

SENATE BILL No. 180

March 14, 1991, Introduced by Senators V. SMITH and CHERRY
and referred to the Committee on Finance.

A bill to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to provide for the disbursement of the appropriations; to prescribe certain powers and duties of certain state departments, the state board of education, and certain other boards and officials; to prescribe penalties; and to repeal certain acts and parts of acts on a specific date.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

Sec. 1. This act shall be known and may be cited as "the state school aid act of 1991".

Sec. 2. As used in this act, the words and phrases defined in sections 3 to 5 have the meanings ascribed to them in those sections.

1 Sec. 3. (1) "Average daily attendance", for the purposes of
2 complying with section 198 of part F of title I of Public Law
3 89-10, 20 U.S.C. 2854, means 92% of the membership as defined in
4 section 5.

5 (2) "Board" means the governing body of a district.

6 (3) "Center program" means a program operated by a district
7 or intermediate district for special education pupils from sev-
8 eral districts in programs for the autistically impaired, traina-
9 ble mentally impaired, severely mentally impaired, severely
10 multiply impaired, hearing impaired, physically and otherwise
11 health impaired, and visually impaired. Programs for emotionally
12 impaired pupils housed in buildings that do not serve regular
13 education pupils shall also qualify. Unless otherwise approved
14 by the department, a center program either shall serve all con-
15 stituent districts within an intermediate district or shall serve
16 several districts with less than 50% of the pupils residing in
17 the operating district. In addition, pupils approved by the
18 department, who formerly would have been placed in a center pro-
19 gram, placed in noncenter programs to comply with the least
20 restrictive environment provisions of section 612 of the educa-
21 tion of the handicapped act, title VI of Public Law 91-230, 20
22 U.S.C. 1412, may be counted under this section if both of the
23 following apply:

24 (a) The pupil is special education eligible and receiving
25 special education programs or services on the pupil count date.

1 (b) The pupil is eligible as autistically impaired,
2 trainable mentally impaired, severely mentally impaired, and
3 severely multiply impaired.

4 (4) "Department" means the department of education.

5 (5) "District" means a local school district established
6 under part 2, 3, 4, 5, or 6 of the school code of 1976 or a local
7 act school district.

8 (6) "District superintendent" means the superintendent of a
9 district.

10 (7) "District pupil retention rate" means the proportion of
11 pupils who have not dropped out of school in the immediately pre-
12 ceding school year and is equal to 1 minus the quotient of the
13 number of pupils unaccounted for in the immediately preceding
14 school year, as determined pursuant to subsection (8), divided by
15 the pupils of the immediately preceding school year.

16 (8) "District pupil retention report" means a report of the
17 number of pupils, excluding migrant and adult, in the district
18 for the immediately preceding school year, adjusted for those
19 pupils who have transferred into the district, transferred out of
20 the district, transferred to alternative programs, and have grad-
21 uated, to determine the number of pupils who are unaccounted
22 for. The number of pupils unaccounted for shall be calculated as
23 determined by the department.

24 Sec. 4. (1) "Elementary pupil" means a pupil in membership
25 in grades K to 8 in a district not maintaining classes above the
26 eighth grade or in grades K to 6 in a district maintaining
27 classes above the eighth grade.

1 (2) "Extended school year" means an educational program
2 conducted by a district in which pupils must be enrolled but not
3 necessarily in attendance on the pupil membership count day in an
4 extended year program. The mandatory days of student instruction
5 and prescribed clock hours shall be completed by each pupil not
6 more than 365 calendar days after the pupil's first day of clas-
7 ses for the school year prescribed. The department shall pre-
8 scribe pupil, personnel, and other reporting requirements for the
9 educational program.

10 (3) "Fiscal year" means the state fiscal year, which com-
11 mences October 1 and continues through September 30.

12 (4) "General educational development testing preparation
13 program" means a program that has high school level courses in
14 writing skills, social studies, science, reading skills, and
15 mathematics and that prepares a person to complete successfully
16 the general educational development (GED) test.

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

20 (6) "Intermediate board" means the governing body of an
21 intermediate district.

22 (7) "Intermediate district" means an intermediate school
23 district established under part 7 of the school code of 1976,
24 being sections 380.601 to 380.703 of the Michigan Compiled Laws.

25 (8) "Intermediate superintendent" means the superintendent
26 of an intermediate district.

1 Sec. 5. (1) "Membership" means the number of full-time
2 equivalent pupils in grades K to 12 actually enrolled and in
3 regular daily attendance on the pupil membership count day as
4 determined by the number of pupils registered for attendance plus
5 pupils received by transfer and minus pupils lost as defined by
6 rules promulgated by the state board. In a district operating an
7 extended school year program approved by the state board, a pupil
8 enrolled, but not scheduled to be in regular daily attendance on
9 the pupil membership count day, shall be counted. The department
10 shall give a uniform interpretation of full-time and part-time
11 memberships. The state board may provide a district with an
12 adjustment of the district's membership count upon the showing of
13 a substantial increase in membership due to the closing of a non-
14 public school after the pupil membership count day. In a dis-
15 trict offering classes that are scheduled for a full year in
16 which different pupils participate in different sessions,
17 full-time equated memberships shall be determined by dividing the
18 number of class hours scheduled and provided per year per pupil
19 by 900 for elementary and secondary pupils and by 480 for adult
20 pupils.

21 (2) "Pupil" means a person in membership in a public
22 school. A district must have the approval of the pupil's dis-
23 trict of residence to count the pupil in membership, except
24 approval by the pupil's district of residence shall not be
25 required for adult or nonpublic part-time pupils, for pupils
26 receiving 1/2 or less of their instruction in a district other
27 than their district of residence, or for those pupils who were

1 enrolled and in regular daily attendance and remain enrolled and
2 in regular daily attendance in the district other than their dis-
3 trict of residence before April 1, 1981.

4 (3) "Pupil membership count day" of a district means:

5 (a) The fourth Friday following Labor day each school year.

