

Act No. 175
Public Acts of 1993
Approved by the Governor
September 29, 1993
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September 29, 1993

STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1993

Introduced by Reps. Oxender and Gilmer

ENROLLED HOUSE BILL No. 4836

AN ACT to amend sections 3, 6, 8, 11, 13, 14, 15, 17b, 18, 18a, 19, 21, 21a, 21b, 22, 23b, 23c, 24, 25, 26, 27, 31, 32, 34, 34a, 36, 37, 39, 41, 46, 47, 48, 51, 52, 53, 54, 56, 61, 62, 64, 71, 72, 74, 75, 81, 83, 91, 92a, 93, 98, 99, 101, 101a, 102, 104, 104a, 107, 107a, 107b, 108, 109, 111, 116, 143, 144, 145, 146, 147, 149, 149a, 151, 152, 152a, 162, 167, and 169a of Act No. 94 of the Public Acts of 1979, entitled as amended "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 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 certain acts and parts of acts," sections 3, 11, 18, 19, 21, 21a, 21b, 22, 23b, 23c, 24, 25, 27, 31, 32, 34, 34a, 36, 37, 39, 41, 46, 47, 48, 51, 52, 53, 54, 56, 61, 62, 71, 72, 74, 75, 81, 83, 91, 92a, 93, 99, 101, 101a, 104, 104a, 107, 108, 111, 116, 143, 144, 145, 146, 149, 149a, and 167 as amended and sections 17b, 18a, 107a, 107b, 147, and 169a as added by Act No. 148 of the Public Acts of 1992, sections 6 and 13 as amended by Act No. 95 of the Public Acts of 1993, sections 8, 15, 102, and 152 as amended and sections 64, 109, and 152a as added by Act No. 118 of the Public Acts of 1991, section 26 as amended by Act No. 355 of the Public Acts of 1990, section 98 as amended by Act No. 157 of the Public Acts of 1992, section 151 as amended by Act No. 110 of the Public Acts of 1985, and section 162 as amended by Act No. 207 of the Public Acts of 1990, being sections 388.1603, 388.1606, 388.1608, 388.1611, 388.1613, 388.1614, 388.1615, 388.1617b, 388.1618, 388.1618a, 388.1619, 388.1621, 388.1621a, 388.1621b, 388.1622, 388.1623b, 388.1623c, 388.1624, 388.1625, 388.1626, 388.1627, 388.1631, 388.1632, 388.1634, 388.1634a, 388.1636, 388.1637, 388.1639, 388.1641, 388.1646, 388.1647, 388.1648, 388.1651, 388.1652, 388.1653, 388.1654, 388.1656, 388.1661, 388.1662, 388.1664, 388.1671, 388.1672, 388.1674, 388.1675, 388.1681, 388.1683, 388.1691, 388.1692a, 388.1693, 388.1698, 388.1699, 388.1701, 388.1701a, 388.1702, 388.1704, 388.1704a, 388.1707, 388.1707a, 388.1707b, 388.1708, 388.1709, 388.1711, 388.1716, 388.1743, 388.1744, 388.1745, 388.1746, 388.1747, 388.1749, 388.1749a, 388.1751, 388.1752, 388.1752a, 388.1762, 388.1767, and 388.1769a of the Michigan Compiled Laws; to add sections 28, 86, 98a, 98b, 107c, 107d, 149b, 149c, 166a, 166b, 168, and 168a; and to repeal certain acts and parts of acts.

The People of the State of Michigan enact:

Section 1. Sections 3, 6, 8, 11, 13, 14, 15, 17b, 18, 18a, 19, 21, 21a, 21b, 22, 23b, 23c, 24, 25, 26, 27, 31, 32, 34, 34a, 36, 37, 39, 41, 46, 47, 48, 51, 52, 53, 54, 56, 61, 62, 64, 71, 72, 74, 75, 81, 83, 91, 92a, 93, 98, 99, 101, 101a, 102, 104, 104a, 107, 107a, 107b, 108, 109, 111, 116, 143, 144, 145, 146, 147, 149, 149a, 151, 152, 152a, 162, 167, and 169a of Act No. 94 of the Public Acts of 1979, sections 3, 11, 18, 19, 21, 21a, 21b, 22, 23b, 23c, 24, 25, 27, 31, 32, 34, 34a, 36, 37, 39, 41, 46, 47, 48, 51, 52, 53, 54, 56, 61, 62, 71, 72, 74, 75, 81, 83, 91, 92a, 93, 99, 101, 101a, 104, 104a, 107, 108, 111, 116, 143, 144, 145, 146, 149, 149a, and 167 as amended and sections 17b, 18a, 107a, 107b, 147, and 169a as added by Act No. 148 of the Public Acts of 1992, sections 6 and 13 as amended by Act No. 95 of the Public Acts of 1993, sections 8, 15, 102, and 152 as amended and sections 64, 109, and 152a as added by Act No. 118 of the Public Acts of 1991, section 26 as amended by Act No. 355 of the Public Acts of 1990, section 98 as amended by Act No. 157 of the Public Acts of 1992, section 151 as amended by Act

