 2003

1 allocated an amount not to exceed ~~-\$4,212,000.00~~ each fiscal year  
 2 ~~for 2001-2002, for 2002-2003, and~~ **<<\$3,067,800.00>>** for 2003-2004 to  
 3 applicant districts and intermediate districts offering programs  
 4 of bilingual instruction for pupils of limited English-speaking  
 5 ability under section 1153 of the revised school code,  
 6 MCL 380.1153. **In addition, from the federal funds appropriated**  
 7 **in section 11, there is allocated an amount estimated at**  
 8 **\$1,232,100.00 from the United States department of**  
 9 **education-office of elementary and secondary education, language**  
 10 **acquisition state grant funds.** Reimbursement shall be on a per  
 11 pupil basis and shall be based on the number of pupils of limited  
 12 English-speaking ability in membership on the pupil membership  
 13 count day. Funds allocated under this section shall be used  
 14 solely for ~~bilingual~~ instruction in speaking, reading, writing,  
 15 or comprehension of ~~pupils of limited English-speaking ability~~  
 16 **English. A pupil shall not be counted under this section or**  
 17 **instructed in a program under this section for more than 3**  
 18 **years.**

19 Sec. 51a. (1) From the appropriation in section 11, there  
 20 is allocated ~~for 2001-2002 an amount not to exceed~~  
 21 ~~\$796,401,900.00 from state sources and all available federal~~  
 22 ~~funding under sections 611 to 619 of part B of the individuals~~  
 23 ~~with disabilities education act, title VI of Public Law 91-230,~~  
 24 ~~20 U.S.C. 1411 to 1419, estimated at \$203,000,000.00, plus any~~  
 25 ~~carryover federal funds from previous year appropriations; and~~  
 26 ~~there is allocated each fiscal year for 2002-2003 and for~~  
 27 2003-2004 an amount not to exceed ~~-\$852,721,900.00~~

1 **\$878,200,000.00** from state sources and all available federal  
2 funding **under sections 611 to 619 of part B of the individuals**  
3 **with disabilities education act, title VI of Public Law 91-230,**  
4 **20 U.S.C. 1411 to 1419,** estimated at ~~-\$235,000,000.00 each fiscal~~  
5 ~~year,~~ **\$285,000,000.00** plus any carryover federal funds from  
6 previous year appropriations. The allocations under this  
7 subsection are for the purpose of reimbursing districts and  
8 intermediate districts for special education programs, services,  
9 and special education personnel as prescribed in article 3 of the  
10 revised school code, MCL 380.1701 to 380.1766; net tuition  
11 payments made by intermediate districts to the Michigan schools  
12 for the deaf and blind; and special education programs and  
13 services for pupils who are eligible for special education  
14 programs and services according to statute or rule. For meeting  
15 the costs of special education programs and services not  
16 reimbursed under this article, a district or intermediate  
17 district may use money in general funds or special education  
18 funds, not otherwise restricted, or contributions from districts  
19 to intermediate districts, tuition payments, gifts and  
20 contributions from individuals, or federal funds that may be  
21 available for this purpose, as determined by the intermediate  
22 district plan prepared pursuant to article 3 of the revised  
23 school code, MCL 380.1701 to 380.1766. All federal funds  
24 allocated under this section in excess of those allocated under  
25 this section for ~~2001-2002~~ **2002-2003** may be distributed in  
26 accordance with ~~34 C.F.R. 300.234 and section 613(a)(2)(D) of~~  
27 ~~part B of title VI~~ **the flexible funding provisions** of the

1 individuals with disabilities education act, **title VI of Public**  
 2 Law 91-230, ~~20 U.S.C. 1413~~ **including, but not limited to, 34**  
 3 **C.F.R. 300.234 and 300.235.** Notwithstanding section 17b,  
 4 payments of federal funds to districts, intermediate districts,  
 5 and other eligible entities under this section shall be paid on a  
 6 schedule determined by the department.

7 (2) From the funds allocated under subsection (1), there is  
 8 allocated ~~each fiscal year for 2001-2002, for 2002-2003, and~~  
 9 for 2003-2004 the amount necessary, estimated at ~~-\$139,200,000.00~~  
 10 ~~for 2001-2002 and \$149,500,000.00 each fiscal year for 2002-2003~~  
 11 ~~and~~ **\$159,517,000.00** for 2003-2004, for payments toward  
 12 reimbursing districts and intermediate districts for 28.6138% of  
 13 total approved costs of special education, excluding costs  
 14 reimbursed under section 53a, and 70.4165% of total approved  
 15 costs of special education transportation. Allocations under  
 16 this subsection shall be made as follows:

17 (a) The initial amount allocated to a district under this  
 18 subsection toward fulfilling the specified percentages shall be  
 19 calculated by multiplying the district's special education pupil  
 20 membership, excluding pupils described in subsection (12), times  
 21 the sum of the foundation allowance under section 20 of the  
 22 pupil's district of residence plus the amount of the district's  
 23 per pupil allocation under section 20j(2), not to exceed  
 24 \$6,500.00 adjusted by the dollar amount of the difference between  
 25 the basic foundation allowance under section 20 for the current  
 26 fiscal year and \$5,000.00 **minus \$200.00**, or, for a special  
 27 education pupil in membership in a district that is a public



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

18 (b) After the allocations under subdivision (a), districts  
19 and intermediate districts for which the payments under  
20 subdivision (a) do not fulfill the specified percentages shall be  
21 paid the amount necessary to achieve the specified percentages  
22 for the district or intermediate district.

23 (3) From the funds allocated under subsection (1), there is  
24 allocated ~~each fiscal year for 2001-2002, for 2002-2003, and~~  
25 ~~for 2003-2004 the amount necessary, estimated at -\$2,000,000.00~~  
26 ~~each fiscal year~~ **\$2,600,000.00**, to make payments to districts  
27 and intermediate districts under this subsection. If the amount

1 allocated to a district or intermediate district for a fiscal  
2 year under subsection (2)(b) is less than the sum of the amounts  
3 allocated to the district or intermediate district for 1996-97  
4 under sections 52 and 58, there is allocated to the district or  
5 intermediate district for the fiscal year an amount equal to that  
6 difference, adjusted by applying the same proration factor that  
7 was used in the distribution of funds under section 52 in 1996-97  
8 as adjusted to the district's or intermediate district's  
9 necessary costs of special education used in calculations for the  
10 fiscal year. This adjustment is to reflect reductions in special  
11 education program operations between 1996-97 and subsequent  
12 fiscal years. Adjustments for reductions in special education  
13 program operations shall be made in a manner determined by the  
14 department and shall include adjustments for program shifts.

15 (4) If the department determines that the sum of the amounts  
16 allocated for a fiscal year to a district or intermediate  
17 district under subsection (2)(a) and (b) is not sufficient to  
18 fulfill the specified percentages in subsection (2), then the  
19 shortfall shall be paid to the district or intermediate district  
20 during the fiscal year beginning on the October 1 following the  
21 determination and payments under subsection (3) shall be adjusted  
22 as necessary. If the department determines that the sum of the  
23 amounts allocated for a fiscal year to a district or intermediate  
24 district under subsection (2)(a) and (b) exceeds the sum of the  
25 amount necessary to fulfill the specified percentages in  
26 subsection (2), then the department shall deduct the amount of  
27 the excess from the district's or intermediate district's

1 payments under this act for the fiscal year beginning on the  
2 October 1 following the determination and payments under  
3 subsection (3) shall be adjusted as necessary. However, if the  
4 amount allocated under subsection (2)(a) in itself exceeds the  
5 amount necessary to fulfill the specified percentages in  
6 subsection (2), there shall be no deduction under this  
7 subsection.

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

17 (6) From the amount allocated in subsection (1), there is  
18 allocated an amount not to exceed \$2,200,000.00 ~~each fiscal year~~  
19 ~~for 2001-2002, for 2002-2003, and~~ for 2003-2004 to reimburse  
20 100% of the net increase in necessary costs incurred by a  
21 district or intermediate district in implementing the revisions  
22 in the administrative rules for special education that became  
23 effective on July 1, 1987. As used in this subsection, "net  
24 increase in necessary costs" means the necessary additional costs  
25 incurred solely because of new or revised requirements in the  
26 administrative rules minus cost savings permitted in implementing  
27 the revised rules. Net increase in necessary costs shall be

1 determined in a manner specified by the department.

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

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

26 (b) Reimbursement for ancillary and other related services,  
27 as defined by ~~R 340.1701~~ **R 340.1701c** of the Michigan

1 administrative code, shall not be provided when those services  
2 are covered by and available through private group health  
3 insurance carriers or federal reimbursed program sources unless  
4 the department and district or intermediate district agree  
5 otherwise and that agreement is approved by the state budget  
6 director. Expenses, other than the incidental expense of filing,  
7 shall not be borne by the parent. In addition, the filing of  
8 claims shall not delay the education of a pupil. A district or  
9 intermediate district shall be responsible for payment of a  
10 deductible amount and for an advance payment required until the  
11 time a claim is paid.

12 (8) From the allocation in subsection (1), there is allocated  
13 ~~each fiscal year for 2001-2002, for 2002-2003, and for~~  
14 2003-2004 an amount not to exceed \$15,313,900.00 ~~each fiscal~~  
15 ~~year~~ to intermediate districts. The payment under this  
16 subsection to each intermediate district shall be equal to the  
17 amount of the 1996-97 allocation to the intermediate district  
18 under subsection (6) of this section as in effect for 1996-97.

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

25 (10) Special education personnel transferred from 1 district  
26 to another to implement the revised school code shall be entitled  
27 to the rights, benefits, and tenure to which the person would

1 otherwise be entitled had that person been employed by the  
2 receiving district originally.

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

10 (12) From the funds allocated in subsection (1), there is  
11 allocated ~~each fiscal year for 2001-2002, for 2002-2003, and~~  
12 for 2003-2004 the amount necessary, estimated at ~~-\$7,200,000.00~~  
13 ~~each fiscal year~~ **\$6,300,000.00**, to pay the foundation allowances  
14 for pupils described in this subsection. The allocation to a  
15 district under this subsection shall be calculated by multiplying  
16 the number of pupils described in this subsection who are counted  
17 in membership in the district times the sum of the foundation  
18 allowance under section 20 of the pupil's district of residence  
19 plus the amount of the district's per pupil allocation under  
20 section 20j(2), not to exceed \$6,500.00 adjusted by the dollar  
21 amount of the difference between the basic foundation allowance  
22 under section 20 for the current fiscal year and \$5,000.00 **minus**  
23 **\$200.00**, or, for a pupil described in this subsection who is  
24 counted in membership in a district that is a public school  
25 academy or university school, times an amount equal to the amount  
26 per membership pupil under section 20(6). The allocation to an  
27 intermediate district under this subsection shall be calculated

1 in the same manner as for a district, using the foundation  
2 allowance under section 20 of the pupil's district of residence,  
3 not to exceed \$6,500.00 adjusted by the dollar amount of the  
4 difference between the basic foundation allowance under section  
5 20 for the current fiscal year and \$5,000.00 **minus \$200.00**, and  
6 that district's per pupil allocation under section 20j(2).

7 ~~However, beginning in 2002-2003, the \$6,500.00 amount prescribed~~  
8 ~~in this subsection shall be adjusted each year by an amount equal~~  
9 ~~to the dollar amount of the difference between the basic~~  
10 ~~foundation allowance for the current state fiscal year and~~  
11 ~~\$5,000.00, minus \$200.00.~~ This subsection applies to all of the  
12 following pupils:

13 (a) Pupils described in section 53a.

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

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

21 (13) After payments under subsections (2) and (12) and  
22 section 51c, the remaining expenditures from the allocation in  
23 subsection (1) shall be made in the following order:

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

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

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

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

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

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

3 (14) The allocations under subsection (2), subsection (3),  
4 and subsection (12) shall be allocations to intermediate  
5 districts only and shall not be allocations to districts, but  
6 instead shall be calculations used only to determine the state  
7 payments under section 22b.

8 Sec. 51c. As required by the court in the consolidated  
9 cases known as Durant v State of Michigan, Michigan supreme court  
10 docket no. 104458-104492, from the allocation under section  
11 51a(1), there is allocated ~~each fiscal year for 2001-2002, for~~  
12 ~~2002-2003, and~~ for 2003-2004 the amount necessary, estimated at  
13 ~~\$576,100,000.00 for 2001-2002 and \$621,900,000.00 each fiscal~~  
14 ~~year for 2002-2003 and for 2003-2004~~ **\$640,900,000.00**, for  
15 payments to reimburse districts for 28.6138% of total approved  
16 costs of special education excluding costs reimbursed under  
17 section 53a, and 70.4165% of total approved costs of special  
18 education transportation. Funds allocated under this section  
19 that are not expended in the state fiscal year for which they  
20 were allocated, as determined by the department, may be used to  
21 supplement the allocations under sections 22a and 22b in order to  
22 fully fund those calculated allocations for the same fiscal  
23 year.

24 Sec. 51d. (1) From the federal funds appropriated in  
25 section 11, there is allocated ~~each fiscal year for 2002-2003~~  
26 ~~and~~ for 2003-2004 all available federal funding, estimated at  
27 ~~\$59,837,200.00 each fiscal year~~ **\$60,500,000.00**, for special



1 education programs that are funded by federal grants. All  
 2 federal funds allocated under this section shall be distributed  
 3 in accordance with federal law. Notwithstanding section 17b,  
 4 payments of federal funds to districts, intermediate districts,  
 5 and other eligible entities under this section shall be paid on a  
 6 schedule determined by the department.

7 (2) From the federal funds allocated under subsection (1),  
 8 the following amounts are allocated ~~each fiscal year for~~  
 9 ~~2002-2003 and~~ for 2003-2004:

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

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

16 (c) An amount estimated at ~~-\$30,337,200.00~~ **\$31,000,000.00**  
 17 for special education programs funded by DED-OSERS, handicapped  
 18 program, individuals with disabilities act funds.