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

8 (i) Fourth Friday in July.

9 (ii) Fourth Friday in October.

10 (iii) Fourth Friday in January.

11 (iv) Fourth Friday in April.

12 (c) A district receiving funds from the job training part-
13 nership act, Public Law 97-300, 96 Stat. 1322, or a district
14 operating a training program approved by the department may amend
15 the number of pupils counted on the pupil membership count day to
16 include pupils participating in the job training partnership act
17 program or a training program approved by the department. The
18 pupil membership count day for these pupils shall be the third
19 Friday after the first Monday after the start of instruction for
20 the program. Aid received under section 21 for these pupils
21 shall be reduced $1/480$ for each hour of classroom instruction the
22 pupils are scheduled to receive under 480 hours and further
23 reduced to ensure that the combined section 21 and the job train-
24 ing partnership act or other approved training program aid for
25 the programs do not exceed the cost of the programs as verified
26 by the intermediate school district of the district operating the
27 programs.

1 (4) "Rule" means a rule promulgated pursuant to the
2 administrative procedures act of 1969, Act No. 306 of the Public
3 Acts of 1969, being sections 24.201 to 24.328 of the Michigan
4 Compiled Laws.

5 (5) "The school code of 1976" means Act No. 451 of the
6 Public Acts of 1976, being sections 380.1 to 380.1852 of the
7 Michigan Compiled Laws.

8 (6) "School fiscal year" means a fiscal year which commences
9 July 1 and continues through June 30.

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

11 (8) "Tuition pupil" means a pupil of school age attending
12 school in a district other than the pupil's district of
13 residence. A pupil's district of residence shall not require a
14 high school tuition pupil, as provided under section 41, to
15 attend another school district after the pupil has been assigned
16 to a school district.

17 Sec. 7. (1) Costs for school operating purposes include all
18 of the following expenditures from the general fund of a district
19 or from the operating funds of an intermediate district:

20 (a) Expenditures for instruction and support services,
21 including salaries and employee benefits of teachers and other
22 employees, purchased services, textbooks, and other supplies and
23 materials.

24 (b) Expenditures for furniture and equipment, for alter-
25 ations necessary to maintain school facilities in a safe and san-
26 itary condition, for funding the cost of energy conservation

1 improvements in school facilities, and for deficiencies in
2 operating expenses for the preceding year.

3 (c) Expenditures for school lunch programs, bookstore opera-
4 tions, interscholastic athletics, community services, and cooper-
5 ative education projects.

6 (2) Unless membership aid for a pupil receiving services
7 from an intermediate district is allocated under this act
8 directly to an intermediate district, a district shall pay to an
9 intermediate district as an operating expenditure under this sec-
10 tion the reasonable cost to the intermediate district, as deter-
11 mined by the intermediate board, of providing services to the
12 district or pupils in membership in the district.

13 Sec. 8. The state board shall promulgate rules necessary to
14 implement and administer this act. The joint legislative commit-
15 tee on administrative rules shall report a violation of this sec-
16 tion to the legislature and the governor.

17 PART 2

18 Sec. 11. There is appropriated from the school aid fund
19 established by section 11 of article IX of the state constitution
20 of 1963, for the fiscal year ending September 30, 1994, the sum
21 necessary to fulfill the requirements of this act, and any defi-
22 ciency is appropriated from the general fund by the legislature.
23 The appropriation shall be allocated as provided in this act.
24 The estimated appropriations and the estimated sources of revenue
25 provided for in this act are as follows:

1 GROSS APPROPRIATION..... \$ 8,252,130,000

2 Appropriated from:

3 Total federal..... 53,000,000

4 School aid fund..... 2,395,400,000

5 State general fund/general purpose..... 5,803,730,000

6 Sec. 12. The apportionments and limitations of the appor-
7 tionments made under this act shall be made on the membership as
8 of the pupil membership count day of each year. In addition, a
9 district maintaining school during the entire year, as provided
10 in section 1561 of the school code of 1976, being section
11 380.1561 of the Michigan Compiled Laws, shall count memberships
12 pursuant to rules promulgated by the state board.

13 Sec. 13. If the returns from an intermediate district or
14 district upon which a statement of the amount to be disbursed or
15 paid are defective, making it impracticable to ascertain the
16 apportionment to be disbursed or paid, the department shall
17 ascertain by the best evidence available the facts upon which the
18 ratio and amount of the apportionment shall depend and make the
19 apportionment accordingly.

20 Sec. 14. (1) If a district or intermediate district fails
21 to receive its proper apportionment, the department, upon satis-
22 factory proof from the district or intermediate district, shall
23 apportion the deficiency in the next apportionment. If a dis-
24 trict or intermediate district has received more than its proper
25 apportionment, the department, upon satisfactory proof, shall
26 deduct the excess in the next apportionment.

1 (2) A deduction, due to an adjustment as a result of an
2 audit conducted by the department, except as specified in
3 subsection (3), shall be deducted from the district's apportion-
4 ments within a 3-year period beginning in the fiscal year in
5 which the adjustment is finalized. The department may grant an
6 additional 2 years if the district would otherwise experience a
7 hardship.

8 (3) A deduction, due to an adjustment as a result of an
9 audit conducted after September 30, 1987 by or for the department
10 with respect to adult education programs, shall be deducted from
11 the district's apportionments within a 1-year period beginning in
12 the fiscal year in which the adjustment is finalized. The
13 department may grant an additional 1 year if the district pro-
14 vides satisfactory evidence of a hardship.

15 Sec. 15. A district shall not receive a greater allowance
16 than the actual amounts paid by the district. If a district
17 receives in an apportionment more than was paid, the excess shall
18 be deducted from the district's next apportionment.