No. 110 of the Public Acts of 1985, and section 162 as amended by Act No. 207 of the Public Acts of 1990, being sections 388.1603, 388.1606, 388.1608, 388.1611, 388.1613, 388.1614, 388.1615, 388.1617b, 388.1618, 388.1618a, 388.1619, 388.1621, 388.1621a, 388.1621b, 388.1622, 388.1623b, 388.1623c, 388.1624, 388.1625, 388.1626, 388.1627, 388.1631, 388.1632, 388.1634, 388.1634a, 388.1636, 388.1637, 388.1639, 388.1641, 388.1646, 388.1647, 388.1648, 388.1651, 388.1652, 388.1653, 388.1654, 388.1656, 388.1661, 388.1662, 388.1664, 388.1671, 388.1672, 388.1674, 388.1675, 388.1681, 388.1683, 388.1691, 388.1692a, 388.1693, 388.1698, 388.1699, 388.1701, 388.1701a, 388.1702, 388.1704, 388.1704a, 388.1707, 388.1707a, 388.1707b, 388.1708, 388.1709, 388.1711, 388.1716, 388.1743, 388.1744, 388.1745, 388.1746, 388.1747, 388.1749, 388.1749a, 388.1751, 388.1752, 388.1752a, 388.1762, 388.1767, and 388.1769a of the Michigan Compiled Laws, are amended and sections 28, 86, 98a, 98b, 107c, 107d, 149b, 149c, 166a, 166b, 168, and 168a are added to read as follows:

Sec. 3. (1) "Average daily attendance", for the purposes of complying with section 1471 of subpart 5 of part 5 of chapter 1 of title I of the elementary and secondary education act, public law 89-10, 20 U.S.C. 2891, means 92% of the membership as defined in section 6(4).

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

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

(4) "District" means a local school district established under part 2, 3, 4, 5, or 6 of the school code of 1976, a local act school district, or an instructional program implemented by a public university under section 23c that complies with the requirements of section 23c.

(5) "District superintendent" means the superintendent of a district or the chief administrator of an instructional program implemented by a public university under section 23c.

Sec. 6. (1) "Center program" means a program operated by a district or intermediate district for special education pupils from several districts in programs for the autistically impaired, trainable mentally impaired, severely mentally impaired, severely multiply impaired, hearing impaired, physically and otherwise health impaired, and visually impaired. Programs for emotionally impaired pupils housed in buildings that do not serve regular education pupils shall also qualify. Unless otherwise approved by the department, a center program either shall serve all constituent districts within an intermediate district or shall serve several districts with less than 50% of the pupils residing in the operating district. In addition, pupils approved by the department, who formerly would have been placed in a center program, placed in noncenter programs to comply with the least restrictive environment provisions of section 612 of part B of the individuals with disabilities education act, public law 91-230, 20 U.S.C. 1412, may be counted under this section if all of the following are met:

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

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

(2) "District pupil retention rate" means the proportion of pupils who have not dropped out of school in the immediately preceding school year and is equal to 1 minus the quotient of the number of pupils unaccounted for in the immediately preceding school year, as determined pursuant to subsection (3), divided by the pupils of the immediately preceding school year.

(3) "District pupil retention report" means a report of the number of pupils, excluding migrant and adult, in the district for the immediately preceding school year, adjusted for those pupils who have transferred into the district, transferred out of the district, transferred to alternative programs, and have graduated, to determine the number of pupils who are unaccounted for. The number of pupils unaccounted for shall be calculated as determined by the department.

(4) "Membership", except as otherwise provided in this section and sections 56 and 62, means the average number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current and immediately preceding school years, as determined by the department and calculated by adding the unaudited count completed by the department not later than 90 days after the pupil membership count day of the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the state board, and as corrected by a subsequent department audit, plus the final audited count from the immediately preceding fiscal year, and dividing that sum by 2. However, all of the following apply to determining the membership of a district or intermediate district:

(a) A district's or intermediate district's membership for all full-time pupils in grades K to 12 counted under section 24 is the number of those full-time pupils enrolled and in regular daily attendance in the district or intermediate district on the pupil membership count day in the current school year, as determined by the department using the unaudited membership count completed by the department not later than 90 days after that pupil membership count day and as corrected by a subsequent department audit.

(b) For the first year of operation only of an instructional program implemented by a public university under section 23c, the membership of that instructional program is the number of full-time pupils enrolled and in regular daily attendance in the instructional program on the pupil membership count day in the current school year, as determined by the department using the unaudited count completed by the department not later than 90 days after that pupil membership count day and as corrected by a subsequent department audit. After the first year of operation of the instructional program, the membership of the instructional program shall be determined as otherwise provided in this subsection.

(c) In a district operating an extended school year program approved by the state board, a pupil enrolled, but not scheduled to be in regular daily attendance on the pupil membership count day, shall be counted.

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

(e) An individual who has obtained a high school diploma shall not be counted in membership. An individual who has obtained a general education development (G.E.D.) certificate shall not be counted in membership.

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

(g) The department may provide a district with an adjustment of the district's membership count upon the showing of a substantial increase in membership due to the closing of a nonpublic school or a substantial influx of new residents into the district resulting in a membership increase in a single building of at least 5% but not less than 25 pupils after the pupil membership count day.

(h) For 1993-94, an intermediate district that operates a program under section 86 may count in its membership the number of full-time equated pupils who are enrolled and in regular daily attendance in the program under section 86 on the pupil membership count day in the current school year. A pupil counted in membership in an intermediate district under this subdivision shall not be counted in membership in a district.

(i) For 1993-94, a district that administers a department-approved K-12 alternative education program involving 2 or more districts and a public community college may count in its 1993-94 membership all full-time pupils who were not counted in the administering district in 1992-93 and are enrolled and in regular daily attendance on the pupil membership count day in the current school year in the alternative education program. However, not more than 50 pupils may be counted in 1993-94 membership statewide under this subdivision. Upon request by the department, the administering district shall provide to the department a list by district of residence of the pupils enrolled in the alternative education program for 1992-93 and for 1993-94 and any other information the department needs to verify the eligibility of a pupil to be counted under this subdivision.