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

**<<Sec. 51e. (1) A district may apply to the department for a limited waiver of some or all of the rules regarding the allocation of special education funds and staff time in order to implement prereferral intervention pilot projects targeting pupils in grades K to 3 who are at-risk for academic problems.**

**(2) A waiver granted under this section shall be effective for a duration of 1 to 3 years, as specified in the waiver.**

**(3) To qualify for a waiver under this section, a district shall apply to the department in the form and manner prescribed by the department. In the application, the district shall demonstrate all of the following:**

**(a) That there will be collaboration between general education and special education staff in the implementation and operation of the project.**

**(b) That the project will develop a continuum of literacy**

interventions aligned to pupil needs in the areas of vocabulary and oral language development, phonemic awareness, phonics and decoding, reading fluency, reading comprehension, or written expression.

(c) That the requirements of subsection (4) will be met.

(4) Special education funds allocated to a prereferral intervention pilot project under this section shall be used only to supplement and not to supplant existing general education, at-risk, and federal Title I programs.

(5) If a district is granted a waiver under this section, all of the following apply:

(a) The district may allocate up to 15% of the special education funds it receives under section 51a and up to 15% of its special education staff time at the pilot project site to prereferral activities, including, but not limited to, screening and assessment of pupils who are at-risk for reading problems, instructional interventions with at-risk general education pupils, staff training and professional development in scientifically-based reading interventions, and the purchase of materials required to implement planned interventions.

(b) The district shall submit an annual report to the department in the form and manner prescribed by the department. The report shall contain at least all of the following:

(i) The selection of valid and reliable assessment tools used to identify pupils who are at-risk for academic problems.

(ii) The number of pupils in grades K to 3 identified as being at-risk for academic problems and the number receiving intervention under the program.

(iii) The specific nature, duration, and intensity of the interventions under the program.

(iv) A data-based analysis of pupil response to interventions under the program, including at least pre- and post-measures of reading achievement.

(v) Data on the number of special education evaluations conducted at pilot project sites of pupils in grades K to 3 suspected of having learning disabilities and the number of those pupils found eligible for special education services as learning disabled, with the specific subcategory of eligibility. This part of the report shall also include referral, evaluation, and eligibility data for the 3-year period immediately preceding the implementation of the pilot project to compare with current-year data.

(c) The district shall not refer pupils in grades K to 3 for special education evaluation for a suspected learning disability unless 1 of the following is met:

(i) The pilot project staff determines that long-term special education support may be indicated because the pupil has had a poor response to intervention by a certified special education teacher and the intervention has been of sufficient intensity and duration to expect improvement.

(ii) The evaluation is requested by the pupil's parent or legal guardian or is otherwise required by law.

(6) In addition to the requirements under subsection (3), to qualify for a waiver under this section, a district shall submit to the department, in the form and manner prescribed by the department, a resolution of the district's board waiving any claim or potential claim it may have due to the operation of this section that relates to the amount of special education funding the district is, or may have been, entitled to receive under this act or any other source of state funding by reason of the application of section 29 of article IX of the state constitution of 1963.>>

22       Sec. 53a. (1) For districts, reimbursement for pupils  
23 described in subsection (2), reimbursement shall be 100% of the  
24 total approved costs of operating special education programs and  
25 services approved by the department and included in the  
26 intermediate district plan adopted pursuant to article 3 of the  
27 revised school code, MCL 380.1701 to 380.1766, minus the

1 district's foundation allowance calculated under section 20, and  
2 minus the amount calculated for the district under section 20j.  
3 For intermediate districts, reimbursement for pupils described in  
4 section (2) shall be calculated in the same manner as for a  
5 district, using the foundation allowance under section 20 of the  
6 pupil's district of residence, not to exceed \$6,500.00 adjusted  
7 by the dollar amount of the difference between the basic  
8 foundation allowance under section 20 for the current fiscal year  
9 and ~~the amount calculated for that district~~ \$5,000.00, **minus**  
10 **\$200.00**, and under section 20j. ~~However, beginning in~~  
11 ~~2002-2003, the \$6,500.00 amount prescribed in this subsection~~  
12 ~~shall be adjusted each year by an amount equal to the dollar~~  
13 ~~amount of the difference between the basic foundation allowance~~  
14 ~~for the current state fiscal year and \$5,000.00, minus \$200.00.~~

15 (2) Reimbursement under subsection (1) is for the following  
16 special education pupils:

17 (a) Pupils assigned to a district or intermediate district  
18 through the community placement program of the courts or a state  
19 agency, if the pupil was a resident of another intermediate  
20 district at the time the pupil came under the jurisdiction of the  
21 court or a state agency.

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

24 (c) Pupils who are former residents of department of  
25 community health institutions for the developmentally disabled  
26 who are placed in community settings other than the pupil's  
27 home.

1 (d) Pupils enrolled in a department-approved on-grounds  
2 educational program longer than 180 days, but not longer than 233  
3 days, at a residential child care institution, if the child care  
4 institution offered in 1991-92 an on-grounds educational program  
5 longer than 180 days but not longer than 233 days.

6 (e) Pupils placed in a district by a parent for the purpose  
7 of seeking a suitable home, if the parent does not reside in the  
8 same intermediate district as the district in which the pupil is  
9 placed.

10 (3) Only those costs that are clearly and directly  
11 attributable to educational programs for pupils described in  
12 subsection (2), and that would not have been incurred if the  
13 pupils were not being educated in a district or intermediate  
14 district, are reimbursable under this section.

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

17 (5) Not more than ~~-\$14,800,000.00 each fiscal year for~~  
18 ~~2001-2002, for 2002-2003, and for 2003-2004~~ **\$12,800,000.00** of  
19 the allocation **for 2003-2004** in section 51a(1) shall be allocated  
20 under this section.

21 ~~(6) From the allocation in subsection (5), there is~~  
22 ~~allocated each fiscal year for 2001-2002, for 2002-2003, and for~~  
23 ~~2003-2004 an amount not to exceed \$150,000.00 to an intermediate~~  
24 ~~district that received at least \$1,000,000.00 for 1999-2000 under~~  
25 ~~subsection (4).~~

26 Sec. 54. In addition to the aid received under section 52,  
27 each intermediate district shall receive an amount per pupil for

**House Bill No. 4401 as amended June 18, 2003**

1 each pupil in attendance at the Michigan schools for the deaf and  
2 blind. The amount shall be proportionate to the total  
3 instructional cost at each school. Not more than \$1,688,000.00  
4 ~~each fiscal year for 2001-2002, for 2002-2003, and for~~  
5 ~~2003-2004~~ of the allocation **for 2003-2004** in section 51a(1)  
6 shall be allocated under this section.

7 **Sec. 55a. From the general fund appropriation in section**  
8 **11, there is allocated the amount of <<\$150,000.00>> for 2003-2004 to**  
9 **Grand Valley state university for the purpose of providing grants**  
10 **to at least 1 center devoted to enhancing the skills of children**  
11 **with motor impairments. To be eligible to receive a grant under**  
12 **this section, a center must provide children with motor**  
13 **impairments and their families with an innovative, highly**  
14 **successful educational program designed to improve the child's**  
15 **independence, self-esteem, and overall quality of life.**

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

17 (a) "Membership" means for a particular fiscal year the total  
18 membership for the immediately preceding fiscal year of the  
19 intermediate district and the districts constituent to the  
20 intermediate district.

21 (b) "Millage levied" means the millage levied for special  
22 education pursuant to part 30 of the revised school code,  
23 MCL 380.1711 to 380.1743, including a levy for debt service  
24 obligations.

25 (c) "Taxable value" means the total taxable value of the  
26 districts constituent to an intermediate district, except that if  
27 a district has elected not to come under part 30 of the revised

1 school code, MCL 380.1711 to 380.1743, membership and taxable  
2 value of the district shall not be included in the membership and  
3 taxable value of the intermediate district.

4 (2) From the allocation under section 51a(1), there is  
5 allocated an amount not to exceed ~~-\$37,900,000.00 for 2001-2002~~  
6 ~~and an amount not to exceed \$38,120,000.00 each fiscal year for~~  
7 ~~2002-2003 and \$36,881,100.00~~ for 2003-2004 to reimburse  
8 intermediate districts levying millages for special education  
9 pursuant to part 30 of the revised school code, MCL 380.1711 to  
10 380.1743. The purpose, use, and expenditure of the reimbursement  
11 shall be limited as if the funds were generated by these millages  
12 and governed by the intermediate district plan adopted pursuant  
13 to article 3 of the revised school code, MCL 380.1701 to  
14 380.1766. As a condition of receiving funds under this section,  
15 an intermediate district distributing any portion of special  
16 education millage funds to its constituent districts shall submit  
17 for departmental approval and implement a distribution plan.

18 (3) ~~Reimbursement for those millages levied in 2000-2001~~  
19 ~~shall be made in 2001-2002 at an amount per 2000-2001 membership~~  
20 ~~pupil computed by subtracting from \$119,200.00 the 2000-2001~~  
21 ~~taxable value behind each membership pupil and multiplying the~~  
22 ~~resulting difference by the 2000-2001 millage levied.~~  
23 ~~Reimbursement for those millages levied in 2001-2002 shall be~~  
24 ~~made in 2002-2003 at an amount per 2001-2002 membership pupil~~  
25 ~~computed by subtracting from \$125,900.00 the 2001-2002 taxable~~  
26 ~~value behind each membership pupil and multiplying the resulting~~  
27 ~~difference by the 2001-2002 millage levied.~~ Reimbursement for

**House Bill No. 4401 as amended June 18, 2003**

1 those millages levied in 2002-2003 shall be made in 2003-2004 at  
2 an amount per 2002-2003 membership pupil computed by subtracting  
3 from ~~-\$125,900.00~~ **\$132,275.00** the 2002-2003 taxable value behind  
4 each membership pupil and multiplying the resulting difference by  
5 the 2002-2003 millage levied.

6       Sec. 57. (1) From the appropriation in section 11, there is  
7 allocated an amount not to exceed ~~-\$600,000.00 each fiscal year~~  
8 ~~for 2001-2002, for 2002-2003, and~~ **<<\$320,000.00>>** for 2003-2004 to  
9 applicant intermediate districts that provide support services  
10 for the education of ~~gifted and talented~~ **advanced and**  
11 **accelerated** pupils. An intermediate district is entitled to 75%  
12 of the actual salary, but not to exceed \$25,000.00 reimbursement  
13 for an individual salary, of a support services teacher approved  
14 by the department, and not to exceed \$4,000.00 reimbursement for  
15 expenditures to support program costs, excluding in-county travel  
16 and salary, as approved by the department.

17       (2) From the appropriation in section 11, there is allocated  
18 an amount not to exceed ~~-\$400,000.00 each fiscal year for~~  
19 ~~2001-2002, for 2002-2003, and~~ **\$0.00** for 2003-2004 to support  
20 part of the cost of summer institutes for ~~gifted and talented~~  
21 **advanced and accelerated** students. This amount shall be  
22 contracted to applicant intermediate districts in cooperation  
23 with a local institution of higher education and shall be  
24 coordinated by the department.

25       (3) From the appropriation in section 11, there is allocated  
26 an amount not to exceed ~~-\$4,000,000.00 each fiscal year for~~  
27 ~~2001-2002, for 2002-2003, and~~ **<<\$1,280,000.00>>** for 2003-2004 for the



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

22       Sec. 61a. (1) From the appropriation in section 11, there  
23 is allocated an amount not to exceed ~~\$31,027,600.00 each fiscal~~  
24 ~~year for 2001-2002, for 2002-2003, and~~ **\$30,000,000.00** for  
25 2003-2004 to reimburse on an added cost basis districts, except  
26 for a district that served as the fiscal agent for a vocational  
27 education consortium in the 1993-94 school year, and secondary

1 area vocational-technical education centers for secondary-level  
2 vocational-technical education programs, including parenthood  
3 education programs, according to rules approved by the  
4 superintendent. Applications for participation in the programs  
5 shall be submitted in the form prescribed by the department. The  
6 department shall determine the added cost for each  
7 vocational-technical program area. The allocation of added cost  
8 funds shall be based on the type of vocational-technical programs  
9 provided, the number of pupils enrolled, and the length of the  
10 training period provided, and shall not exceed 75% of the added  
11 cost of any program. With the approval of the department, the  
12 board of a district maintaining a secondary vocational-technical  
13 education program may offer the program for the period from the  
14 close of the school year until September 1. The program shall  
15 use existing facilities and shall be operated as prescribed by  
16 rules promulgated by the superintendent.

17 (2) Except for a district that served as the fiscal agent for  
18 a vocational education consortium in the 1993-94 school year,  
19 districts and intermediate districts shall be reimbursed for  
20 local vocational administration, shared time vocational  
21 administration, and career education planning district  
22 vocational-technical administration. The definition of what  
23 constitutes administration and reimbursement shall be pursuant to  
24 guidelines adopted by the superintendent. Not more than  
25 \$800,000.00 of the allocation in subsection (1) shall be  
26 distributed under this subsection.

27 (3) From the allocation in subsection (1), there is allocated

1 an amount not to exceed \$388,700.00 ~~each fiscal year~~ for  
2 2003-2004 to intermediate districts with constituent districts  
3 that had combined state and local revenue per membership pupil in  
4 the 1994-95 state fiscal year of \$6,500.00 or more, served as a  
5 fiscal agent for a state board designated area vocational  
6 education center in the 1993-94 school year, and had an  
7 adjustment made to their 1994-95 combined state and local revenue  
8 per membership pupil pursuant to section 20d. The payment under  
9 this subsection to the intermediate district shall equal the  
10 amount of the allocation to the intermediate district for 1996-97  
11 under this subsection.