19 Sec. 16. Not later than October 1, December 1, February 1,
20 April 1, June 1, and August 1, the department shall prepare a
21 statement of the amount to be distributed in the installment to
22 the districts and intermediate districts and deliver the state-
23 ment to the state treasurer, and the state treasurer shall pay
24 the installments on each of those dates or on the next business
25 day following each of those dates. The portion of the district's
26 or intermediate district's state fiscal year entitlement to be
27 included in each installment shall be 20%, 19%, 17%, 16%, 15%,

1 and 13%, respectively. The state treasurer shall make payment
2 under this section by drawing a warrant in favor of the treasurer
3 of each district or intermediate district for the amount payable
4 to the district or intermediate district according to the state-
5 ment and delivering the warrant to the treasurer of each district
6 or intermediate district or, if the state treasurer receives a
7 written request by the treasurer of the district or intermediate
8 district specifying an account, by electronic funds transfer to
9 that account of the amount payable to the district or intermedi-
10 ate district according to the statement. The department may make
11 adjustments in payments made under this section through addi-
12 tional payments when changes in law or errors in computation
13 cause the regularly scheduled payment to be less than the amount
14 to which the district or intermediate district is entitled pursu-
15 ant to this act.

16 Sec. 16a. Upon request, the department shall give written
17 information to each legislator regarding the amount of money each
18 district in the legislator's legislative district will receive in
19 the next state aid payment made under section 16 before the war-
20 rant is delivered.

21 Sec. 17. (1) The department may withhold all or part of any
22 payment that a district or intermediate district is entitled to
23 receive under this act to the extent the withholdings are a com-
24 ponent part of a plan, developed and implemented pursuant to
25 chapter IX of the municipal finance act, Act No. 202 of the
26 Public Acts of 1943, being sections 139.1 to 139.3 of the
27 Michigan Compiled Laws, for financing an outstanding obligation

1 upon which the district or intermediate district defaulted.

2 Amounts withheld shall be used to pay, on behalf of the district
3 or intermediate district, unpaid amounts or subsequently due
4 amounts, or both, of principal and interest on the outstanding
5 obligation upon which the district or intermediate district
6 defaulted.

7 (2) Under an agreement entered into by a district or inter-
8 mediate district assigning all or a portion of the payment that
9 it is eligible to receive under this act to the Michigan municipi-
10 pal bond authority or pledging such amount for payment of an
11 obligation it incurred with the Michigan municipal bond authori-
12 ty, the state treasurer shall transmit to the Michigan municipal
13 bond authority or a trustee designated by the authority the
14 amount of the payment which is assigned or pledged under the
15 agreement. Notwithstanding the payment dates prescribed by this
16 act for distributions under this act, the state treasurer may
17 advance all or part of a payment that is dedicated for distribu-
18 tion or for which the appropriation authorizing the payment has
19 been made if and to the extent, under the terms of an agreement
20 entered into by a district or intermediate district and the
21 Michigan municipal bond authority, the payment which the district
22 or intermediate district is eligible to receive has been assigned
23 to or pledged for payment of an obligation it incurred with the
24 Michigan municipal bond authority. This subsection does not
25 require the state to make an appropriation to any school district
26 or intermediate school district and shall not be construed as
27 creating an indebtedness of the state, and any agreement made

1 pursuant to this subsection shall contain a statement to that
2 effect.

3 Sec. 18. (1) Each district shall apply the money received
4 by the district under this act to salaries of teachers and other
5 employees, tuition, transportation, lighting, heating, ventila-
6 tion, water service, the purchase of textbooks which are desig-
7 nated by the board to be used in the schools under the board's
8 charge, other supplies, payment to intermediate districts for
9 services provided to the district and its pupils, and any other
10 school operating expenditures described in section 7. Each
11 intermediate district shall apply the money received by the
12 intermediate district under this act to operating expenditures
13 described in section 7. An amount equal to not more than 5% of
14 the total amount received by a district under section 21 may be
15 transferred by the board to either the building and site fund or
16 to the debt retirement fund for debt service for debts contracted
17 after December 8, 1932. The money shall not be applied or taken
18 for a purpose other than as provided in this section. The
19 department shall determine the reasonableness of expenditures and
20 may withhold from a district or intermediate district the appor-
21 tionment otherwise due for the fiscal year following the discov-
22 ery by the department of a violation by the district or interme-
23 diate district.

24 (2) For the purpose of determining the reasonableness of
25 expenditures and whether a violation of this act has occurred,
26 the department shall require that each district have an audit of
27 the district's financial and pupil accounting records at least

13 Sec. 19. From the amount appropriated in section 11, there
14 is allocated for 1990-91 an amount sufficient to pay the state
15 share of desegregation costs mandated by the federal court before
16 June 1, 1983, in Berry v school district of the city of Benton
17 Harbor, United States district court for the western district of
18 Michigan, docket no. C.A. 9.

19

20

1 Sec. 22. (1) There is allocated for 1991-92 \$53,000,000.00
2 in federal funding under sections 611 to 620 of the education of
3 the handicapped act, title VI of Public Law 91-230, 20
4 U.S.C. 1411 to 1420, plus any carryover federal funds from previ-
5 ous year appropriations, for the purpose of helping to pay the
6 per pupil membership allowance to districts and intermediate dis-
7 tricts for pupils receiving special education programs and serv-
8 ices as prescribed in article 3 of the school code of 1976, being
9 sections 380.701 to 380.1766 of the Michigan Compiled Laws, and
10 to intermediate districts for pupils enrolled in the Michigan
11 school for the blind and the Michigan school for the deaf. For
12 meeting other costs of special education programs and services, a
13 district or intermediate district may use money in general funds
14 or special education funds that is not otherwise restricted, con-
15 tributions from districts to intermediate districts, tuition pay-
16 ments, gifts and contributions from individuals, or federal funds
17 that may be available for this purpose, as determined by the
18 intermediate district plan prepared pursuant to article 3 of the
19 school code of 1976.

20 (2) Federal funds shall be allocated under applicable fed-
21 eral requirements, except that an amount not to exceed
22 \$4,000,000.00 may be allocated by the department to districts or
23 intermediate districts on a grant basis for programs, equipment,
24 and services designed to benefit or improve special education on
25 a statewide scale.