(j) For the purposes of this subsection, full-time equated memberships shall be determined by dividing the number of class hours scheduled and provided per year per pupil by 900.

(5) "Pupil" means a person in membership in a public school. A district must have the approval of the pupil's district of residence to count the pupil in membership, except approval by the pupil's district of residence shall not be required for nonpublic part-time pupils, for pupils receiving 1/2 or less of their instruction in a district other than their district of residence, or for those pupils who were enrolled and in regular daily attendance and remain enrolled and in regular daily attendance in the district other than their district of residence before April 1, 1981.

(6) "Pupil membership count day" of a district or intermediate district means:

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

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

(i) Fourth Friday in July.

(ii) Fourth Friday in October.

(iii) Fourth Friday in January.

(iv) Fourth Friday in April.

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

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

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

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

(11) "Tuition pupil" means a pupil of school age attending school in a district other than the pupil's district of residence. A pupil's district of residence shall not require a high school tuition pupil, as provided under section 111, to attend another school district after the pupil has been assigned to a school district.

Sec. 8. (1) In order to receive funds under this act, each district shall furnish to the department not later than December 1 of each year, on a form and in a manner prescribed by the department, the information requested by the department that is necessary for the preparation of the district pupil retention report defined in section 6(3).

(2) On the basis of a district's pupil retention report as defined in section 6(3), the department shall calculate an annual pupil dropout rate for each district. In addition, the department shall calculate an annual pupil dropout rate for the state in the same manner as that used to calculate the pupil dropout rate for a district. The department shall report all pupil dropout rates to the senate and house education committees and appropriations committees and the department of management and budget not later than March 31 each year.

Sec. 11. There is appropriated from the state school aid fund established by section 11 of article IX of the state constitution of 1963, for the fiscal year ending September 30, 1994, the sum necessary to fulfill the requirements of this act, and any deficiency is appropriated from the general fund by the legislature. In addition, available federal funds and certain funds from the reserve for health benefits are appropriated. The appropriations shall be allocated as provided in this act.

Sec. 13. Except as otherwise provided in this act, the apportionments and limitations of the apportionments made under this act shall be made on the membership and number of teachers and other professionals approved by the superintendent of public instruction employed as of the pupil membership count day of each year, on the cost of pupil transportation for the preceding school year, and on the state equalized valuation and the operating millage of each district for the calendar year. Apportionments shall be made under this act for teachers and other personnel approved by the superintendent of public instruction in special education programs and services initiated after the pupil membership count day pursuant to section 53. In addition, a district maintaining school during the entire year, as provided in section 1561 of the school code of 1976, being section 380.1561 of the Michigan Compiled Laws, shall count memberships and teachers pursuant to rules promulgated by the state board.

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

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

(2) If the result of an audit conducted by or for the department affects the current fiscal year membership, affected payments shall be adjusted in the current fiscal year. A deduction due to any other adjustment made as a result of an audit conducted in 1992-93 or a succeeding fiscal year by or for the department shall be deducted from the district's apportionments within a 3-year period beginning in the next fiscal year after the fiscal year in which the adjustment is finalized. At the request of the district and upon the district presenting evidence satisfactory to the department of the hardship, the department may grant up to an additional 2 years for the adjustment if the district would otherwise experience a significant hardship.

(3) A deduction of more than \$125,000.00 made as a result of a miscalculation made in 1991-92 by the department shall be deducted from the district's apportionments within a 3-year period beginning in the next fiscal year after the fiscal year in which the adjustment is finalized, except that a deduction under this subsection shall not be made in 1993-94. At the request of the district and upon the district presenting evidence satisfactory to the department of the hardship, the department may grant up to an additional 2 years for the deduction if the district would otherwise experience a significant hardship.

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

Sec. 17b. (1) Not later than October 20, November 20, December 20, January 20, February 20, March 20, April 20, May 20, June 20, and August 20, the department shall prepare a statement of the amount to be distributed under this act in the installment to the districts and intermediate districts and deliver the statement to the state treasurer, and

the state treasurer shall pay the installments on each of those dates or on the next business day following each of those dates. The portion of the district's or intermediate district's state fiscal year entitlement to be included in each installment shall be 10%, 10%, 10%, 9%, 10%, 9%, 10%, 9%, 10%, and 13%, respectively. For the 1992-93 and each succeeding state fiscal year, no payment shall be made on August 20 except to a district or intermediate district that received a payment in August of the immediately preceding state fiscal year. Each district and intermediate district whose August payment is delayed by this section shall receive allocations for restoring the delayed August payment in the next succeeding state fiscal year in 9 equal installments during the period October 1 to June 30. The total of a district's allocation for restoring a delayed August payment shall equal the amount that would have been paid to the district in that August payment if it had not been delayed. The state treasurer shall make payment under this section by drawing a warrant in favor of the treasurer of each district or intermediate district for the amount payable to the district or intermediate district according to the statement and delivering the warrant to the treasurer of each district or intermediate district, or if the state treasurer receives a written request by the treasurer of the district or intermediate district specifying an account, by electronic funds transfer to that account of the amount payable to the district or intermediate district according to the statement. The department may make adjustments in payments made under this section through additional payments when changes in law or errors in computation cause the regularly scheduled payment to be less than the amount to which the district or intermediate district is entitled pursuant to this act.