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

13 (a) "Membership" means for a particular fiscal year the total  
14 membership for the immediately preceding fiscal year of the  
15 intermediate district and the districts constituent to the  
16 intermediate district or the total membership for the immediately  
17 preceding fiscal year of the area vocational-technical program.

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

24 (c) "Taxable value" means the total taxable value of the  
25 districts constituent to an intermediate district or area  
26 vocational-technical education program, except that if a district  
27 has elected not to come under sections 681 to 690 of the revised

1 school code, MCL 380.681 to 380.690, the membership and taxable  
2 value of that district shall not be included in the membership  
3 and taxable value of the intermediate district. However, the  
4 membership and taxable value of a district that has elected not  
5 to come under sections 681 to 690 of the revised school code,  
6 MCL 380.681 to 380.690, shall be included in the membership and  
7 taxable value of the intermediate district if the district meets  
8 both of the following:

9 (i) The district operates the area vocational-technical  
10 education program pursuant to a contract with the intermediate  
11 district.

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

18 (2) From the appropriation in section 11, there is allocated  
19 an amount not to exceed ~~\$9,810,000.00 for 2001-2002 and an~~  
20 ~~amount not to exceed \$9,860,000.00 each fiscal year for 2002-2003~~  
21 ~~and \$9,800,000.00 for 2003-2004~~ to reimburse intermediate  
22 districts and area vocational-technical education programs  
23 established under section 690(3) of the revised school code,  
24 MCL 380.690, levying millages for area vocational-technical  
25 education pursuant to sections 681 to 690 of the revised school  
26 code, MCL 380.681 to 380.690. The purpose, use, and expenditure  
27 of the reimbursement shall be limited as if the funds were

1 generated by those millages.

2 (3) ~~Reimbursement for the millages levied in 2000-2001 shall~~  
3 ~~be made in 2001-2002 at an amount per 2000-2001 membership pupil~~  
4 ~~computed by subtracting from \$122,300.00 the 2000-2001 taxable~~  
5 ~~value behind each membership pupil, and multiplying the resulting~~  
6 ~~difference by the 2000-2001 millage levied. Reimbursement for~~  
7 ~~the millages levied in 2001-2002 shall be made in 2002-2003 at an~~  
8 ~~amount per 2001-2002 membership pupil computed by subtracting~~  
9 ~~from \$130,200.00 the 2001-2002 taxable value behind each~~  
10 ~~membership pupil, and multiplying the resulting difference by the~~  
11 ~~2001-2002 millage levied. Reimbursement for the millages levied~~  
12 ~~in 2002-2003 shall be made in 2003-2004 at an amount per~~  
13 ~~2002-2003 membership pupil computed by subtracting from~~  
14 ~~-\$130,200.00~~ **\$137,700.00** ~~the 2002-2003 taxable value behind each~~  
15 ~~membership pupil and multiplying the resulting difference by the~~  
16 ~~2002-2003 millage levied.~~

17 Sec. 68. (1) From the general fund appropriation in section  
18 11, there is allocated an amount not to exceed ~~-\$21,850,000.00~~  
19 ~~each fiscal year for 2001-2002, for 2002-2003, and~~  
20 **\$10,000,000.00** for 2003-2004 to be used to implement the Michigan  
21 career preparation system ~~in the corresponding school years~~ as  
22 provided under this section. **These funds may be used for the**  
23 **purposes of this section and for the purposes of former section**  
24 **67 as in effect for 2002-2003.** In order to receive funds under  
25 this section, an eligible education agency shall be part of an  
26 approved regional career preparation plan under subsection (2)  
27 and shall agree to expend the funds required under this section

1 in accordance with the regional career preparation plan. Funds  
2 awarded under this section that are not expended in accordance  
3 with this section may be recovered by the department.

4 (2) In order to receive funding under this section, an  
5 eligible education agency shall be a part of an approved 3-year  
6 regional career preparation plan that is consistent with the  
7 workforce development board's strategic plan and is as described  
8 in this subsection. All of the following apply to a regional  
9 career preparation plan:

10 (a) A 3-year regional career preparation plan shall be  
11 developed under subdivisions (b), (c), and (d) for all public  
12 education agencies participating as part of a regional career  
13 preparation system within the geographical boundaries of a  
14 workforce development board, and revised annually. If an  
15 intermediate district is located within the geographical  
16 boundaries of more than 1 workforce development board, the board  
17 of the intermediate district shall choose 1 workforce development  
18 board with which to align and shall notify the department of this  
19 choice not later than October 31, 1997.

20 (b) The regional career preparation plan shall be developed  
21 by representatives of the education advisory group of each  
22 workforce development board in accordance with guidelines  
23 developed under former section 67(5), and in accordance with  
24 subdivisions (d) and (e). All of the following shall be  
25 represented on each education advisory group: workforce  
26 development board members, other employers, labor, districts,  
27 intermediate districts, postsecondary institutions,

1 career/technical educators, parents of public school pupils, and  
2 academic educators. The representatives of districts,  
3 intermediate districts, and postsecondary institutions appointed  
4 to the education advisory group by the workforce development  
5 board shall be individuals designated by the board of the  
6 district, intermediate district, or postsecondary institution.

7 (c) By majority vote, the education advisory group may  
8 nominate 1 education representative, who may or may not be a  
9 member of the education advisory group, for appointment to the  
10 workforce development board. This education representative shall  
11 be in addition to existing education representation on the  
12 workforce development board. This education representative shall  
13 meet all workforce development board membership requirements.

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

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

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

21 (iii) Identification of integrated academic and technical  
22 curriculum, including related professional development training  
23 for teachers.

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

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

1           (vi) Identification of all federal, state, local, and private  
2 sources of funding available for career preparation activities in  
3 the region.

4           (e) The education advisory group shall develop a 3-year  
5 regional career preparation plan consistent with the workforce  
6 development board's strategic plan and submit the plan to the  
7 department for final approval. The submission to the department  
8 shall also include statements signed by the chair of the  
9 education advisory group and the chair of the workforce  
10 development board certifying that the plan has been reviewed by  
11 each entity. Upon department approval, all eligible education  
12 agencies designated in the regional career preparation plan as  
13 part of the career preparation delivery system are eligible for  
14 funding under this section.

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

19           (a) The department shall rank all career clusters, including  
20 career exploration, guidance, and counseling. Rank determination  
21 will be based on median salary data in career clusters and  
22 employment opportunity data provided by the council for career  
23 preparation standards. In addition, rank determination shall be  
24 based on placement data available for prior year graduates of the  
25 programs in the career clusters either in related careers or  
26 postsecondary education. The procedure for ranking of career  
27 clusters shall be determined by the department.



1 (b) Allowable costs to be funded under this section shall be  
2 determined by the department. Budgets submitted by eligible  
3 education agencies to the department in order to receive funding  
4 shall identify funds and in-kind contributions from the regional  
5 career education plan, excluding funds or in-kind contributions  
6 available as a result of funding received under section 61a,  
7 equal to at least 100% of anticipated funding under this  
8 section. Eligible categories of allowable costs are the  
9 following:

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

11 (ii) Curriculum development, including integration of  
12 academic and technical content, and professional development for  
13 teachers directly related to career preparation.

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

15 (iv) Supplies and materials directly related to career  
16 preparation programs.

17 (v) Work-based learning expenses for pupils, teachers, and  
18 counselors.

19 (vi) Evaluation, including career competency testing and peer  
20 review.

21 (vii) Career placement services.

22 (viii) Student leadership organizations integral to the  
23 career preparation system.

24 (ix) Up to 10% of the allocation to an eligible education  
25 agency may be expended for planning, coordination, direct  
26 oversight, and accountability for the career preparation system.

27 (c) The department shall calculate career preparation costs

1 per FTE for each career cluster, including career exploration,  
2 guidance, and counseling, by dividing the allowable costs for  
3 each career cluster by the prior year FTE enrollment for each  
4 career cluster. Distribution to eligible education agencies  
5 shall be the product of 50% of career preparation costs per FTE  
6 times the current year FTE enrollment of each career cluster.  
7 This allocation shall be distributed to eligible education  
8 agencies in decreasing order of the career cluster ranking  
9 described in subdivision (a) until the money allocated for grant  
10 recipients in this section is distributed. Beginning in  
11 2001-2002, funds shall be distributed to eligible education  
12 agencies according to workforce development board geographic area  
13 consistent with subsection (2)(a) based upon the proportion of  
14 each workforce development board area's K-12 public school  
15 membership to the total state K-12 public school membership.

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

18 (5) An education advisory group is responsible for assuring  
19 the quality of the career preparation system. An education  
20 advisory group shall review the career preparation system in  
21 accordance with evaluation criteria established by the  
22 department.

23 (6) An education advisory group shall report its findings and  
24 recommendations for changes to the participating eligible  
25 education agencies, the workforce development board, and the  
26 department.

27 (7) The next revision of a regional career preparation plan

1 shall take into account the findings of the education advisory  
2 group in accordance with evaluation criteria established by the  
3 department in order for the affected education agencies to  
4 receive continued funding under this section.

5 (8) As used in this section:

6 (a) "Advanced career academy" means a career-technical  
7 education program operated by a district, by an intermediate  
8 district, or by a public school academy, that applies for and  
9 receives advanced career academy designation from the  
10 department. To receive this designation, a career-technical  
11 education program shall meet criteria established by the  
12 department, which criteria shall include at least all of the  
13 following:

14 (i) Operation of programs for those career clusters  
15 identified by the department as being eligible for advanced  
16 career academy status.

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

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

21 (iv) Demonstration of an established career preparation  
22 system resulting in industry-validated career ladders for  
23 graduates of the program, including, but not limited to, written  
24 articulation agreements with postsecondary institutions to allow  
25 pupils to receive advanced college placement and credit or  
26 federally registered apprenticeships, as applicable.

27 (b) "Career cluster" means a grouping of occupations from 1

1 or more industries that share common skill requirements.

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

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

6 (e) "Eligible education agency" means a district,  
7 intermediate district, or advanced career academy that  
8 participates in an approved regional career preparation plan.

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

11 (g) "Workforce development board" means a local workforce  
12 development board established pursuant to the workforce  
13 investment act of 1998, Public Law 105-220, 112 Stat. 936, and  
14 the school-to-work opportunities act of 1994, Public Law 103-239,  
15 108 Stat. 568, or the equivalent.

16 (h) "Strategic plan" means a department-approved  
17 comprehensive plan prepared by a workforce development board with  
18 input from local representatives, including the education  
19 advisory group, that includes career preparation system goals and  
20 objectives for the region.

21 Sec. 74. (1) From the amount appropriated in section 11,  
22 there is allocated an amount not to exceed ~~\$1,625,000.00~~ each  
23 ~~fiscal year for 2001-2002, for 2002-2003, and~~ \$1,500,000.00 for  
24 2003-2004 for the purposes of subsections (2) and (3).

25 (2) From the allocation in subsection (1), there is allocated  
26 each fiscal year the amount necessary for payments to state  
27 supported colleges or universities and intermediate districts

1 providing school bus driver safety instruction or driver skills  
2 road tests pursuant to sections 51 and 52 of the pupil  
3 transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The  
4 payments shall be in an amount determined by the department not  
5 to exceed 75% of the actual cost of instruction and driver  
6 compensation for each public or nonpublic school bus driver  
7 attending a course of instruction. For the purpose of computing  
8 compensation, the hourly rate allowed each school bus driver  
9 shall not exceed the hourly rate received for driving a school  
10 bus. Reimbursement compensating the driver during the course of  
11 instruction or driver skills road tests shall be made by the  
12 department to the college or university or intermediate district  
13 providing the course of instruction.

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

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

~~1 as otherwise provided in this section, there shall be allocated  
2 to each intermediate district for 2001-2002 an amount equal to  
3 105% of the amount of funding actually received by the  
4 intermediate district under this subsection for 2000-2001.~~

5 Except as otherwise provided in this section, there shall be  
6 allocated to each intermediate district ~~each fiscal year for~~  
7 ~~2002-2003 and~~ for 2003-2004 an amount equal to ~~103.1%~~ of the  
8 ~~amount of funding actually received by the intermediate district~~  
9 ~~under this subsection for 2001-2002~~ **the amount appropriated**  
10 **under this subsection for 2002-2003 in 2002 PA 521, before any**  
11 **reduction made for 2002-2003 under section 11(3).** Funding  
12 provided under this section shall be used to comply with  
13 requirements of this act and the revised school code that are  
14 applicable to intermediate districts, and for which funding is  
15 not provided elsewhere in this act, and to provide technical  
16 assistance to districts as authorized by the intermediate school  
17 board.

18 (2) From the allocation in subsection (1), there is allocated  
19 to an intermediate district, formed by the consolidation or  
20 annexation of 2 or more intermediate districts or the attachment  
21 of a total intermediate district to another intermediate school  
22 district or the annexation of all of the constituent K-12  
23 districts of a previously existing intermediate school district  
24 which has disorganized, an additional allotment of \$3,500.00 each  
25 fiscal year for each intermediate district included in the new  
26 intermediate district for 3 years following consolidation,  
27 annexation, or attachment.