26 (3) A pupil who is enrolled in a full-time special education
27 program conducted or administered by an intermediate district or

1 a pupil who is enrolled in the Michigan school for the blind or
2 the Michigan school for the deaf shall not be included in the
3 membership count of a district, but shall be counted in member-
4 ship in the intermediate district of residence. A district oper-
5 ating a center program for pupils from several districts, pursu-
6 ant to an approved intermediate district plan, may elect to have
7 the pupils counted in membership in the intermediate district.
8 For each pupil in membership in the intermediate district, the
9 intermediate district shall receive the per pupil membership
10 allowance specified under section 21.

11 (4) Special education personnel transferred from 1 district
12 to another to implement the school code of 1976 shall be entitled
13 to the rights, benefits, and tenure to which the person would
14 otherwise be entitled had that person been employed by the
15 receiving district originally.

16 (5) If a district or intermediate district uses money
17 received under this section for a purpose other than the purpose
18 or purposes for which the money is allocated, the department may
19 require the district or intermediate district to refund the
20 amount of money received. Money that is refunded shall be depos-
21 ited in the state treasury to the credit of the school aid fund.

22 (6) Determination of the district or intermediate district
23 of membership for the following special education pupils shall be
24 made by the department according to rules promulgated by the
25 state board:

26 (a) Pupils assigned to a district or intermediate district
27 through the community placement program of the courts or a state

1 agency, if the pupil was a resident of another intermediate
2 district at the time the pupil came under the jurisdiction of the
3 court or a state agency.

4 (b) Pupils who are residents of institutions operated by the
5 department of mental health.

6 (c) Pupils who are former residents of department of mental
7 health institutions for the developmentally disabled who are
8 placed in community settings other than the pupil's home.

9 (d) Pupils placed in a district by a parent for the purpose
10 of seeking a suitable home, if the parent does not reside in the
11 same intermediate district as the pupil's placement.

12 (e) Pupils who are residents of nursing homes whose educa-
13 tional programs are approved by the department.

14 (f) Pupils who are residents of special placement homes
15 approved by the department.

16 Sec. 23. (1) A pupil who is enrolled in a full-time
17 vocational-technical education program conducted or administered
18 by an intermediate district shall not be included in the member-
19 ship count of a district but shall be counted in membership in
20 the intermediate district of residence.

21 (2) Districts that were designated as area
22 vocational-technical centers by the state board before January 1,
23 1971 may count in membership, with permission of the district of
24 residence, pupils enrolled in vocational-technical education pro-
25 grams in any of the districts in the designated service area if
26 all of the following conditions are met:

1 (a) The district has been designated the fiscal agent for
2 all area vocational-technical education programs in each of the
3 participating districts in the designated service area.

4 (b) The designated service area has held at least 1 election
5 to establish an area vocational-technical education program pur-
6 suant to section 681 of the school code of 1976, being
7 section 380.681 of the Michigan Compiled Laws.

8 (c) The fiscal conditions described in this subsection are
9 included as a part of the career education planning district's
10 annual vocational plan approved by the department.

11 Sec. 24. (1) A pupil under court jurisdiction who is placed
12 in a private home or in a private or public institution located
13 outside the district in which the pupil's parents or legal guard-
14 ians reside may be counted as a resident of the district of
15 attendance if other than the district of the pupil's parents or
16 legal guardian. The pupil shall be counted by the district of
17 attendance as 1-1/2 memberships. The total membership of these
18 pupils shall be computed by adding the membership days attended
19 by the pupils before April 1 of the current school year and
20 dividing the total by the number of days in the school year of
21 the district before April 1 of the current school year. Except
22 as provided in subsection (2), the membership thus obtained shall
23 be certified by the district to the department, which shall
24 adjust the total membership of the district accordingly in deter-
25 mining the school aid to be paid during the current fiscal year.

26 (2) Intermediate districts operating programs for children
27 in homes operated by the juvenile division of the probate court

1 under section 628 of the school code of 1976, being
2 section 380.628 of the Michigan Compiled Laws, are allowed 1-1/2
3 memberships using the formula described in subsection (1). Funds
4 received under this section may be used to employ regular educa-
5 tion personnel employed to meet the educational needs of these
6 pupils.

7 Sec. 25. (1) A district shall not be allotted or paid a sum
8 under this act for the number of pupils in membership in excess
9 of a ratio of 30 pupils to 1 teacher. The department may include
10 all pupils in membership regardless of this section if in the
11 department's judgment the district could not maintain the ratio
12 because of lack of funds, facilities, or qualified teachers.

13 (2) For the purpose of this section, "teacher" means an
14 employee of the district holding a valid Michigan teacher's
15 certificate.

16 Sec. 26. (1) Pupils to be counted in membership shall be
17 not less than 5 years of age on December 1 and less than 20 years
18 of age on September 1 of the school year except as follows:

19 (a) A special education pupil who is enrolled and receiving
20 instruction in a special education program approved by the
21 department and not having a high school diploma who is less than
22 26 years of age as of September 1 of the current school year
23 shall be counted in membership.

24 (b) A pupil who is enrolled in classes as specified under
25 section 29 required for that pupil to obtain a high school
26 diploma may be counted in membership regardless of age.

1 (c) A pupil not having a high school diploma taking
2 instruction in an adult basic education program which provides
3 instruction in mathematics, reading, or English, as specified
4 under section 29, may be counted in membership regardless of
5 age.

6 (d) A pupil not less than 16 years of age who is enrolled in
7 classes in a program under section 29 may be counted in
8 membership.

9 (2) A pupil less than 20 years of age on September 1 of the
10 school year and having obtained a high school diploma shall be
11 counted in membership if enrolled in academic or
12 vocational-technical courses that would normally be credited
13 toward high school completion and are to prepare pupils for
14 employment, additional occupational skills training, or postsec-
15 ondary education. A pupil less than 20 years of age on
16 September 1 of the school year, who has obtained a high school
17 diploma, who is attending a course offered directly or indirectly
18 by a district, and who earns postsecondary credit for that course
19 shall not be included in the membership calculation under this
20 subsection. A district or consortium of districts shall not
21 receive membership credit under this subsection for pupils
22 attending a community or junior college or 4-year institution of
23 higher education.