(2) Payments made pursuant to subsection (1) shall be adjusted so that districts and intermediate districts receive, in addition, in their 1982-83 school fiscal year those amounts by which their 1982-83 school fiscal year payments were reduced due to Executive Order 1982-13. Payments in subsequent fiscal years shall be adjusted so that districts and intermediate districts receive in 2 equal payments not later than November 30 of their school fiscal year those amounts by which the payments of that school fiscal year were reduced due to this subsection.

(3) Payments made pursuant to subsection (1) shall be adjusted so that districts and intermediate districts receive, in addition, in their 1983-84 school fiscal year 60% of those amounts by which their 1983-84 school fiscal year payments were reduced due to Executive Order 1983-5. Payments in subsequent fiscal years shall be adjusted so that districts and intermediate districts receive in 2 equal payments not later than November 30 for each school fiscal year those amounts by which the payments of that school fiscal year were reduced due to this subsection.

(4) In order to ensure that all districts and intermediate districts receive the adjustments provided for in subsections (2) and (3), the department may make any necessary adjustments in individual district and intermediate district payments.

(5) For the 1993-94 state fiscal year, if a district files a statement with the state treasurer not later than August 15 of the immediately preceding state fiscal year certifying that the district expects the amount of industrial facility tax levied under Act No. 198 of the Public Acts of 1974, being sections 207.551 to 207.571 of the Michigan Compiled Laws, to exceed state school aid payments under section 21(1) in the 1993-94 state fiscal year, and the district's industrial facility tax payment exceeded state school aid payments under section 21(1) in the immediately preceding state fiscal year, the October school aid payment shall be increased by the amount by which the state treasurer certifies that the industrial facility tax will exceed the payments under section 21(1). However, the amount of the increase shall not exceed the amount by which the industrial facility tax exceeded section 21(1) state school aid payments in the immediately preceding state fiscal year. If the state tax commission certifies that industrial facility tax collections for a district subject to this subsection are less than the sum of the adjustments made under this subsection and the district's entitlement under section 21(1), the difference shall be deducted from the June school aid payment.

(6) Except as otherwise specified in this act, grant payments under this act shall be paid according to subsection (1).

(7) Subject to subsection (8), in order to receive payments under this act, a district shall comply with part 7a of the school code of 1976, being sections 380.751 to 380.756 of the Michigan Compiled Laws. If an out-of-formula district does not comply with part 7a of the school code of 1976, an amount equal to the amount of state aid that the out-of-formula district would have been paid under this act if it had complied with part 7a of the school code of 1976 shall be paid by the state treasurer not later than May 15 to the in-formula districts in the region in which the out-of-formula district is located on the same basis as payments are made to in-formula districts under part 7a of the school code of 1976. As used in this subsection, "in-formula district", "out-of-formula district", and "region" mean those terms as defined in part 7a of the school code of 1976.

(8) The department shall monitor pending litigation concerning tax base sharing under part 7a of the school code of 1976 and, upon resolution of Macomb county taxpayers association, et. al. v. L'Anse Creuse public schools, et. al., Macomb county circuit court case no. 91-5119-CZ, shall notify each district that that litigation has been resolved and of the resulting legal status of tax base sharing under part 7a of the school code of 1976. The requirements and adjustments of this act related to tax base sharing payments under part 7a of the school code of 1976 shall not apply to a district unless and until the district receives notice from the department pursuant to this subsection that the Macomb county litigation referred to in this subsection has been resolved and that tax base sharing under part 7a of the school code of 1976 remains in effect. If a district receives such a notice from the department, the requirements and adjustments of this act related to tax base sharing under part 7a of the school code of 1976 shall apply to the district beginning in the next succeeding state fiscal year after receipt of the notice.

(9) If part 7a of the school code of 1976, being sections 380.751 to 380.756 of the Michigan Compiled Laws, is repealed, funds held by a regional controller pursuant to that part and funds held in escrow shall be distributed in the manner provided in the escrow agreements reached between the litigants in the case of Macomb county taxpayers association, et. al. v L'Anse Creuse public schools et. al., Macomb county circuit court case no. 91-5119-CZ, for distribution of the funds as if the final appellate disposition of that case were that those sections of the school code of 1976 are unconstitutional, as determined by the department.

(10) Upon the written request of a district or intermediate district operating under an approved deficit reduction plan under section 102 and the submission of proof satisfactory to the department of a need of a temporary and nonrecurring nature, the superintendent, with the written concurrence of the state treasurer and the director of management and budget, may authorize an advance release of funds due a district or intermediate district under this act. Such an advance shall not cause funds to be paid to a district or intermediate district more than 30 days earlier than the established payment date for those funds.

Sec. 18. (1) Except as provided in another section of this act, each district or other entity shall apply the money received by the district or entity under this act to salaries of teachers and other employees, tuition, transportation, lighting, heating, ventilation, water service, the purchase of textbooks which are designated by the board to be used in the schools under the board's charge, other supplies, and any other school operating expenditures defined in section 7. Except for a district affected by section 22(2), an amount equal to not more than 5% of the total amount received by a district under article 2 may be transferred by the board to either the building and site fund or to the debt retirement fund for debt service. The money shall not be applied or taken for a purpose other than as provided in this section. The department shall determine the reasonableness of expenditures and may withhold from a recipient of funds under this act the apportionment otherwise due for the fiscal year following the discovery by the department of a violation by the recipient.