1       ~~(3) If an intermediate district participated in 1993-94 in a~~  
2 ~~consortium operating a regional educational media center under~~  
3 ~~section 671 of the revised school code, MCL 380.671, and rules~~  
4 ~~promulgated by the superintendent, and if the intermediate~~  
5 ~~district obtains written consent from each of the other~~  
6 ~~intermediate districts that participated in the consortium in~~  
7 ~~1993-94, the intermediate district may notify the department not~~  
8 ~~later than December 30 of the current fiscal year that it is~~  
9 ~~electing to directly receive its payment attributable to~~  
10 ~~participation in that consortium. An intermediate district~~  
11 ~~making that election, and that has obtained the necessary~~  
12 ~~consent, shall receive each fiscal year for 2001-2002, for~~  
13 ~~2002-2003, or for 2003-2004, as applicable, for each pupil in~~  
14 ~~membership in the intermediate district or a constituent district~~  
15 ~~an amount equal to the quotient of the 1993-94 allocation to the~~  
16 ~~fiscal agent for that consortium under former section 83,~~  
17 ~~adjusted as determined by the department to account for that~~  
18 ~~election, divided by the combined total membership for the~~  
19 ~~current fiscal year in all of the intermediate districts that~~  
20 ~~participated in that consortium and their constituent districts.~~  
21 ~~The amount allocated to an intermediate district under this~~  
22 ~~subsection for a fiscal year shall be deducted from the total~~  
23 ~~allocation for that fiscal year under this section to the~~  
24 ~~intermediate district that was the 1993-94 fiscal agent for the~~  
25 ~~consortium.~~

26       (3) ~~-(4)-~~ During a fiscal year, the department shall not  
27 increase an intermediate district's allocation under subsection

1 (1) because of an adjustment made by the department during the  
2 fiscal year in the intermediate district's taxable value for a  
3 prior year. Instead, the department shall report the adjustment  
4 and the estimated amount of the increase to the house and senate  
5 fiscal agencies and the state budget director not later than  
6 June 1 of the fiscal year, and the legislature shall appropriate  
7 money for the adjustment in the next succeeding fiscal year.

8 (4) ~~—(5)—~~ In order to receive funding under this section, an  
9 intermediate district shall demonstrate to the satisfaction of  
10 the department that the intermediate district employs at least 1  
11 person who is trained in pupil counting procedures, rules, and  
12 regulations.

13 **Sec. 93. (1) Not later than December 1, 2003, the senate**  
14 **and house appropriations subcommittees responsible for this act**  
15 **shall conduct a study of the issue of declining enrollment and**  
16 **make recommendations on the most appropriate methods to address**  
17 **the situation of districts that are experiencing severely**  
18 **declining enrollment, such as a funding method or formula or**  
19 **cost-saving measures, or a combination of these.**

20 (2) From the general fund money appropriated in section 11,  
21 an amount not to exceed \$20,000.00 is allocated to the  
22 legislature to reimburse the subcommittees for expenses related  
23 to the study under subsection (1).

24 **Sec. 94a. (1) There is created within the office of the**  
25 **state budget director in the department of management and budget**  
26 **the center for educational performance and information. The**  
27 **department of management and budget shall provide administrative**



1 **support to the center.** The center shall do all of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (f) Three representatives from intermediate school  
7 districts.

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

10 (i) Michigan association of school boards.

11 (ii) Michigan association of school administrators.

12 (iii) Michigan school business officials.

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

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

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

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

24 (b) Defining the roles of all stakeholders in the data  
25 collection system.

26 (c) Recommending timelines for the implementation and ongoing  
27 collection of data.

1 (d) Establishing and maintaining data definitions, data  
2 transmission protocols, and system specifications and procedures  
3 for the efficient and accurate transmission and collection of  
4 data.

5 (e) Establishing and maintaining a process for ensuring the  
6 accuracy of the data.

7 (f) Establishing and maintaining state and model local  
8 policies related to data collection, including, but not limited  
9 to, privacy policies related to individual student data.

10 (g) Ensuring the data is made available to state and local  
11 policymakers and citizens of this state in the most useful format  
12 possible.

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

15 (4) The center may enter into any interlocal agreements  
16 necessary to fulfill its functions.

17 (5) ~~From the general fund appropriation in section 11, there~~  
18 ~~is allocated an amount not to exceed \$2,332,000.00 for 2001-2002~~  
19 ~~for payments to the center.~~ From the general fund appropriation  
20 in section 11, there is allocated an amount not to exceed  
21 ~~\$4,500,000.00 each fiscal year for 2002-2003 and \$2,000,000.00~~  
22 for 2003-2004 to the **office of the state budget in the** department  
23 of management and budget to support the operations of the  
24 center. **In addition, from the federal funds appropriated in**  
25 **section 11 for 2003-2004, there is allocated \$1,000,000.00 funded**  
26 **from DED-OESE, title V, innovative strategies grants, to the**  
27 **center for a contract with Standard & Poor's for the school**

1 **evaluation services website if the center determines that the**  
 2 **contract is warranted.** The center shall cooperate with the state  
 3 education agency to ensure that this state is in compliance with  
 4 federal law and is maximizing opportunities for increased federal  
 5 funding to improve education in this state. In addition, from  
 6 the federal funds appropriated in section 11 ~~for 2002-2003 and~~  
 7 for 2003-2004, there is allocated the following amounts ~~each~~  
 8 ~~fiscal year~~ in order to fulfill federal reporting requirements:

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

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

13 (c) An amount estimated at ~~-\$46,750.00~~ **\$46,800.00** funded  
 14 from DED-OESE, title I, migrant education funds.

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

17 (e) An amount estimated at ~~-\$526,100.00~~ **\$100,000.00** funded  
 18 from DED-OESE, drug-free schools and communities funds.

19 (6) ~~Funds~~ **Federal funds** allocated under this section that  
 20 are not expended in the fiscal year in which they were allocated  
 21 may be carried forward to a subsequent fiscal year. ~~From the~~  
 22 ~~funds allocated for 1999-2000 that were carried forward under~~  
 23 ~~this section and from the general funds appropriated under this~~  
 24 ~~section for 2002-2003, the center shall make grants to~~  
 25 ~~intermediate districts for the purpose of assisting the~~  
 26 ~~intermediate districts and their constituent districts in data~~  
 27 ~~collection required by state and federal law or necessary for~~

~~1 audits according to generally accepted accounting procedures.  
2 Grants to each intermediate district shall be made at the rate of  
3 \$2.00 per each full-time equated membership pupil times the total  
4 number of 2000-2001 pupils in membership in the intermediate  
5 district and its constituent districts. An intermediate district  
6 shall develop a plan in cooperation with its constituent  
7 districts to distribute the grants between the intermediate  
8 district and its constituent districts. These grants shall be  
9 paid to intermediate districts no later than the next regularly  
10 scheduled school aid payment after the effective date of this  
11 section.~~

~~12 (7) If the applicable intermediate district determines that  
13 the pupil counts submitted by a district for the February 2002  
14 supplemental pupil count using the single record student database  
15 cannot be audited by the intermediate district pursuant to  
16 section 101, all of the following apply:~~

~~17 (a) The district may submit its pupil count data for the  
18 February 2002 supplemental pupil count using the education data  
19 network system.~~

~~20 (b) If the applicable intermediate district determines that  
21 the pupil counts submitted by the district for the 2002-2003  
22 pupil membership count day using the single record student  
23 database cannot be audited by the intermediate district pursuant  
24 to section 101, the district may submit its pupil count data for  
25 the 2002-2003 pupil membership count day using the education data  
26 network system.~~

~~27 (8) At least 30 days before implementing a proposed~~

1 ~~electronic data collection, submission, or collation process, or~~  
 2 ~~a proposed change to 1 or more of those processes, the center~~  
 3 ~~shall submit the proposal and an analysis of the proposal to the~~  
 4 ~~senate and house of representatives appropriations subcommittees~~  
 5 ~~responsible for this act. The analysis shall include at least a~~  
 6 ~~determination of the cost of the proposal for districts and~~  
 7 ~~intermediate districts and of available funding for districts and~~  
 8 ~~intermediate districts.~~

9       **(7) The center may bill departments as necessary in order to**  
 10 **fulfill reporting requirements of state and federal law.**

11       **(8) ~~(9)~~ As used in this section:**

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

14       (b) "DED-OESE" means the United States department of  
 15 education office of elementary and secondary education.

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

17       Sec. 98. (1) From the general fund money appropriated in  
 18 section 11, there is allocated an amount not to exceed  
 19 ~~\$1,500,000.00 for 2001-2002 and an amount not to exceed~~  
 20 ~~\$5,000,000.00 each fiscal year for 2002-2003 and~~ **\$4,000,000.00**  
 21 for 2003-2004 ~~to the department~~ to provide a grant to the  
 22 Michigan virtual university for the development, implementation,  
 23 and operation of the Michigan virtual high school and to fund  
 24 other purposes described in this section. In addition, from the  
 25 federal funds appropriated in section 11, there is allocated  
 26 ~~each fiscal year for 2001-2002, for 2002-2003, and~~ for  
 27 2003-2004 ~~the following amounts:~~ (a) ~~An~~ **an** amount estimated at

1 ~~-\$3,251,800.00~~ **\$2,250,000.00** from DED-OESE, title II, improving  
2 teacher quality funds.

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

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

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

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

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

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

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

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

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

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

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

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

7 (a) Information technology courses.

8 (b) College level equivalent courses, as defined in section  
9 1471 of the revised school code, MCL 380.1471.

10 (c) Courses and dual enrollment opportunities.

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

12 (e) General education development test preparation courses  
13 for adjudicated youth.

14 (f) Special interest courses.

15 (g) Professional development programs and services for  
16 teachers.

17 ~~(4) From the allocation in subsection (1), there is~~  
18 ~~allocated \$3,500,000.00 each fiscal year for 2002-2003 and for~~  
19 ~~2003-2004 for the purpose of developing innovative strategies to~~  
20 ~~use wireless technology to improve student academic achievement~~  
21 ~~in this state. The Michigan virtual university shall identify~~  
22 ~~not more than 5 pilot project sites for these initiatives. The~~  
23 ~~pilot project sites shall be geographically diverse and at least~~  
24 ~~1 of the pilot project sites shall be in the Upper Peninsula.~~  
25 ~~The pilot projects shall be funded through public private~~  
26 ~~partnerships. In addition, the Michigan virtual university shall~~  
27 ~~establish local fund matching requirements for the pilot project~~



1 sites.

2       (4) ~~(5)~~ The state education agency shall sign a memorandum  
3 of understanding with the Michigan virtual university regarding  
4 the DED-OESE, title II, improving teacher quality funds as  
5 provided under this subsection. ~~To the extent allowed under~~  
6 ~~federal law, the Michigan virtual university shall address the~~  
7 ~~unique issues of providing educational opportunities in rural~~  
8 ~~communities.~~ The memorandum of understanding under this  
9 subsection shall require that the Michigan virtual university  
10 coordinate the following activities related to DED-OESE, title  
11 II, improving teacher quality funds in accordance with federal  
12 law:

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

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

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

26       ~~(6) The state education agency shall sign a memorandum of~~  
27 ~~understanding with the Michigan virtual university regarding~~

~~1 DED-OESE, title II, educational technology grants as provided  
2 under this subsection. The Michigan virtual university shall  
3 coordinate activities described in this subsection with the pilot  
4 project sites identified in subsection (4). The memorandum of  
5 understanding shall require that the Michigan virtual university  
6 coordinate the following state activities related to DED-OESE,  
7 title II, educational technology grants in accordance with  
8 federal law:~~

~~9 — (a) Assist in the development of innovative strategies for  
10 the delivery of specialized or rigorous academic courses and  
11 curricula through the use of technology, including distance  
12 learning technologies.~~

~~13 — (b) Establish and support public-private initiatives for the  
14 acquisition of educational technology for students in high-need  
15 districts.~~

~~16 — (7) The state education agency shall sign a memorandum of  
17 understanding with the Michigan virtual university regarding  
18 DED-OESE, title V, innovative strategies grants as provided under  
19 this subsection. The Michigan virtual university shall  
20 coordinate activities described in this subsection with the pilot  
21 project sites identified in subsection (4). The memorandum of  
22 understanding shall require the Michigan virtual university to  
23 coordinate the following state-level activities related to  
24 DED-OESE, title V, innovative strategies grants in accordance  
25 with federal law:~~

~~26 — (a) Programs for the development or acquisition and use of  
27 instructional and educational materials, including computer~~

~~1 software and hardware for instructional use, that will be used to  
2 improve student academic achievement as part of an overall  
3 education reform strategy.~~

~~4 ——— (b) Programs and activities that expand learning  
5 opportunities through best-practice models designed to improve  
6 classroom learning and teaching.~~

~~7 ——— (8) The state education agency shall sign a memorandum of  
8 understanding with the Michigan virtual university requiring that  
9 the Michigan virtual university coordinate the awarding of  
10 competitive grants to districts and state-level activities  
11 related to DED-OESE, title VI, rural and low income schools  
12 grants in accordance with federal law for the following  
13 purposes:~~

~~14 ——— (a) Teacher professional development, including programs that  
15 train teachers to utilize technology, programs to improve  
16 teaching, and programs to train special needs teachers.~~

~~17 ——— (b) Educational technology, including software and hardware,  
18 as described in federal law.~~

~~19 ——— (9) Funds allocated under this section that are not expended  
20 in the state fiscal year for which they were allocated may be  
21 carried forward to a subsequent state fiscal year.~~

~~22 ——— (10) The state education agency and the Michigan virtual  
23 university shall complete the memoranda of understanding required  
24 under this section within 60 days after the effective date of the  
25 amendatory act that added this subsection. It is the intent of  
26 the legislature that all plans or applications submitted by the  
27 state education agency to the United States department of~~

House Bill No. 4401 as amended June 18, 2003

1 ~~education relating to the distribution of federal funds under~~  
2 ~~this section shall be for the purposes described in this~~  
3 ~~section.~~

4 (5) If a home-schooled or nonpublic school student is a  
5 resident of a district that subscribes to services provided by  
6 the Michigan virtual university, the student may use the services  
7 provided by the Michigan virtual university to the district  
8 without charge to the student beyond what is charged to a  
9 district pupil using the same services.

10 (6) From the allocations in subsection (1), the amount  
11 necessary, not to exceed \$4,700,000.00, shall be used to provide  
12 online professional development for classroom teachers. This  
13 allocation is intended to be for the first of 3 years. These  
14 funds may be used for designing and building courses, marketing  
15 and outreach, workshops and evaluation, content acquisition,  
16 technical assistance, project management, and customer support.  
17 The Michigan virtual university shall offer at least 5 hours of  
18 online professional development for classroom teachers under this  
19 section in 2003-2004 without charge to the teachers or to  
20 districts or intermediate districts.