24 (3) A pupil 26 years of age or older residing in a mental
25 health institution or a nursing home and receiving educational
26 services on site shall not be counted in membership unless prior
27 approval is received from the department. A district may request

1 prior approval for adult basic education programs and general
2 educational development test preparation programs. The depart-
3 ment shall grant approval for adult basic education and general
4 educational development test preparation programs that meet the
5 requirements of subsection (1)(c) and section 29(1), as
6 appropriate.

7 Sec. 27. A pupil enrolled in a public school program orga-
8 nized under federal or state supervision and in which the teach-
9 ing costs are fully subsidized from federal or state funds shall
10 not be counted in membership.

11 Sec. 28. (1) The prorated membership of a part-time pupil
12 who is 18 years of age or older on September 1 of a school year
13 and is eligible to be counted in membership under section 26
14 shall be computed by applying a ratio which is the relation
15 between the number of hours of student instruction received and
16 480 clock hours of classroom instruction. Time required to pass
17 to and from classes shall be counted as classroom instruction,
18 but meal time, study halls, or recess time shall not be counted.
19 A district that counts pupils under this subsection shall have
20 its board approve a districtwide plan for adult education. The
21 plan shall address goals and objectives for the adult education
22 program. The district shall submit to the department, not later
23 than November 1 each year for each fiscal year in which funding
24 is received for the adult education program, a resolution adopted
25 by its board indicating that the district complies with all of
26 the following requirements:

1 (a) The district has incorporated into its plan as required
2 under subsection (1) as guidelines the adult education standards
3 of quality approved by the state board.

4 (b) The district has implemented an adult education pupil
5 retention plan.

6 (c) The district has implemented an adult education plan
7 that includes placement, follow-up, and evaluation.

8 (2) For purposes of determining membership under this sec-
9 tion, a district may count towards classroom instruction not more
10 than 20 credits as specified in subdivisions (a) through (e) in
11 the following courses and number of credit hours:

12 (a) Except as provided in subdivision (e), a total of 10
13 credits of English or communication skills, mathematics, science,
14 and social science, with not more than 3 credits each of mathe-
15 matics, science, and social science and not more than 4 credits
16 of English or communication skills.

17 (b) Except as provided in subdivision (e), 1 credit of
18 health.

19 (c) Except as provided in subdivision (e), 4 credits of a
20 foreign language, vocational-technical education as approved by
21 the department, occupational skills training as approved by the
22 department, or any combination thereof.

23 (d) Except as provided in subdivision (e), 1 credit of com-
24 puter education, or the equivalent, as approved by the
25 department.

26 (e) A total of 4 additional credits of any of the subjects
27 specified in subdivisions (a) through (d), fine and performing

1 arts or practical arts, or any combination thereof, as approved
2 by the department. Pupils enrolled in fine and performing arts
3 or practical arts classes shall also be enrolled and attend
4 within the same semester at least 1 of the classes listed in sub-
5 divisions (a) through (d) in order to generate membership for the
6 fine and performing arts or practical arts class.

7 (3) For purposes of subsection (2), a credit hour shall not
8 exceed 120 clock hours of classroom instruction, and credit hours
9 earned by a pupil during previous school years shall be counted.
10 Prorated membership may be included for pupils enrolled and
11 making progress in adult basic education, which is instruction in
12 mathematics, reading, or English at or below the eighth grade
13 level.

14 (4) In order to be eligible to generate membership under
15 this section, a district shall allow those pupils who have more
16 than the total of 20 credits specified in subsection (2) to
17 attend those classes needed in order to complete graduation
18 requirements. The district shall not assess a fee or generate
19 membership for these credits.

20 (5) A district that counts adult education pupils in member-
21 ship and complies with the requirements of this section and sec-
22 tion 29 shall receive regularly scheduled state aid payments for
23 which the district qualifies under this act in accordance with
24 the following table:

25 ADULT EDUCATION PAYMENTS

26 10% for demonstration of a completed comprehensive
27 assessment.

1 80% for enrollment of eligible pupils.

2 10% for attainment of a high school diploma, for passage of
3 the general education development (GED) test, or for completion
4 of the adult basic education objectives by achieving an eighth
5 grade level in reading, English, or mathematics.

6 Not more than 10% for classroom attendance.

7 (6) For purposes of subsection (5), classroom attendance
8 shall be measured by the total cumulative membership clock hours
9 of classroom instruction. The total cumulative membership clock
10 hours of classroom instruction shall be determined by multiplying
11 the total membership by 480 hours. Credit for cumulative member-
12 ship clock hours of classroom instruction shall be determined by
13 dividing the total number of clock hours of classroom instruction
14 attended by the total number of cumulative membership clock
15 hours. The specific percentage allowable for attendance shall be
16 in accordance with the following table:

17	0 - 25% attended clock hours - 2.5%
18	26 - 50% attended clock hours - 5%
19	51 - 75% attended clock hours - 7.5%
20	76 - 100% attended clock hours - 10%

21 Sec. 29. (1) A district operating an adult education pro-
22 gram shall:

23 (a) Provide the program within the geographic boundaries of
24 the district.

25 (b) Develop course descriptions for all adult basic and high
26 school completion courses approved by the board of education,

1 which shall be available for review by the department not later
2 than October 1 of each school year.

3 (c) Have on file a planned program for adult basic education
4 or a planned program for a high school diploma, or both, for each
5 individual enrolled in an adult basic education program or adult
6 high school completion program, or both, comparable to planned
7 programs maintained for a pupil in the regular program of the
8 district.