(2) For the purpose of determining the reasonableness of expenditures and whether a violation of this act has occurred, the department shall require that each district have an audit of the district's financial and pupil accounting records conducted at least annually at the expense of the district by a certified public accountant or by the intermediate district superintendent, as may be required by the department, or in the case of a district of the first class by a certified public accountant, the intermediate superintendent, or the auditor general of the city. The financial and pupil accounting records audits shall be accompanied by the district's or intermediate district's annual financial audit, which shall include an analysis of the financial and pupil accounting data used as the basis for distribution of state school aid. The audits and management letters are subject to requirements established in the auditing and accounting manuals approved and published by the state board in consultation with referent groups composed of district officials and certified public accountants. A copy of the report of each audit shall be filed, as required by the state board, not later than 120 days after the end of each school fiscal year and shall be available to the public in compliance with the freedom of information act, Act No. 442 of the Public Acts of 1976, as amended, being sections 15.231 to 15.246 of the Michigan Compiled Laws. Not later than December 1 of each year, the department shall notify the department of management and budget and the legislative appropriations subcommittees responsible for review of the school aid budget of districts that have not filed an audit required under this section for the school year ending in the immediately preceding fiscal year.

(3) Each district and intermediate district shall file with the department an annual comprehensive financial report on a form and in the manner prescribed by the department. A district shall file the report with the intermediate district not later than 120 days after the end of each school year. An intermediate district shall forward the reports for its constituent districts and the report for the intermediate district to the department by November 15 of each year.

(4) If a district or intermediate district does not comply with subsection (2) or (3), the department shall withhold 5% of the funds due to the district or intermediate district under this act until the district or intermediate district complies with subsections (2) and (3).

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

Sec. 19. (1) In order to receive all of the funds for which the district qualifies under this act, not later than September 1 of each year a district shall provide to the department the annual education report described in section 1204a of the school code of 1976, being section 380.1204a of the Michigan Compiled Laws, for the previous school year, and shall provide the annual education report to the public not later than October 15. In developing this annual education report, the district shall use data disaggregated by gender and by race.

(2) For each school fiscal year beginning with the 1992-93 school fiscal year, each district and intermediate district shall provide to the department, in a form and manner prescribed by the department, information necessary for the development of an annual progress report on the implementation of sections 1204a, 1277, 1278, and 1280 of the school code of 1976, being sections 380.1204a, 380.1277, 380.1278, and 380.1280 of the Michigan Compiled Laws, commonly referred to as "public act 25 of 1990", and on the achievement of national education goals.

(3) A district that fails to meet the requirements of this section shall forfeit 5% of the funds for which the district qualifies under this act.

Sec. 21. (1) Except as otherwise provided in this act, from the appropriation in section 11, there is allocated to each district an amount per membership pupil sufficient to guarantee the district for 1993-94 a combined state-local yield or gross allowance of \$326.00 plus \$102.50 for each mill of operating tax used to compute the gross allowance. The number of mills of operating tax to be used to compute the gross allowance for a district is the greater of (a) the number of mills of operating tax levied by the district for 1993; or (b) for a district described in subsection (10), the sum of the number of mills of operating tax levied by the district for 1993 plus the number of mills of operating tax levied by the district for 1992, divided by 2. For purposes of this section, only taxes levied for purposes included in the operating cost of the district as prescribed in section 7 shall be considered operating tax. The net allocation for each district shall be an amount per membership pupil computed by subtracting, from the gross allowance guaranteed the district under this subsection, including the additions applicable to the district under this subsection, the product of the district's state equalized valuation behind each membership pupil and the millage used for computing the gross allowance. The amount allocated to a district under this subsection shall also include all of the following additions that are applicable to the district:

GRADUATION AND CLASS INCENTIVES

An additional \$30.00 per pupil in gross allowance is allocated to any district that satisfies the requirements specified in subdivisions (a) and (b).

(a) The district requires pupils to have completed as a condition for graduation in 1993-94 all of the following:

(i) A total of 10 years of English or communication skills, mathematics, science, and social science, with not less than 2 years of each subject specified in this subparagraph.

(ii) One year of health, or consumer home economics essential health and living skills, or physical education, or any combination thereof.

(iii) One year of fine or performing arts, foreign language, or of vocational education or practical arts, or any combination thereof.

(iv) One semester of computer education or the equivalent, which may be demonstrated by the passage of an appropriate computer competency test, as approved by the department.

If a class taught in a district reasonably falls within more than 1 of the subject categories listed in subparagraphs (i) to (iv), the district may determine which subject category the class falls within as long as teacher certification requirements are not violated.

(b) The district provides for its pupils in grades 9 through 12 at least six classes, each consisting of at least 50 minutes of classroom instruction, or a total of not less than 300 minutes of classroom instruction. In either case, at least 30% of the pupils in grades 9 through 12 shall be enrolled in the last period, with the last period being a class of an academic nature that normally would be credited toward high school graduation. This subdivision does not apply to pupils in grade 9 who do not attend classes in the same building as pupils in grades 10 through 12.

The department may waive the requirements of subdivision (b) for a district with unusual circumstances that is making a good faith effort to comply with this subdivision and has a plan in place to meet the requirements during the following year.

In order to be eligible for the additional \$30.00 per pupil permitted under this subsection, unless it has received a waiver under subdivision (b), a district shall submit to the department, not later than October 31, 1993, a board-adopted resolution indicating compliance with the requirements specified in subdivisions (a) and (b).

A primary or fourth class school district that sends its resident high school pupils to 1 or more districts shall receive the additional \$30.00 per pupil permitted under this subsection if at least 90% of its resident high school pupils attend schools in districts that satisfy the requirements of subdivisions (a) and (b). In this case, the primary or fourth class district shall submit to the department not later than October 31, 1993, a resolution adopted by its board indicating that it complies with this requirement.