21 (7) A district or intermediate district <<may>> require a  
22 full-time teacher to participate in at least 5 hours of online  
23 professional development provided by the Michigan virtual  
24 university under subsection (6). Five hours of this professional  
25 development shall be considered to be part of the 51 hours  
26 allowed to be counted as hours of pupil instruction under section  
27 101(10).

1           (8) ~~-(11)-~~ As used in this section:

2           (a) "DED-OESE" means the United States department of  
3 education office of elementary and secondary education.

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

5           Sec. 98b. (1) For the limitless learning program under this  
6 section, there is allocated for 2003-2004 the following federal  
7 funds:

8           (a) From the federal funds appropriated in section 11, an  
9 amount estimated at \$12,383,000.00 from the competitive grants of  
10 DED-OESE, title II, educational technology grants funds.

11           (b) An amount estimated at \$7,000,000.00 from funds carried  
12 forward from 2002-2003 from unexpended DED-OESE, title II,  
13 educational technology grants funds.

14           (c) From the federal funds appropriated in section 11, an  
15 amount estimated at \$2,010,100.00 from rural and low income  
16 schools, DED-OESE, rural and low income school funds.

17           (2) The allocations in subsection (1) shall be used to  
18 develop, implement, and operate the limitless learning program  
19 and make program grants. The goal of the program is to achieve  
20 one-to-one access to wireless technology for K-12 pupils through  
21 statewide and local public-private partnerships. To implement  
22 the program, the state education agency shall sign a memorandum  
23 of understanding with the Michigan virtual university that  
24 provides for joint administration of program grants under this  
25 subsection. By December 1, 2003, the Michigan virtual university  
26 and the state education agency shall make grants to districts as  
27 described in this section.

1           (3) The amount of program grants to districts is estimated at  
2 \$250.00 per pupil in membership in grade 6 in 2003-2004, or in  
3 another grade allowed in this section. The state education  
4 agency shall establish grant criteria that maximize the  
5 distribution of federal funds to achieve the \$250.00 per pupil in  
6 districts that qualify for federal funds. To qualify for a grant  
7 under this section, a district shall submit an application and  
8 complete the application process established by the state  
9 education agency and the Michigan virtual university. The  
10 application shall include at least all of the following:

11           (a) If the district is applying for federal funds, how the  
12 district will meet the requirements of the competitive grants  
13 under DED-OESE, title II, part D.

14           (b) How the district will provide the opportunity for each  
15 pupil in membership in grade 6 to receive a wireless computing  
16 device. If the district has already achieved one-to-one wireless  
17 access in grade 6, the district may apply for a grant for the  
18 next highest grade. If the district does not have a grade 6 or  
19 higher, the district may apply for funding for the next lowest  
20 grade level.

21           (c) The district shall submit a plan describing the uses of  
22 the grant funds. The plan shall describe a plan for professional  
23 development, technology integration, content and curriculum, and  
24 local partnerships with the other districts and representatives  
25 from businesses, industry, and higher education. The plan shall  
26 include at least the following:

27           (i) The academic achievement goals of the plan.

1           (ii) The engagement goals, which may include, but are not  
2 limited to, goals related to retention rates, dropout rates,  
3 detentions, and suspensions.

4           (d) How the district will amend its local technology plan as  
5 required under state and federal law to reflect the program under  
6 this section.

7           (4) A district that receives a grant under this section shall  
8 provide at least a \$25.00 per pupil match for grant money  
9 received under this section from local public or private  
10 resources.

11           (5) A district that received money under section 98 in  
12 2002-2003 for a wireless technology grant is eligible to receive  
13 a grant under this section.

14           (6) A public school academy that does not offer a grade  
15 higher than grade 5 may apply to receive a grant under this  
16 section for pupils in the highest grade offered by the public  
17 school academy.

18           (7) By October 1, 2003, the department of management and  
19 budget shall establish a statewide public-private partnership to  
20 implement the program. The department of management and budget  
21 shall select a program partner through a request for proposals  
22 process for a total learning technology package that includes,  
23 but is not limited to, a wireless laptop, software, professional  
24 development, service, and support, and for management by a single  
25 point of contact individual responsible for the overall  
26 implementation. The proposal selected shall achieve significant  
27 efficiencies and economies of scale and be interoperable with

1 existing technologies. The private partner selected in the  
2 request for proposals process to partner with the state must  
3 possess all of the following:

4 (a) Experience in the development and successful  
5 implementation of large-scale, school-based wireless technology  
6 projects.

7 (b) Proven technical ability to deliver a total solutions  
8 package of learning technology for elementary and secondary  
9 students and teachers.

10 (c) Results-based education solutions to increase student  
11 achievement and advance professional development for teachers.

12 (d) Ability to coordinate, utilize, and expand existing  
13 technology infrastructures and professional development delivery  
14 systems within school districts and regions.

15 (8) Within 30 days after the effective date of this section,  
16 the limitless learning partnership advisory group appointed under  
17 subsection (9) shall provide recommendations to the department of  
18 management and budget to assist in developing the request for  
19 proposals required under subsection (7). In providing these  
20 recommendations, the limitless learning partnership advisory  
21 group shall focus on ensuring that the request for proposals will  
22 seek a program partner that will achieve significant economies of  
23 scale, will be interoperable with existing technologies, and will  
24 possess the qualifications of subdivisions (a) to (d) of  
25 subsection (7).

26 (9) The limitless learning partnership advisory group shall  
27 consist of the following 4 members, who shall be appointed



1 promptly upon enactment of the amendatory act that added this  
2 section:

3 (a) One member appointed by the speaker of the house of  
4 representatives.

5 (b) One member appointed by the senate majority leader.

6 (c) One member appointed by the governor.

7 (d) One member appointed by the superintendent of public  
8 instruction.

9 (10) A district may elect to purchase wireless laptops from a  
10 vendor other than the statewide partnership described in  
11 subsection (7) if that person meets subdivisions (a) to (d) of  
12 subsection (7).

13 (11) The state education agency shall sign a memorandum of  
14 understanding with the Michigan virtual university regarding  
15 DED-OESE, title II, educational technology grants, as provided  
16 under this subsection. The Michigan virtual university shall  
17 coordinate activities described in this subsection with the  
18 limitless learning grants described under this section. The  
19 memorandum of understanding shall require that the Michigan  
20 virtual university coordinate the following state activities  
21 related to DED-OESE, title II, educational technology grants in  
22 accordance with federal law:

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

27 (b) Establish and support public-private initiatives for the

1 acquisition of educational technology for students in high-need  
2 districts.

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

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

14 (14) The state education agency shall ensure that the program  
15 goals and plans for the limitless learning program are contained  
16 in the state technology plan required by federal law.

17 (15) As used in this section:

18 (a) "DED-OESE" means the United States department of  
19 education office of elementary and secondary education.

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

21 Sec. 99. (1) From the ~~state school aid fund appropriation~~  
22 **appropriations** in section 11, there is allocated an amount not to  
23 exceed ~~-\$9,684,300.00 each fiscal year for 2001-2002, for~~  
24 ~~2002-2003, and for 2003-2004 and from the general fund~~  
25 ~~appropriation in section 11 there is allocated an amount not to~~  
26 ~~exceed \$548,000.00 each fiscal year for 2001-2002, for 2002-2003,~~  
27 ~~and \$2,500,000.00 for 2003-2004 for implementing the~~

1 comprehensive master plan for mathematics and science centers  
2 developed by the department and approved by the state board on  
3 ~~February 17, 1993~~ **August 8, 2002. In addition, from the**  
4 **federal funds appropriated in section 11, there is allocated an**  
5 **amount estimated at \$2,487,700.00 from DED-OESE, title II,**  
6 **mathematics and science partnership grants.**

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

15 (3) The department shall not award a **state** grant under this  
16 section to more than 1 mathematics and science center located in  
17 a ~~particular intermediate district~~ **designated region as**  
18 **prescribed in the 2002 master plan** unless each of the grants  
19 serves a distinct target population or provides a service that  
20 does not duplicate another program in the ~~intermediate district~~  
21 **designated region.**

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

27 (5) Allocations under this section to support the activities

1 and programs of mathematics and science centers shall be  
 2 continuing support grants to all ~~25~~ **33** established mathematics  
 3 and science centers. ~~and, subject to subsection (9), the~~  
 4 ~~satellite extensions that were funded in 1996-97.~~ Each  
 5 established mathematics and science center that was funded in  
 6 ~~1999-2000~~ **2002-2003** shall receive **state funding in** an amount  
 7 equal to ~~105.3%~~ **24.43%** of the amount it received under this  
 8 section ~~in 1999-2000~~ **for 2002-2003 in 2002 PA 521, before any**  
 9 **reduction made for 2002-2003 under section 11(3).**

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

15 (7) From the ~~state school aid fund allocation~~ **state funds**  
 16 **allocated** under subsection (1), there is allocated an amount not  
 17 to exceed ~~\$611,800.00 each fiscal year for 2001-2002, for~~  
 18 ~~2002-2003, and~~ **\$298,925.00** for 2003-2004 for additional funding  
 19 under this subsection for mathematics and science centers that  
 20 have come into compliance with the comprehensive master plan  
 21 described in subsection (1). These amounts are in addition to  
 22 the funding determined under subsection (5). ~~and are as follows~~  
 23 ~~for each of those fiscal years:~~

24 ~~— (a) \$68,000.00 each to the central Michigan science,~~  
 25 ~~mathematics, and technology center; the Hillsdale Lenawee Monroe~~  
 26 ~~mathematics and science center; the St. Clair mathematics,~~  
 27 ~~science, and technology network; the Saginaw valley state~~

1 ~~university regional center; the Genesee area mathematics,~~  
2 ~~science, and technology center; the Grand Traverse area regional~~  
3 ~~mathematics, science, and technology center; and the~~  
4 ~~Livingston/Washtenaw mathematics and science center.~~

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

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

9 (8) Not later than ~~June 30, 2000~~ **September 30, 2007**, the  
10 department shall reevaluate and update the comprehensive master  
11 plan described in subsection (1), including any recommendations  
12 for upgrading satellite extensions to full centers.

13 **(9) The department shall give preference in awarding the**  
14 **federal grants allocated in subsection (1) to the 33 existing**  
15 **mathematics and science centers.**

16 ~~(10) —(9) During the course of the 2000-2001 and 2001-2002~~  
17 ~~fiscal years, the department shall facilitate the conversion of~~  
18 ~~the 8 existing satellite extensions to full mathematics and~~  
19 ~~science centers. To this end, in 2000-2001 the department shall~~  
20 ~~provide 4 satellite extensions, as selected by the department,~~  
21 ~~with applications for conversion to full centers, and in~~  
22 ~~2001-2002 the department shall provide the remaining 4 satellite~~  
23 ~~extensions with applications for conversion. The department~~  
24 ~~shall provide the applications not later than October 15 of the~~  
25 ~~applicable fiscal year; a satellite extension shall submit the~~  
26 ~~application and a detail plan as prescribed by the department not~~  
27 ~~later than November 15 of the applicable fiscal year; and the~~

1 ~~department shall review the applications and plans and notify the~~  
2 ~~satellite extensions of their status not later than December 1 of~~  
3 ~~the applicable fiscal year. The allocations under this section~~  
4 ~~are sufficient to fund the conversion of the satellite extensions~~  
5 ~~to full centers and to fund them as full centers. In order to~~  
6 receive funds under this section, a grant recipient shall provide  
7 at least a 10% local match from local public or private resources  
8 for the funds received under this section.

9 (11) As used in this section:

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

11 (b) "DED-OESE" means the DED office of elementary and  
12 secondary education.

13 Sec. 99b. From the general fund appropriation in section  
14 11, there is allocated the amount of \$50,000.00 for 2003-2004 to  
15 Oakland university for the purpose of providing science education  
16 grants to at least 1 entity. To be eligible for a grant, an  
17 entity must, through interactive video conferencing technology,  
18 deliver innovative and high-quality science educational programs  
19 that are based on the state model core curriculum content  
20 standards. A grant recipient shall provide these programs to  
21 districts across the state, with an emphasis on rural and  
22 underserved districts.

23 Sec. 101. (1) To be eligible to receive state aid under  
24 this act, not later than the fifth Wednesday after the pupil  
25 membership count day and not later than the fifth Wednesday after  
26 the supplemental count day, each district superintendent through  
27 the secretary of the district's board shall file with the

1 intermediate superintendent a certified and sworn copy of the  
2 number of pupils enrolled and in regular daily attendance in the  
3 district as of the pupil membership count day and as of the  
4 supplemental count day, as applicable, for the current school  
5 year. In addition, a district maintaining school during the  
6 entire year, as provided under section 1561 of the revised school  
7 code, MCL 380.1561, shall file with the intermediate  
8 superintendent a certified and sworn copy of the number of pupils  
9 enrolled and in regular daily attendance in the district for the  
10 current school year pursuant to rules promulgated by the  
11 superintendent. Not later than the seventh Wednesday after the  
12 pupil membership count day and not later than the seventh  
13 Wednesday after the supplemental count day, the intermediate  
14 district shall transmit to the ~~department~~ **center** the data filed  
15 by each of its constituent districts. If a district fails to  
16 file the sworn and certified copy with the intermediate  
17 superintendent in a timely manner, as required under this  
18 subsection, the intermediate district shall notify the department  
19 and state aid due to be distributed under this act shall be  
20 withheld from the defaulting district immediately, beginning with  
21 the next payment after the failure and continuing with each  
22 payment until the district complies with this subsection. If an  
23 intermediate district fails to transmit the data in its  
24 possession in a timely and accurate manner to the department, as  
25 required under this subsection, state aid due to be distributed  
26 under this act shall be withheld from the defaulting intermediate  
27 district immediately, beginning with the next payment after the

1 failure and continuing with each payment until the intermediate  
2 district complies with this subsection. If a district or  
3 intermediate district does not comply with this subsection by the  
4 end of the fiscal year, the district or intermediate district  
5 forfeits the amount withheld. A person who willfully falsifies a  
6 figure or statement in the certified and sworn copy of enrollment  
7 shall be punished in the manner prescribed by section 161.