9 (d) Ensure that the adult high school completion program is
10 comparable to the requirements and standards of other high school
11 completion programs in that district. If modifications are made
12 in programs or courses, or both, to accommodate adult needs, spe-
13 cific rationale for the modifications shall be available for
14 review.

15 (e) Maintain pupil records comparable to those maintained
16 for the regular high school program of that district.

17 (f) Submit to the department not later than October 30 each
18 year a report describing the district's activities in the fiscal
19 year ending the immediately preceding September 30 that pertain
20 to requirements set forth in subdivisions (d) and (e).

21 (2) Two or more K to 12 districts may conduct adult educa-
22 tion programs on a cooperative basis. Cooperating districts
23 shall enter into an annual written agreement which shall cover
24 all of the high school completion programs and adult basic educa-
25 tion programs offered within the participating districts.

26 Exceptions to this provision may be made with the approval of the
27 department. An agreement shall include the educational,

1 administrative, management, operational, and financial matters
2 concerning adult education programs and services offered by all
3 the participating districts. One district shall be designated in
4 the agreement as the administrator of the adult education cooper-
5 ative program and shall operate the program as a direct extension
6 of the district, except that the pupils enrolled in the program
7 may be counted on the pupil membership count day of the district
8 in which the pupils' classes are held. The district serving as
9 the administrator of the adult education program shall pay only
10 reasonable fees for services, facilities, and utilities provided
11 directly to the program by a cooperative district. These fees
12 shall reflect only actual costs to the cooperating district. No
13 other payments may be made to a cooperating district by the dis-
14 trict serving as the administrator of the adult education
15 program. The fee schedule to be paid by the administrative dis-
16 trict of the adult education program shall be included as part of
17 the annual written agreement between cooperating districts. The
18 administrative district shall maintain for 5 years records of
19 fees paid under the agreement. The funds generated by the admin-
20 istering district shall be used to support actual reasonable
21 costs of the adult education programs in the cooperative program
22 with the exception that administering districts may use revenues
23 in addition to those needed to meet the costs of the adult educa-
24 tion program to provide supplemental services within the consor-
25 tium in the areas of early childhood education, alternative edu-
26 cation, dropout prevention, community education, teen parent

1 programs for youth, or other department-approved education
2 programs.

3

PART 4

4 Sec. 31. (1) To be eligible to receive state aid under this
5 act, not later than the third Friday following the pupil member-
6 ship count day, each district superintendent through the secre-
7 tary of the district's board shall file with the intermediate
8 superintendent a certified and sworn copy of the district's
9 enrollment for the current school year. In addition, a district
10 maintaining school during the entire year, as provided under sec-
11 tion 1561 of the school code of 1976, being section 380.1561 of
12 the Michigan Compiled Laws, shall file with the intermediate
13 superintendent a certified and sworn copy of the enrollment for
14 the current school year pursuant to rules promulgated by the
15 state board. In case of a district's failure to file the sworn
16 and certified copy not later than the third Friday following the
17 pupil membership count day or pursuant to rules promulgated by
18 the state board, state aid due to be distributed on December 1
19 under this act shall be withheld from the defaulting district. A
20 person who willfully falsifies a figure or statement in the cer-
21 tified and sworn copy of enrollment shall be punished in the
22 manner prescribed by the laws of this state.

23 (2) Each district shall provide a minimum of 180 days of
24 pupil instruction. Except as provided in subsections (3) and
25 (4), a district failing to hold 180 days of pupil instruction
26 shall forfeit 1/180 of its total state aid appropriation for each
27 day of failure. A district failing to comply with rules

1 promulgated by the state board, which rules establish the minimum
2 time pupil instruction is to be provided to pupils for the regu-
3 lar school year, shall forfeit from its total state aid alloca-
4 tion an amount determined by applying a ratio of the time dura-
5 tion the district was in noncompliance in relation to the minimum
6 time pupil instruction is required. A district failing to meet
7 both the minimum 180 days of pupil instruction requirement and
8 the prescribed time of pupil instruction requirement shall be
9 penalized only the higher of the 2 amounts calculated under the
10 forfeiture provisions of this subsection. Not later than August
11 1, the board of each district shall certify to the department the
12 number of days of pupil instruction in the previous school year.
13 If the district did not hold at least 180 days of pupil instruc-
14 tion, the deduction of state aid shall be made in the following
15 fiscal year from the first payment of state school aid. Days
16 lost because of strikes or teachers' conferences shall not be
17 counted as days of pupil instruction. A district not having 70%
18 of the district's membership in attendance on any day shall
19 receive state aid in that proportion of $1/180$ that the actual
20 percent of attendance bears to 70%. The state board shall
21 promulgate rules for the implementation of this subsection.

22 (3) The first 2 days when pupil instruction is not provided
23 because of conditions not within the control of school authori-
24 ties, such as severe storms, fires, epidemics, or health condi-
25 tions as defined by the city, county, or state health authori-
26 ties, shall be counted as days of pupil instruction. Subsequent
27 such days shall not be counted as days of pupil instruction.

1 (4) A district shall not forfeit part of its state aid
2 appropriation under this section due to less than 180 days of
3 kindergarten pupil instruction if it adopts or has in existence
4 an alternative scheduling program for pupils in kindergarten,
5 which program is approved by the state board.

6 Sec. 32. A district shall not be allotted or paid a sum
7 under this act in a fiscal year if the department determines that
8 at the end of the preceding school fiscal year the amount of
9 funds on hand in the district available for the payment of the
10 operation cost in the district exceeded the amount of money
11 expended for operation cost in the district during the preceding
12 school fiscal year.

13 Sec. 33. (1) A district receiving money under this act
14 shall not adopt or operate under a deficit budget, and a district
15 shall not incur an operating deficit in a fund during a school
16 fiscal year. Each district shall submit the district's adopted
17 budget for the current school fiscal year to the department
18 before November 1. A district having an existing deficit or
19 which incurs a deficit shall not be allotted or paid a further
20 sum under this act until the district submits to the department
21 for approval a budget for the current school fiscal year and a
22 plan to eliminate the district's deficit not later than the end
23 of the second school fiscal year after the deficit was incurred.
24 Withheld state aid payments shall be released after the depart-
25 ment approves the deficit reduction plan and ensures that the
26 budget for the current school fiscal year is balanced.