CLASS SIZE INCENTIVES

In 1993-94, an additional \$14.00 per pupil in gross allowance is allocated to any district that satisfies the requirements specified in either of the following subdivisions:

(a) The district attains an average class size in each building of not more than 25 pupils for grades K, 1, 2, and 3, taken collectively.

(b) The district reduces its average class size in each building in grades K, 1, 2, and 3, taken collectively, by at least 1% from the average class size in the immediately preceding school year.

If 1 or more buildings in a district do not meet the average class size incentive requirement of not more than 25 pupils for grades K, 1, 2, and 3, taken collectively, and the district has not received a waiver from the department for the requirements of subdivision (a) or (b), the district's allocation shall be reduced by \$14.00 multiplied by the number of K-6 pupils in each of those buildings.

For purposes of computing average class size, only the following pupils shall be counted:

(i) All full-time general education pupils in grades 1, 2, and 3, plus 1/2 of the general education pupils in kindergarten.

(ii) Special education pupils only for the portion of time they are in general education classes.

For purposes of computing average class size, only the following staff shall be counted:

(i) General subject classroom teachers, such as teachers of reading, language arts, mathematics, science or social studies, and kindergarten teachers.

(ii) Special subject teachers, such as teachers of art, music, or physical education, to the extent that they provide instruction to eligible pupils.

(iii) Special needs teachers, in areas such as compensatory education, bilingual education, migrant education, or gifted and talented education, to the extent that they provide instruction to eligible pupils. The following staff shall not be counted:

(A) Special education teachers.

(B) Adult education teachers.

(C) Professional or nonprofessional support staff.

(D) Teacher aides, paraprofessionals, or volunteers.

(E) Administrators or supervisors.

The department may waive the requirements of subdivision (a) or (b) for a district with unusual circumstances that is making a good faith effort to comply with either of these subdivisions and has a plan in place to meet the requirements for the following year. However, the department shall not grant waivers to a district in more than 2 consecutive school years.

In order to be eligible for the additional \$14.00 per pupil permitted under this subsection, unless it has received a waiver for subdivision (a) or (b), a district shall submit to the department not later than October 31, 1993, a resolution adopted by its board indicating that the district complies with the requirements of either subdivision (a) or (b). In addition, the district shall report its average class size in grades K, 1, 2, and 3 in each building that houses those grades on the pupil membership count day.

LOCAL DISTRICT FOREIGN LANGUAGE INCENTIVES

In 1993-94, an additional \$5.00 per pupil in gross allowance is allocated for the establishment or expansion of foreign language study programs to each district that meets the following requirements. The district shall submit to the department not later than October 31, 1993 a board-adopted resolution indicating that the district will establish or expand the study of foreign language by pupils in the elementary grades or middle or junior high school grades, or both. To be eligible for funding under this incentive, the district shall offer the foreign language program or programs during the regular school day or immediately preceding or following the regular school day. The resolution required under this incentive shall be accompanied by a plan that describes all of the following:

(a) How the district will achieve foreign language outcomes defined in the core curriculum.

(b) How the pupil selection process will ensure pupils in the elementary grades or middle or junior high school grades, or both, fair access to the instructional study of foreign language.

(c) How the district will ensure substantial continuity or uninterrupted sequence of foreign language studies from the elementary grade levels or middle or junior high school grade levels, or both, through the high school grade levels.

(d) How the district will account for the incentive allocation to ensure that at least \$5.00 per pupil is used to establish or expand the study of foreign language by pupils in the elementary or middle or junior high school grades, or both.

(e) Whether the foreign language program will be offered during the regular school day or immediately preceding or following the regular school day.

QUALITY INCENTIVES

In 1993-94, an additional \$25.00 per pupil in gross allowance is allocated to a district that satisfies the requirements of subdivisions (a) through (e), as follows:

(a) The district makes available to the state board and the department, through the intermediate district, and to the public an annual educational report and ensures that each school in the district distributes to the public an annual education report as described in section 1204a of the school code of 1976, being section 380.1204a of the Michigan Compiled Laws. To be eligible for quality incentive funds under this subsection, a district shall submit to the department not later than October 31, 1993 a board-adopted resolution indicating the board's intent to comply with section 1204a of the school code of 1976, and shall submit to the department not later than July 31, 1991 for quality incentive funding for the 1990-91 fiscal year and not later than September 1 for funding under this subsection for a subsequent fiscal year a copy of the annual educational report prepared and made available pursuant to section 1204a of the school code of 1976. In addition, the district shall make available to the public the annual educational report not later than October 15. An applicant district that fails to comply with the requirements of this subdivision shall have an appropriate state aid adjustment in the next state fiscal year.

(b) The district adopts and implements a 3- to 5-year school improvement plan and continuing school improvement process for each school within the district as described in section 1277 of the school code of 1976, being section 380.1277 of the Michigan Compiled Laws. To be eligible for quality incentive funds under this subsection, a district shall have submitted to the department not later than October 31 of the state fiscal year a board-adopted resolution indicating that the district has developed a 3- to 5-year school improvement plan and continuing school improvement process in compliance with section 1277 of the school code of 1976, and shall submit not later than September 1 of each fiscal year a copy of the 3- to 5-year school improvement plan and continuing school improvement process for each school within the district. An applicant district that fails to comply with the September 1 requirement of this subdivision shall have an appropriate state aid adjustment in the next state fiscal year.