8 (2) To be eligible to receive state aid under this act, not  
9 later than the twenty-fourth Wednesday after the pupil membership  
10 count day and not later than the twenty-fourth Wednesday after  
11 the supplemental count day, an intermediate district shall submit  
12 to the ~~department~~ **center**, in a form and manner prescribed by  
13 the ~~department~~ **center**, the audited enrollment and attendance  
14 data for the pupils of its constituent districts and of the  
15 intermediate district. If an intermediate district fails to  
16 transmit the audited data as required under this subsection,  
17 state aid due to be distributed under this act shall be withheld  
18 from the defaulting intermediate district immediately, beginning  
19 with the next payment after the failure and continuing with each  
20 payment until the intermediate district complies with this  
21 subsection. If an intermediate district does not comply with  
22 this subsection by the end of the fiscal year, the intermediate  
23 district forfeits the amount withheld.

24 (3) Except as otherwise provided in this section, each  
25 district shall provide at least ~~180 days of pupil instruction~~  
26 ~~and a number of~~ **1,098** hours of pupil instruction. ~~at least~~  
27 ~~equal to the required minimum number of hours of pupil~~



1 ~~instruction required for 2000-2001 under section 1284 of the~~  
2 ~~revised school code, MCL 380.1284. Except as otherwise provided~~  
3 ~~in this act, a district failing to hold 180 days of pupil~~  
4 ~~instruction shall forfeit from its total state aid allocation for~~  
5 ~~each day of failure an amount equal to 1/180 of its total state~~  
6 ~~aid allocation.~~ Except as otherwise provided in this act, a  
7 district failing to comply with the required minimum hours of  
8 pupil instruction under this subsection shall forfeit from its  
9 total state aid allocation an amount determined by applying a  
10 ratio of the number of hours the district was in noncompliance in  
11 relation to the required minimum number of hours under this  
12 subsection. ~~A district failing to meet both the 180 days of~~  
13 ~~pupil instruction requirement and the minimum number of hours of~~  
14 ~~pupil instruction requirement under this subsection shall be~~  
15 ~~penalized only the higher of the 2 amounts calculated under the~~  
16 ~~forfeiture provisions of this subsection.~~ Not later than August  
17 1, the board of each district shall certify to the department the  
18 number of ~~days and~~ hours of pupil instruction in the previous  
19 school year. If the district did not ~~hold at least 180 days~~  
20 ~~and~~ **provide at least** the required minimum number of hours of  
21 pupil instruction under this subsection, the deduction of state  
22 aid shall be made in the following fiscal year from the first  
23 payment of state school aid. A district is not subject to  
24 forfeiture of funds under this subsection for a fiscal year in  
25 which a forfeiture was already imposed under subsection ~~(7)~~  
26 **(6)**. ~~Days or hours~~ **Hours** lost because of strikes or teachers'  
27 conferences shall not be counted as days or hours of pupil

House Bill No. 4401 as amended June 18, 2003

1 instruction. <<A district not having at least 75% of the  
2 district's membership in attendance on any day of pupil  
3 instruction shall receive state aid in that proportion of 1/180  
4 that the actual percent of attendance bears to the specified  
5 percentage.>> The superintendent shall promulgate rules for the  
6 implementation of this subsection.

7 (4) Except as otherwise provided in this subsection, the  
8 first ~~2 days~~ **30 hours** for which pupil instruction is not  
9 provided because of conditions not within the control of school  
10 authorities, such as severe storms, fires, epidemics, or health  
11 conditions as defined by the city, county, or state health  
12 authorities, shall be counted as ~~days~~ **hours** of pupil  
13 instruction. In addition, for ~~2001-2002~~ **2002-2003** only, the  
14 department shall count as days of pupil instruction not more than  
15 ~~4~~ **5** additional days, and shall count as hours of pupil  
16 instruction not more than ~~24~~ **30** hours, for which pupil  
17 instruction was not provided in a district ~~after May 27, 2002~~  
18 **from April 3, 2003 to April 11, 2003** due to a ~~train derailment~~  
19 ~~involving hazardous materials~~ **storm**. Subsequent such ~~days~~  
20 **hours** shall not be counted as ~~days~~ **hours** of pupil instruction.

21 (5) A district shall not forfeit part of its state aid  
22 appropriation because it adopts or has in existence an  
23 alternative scheduling program for pupils in kindergarten if the  
24 program provides at least the number of hours required under  
25 subsection (3) for a full-time equated membership for a pupil in  
26 kindergarten as provided under section 6(4).

27 ~~(6) Upon application by the district for a particular fiscal~~

1 year, the superintendent may waive the minimum number of days of  
2 pupil instruction requirement of subsection (3) for a district if  
3 the district has adopted an experimental school year schedule in  
4 1 or more buildings in the district if the experimental school  
5 year schedule provides the required minimum number of hours of  
6 pupil instruction under subsection (3) or more and is consistent  
7 with all state board policies on school improvement and  
8 restructuring. If a district applies for and receives a waiver  
9 under this subsection and complies with the terms of the waiver,  
10 for the fiscal year covered by the waiver the district is not  
11 subject to forfeiture under this section of part of its state aid  
12 allocation for the specific building or program covered by the  
13 waiver.

14 (6) ~~(7)~~ Not later than April 15 of each fiscal year, the  
15 board of each district shall certify to the department the  
16 planned number of ~~days and~~ hours of pupil instruction in the  
17 district for the school year ending in the fiscal year. In  
18 addition to any other penalty or forfeiture under this section,  
19 if at any time the department determines that 1 or more of the  
20 following has occurred in a district, the district shall forfeit  
21 in the current fiscal year beginning in the next payment to be  
22 calculated by the department a proportion of the funds due to the  
23 district under this act that is equal to the proportion below  
24 ~~180 days and~~ the required minimum number of hours of pupil  
25 instruction under subsection (3), as specified in the following:

26 (a) The district fails to operate its schools for at least  
27 ~~180 days and~~ the required minimum number of hours of pupil

1 instruction under subsection (3) in a school year, including  
2 ~~days~~ **hours** counted under subsection (4).

3 (b) The board of the district takes formal action not to  
4 operate its schools for at least ~~180 days and~~ the required  
5 minimum number of hours of pupil instruction under subsection (3)  
6 in a school year, including ~~days~~ **hours** counted under subsection  
7 (4).

8 **(7)** ~~-(8)-~~ In providing the minimum number of hours of pupil  
9 instruction required under subsection (3), a district shall use  
10 the following guidelines, and a district shall maintain records  
11 to substantiate its compliance with the following guidelines:

12 (a) Except as otherwise provided in this subsection, a pupil  
13 must be scheduled for at least the required minimum number of  
14 hours of instruction, excluding study halls, or at least the sum  
15 of 90 hours plus the required minimum number of hours of  
16 instruction, including up to 2 study halls.

17 (b) The time a pupil is assigned to any tutorial activity in  
18 a block schedule may be considered instructional time, unless  
19 that time is determined in an audit to be a study hall period.

20 (c) A pupil in grades 9 to 12 for whom a reduced schedule is  
21 determined to be in the individual pupil's best educational  
22 interest must be scheduled for a number of hours equal to at  
23 least 80% of the required minimum number of hours of pupil  
24 instruction to be considered a full-time equivalent pupil.

25 (d) If a pupil in grades 9 to 12 who is enrolled in a  
26 cooperative education program or a special education pupil cannot  
27 receive the required minimum number of hours of pupil instruction

1 solely because of travel time between instructional sites during  
2 the school day, that travel time, up to a maximum of 3 hours per  
3 school week, shall be considered to be pupil instruction time for  
4 the purpose of determining whether the pupil is receiving the  
5 required minimum number of hours of pupil instruction. However,  
6 if a district demonstrates to the satisfaction of the department  
7 that the travel time limitation under this subdivision would  
8 create undue costs or hardship to the district, the department  
9 may consider more travel time to be pupil instruction time for  
10 this purpose.

11       (8) ~~-(9)-~~ The department shall apply the guidelines under  
12 subsection ~~-(8)-~~ (7) in calculating the full-time equivalency of  
13 pupils.

14       (9) ~~-(10)-~~ Upon application by the district for a particular  
15 fiscal year, the superintendent may waive for a district the ~~180~~  
16 ~~days or~~ minimum number of hours of pupil instruction requirement  
17 of subsection (3) for a department-approved alternative education  
18 program. If a district applies for and receives a waiver under  
19 this subsection and complies with the terms of the waiver, for  
20 the fiscal year covered by the waiver the district is not subject  
21 to forfeiture under this section for the specific program covered  
22 by the waiver.

23       (10) ~~-(11)- Beginning in 2000-2001, a~~ A district may count up  
24 to 51 hours of professional development for teachers, **including**  
25 **the 5 hours of online professional development provided by the**  
26 **Michigan virtual university under section 98,** as hours of pupil  
27 instruction. A district that elects to use this exception shall

1 notify the department of its election.

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

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

18       (b) If the pupil's scaled score on a subject area assessment  
19 falls within the range required under subsection (2) for a  
20 category established under subsection (2), an indication that the  
21 pupil has achieved state endorsement for that subject area.

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

25       (2) The department **of treasury** shall develop scaled scores  
26 for reporting subject area assessment results for each of the  
27 subject areas under this section. The ~~superintendent~~

1 **department of treasury** shall establish 3 categories for each  
2 subject area indicating basic competency, above average, and  
3 outstanding, and shall establish the scaled score range required  
4 for each category. The department **of treasury** shall design and  
5 distribute to districts, intermediate districts, and nonpublic  
6 schools a simple and concise document that describes these  
7 categories in each subject area and indicates the scaled score  
8 ranges for each category in each subject area. A district may  
9 award a high school diploma to a pupil who successfully completes  
10 local district requirements established in accordance with state  
11 law for high school graduation, regardless of whether the pupil  
12 is eligible for any state endorsement.

13 (3) The assessments administered for the purposes of this  
14 section shall be administered to pupils during the last 30 school  
15 days of grade 11. The department **of treasury** shall ensure that  
16 the assessments are scored and the scores are returned to pupils,  
17 their parents or legal guardians, and districts not later than  
18 the beginning of the pupil's first semester of grade 12. The  
19 department **of treasury** shall arrange for those portions of a  
20 pupil's assessment that cannot be scored mechanically to be  
21 scored in Michigan by persons who are Michigan teachers, retired  
22 Michigan teachers, or Michigan school administrators and who have  
23 been trained in scoring the assessments. The returned scores  
24 shall indicate the pupil's scaled score for each subject area  
25 assessment, the range of scaled scores for each subject area, and  
26 the range of scaled scores required for each category established  
27 under subsection (2). In reporting the scores to pupils,

1 parents, and schools, the department **of treasury** shall provide  
2 specific, meaningful, and timely feedback on the pupil's  
3 performance on the assessment.

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



1 decision in a public justification report.

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

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

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

1 (8) A district shall provide accommodations to a pupil with  
2 disabilities for the assessments required under this section, as  
3 provided under section 504 of title V of the rehabilitation act  
4 of 1973, Public Law 93-112, 29 U.S.C. 794; subtitle A of title II  
5 of the Americans with disabilities act of 1990, Public Law  
6 101-336, 42 U.S.C. 12131 to 12134; and the implementing  
7 regulations for those statutes.

8 (9) For the purposes of this section, the ~~superintendent~~  
9 **department of treasury** shall develop or select and approve  
10 assessment instruments to measure pupil performance in  
11 communications skills, mathematics, social studies, and science.  
12 ~~The~~ **Unless the department of treasury selects and approves the**  
13 **ACT/ACT work keys tests, the** assessment instruments shall be  
14 based on the model core academic content standards objectives  
15 under section 1278 of the revised school code, MCL 380.1278.

16 (10) Upon written request by the pupil's parent or legal  
17 guardian stating that the request is being made for the purpose  
18 of providing the pupil with an opportunity to qualify to take 1  
19 or more postsecondary courses as an eligible student under the  
20 postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to  
21 388.524, the board of a district shall allow a pupil who is in at  
22 least grade 10 to take an assessment administered under this  
23 section without charge at any time the district regularly  
24 administers the assessment or during a retesting period  
25 established under subsection (7). A district is not required to  
26 include in an annual education report, or in any other report  
27 submitted to the department **of treasury** for accreditation

1 purposes, results of assessments taken under this subsection by a  
2 pupil in grade 11 or lower until the results of that pupil's  
3 graduating class are otherwise reported.

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

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

23 (13) A child who is a student in a nonpublic school or home  
24 school may take an assessment under this section. To take an  
25 assessment, a child who is a student in a home school shall  
26 contact the district in which the child resides, and that  
27 district shall administer the assessment, or the child may take

1 the assessment at a nonpublic school if allowed by the nonpublic  
2 school. Upon request from a nonpublic school, the department **of**  
3 **treasury** shall supply assessments and the nonpublic school may  
4 administer the assessment.

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

15 (15) If the Michigan assessment governing board is  
16 established by law, the Michigan assessment governing board shall  
17 administer this section and shall have all of the powers and  
18 duties as otherwise provided under this section for the  
19 department ~~or the superintendent~~ **of treasury**.

20 (16) As used in this section:

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

22 (b) "Social studies" means geography, history, economics, and  
23 American government.

24 Sec. 105. (1) In order to avoid a penalty under this  
25 section, and in order to count a nonresident pupil residing  
26 within the same intermediate district in membership without the  
27 approval of the pupil's district of residence, a district shall

1 comply with this section.