1 (2) The department shall report to the legislature annually
2 those deficits incurred by districts and the progress made in
3 reducing deficits.

4 (3) The amount of the permissible deficit for each school
5 fiscal year shall not exceed the amount of state aid reduced by
6 an executive order during that school fiscal year.

7 (4) A district with an existing deficit or which incurs a
8 deficit shall submit a monthly expenditure report to the
9 department.

10 (5) If a district is not able to comply with the provisions
11 of this section, a district shall submit to the department a plan
12 to eliminate its deficit. Upon approval of the plan submitted,
13 the superintendent of public instruction may continue allotment
14 and payment of funds under this act, extend the period of time in
15 which a district has to eliminate its deficit, and set special
16 conditions that the district must meet during the period of the
17 extension.

18 Sec. 34. Before the first Monday in November of each year,
19 each district and intermediate district shall furnish to the
20 department those reports the department considers necessary for
21 the determination of the allocation of funds under this act. In
22 order to receive funds under this act, each district and interme-
23 diate district shall also furnish to the department the informa-
24 tion the department considers necessary for the administration of
25 this act and for the provision of reports of educational progress
26 to the senate and house committees responsible for education, the
27 senate and house appropriations subcommittees responsible for

1 appropriations to school districts, and the senate and house
2 fiscal agencies, as appropriate.

3 Sec. 35. (1) Each district and intermediate district shall
4 furnish to the legislative fiscal agencies of the state legisla-
5 ture information the agencies require on forms prepared and fur-
6 nished by the agencies, relative to the expenditure of funds
7 appropriated and allocated under this act.

8 (2) Each intermediate superintendent between August 20 and
9 August 30 of each year, and at any other time upon the request of
10 the treasurer of the county, shall furnish to the county trea-
11 surer the names and post office addresses of the treasurers,
12 presidents, and secretaries of the boards of the intermediate
13 district's constituent districts.

14 Sec. 36. In order to receive funds under this act, each
15 district and intermediate district shall furnish to the depart-
16 ment, on a form and in a manner prescribed by the department, the
17 information requested by the department that is necessary for the
18 preparation of a study of suspended or expelled pupils in grades
19 K to 12 as required by section 307 of Act No. 204 of the Public
20 Acts of 1990.

21 Sec. 37. (1) On the basis of a district's pupil retention
22 report as defined in section 3, the department shall calculate an
23 annual pupil dropout rate for each district. In addition, the
24 department shall calculate an annual pupil dropout rate for the
25 state in the same manner as that used to calculate the pupil
26 dropout rate for a district. The department shall report all
27 pupil dropout rates to the senate and house education committees

1 and appropriations committees not later than February 1, each
2 year.

3 (2) In order to receive funds under this act, each district
4 shall furnish to the department, on a form and in a manner pre-
5 scribed by the department, the information requested by the
6 department that is necessary for the preparation of the district
7 pupil retention report.

8 Sec. 38. In order to receive all of the funds for which a
9 district qualifies under this act, a district shall provide to
10 the state board and the public the annual education report
11 described in section 1204a of the school code of 1976, being sec-
12 tion 380.1204a of the Michigan Compiled Laws. A district that
13 fails to meet the requirements of this section shall forfeit 5%
14 of the funds for which the district qualifies under this act.

15 PART 5

16 Sec. 41. (1) Except as provided in subsection (2), a dis-
17 trict having tuition pupils enrolled on the pupil membership
18 count day of each year shall charge the district in which the
19 tuition pupils reside the tuition rate computed under section
20 1401 of the school code of 1976, being section 380.1401 of the
21 Michigan Compiled Laws, except tuition shall not be charged for
22 adult part-time pupils. The resulting tuition rates shall be
23 reduced by the per pupil membership guarantee provided under sec-
24 tion 21.

25 (2) A pupil residing in a juvenile or detention home oper-
26 ated by the juvenile division of a probate court and attending
27 school by direction of the court in the district of residence of

1 the pupil's parent or legal guardian shall not be counted as a
2 tuition pupil but shall be counted in resident membership in that
3 district. A pupil residing in the home of the pupil's parent or
4 legal guardian but who, by assignment of a probate court, attends
5 school in another district shall not be counted as a tuition
6 pupil but shall be counted in resident membership in the district
7 which the pupil attends. A pupil residing in the home of the
8 pupil's parents or legal guardian or juvenile home but who, by
9 direction of local school authorities and approval of the probate
10 court, may be enrolled in school in another district shall not be
11 counted as a tuition pupil but shall be counted in resident
12 membership.

13 Sec. 42. A district having American Indian pupils in
14 attendance, who reside within the district and upon a United
15 States government Indian reservation, shall be allowed in addi-
16 tion to the allowances provided by the other sections of this act
17 an amount equal to the number of those pupils in attendance times
18 $1/2$ the tuition rate as computed under section 41 and under sec-
19 tion 1401 of the school code of 1976, being section 380.1401 of
20 the Michigan Compiled Laws.

21 Sec. 43. A district shall not be allotted or paid a sum
22 under this act unless the district charges the legal amount of
23 tuition for tuition pupils enrolled on the pupil membership count
24 day of each year from the districts in which the tuition pupils
25 reside and has certified that fact to the department. If no dis-
26 trict is legally liable for the payment of the tuition and the
27 tuition has not been collected from the parents or guardians of

1 the tuition pupils before July 1 of each year, the number of
2 those pupils shall be deducted from the membership of the dis-
3 trict and the allowances as provided in section 21 shall be
4 recomputed accordingly. A district that enrolls and educates
5 pupils who are residents of another district due to uncertainty
6 as to the boundary of a district, and that serves notice to the
7 resident district where the pupils must attend school in subse-
8 quent school years, shall not forfeit membership allowances under
9 section 21 or recalculate allowances.