(c) The district makes available in 1991-92 to all pupils attending public school in the district a core curriculum as described in section 1278 of the school code of 1976, being section 380.1278 of the Michigan Compiled Laws, in at least 1 of the curricular areas specified in the recommended model core curriculum approved by the state board. In 1992-93, the district shall make available to all pupils attending public school in the district a core curriculum in at least 2 of those curricular areas. In 1993-94 and each succeeding state fiscal year until a core curriculum is made available to its pupils in all of the curricular areas, the district shall make available to its pupils a core curriculum in at least 1 curricular area in addition to the curricular areas for which a core curriculum was available in the immediately preceding state fiscal year. For each state fiscal year, the district also shall specify to the department by September 1 before the beginning of the state fiscal year the curricular area or areas that are to be made available and the specific outcomes to be achieved in each curricular area for elementary, middle, and secondary levels for all pupils. In addition, the district shall submit to the department not later than October 31 a board-adopted resolution indicating the district's compliance with the requirements of this subdivision.

(d) The district submits to the department not later than October 31, 1993 a board-adopted resolution indicating that by the start of the 1993-94 school year each public school within the district will be accredited or be in the process of becoming accredited as provided in section 1280 of the school code of 1976, being section 380.1280 of the Michigan Compiled Laws.

(2) A district that supported a district library in 1979-80 and continues to provide support for the district library through a millage levied pursuant to former Act No. 164 of the Public Acts of 1955, as amended, being sections 397.271 to 397.276 of the Michigan Compiled Laws, shall be credited, for all computations made under this section, with the amount of millage levied for library purposes, but not to exceed 0.7 mills, if the district levies not more than 0.7 mills less than its authorized operating millage rate.

(3) State equalization allocations to a district shall be adjusted by subtracting from the allocations money received under section 3(c)(1) of title I of chapter 1124, 64 Stat. 1100, 20 U.S.C. 238, in the same proportion as the total local revenues covered under the state equalization program are to total local revenues for education in the district, except that not more than the lesser of 50% of the money received under section 3(c)(1) of title I of chapter 1124, 64 Stat. 1100, 20 U.S.C. 238, or \$160.00 per pupil shall be subtracted. The proportion shall be based on prior year revenue and prior year impact aid. A deduction in any year shall not exceed the amount of deductible impact aid for which a district is eligible under section 3(c)(1) of title I of chapter 1124, 64 Stat. 1100, 20 U.S.C. 238. Any deductions made under this act shall be consistent with the requirements of section 5 of title I of chapter 1124, 64 Stat. 1100, 20 U.S.C. 240, and its regulations.

(4) As used in subsection (5):

(a) "In-formula district" means a district that receives membership aid under subsection (1), unless the district is eligible to file a statement under section 17b(4) for the state fiscal year.

(b) "Local district AGI" means in 1993-94 the result obtained by dividing the district's latest calendar year adjusted gross income for which data is available as of June 1 before the beginning of the fiscal year, as certified by the

department of treasury, by the total number of state income tax returns by residents of the district for that calendar year, as certified by the department of treasury.

(c) "Local district SEV per pupil" means a district's state equalized valuation divided by the district's membership.

(d) "Out-of-formula district" means a district with 500 or more pupils that does not receive membership aid under subsection (1) or that is eligible to file a statement under section 17b(5) for the state fiscal year.

(e) "State average AGI" means the sum of the adjusted gross income of all districts, as certified by the department of treasury, divided by the number of all state income tax returns that identify a district, as certified by the department of treasury.

(f) "State average millage rate" means the sum of the local operating revenue of all districts divided by the sum of the state equalized valuation of all districts.

(g) "State average SEV per pupil" means the sum of the state equalized valuation of all districts divided by the total statewide membership.

(5) Subject to subsection (8), if a district has 500 or more pupils, if the net allocation computed for the district pursuant to subsection (1) is a negative amount, and if the district had a deduction under this subsection in 1992-93, there shall be a deduction against any funds otherwise tentatively allocated to the district under all other sections of this act. In 1991-92, if section 752 or 753 of the school code of 1976, being sections 380.752 and 380.753 of the Michigan Compiled Laws, is in effect not later than October 15, 1991, the total amount of the deduction under this subsection combined with a deduction under any other provision of this act that provides for a deduction applied against a district's allocation in a manner that treats out-of-formula districts differently than in-formula districts shall be not more than the deduction under this subsection for the district in the 1990-91 state fiscal year reduced by an amount equal to \$1.00 for every \$2.00 that the district has paid in tax base sharing payments under section 752 or 753 of the school code of 1976 in the school fiscal year ending in the 1991-92 state fiscal year.

Subject to 17b(8), beginning in 1993-94 and in each succeeding state fiscal year, if section 752 or 753 of the school code of 1976 is in effect in the state fiscal year, the total amount of the deduction under this subsection combined with a deduction under any other provision of this act that provides for a deduction applied against a district's allocation in a manner that treats out-of-formula districts differently than in-formula districts shall be not more than the deduction for the district in the 1990-91 state fiscal year reduced by an amount equal to the amount that the district has paid in tax base sharing payments under section 752 or 753 of the school code of 1976 and that has been disbursed to in-formula districts under section 752 or 753 of the school code of 1976 in the school fiscal year ending in the state fiscal year for which the deduction is applied.

For 1992-93, or for another state fiscal year if neither section 752 nor 753 of the school code of 1976 is in effect in that other state fiscal year, there shall not be any reduction made for tax base sharing payments and the deduction made under this subsection shall be a percentage of a district's total tentative state aid allocation under all other sections of this act, which percentage is determined by the following formula:

Deduction percentage = $100 \times (1.35 - [(\text{state average SEV per pupil divided by the local district SEV per pupil}) \times (\text{local millage rate for the year in which the calculation is made divided by the state average millage rate for the immediately preceding year}) \times (\text{state average AGI divided by the local district AGI})])$.