2 (2) Except as otherwise provided in this section, a district  
3 shall determine whether or not it will accept applications for  
4 enrollment by nonresident applicants residing within the same  
5 intermediate district for the next school year. If the district  
6 determines to accept applications for enrollment of a number of  
7 nonresidents, beyond those entitled to preference under this  
8 section, the district shall use the following procedures for  
9 accepting applications from and enrolling nonresidents:

10 (a) The district shall publish the grades, schools, and  
11 special programs, if any, for which enrollment may be available  
12 to, and for which applications will be accepted from, nonresident  
13 applicants residing within the same intermediate district.

14 (b) If the district has a limited number of positions  
15 available for nonresidents residing within the same intermediate  
16 district in a grade, school, or program, all of the following  
17 apply to accepting applications for and enrollment of  
18 nonresidents in that grade, school, or program:

19 (i) The district shall do all of the following not later than  
20 the second Friday in August:

21 (A) Provide notice to the general public that applications  
22 will be taken for a 15-day period from nonresidents residing  
23 within the same intermediate district for enrollment in that  
24 grade, school, or program. The notice shall identify the 15-day  
25 period and the place and manner for submitting applications.

26 (B) During the application period under sub-subparagraph (A),  
27 accept applications from nonresidents residing within the same

1 intermediate district for enrollment in that grade, school, or  
2 program.

3 (C) Within 15 days after the end of the application period  
4 under sub-subparagraph (A), using the procedures and preferences  
5 required under this section, determine which nonresident  
6 applicants will be allowed to enroll in that grade, school, or  
7 program, using the random draw system required under  
8 subsection (13) as necessary, and notify the parent or legal  
9 guardian of each nonresident applicant of whether or not the  
10 applicant may enroll in the district. The notification to  
11 parents or legal guardians of nonresident applicants accepted for  
12 enrollment shall contain notification of the date by which the  
13 applicant must enroll in the district and procedures for  
14 enrollment.

15 (ii) Beginning on the third Monday in August and not later  
16 than the end of the first week of school, if any positions become  
17 available in a grade, school, or program due to accepted  
18 applicants failing to enroll or to more positions being added,  
19 the district may enroll nonresident applicants from the waiting  
20 list maintained under subsection (13), offering enrollment in the  
21 order that applicants appear on the waiting list. If there are  
22 still positions available after enrolling all applicants from the  
23 waiting list who desire to enroll, the district may not fill  
24 those positions until the second semester enrollment under  
25 subsection (3), as provided under that subsection, or until the  
26 next school year.

27 (c) For a grade, school, or program that has an unlimited

1 number of positions available for nonresidents residing within  
2 the same intermediate district, all of the following apply to  
3 enrollment of nonresidents in that grade, school, or program:

4 (i) The district may accept applications for enrollment in  
5 that grade, school, or program, and may enroll nonresidents  
6 residing within the same intermediate district in that grade,  
7 school, or program, until the end of the first week of school.  
8 The district shall provide notice to the general public of the  
9 place and manner for submitting applications and, if the district  
10 has a limited application period, the notice shall include the  
11 dates of the application period. The application period shall be  
12 at least a 15-day period.

13 (ii) Not later than the end of the first week of school, the  
14 district shall notify the parent or legal guardian of each  
15 nonresident applicant who is accepted for enrollment that the  
16 applicant has been accepted for enrollment in the grade, school,  
17 or program and of the date by which the applicant must enroll in  
18 the district and the procedures for enrollment.

19 (3) If a district determines during the first semester of a  
20 school year that it has positions available for enrollment of a  
21 number of nonresidents residing within the same intermediate  
22 district, beyond those entitled to preference under this section,  
23 for the second semester of the school year, the district may  
24 accept applications from and enroll nonresidents residing within  
25 the same intermediate district for the second semester using the  
26 following procedures:

27 (a) Not later than 2 weeks before the end of the first

1 semester, the district shall publish the grades, schools, and  
2 special programs, if any, for which enrollment for the second  
3 semester may be available to, and for which applications will be  
4 accepted from, nonresident applicants residing within the same  
5 intermediate district.

6 (b) During the last 2 weeks of the first semester, the  
7 district shall accept applications from nonresidents residing  
8 within the same intermediate district for enrollment for the  
9 second semester in the available grades, schools, and programs.

10 (c) By the beginning of the second semester, using the  
11 procedures and preferences required under this section, the  
12 district shall determine which nonresident applicants will be  
13 allowed to enroll in the district for the second semester and  
14 notify the parent or legal guardian of each nonresident applicant  
15 residing within the same intermediate district of whether or not  
16 the applicant may enroll in the district. The notification to  
17 parents or legal guardians of nonresident applicants accepted for  
18 enrollment shall contain notification of the date by which the  
19 applicant must enroll in the district and procedures for  
20 enrollment.

21 (4) If deadlines similar to those described in subsection (2)  
22 or (3) have been established in an intermediate district, and if  
23 those deadlines are not later than the deadlines under  
24 subsection (2) or (3), the districts within the intermediate  
25 district may use those deadlines.

26 (5) A district offering to enroll nonresident applicants  
27 residing within the same intermediate district may limit the



1 number of nonresident pupils it accepts in a grade, school, or  
2 program, at its discretion, and may use that limit as the reason  
3 for refusal to enroll an applicant.

4 (6) A nonresident applicant residing within the same  
5 intermediate district shall not be granted or refused enrollment  
6 based on intellectual, academic, artistic, or other ability,  
7 talent, or accomplishment, or lack thereof, or based on a mental  
8 or physical disability, except that a district may refuse to  
9 admit a nonresident applicant if the applicant does not meet the  
10 same criteria, other than residence, that an applicant who is a  
11 resident of the district must meet to be accepted for enrollment  
12 in a grade or a specialized, magnet, or intra-district choice  
13 school or program to which the applicant applies.

14 (7) A nonresident applicant residing within the same  
15 intermediate district shall not be granted or refused enrollment  
16 based on age, except that a district may refuse to admit a  
17 nonresident applicant applying for a program that is not  
18 appropriate for the age of the applicant.

19 (8) A nonresident applicant residing within the same  
20 intermediate district shall not be granted or refused enrollment  
21 based upon religion, race, color, national origin, sex, height,  
22 weight, marital status, or athletic ability, or, generally, in  
23 violation of any state or federal law prohibiting  
24 discrimination.

25 (9) A district may refuse to enroll a nonresident applicant  
26 if the applicant is, or has been within the preceding 2 years,  
27 suspended from another school or if the applicant has ever been

1 expelled from another school.

2       (10) A district shall continue to allow a pupil who was  
3 enrolled in and attended the district under this section in the  
4 school year or semester immediately preceding the school year or  
5 semester in question to enroll in the district until the pupil  
6 graduates from high school. This subsection does not prohibit a  
7 district from expelling a pupil described in this subsection for  
8 disciplinary reasons.

9       (11) A district shall give preference for enrollment under  
10 this section over all other nonresident applicants residing  
11 within the same intermediate district to other school-age  
12 children who reside in the same household as a pupil described in  
13 subsection (10).

14       (12) If a nonresident pupil was enrolled in and attending  
15 school in a district as a nonresident pupil in the 1995-96 school  
16 year and continues to be enrolled continuously each school year  
17 in that district, the district shall allow that nonresident pupil  
18 to continue to enroll in and attend school in the district until  
19 high school graduation, without requiring the nonresident pupil  
20 to apply for enrollment under this section. This subsection does  
21 not prohibit a district from expelling a pupil described in this  
22 subsection for disciplinary reasons.

23       (13) If the number of qualified nonresident applicants  
24 eligible for acceptance in a school, grade, or program does not  
25 exceed the positions available for nonresident pupils in the  
26 school, grade, or program, the school district shall accept for  
27 enrollment all of the qualified nonresident applicants eligible

1 for acceptance. If the number of qualified nonresident  
2 applicants residing within the same intermediate district  
3 eligible for acceptance exceeds the positions available in a  
4 grade, school, or program in a district for nonresident pupils,  
5 the district shall use a random draw system, subject to the need  
6 to abide by state and federal antidiscrimination laws and court  
7 orders and subject to preferences allowed by this section. The  
8 district shall develop and maintain a waiting list based on the  
9 order in which nonresident applicants were drawn under this  
10 random draw system.

11 (14) If a district, or the nonresident applicant, requests  
12 the district in which a nonresident applicant resides to supply  
13 information needed by the district for evaluating the applicant's  
14 application for enrollment or for enrolling the applicant, the  
15 district of residence shall provide that information on a timely  
16 basis.

17 (15) If a district is subject to a court-ordered  
18 desegregation plan, and if the court issues an order prohibiting  
19 pupils residing in that district from enrolling in another  
20 district or prohibiting pupils residing in another district from  
21 enrolling in that district, this section is subject to the court  
22 order.

23 (16) This section does not require a district to provide  
24 transportation for a nonresident pupil enrolled in the district  
25 under this section or for a resident pupil enrolled in another  
26 district under this section. However, at the time a nonresident  
27 pupil enrolls in the district, a district shall provide to the

1 pupil's parent or legal guardian information on available  
2 transportation to and from the school in which the pupil  
3 enrolls.

4 ~~(17) If the total number of pupils enrolled and counted in~~  
5 ~~membership in a district for 2001-2002 is less than 90% of the~~  
6 ~~total number of pupils residing in the district who are enrolled~~  
7 ~~and counted in membership in either that district or 1 or more~~  
8 ~~other districts for 2001-2002, the total amount of money~~  
9 ~~allocated to that district for 2001-2002 under sections 22a and~~  
10 ~~22b shall be adjusted so that the district receives a total~~  
11 ~~allocation under those sections equal to the amount the district~~  
12 ~~would receive under those sections if exactly 90% of the pupils~~  
13 ~~residing in the district who are enrolled and counted in either~~  
14 ~~that district or 1 or more other districts were enrolled and~~  
15 ~~counted in membership in that district.~~

16 ~~—— (18) Beginning in 2002-2003, if the total number of pupils~~  
17 ~~enrolled and counted in membership in a district for a fiscal~~  
18 ~~year is less than 90% of the sum of the total number of pupils~~  
19 ~~residing in the district who are enrolled and counted in~~  
20 ~~membership for the fiscal year in that district plus the total~~  
21 ~~number of pupils residing in that district who are enrolled and~~  
22 ~~counted in membership for the fiscal year in 1 or more other~~  
23 ~~districts under this section or section 105c, the department~~  
24 ~~shall calculate the total amount of money that would be allocated~~  
25 ~~to that district for the fiscal year under sections 22a and 22b~~  
26 ~~if exactly 90% of the sum of the total number of pupils residing~~  
27 ~~in the district who are enrolled and counted in membership for~~

1 ~~the fiscal year in that district plus the total number of pupils~~  
 2 ~~residing in that district who are enrolled and counted in~~  
 3 ~~membership for the fiscal year in 1 or more other districts under~~  
 4 ~~this section or section 105c were enrolled and counted in~~  
 5 ~~membership in that district for the fiscal year. The department~~  
 6 ~~shall use this calculation to calculate a payment under~~  
 7 ~~subsection (19).~~

8 ~~—— (19) Subject to subsection (20), beginning in 2002-2003, the~~  
 9 ~~department shall make a payment to a district described in~~  
 10 ~~subsection (18) in an amount equal to a percentage of the~~  
 11 ~~difference between the total amount of money the district would~~  
 12 ~~receive under sections 22a and 22b for the particular fiscal year~~  
 13 ~~as otherwise calculated under this act and the amount calculated~~  
 14 ~~under subsection (18). This percentage is as follows:~~

15 ~~—— (a) For 2002-2003, 75%.~~

16 ~~—— (b) For 2003-2004, 50%.~~

17 ~~—— (c) For 2004-2005, 25%.~~

18 ~~—— (d) For 2005-2006 and succeeding fiscal years, 0%.~~

19 ~~—— (20) A district is not eligible for a payment under~~  
 20 ~~subsection (19) if the district receives additional funding for~~  
 21 ~~the applicable fiscal year due to the membership calculation~~  
 22 ~~under section 6(4)(y).~~

23 ~~(17) —(21)— A district may participate in a cooperative~~  
 24 ~~education program with 1 or more other districts or intermediate~~  
 25 ~~districts whether or not the district enrolls any nonresidents~~  
 26 ~~pursuant to this section.~~

27 ~~(18) —(22)— A district that, pursuant to this section,~~

1 enrolls a nonresident pupil who is eligible for special education  
2 programs and services according to statute or rule, or who is a  
3 child with disabilities, as defined under the individuals with  
4 disabilities education act, title VI of Public Law 91-230, **20**  
5 **U.S.C. 1400 to 1420, 1431 to 1461, and 1471 to 1487**, shall be  
6 considered to be the resident district of the pupil for the  
7 purpose of providing the pupil with a free appropriate public  
8 education. Consistent with state and federal law, that district  
9 is responsible for developing and implementing an individualized  
10 education plan annually for a nonresident pupil described in this  
11 subsection.

12 **(19) —(23)—** If a district does not comply with this section,  
13 the district forfeits 5% of the total state school aid allocation  
14 to the district under this act.

15 **(20) —(24)—** Upon application by a district, the  
16 superintendent may grant a waiver for the district from a  
17 specific requirement under this section for not more than 1  
18 year.

19 Sec. 107. (1) From the appropriation in section 11, there  
20 is allocated an amount not to exceed ~~-\$75,000,000.00 for~~  
21 ~~2001-2002 and an amount not to exceed \$77,500,000.00 each fiscal~~  
22 ~~year for 2002-2003 and~~ **\$19,303,700.00** for 2003-2004 for adult  
23 education programs authorized under this section. **In addition,**  
24 **from the federal funds appropriated in section 11, there is**  
25 **allocated for 2003-2004 an amount estimated at \$20,696,300.00**  
26 **from the United States department of education-office of**  
27 **elementary and secondary education, twenty-first century**

1 **community learning center funds.**

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

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

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

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

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

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

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

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

26 (ii) Is at least 16 years of age on September 1 of the school  
27 year, has been permanently expelled from school under section

1 1311(2) or 1311a of the revised school code, MCL 380.1311 and  
2 380.1311a, and has no appropriate alternative education program  
3 available through his or her district of residence.