10 Sec. 44. (1) A district shall not be allotted or paid a sum
11 under this act after April 1 of each year unless that district
12 pays the legal amount of tuition for tuition pupils on or before
13 the date to the districts in which the tuition pupils are in
14 school membership on the preceding pupil membership count day of
15 each year and has certified that fact to the department.

16 (2) A district that sends tuition pupils to 1 or more dis-
17 tricts, that is legally liable for the payment of the tuition,
18 and that fails to pay its tuition assessment in full before April
19 1 of each year shall remit the full amount of tuition owed to the
20 receiving district before making any other financial expenditure
21 or commitment for the next school fiscal year.

22 Sec. 45. The secretary of the board of each district
23 enrolling nonresident pupils shall certify to the department on
24 forms furnished by the department the number of nonresident
25 pupils enrolled in each grade on the pupil membership count day
26 of each year, the districts in which the nonresident pupils

1 reside, the amount of tuition charged for the current year, and
2 other information required by the department.

3 PART 6

4 Sec. 51. A school official or member of a board or other
5 person who neglects or refuses to do or perform an act required
6 by this act or who violates or knowingly permits or consents to
7 the violation of this act is guilty of a misdemeanor, punishable
8 by imprisonment for not more than 90 days, or a fine of not more
9 than \$1,500.00, or both.

10 Sec. 52. A district or intermediate district that fails
11 through the negligence of school officials to file reports pursu-
12 ant to part 4 shall forfeit that proportion of funds to which the
13 district or intermediate district otherwise would be entitled
14 under this act as the delay in the reports bears to the school
15 term as required by law for the district or intermediate
16 district.

17 Sec. 53. (1) Except as provided in the school code of 1976,
18 the board of a district or intermediate district shall not permit
19 any of the following:

20 (a) A noncertificated teacher to teach in an elementary or
21 secondary school or in an adult basic education or high school
22 completion program.

23 (b) A noncertificated counselor to provide counseling serv-
24 ices to pupils in an elementary or secondary school or in an
25 adult basic education or high school completion program.

26 (c) A noncertificated administrator to be employed as a
27 superintendent, principal, or assistant principal, or in any

1 other position in which the primary responsibility of the
2 administrator is supervising instructional programs.

3 (d) A noncertificated chief business official to be employed
4 as a chief business official.

5 (2) Except as provided in the school code of 1976, a dis-
6 trict or intermediate district employing teachers, counselors, or
7 administrators not legally certificated shall forfeit the sum
8 equal to the amount paid the teachers, counselors, or administra-
9 tors for the period of noncertificated or illegal employment.
10 The department shall deduct that sum from the allocation to the
11 district or intermediate district under this act. Each interme-
12 diate superintendent shall notify the department of the name of
13 the noncertificated teacher, counselor, or administrator and the
14 district employing that individual and the amount of salary the
15 noncertificated teacher, counselor, or administrator was paid
16 within a constituent district.

17 (3) If a school official is notified by the department that
18 he or she is employing a nonapproved noncertificated teacher,
19 counselor, or administrator in violation of this section and
20 knowingly continues to employ that teacher, counselor, or admin-
21 istrator, the school official is guilty of a misdemeanor, punish-
22 able by a fine of \$1,500.00 for each incidence.

23 Sec. 54. In 1993-94, a district or intermediate district
24 shall forfeit an amount to which the district or intermediate
25 district otherwise would be entitled under this act equal to the
26 district's or intermediate district's expenditures in the 1992-93

1 fiscal year for cars for board members, and for chauffeurs for
2 board members or administrators.

3 Sec. 55. A district that enrolls nonresident pupils for
4 more than 1/2 of their instruction and transports those pupils
5 inside the boundaries of their district of residence without that
6 district's permission shall forfeit its apportionments under this
7 act for the fiscal year in which the activity occurred.

8 Sec. 56. For 1993-94, a district in which a school offi-
9 cial, member of a board, or other person dispenses or otherwise
10 distributes a family planning drug or device in a public school
11 in violation of section 1507 of the school code of 1976, being
12 section 380.1507 of the Michigan Compiled Laws, dispenses pre-
13 scriptions for any family planning drug, or makes referrals for
14 abortions shall forfeit 5% of its total state aid appropriation.

15 PART 7

16 Sec. 61. (1) Act No. 94 of the Public Acts of 1979, being
17 sections 388.1601 to 388.1772 of the Michigan Compiled Laws, is
18 repealed.

19 (2) A reference to a section or subsection of this act
20 applicable to a fiscal year ending before October 1, 1993, shall
21 be considered a reference to the section, subsection, or provi-
22 sion of former Act No. 94 of the Public Acts of 1979 governing
23 the same subject matter, as determined by the department.

24 Sec. 62. This act shall take effect October 1, 1993.

25 Sec. 63. This act shall not take effect unless Senate Joint
26 Resolution G

27 of the 86th Legislature becomes a part of the state

1 constitution of 1963 as provided in section 1 of article XII of
2 the state constitution of 1963.

3 Sec. 64. This act shall not take effect unless all of the
4 following bills of the 86th Legislature are enacted into law:

5 (a) Senate Bill No. 181.

6

7 (b) Senate Bill No. 182.

8

9 (c) Senate Bill No. 183.

10

11 (d) Senate Bill No. 184.

12

13 (e) Senate Bill No. 185.

14

15 (f) Senate Bill No. 186.

16

17 (g) Senate Bill No. 187.

18

19 (h) Senate Bill No. 188.

20

21 (i) Senate Bill No. 189.

22

23 (j) Senate Bill No. 190.

24

25 (k) Senate Bill No. 191.

26

1 (l) Senate Bill No. 192.

2

3 (m) Senate Bill No. 193.

4

5 (n) Senate Bill No. 194.

6

7 (o) Senate Bill No. 195.

8