4 (3) ~~The~~ **Except as otherwise provided in subsection (4), the**  
5 amount allocated under subsection (1) shall be distributed as  
6 follows:

7 (a) For districts and consortia that received payments for  
8 ~~1995-96 under former section 107f and that received payments for~~  
9 ~~1996-97 under subsection (4) of this section as in effect in~~  
10 **1996-97 2001-2002 under this section**, the amount allocated to  
11 each for ~~2001-2002, for 2002-2003, and for~~ 2003-2004 shall be  
12 ~~an amount each fiscal year equal to 36.76%~~ **based on the number**  
13 **of participants served by the district or consortium for**  
14 **2003-2004, using the amount allocated per full-time equated**  
15 **participant under subsection (5), up to a maximum total**  
16 **allocation under this section in an amount equal to 25.74%** of the  
17 amount the district or consortium received for ~~1995-96 under~~  
18 ~~former section 107f~~ **2001-2002 under this section before any**  
19 **reallocations made for 2001-2002 under subsection (4).**

20 (b) ~~For districts and consortia that received payments under~~  
21 ~~subsection (3) of this section as in effect for 1996-97, the~~  
22 ~~amount allocated to each for 2001-2002, for 2002-2003, and for~~  
23 ~~2003-2004 shall be an amount each fiscal year equal to the~~  
24 ~~product of the number of full-time equated participants actually~~  
25 ~~enrolled and in attendance during the 1996-97 school fiscal year~~  
26 ~~in the program funded under subsection (3) of this section as in~~  
27 ~~effect for 1996-97 as reported to the department of career~~



1 development, audited, and adjusted according to subsection (10)  
 2 of this section as in effect for 1996-97, multiplied by  
 3 \$2,750.00.

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

9       **(b)** ~~(d)~~ A district or consortium that received funding in  
 10 ~~1996-97~~ **2002-2003** under this section ~~as in effect for 1996-97~~  
 11 may operate independently of a consortium or join or form a  
 12 consortium ~~for 2001-2002, for 2002-2003, or~~ for 2003-2004. The  
 13 allocation ~~for 2001-2002, for 2002-2003, or~~ for 2003-2004 to  
 14 the district or the newly formed consortium under this subsection  
 15 shall be determined by the department of career development and  
 16 shall be based on the proportion of the amounts ~~specified in~~  
 17 ~~subdivision (a) or (b), or both,~~ that are attributable to the  
 18 district or consortium that received funding in ~~1996-97~~  
 19 **2002-2003**. A district or consortium described in this  
 20 subdivision shall notify the department of career development of  
 21 its intention with regard to ~~2001-2002, 2002-2003, or for~~  
 22 2003-2004 by October 1, ~~of the affected fiscal year~~ **2003**.

23       (4) A district that operated an adult education program in  
 24 ~~1996-97~~ **2002-2003** and does not intend to operate a program in  
 25 ~~2001-2002, 2002-2003, or~~ 2003-2004 shall notify the department  
 26 of career development by October 1, ~~of the affected fiscal year~~  
 27 **2003** of its intention. The funds intended to be allocated under

1 this section to a district that does not operate a program in  
2 ~~2001-2002, 2002-2003, or~~ 2003-2004 and the unspent funds  
3 originally allocated under this section to a district or  
4 consortium that subsequently operates a program at less than the  
5 level of funding allocated under subsection (3) shall instead be  
6 proportionately reallocated to the other districts described in  
7 subsection (3)(a) that are operating an adult education program  
8 in ~~2001-2002, 2002-2003, or~~ 2003-2004 under this section.

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

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

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

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

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

27 (i) The participant's reading and mathematics proficiency are

1 assessed at or above the ninth grade level.

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

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

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

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

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

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

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

27 (c) A funding recipient shall receive funding according to

1 subsection (10) for a participant, and a participant may be  
2 enrolled in the program until 1 of the following occurs:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 ~~(15) The department shall work with the department of~~  
20 ~~education to ensure that this section is administered in the same~~  
21 ~~manner as in 1998-99. A district or intermediate district~~  
22 **receiving funds under this section may establish a sliding scale**  
23 **of tuition rates based upon a participant's family income. A**  
24 **district or intermediate district may charge a participant**  
25 **tuition to receive adult education services under this section**  
26 **from that sliding scale of tuition rates on a uniform basis. The**  
27 **amount of tuition charged per participant shall not exceed the**

1 actual operating cost per participant minus any funds received  
2 under this section per participant. A district or intermediate  
3 district may not charge a participant tuition under this section  
4 if the participant's income is at or below 200% of the federal  
5 poverty guidelines published by the United States department of  
6 health and human services.

7 (16) The department shall give preference in awarding the  
8 federal grants allocated in subsection (1) to providers of adult  
9 education programs under this section.

10 Sec. 107a. (1) The family resource center curriculum blue  
11 ribbon study committee is established to explore and make  
12 recommendations on implementing a new integrated system of  
13 delivering adult education and related family services beginning  
14 with the 2004-2005 school year, including, but not limited to:

15 (a) Educational services, including, but not limited to,  
16 high school completion programs, adult basic education, general  
17 education development (G.E.D.) test preparation, English as a  
18 second language programs, and early childhood education.

19 (b) Family services, including, but not limited to, even  
20 start programs, 21st century learning center grants, before- and  
21 after-school child care programs, parenting classes, and  
22 referrals for family and child services.

23 (c) Employment and training services, including, but not  
24 limited to, career preparation programs and work readiness  
25 classes.

26 (2) The family resource center curriculum blue ribbon study  
27 committee shall consist of the following:

## House Bill No. 4401 as amended June 18, 2003

1 (a) Two members of the senate, 1 appointed by the senate  
2 majority leader and 1 appointed by the senate minority leader.

3 (b) Two members of the house of representatives, 1 appointed  
4 by the speaker of the house of representatives and 1 appointed by  
5 the minority leader of the house of representatives.

6 (c) A representative of the Michigan association of  
7 community and adult education.

8 (d) A representative of the Michigan works! association.

9 (e) Three local adult education program directors, appointed  
10 <<jointly by the legislative members appointed under subdivisions (a) and  
11 (b)>> .

12 (f) Three local Michigan works program directors, appointed  
13 <<jointly by the legislative members appointed under subdivisions (a) and  
14 (b)>> .

<<(g) The state director of adult education.>>

15 (3) The timetable for the work of the family resource center  
16 curriculum blue ribbon study committee is as follows:

17 (a) Not later than September 1, 2003, report on its progress  
18 to the senate and house appropriations subcommittees responsible  
19 for this act.

20 (b) Not later than November 1, 2003, make final  
21 recommendations to the senate and house appropriations  
22 subcommittees responsible for this act.

23 Sec. 108. (1) From the general fund appropriation in  
24 section 11, there is allocated an amount not to exceed  
25 ~~-\$20,000,000.00 for 2001-2002 and an amount not to exceed~~  
26 ~~\$20,000,000.00 each fiscal year for 2002-2003 and~~ \$10,000,000.00  
27 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



1 adult learning program funded under this section, a person shall  
2 be at least 16 years of age as of September 1 of the immediately  
3 preceding state fiscal year and shall meet the following, as  
4 applicable:

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

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

19 (3) From the allocation under subsection (1), an amount not  
20 to exceed ~~-\$19,800,000.00 is allocated for 2001-2002 and an~~  
21 ~~amount not to exceed \$19,800,000.00 is allocated each fiscal year~~  
22 ~~for 2002-2003 and~~ **\$9,800,000.00 is allocated** for 2003-2004 to  
23 local workforce development boards for the purpose of providing  
24 regional adult learning programs. An application for a grant  
25 under this subsection shall be in the form and manner prescribed  
26 by the department of career development. Subject to subsections  
27 (4), (5), and (6), the amount allocated to each local workforce

1 development board shall be as provided in this subsection, except  
2 that an eligible local workforce development board shall not  
3 receive an initial allocation under this section that is less  
4 than \$70,000.00. The maximum amount of a grant awarded to an  
5 eligible local workforce development board shall be the sum of  
6 the following components:

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

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

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

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

1 career development.

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

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

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

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

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

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

26 (e) The local workforce development board shall allow access  
27 for the department of career development or its designee to audit

1 all records related to adult learning programs for which it  
2 receives funds. The local workforce development board shall  
3 reimburse this state for all disallowances found in the audit in  
4 a manner determined by the department of career development.

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

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

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

22 (8) Local workforce development boards shall award  
23 competitive grants to eligible adult learning providers for the  
24 purpose of providing adult learning programs in the local  
25 workforce development board region. Applications shall be in a  
26 form and manner prescribed by the department of career  
27 development. In awarding grants, local workforce development

1 boards shall consider all of the following:

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

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

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

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

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

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

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

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

27 (i) Whether the provider offers flexible schedules and

1 support services, such as child care and transportation, that  
2 enable participants, including individuals with disabilities or  
3 other special needs, to attend and complete programs.

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

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

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

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

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

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

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

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

2 (i) Fifty percent of the contract amount shall be allocated  
3 to eligible adult learning providers based upon enrollment of  
4 participants in adult learning programs. "Enrollment" means a  
5 participant enrolled in the program who received a preenrollment  
6 assessment using assessment tools approved by the department of  
7 career development and for whom an individual adult learner plan  
8 has been developed.

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

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

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

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

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

25 (c) A provider is eligible for reimbursement for a  
26 participant in an adult learning program until the participant's  
27 reading, writing, or math proficiency, as applicable, is assessed

1 at workforce readiness levels or the participant fails to show  
2 progress on 2 successive assessments as determined by the  
3 department of career development.

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

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

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

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

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



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

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

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

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

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

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

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

1 performance measures.

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

5 (18) As used in this section:

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

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

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

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

26 (e) "Strategic plan" means a document approved by the  
27 department of career development that incorporates adult learning

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

4 (f) "Workforce development board" means a local workforce  
5 development board established pursuant to the workforce  
6 investment act of 1998, Public Law 105-220, 112 Stat. 936, and  
7 the school-to-work opportunities act of 1994, Public Law 103-239,  
8 108 Stat. 568, or the equivalent.

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

14 Sec. 147. (1) The ~~allocations for 2001-2002, for 2002-2003,~~  
15 ~~and~~ **allocation** for 2003-2004 for the public school employees'  
16 retirement system pursuant to the public school employees  
17 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408,  
18 shall be made using the entry age normal cost actuarial method  
19 and risk assumptions adopted by the public school employees  
20 retirement board and the department of management and budget.  
21 The annual level percentage of payroll contribution rate is  
22 estimated at ~~12.17% for the 2001-2002 state fiscal year and at~~  
23 ~~12.99% for the 2002-2003 state fiscal year~~ **14.37% for the**  
24 **2003-2004 state fiscal year. However, if all eligible districts**  
25 **participating in the school bond loan authority assist the state**  
26 **treasurer in the refinancing of school bond loan authority debt,**  
27 **the annual level percentage of payroll contribution rate for all**

1 districts is estimated to be 12.99% for the 2003-2004 fiscal  
 2 year. If an eligible district does not assist in the  
 3 refinancing, that district's payroll contribution rate is  
 4 estimated to be 14.37% for the 2003-2004 fiscal year. The portion  
 5 of the contribution rate assigned to districts and intermediate  
 6 districts for each fiscal year is all of the total percentage  
 7 points. This contribution rate reflects an amortization period  
 8 of ~~35 years for 2001-2002, 34 years for 2002-2003, and~~ 33 years  
 9 for 2003-2004. The public school employees' retirement system  
 10 board shall notify each district and intermediate district by  
 11 February 28 of each fiscal year of the estimated contribution  
 12 rate for the next fiscal year.

13 (2) It is the intent of the legislature that the amortization  
 14 period described in section 41(2) of the public school employees  
 15 retirement act of 1979, 1980 PA 300, MCL 38.1341, be reduced to  
 16 30 years by the end of the 2005-2006 state fiscal year by  
 17 reducing the amortization period by not more than 1 year each  
 18 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.

(b) ~~Upon~~ **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

**(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.>>

19 Enacting section 1. In accordance with section 30 of article  
20 IX of the state constitution of 1963, total state spending in  
21 this amendatory act and in 2002 PA 521, 2002 PA 191, 2001 PA 121,  
22 and 2000 PA 297 from state sources for fiscal year 2002-2003 is  
23 estimated at \$11,462,251,900.00 and state appropriations to be  
24 paid to local units of government for fiscal year 2002-2003 are  
25 estimated at \$11,408,849,600.00; and total state spending in this  
26 amendatory act and in 2002 PA 521 from state sources for fiscal  
27 year 2003-2004 is estimated at \$11,262,578,500.00 and state

1 appropriations to be paid to local units of government for fiscal  
2 year 2003-2004 are estimated at \$11,259,695,500.00.

3 Enacting section 2. Sections 8, 8c, 11j, 18d, 32a, 32i, 55,  
4 67, 94, 96, 99a, 121a, and 158 of the state school aid act of  
5 1979, 1979 PA 94, MCL 388.1608, 388.1608c, 388.1611j, 388.1618d,  
6 388.1632a, 388.1632i, 388.1655, 388.1667, 388.1694, 388.1696,  
7 388.1699a, 388.1721a, and 388.1758, are repealed effective  
8 October 1, 2003.

9 Enacting section 3. (1) Except as otherwise specified in  
10 subsection (2), this amendatory act takes effect October 1,  
11 2003.

12 (2) Sections 11, 11g, 20, 26a, and 31d of 1979 PA 94, as  
13 amended by this amendatory act, and sections 20k, 31e, 98b, and  
14 107a of 1979 PA 94, as added by this amendatory act, take effect  
15 upon enactment of this amendatory act.