(6) In a state fiscal year in which the percentage deduction is applied under subsection (5), the percentage obtained under subsection (5) is subject to the following:

(a) The percentage shall not exceed 100%, and shall be applied after the following adjustments which shall be based upon per pupil or per professional staff member cost in each section 61 program and the statewide average per pupil cost in section 52 programs, as determined by the department:

(i) The categorical allocations for sections 52 and 61 shall be reduced a proportionate amount for nonresident pupils.

(ii) The categorical allocations for section 52 shall be increased a proportionate amount for pupils enrolled in a program operated by another district or the intermediate district.

(b) For a district that levies more than 40 mills of operating tax, the percentage shall be reduced by 5 percentage points for each mill or portion of a mill of operating tax over 40 mills.

(7) Funds due under sections 27, 41, 51(3), 53, 75, 143, 144, and 147 shall not be counted for purposes of subsection (5).

(8) The statewide deductions made under subsection (5) shall not exceed \$87,000,000.00. The department shall prorate the local district deductions as necessary.

(9) A tax levied pursuant to section 1356(4) of the school code of 1976, Act No. 451 of the Public Acts of 1976, being section 380.1356 of the Michigan Compiled Laws, for the retirement of an operating deficit shall be considered levied for operating purposes in making computations under this section.

(10) A district's number of mills of operating tax used to compute its gross allowance is subject to the alternative calculation (b) provided in subsection (1) if the district meets all of the following:

(a) The authorization for at least 95% of the district's authorized voted mills of operating tax expired in 1993.

(b) After August 19, 1993 and before December 1, 1993, the district submits to the electors both of the following questions:

(i) The question of authorization of the number of expired mills reduced pursuant to the millage reduction under section 31 of article IX of the state constitution of 1963 and under section 34d of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.34 of the Michigan Compiled Laws.

(ii) The question of levying mills of operating tax in excess of the limit provided by section 31 of article IX of the state constitution of 1963 and under section 34d of Act No. 206 of the Public Acts of 1893.

(c) The question described in subsection (b)(i) is approved by the electors and the question described in subsection (b)(ii) is not approved by the electors.

Sec. 21a. (1) From the appropriation in section 11, there is allocated for implementation of Act No. 25 of the Public Acts of 1990 an amount not to exceed \$1,600,000.00 for 1993-94 to applicant districts, intermediate districts, and consortia of districts to provide support services for developing and adopting long-range school improvement plans, to prepare and distribute an annual education report, to prepare for accreditation, and to adopt a core curriculum as a means of raising academic standards and improving school accountability. Each eligible district and intermediate district shall receive per classroom building an amount equal to the total allocation for this section divided by the total number of classroom buildings in all of the eligible districts and intermediate districts. An intermediate district may act as the fiscal agent for a consortium of districts.

(2) In order to be eligible for funding under this section, an applicant district or intermediate district shall submit to the department for approval a 3- to 5-year school improvement plan, an annual education report, and a proposal for developing and adopting an accreditation plan and a core curriculum. The proposal shall be developed in accordance with criteria established by the department.

(3) From the appropriation in section 11, there is allocated an amount not to exceed \$800,000.00 for 1993-94 to applicant intermediate districts and consortia of intermediate districts to provide support services and technical assistance for school improvement planning, core curriculum development, accreditation, development of annual education reports, and the development of state board-approved employability skills assessment programs for districts. In order to receive funds under this subsection, an intermediate district or consortium of intermediate districts, as applicable, shall submit an application in accordance with criteria established by the department.

Sec. 21b. (1) Subject to subsection (2), a district shall use funds allocated under this act to support the attendance of a district pupil at a public or private degree-granting postsecondary institution that is located in this state or that is a party to a reciprocal agreement approved by the state board with a public or private degree-granting postsecondary institution located in this state, if all of the following conditions are met:

(a) The pupil has earned sufficient credits so that he or she is in grade 12 and needs 5 or fewer credits to achieve the total required for high school graduation, but he or she has not yet completed those graduation requirements.

(b) The pupil is enrolled in the district for at least the number of credits he or she needs to fulfill the graduation requirements of the district and is also enrolled in the postsecondary institution during the district's regular academic year.

(2) A district shall pay tuition and fees under this section only for a course that is not offered by the district and that is an academic course not ordinarily taken as an activity course. If the pupil is enrolled in a postsecondary institution for more than 1 course qualifying under this subsection for tuition and fee support, the district shall pay an amount under subsection (4) only for the qualifying course with the lowest amount of tuition and fees.

(3) Not later than August 15 of each year, a district shall provide to each pupil who will be in grade 12 in the upcoming school year a letter describing the conditions under which a pupil is eligible for tuition and fee support under the criteria specified in this section. Upon request by an eligible pupil or his or her parent or guardian, the district shall provide to the eligible pupil a letter signed by the pupil's principal indicating the pupil's eligibility.

(4) If the pupil provides the postsecondary institution with written proof of eligibility for tuition and fee support from the district, a postsecondary institution enrolling a pupil described in this section shall transmit to the district a bill detailing the tuition and fees for the dual-enrollment course of the dually-enrolled pupil. A district shall pay the postsecondary institution \$50.00 per credit hour to be applied to the pupil's tuition and fees. However, the total amount of tuition and fee support to be paid by a district for a pupil for a postsecondary course shall not exceed either of the following: (a) the proportion of the total amount of state school aid the district received per pupil in the immediately preceding fiscal year that is equal to the ratio of the length of the postsecondary course for which tuition and fee support is paid to the length of the district's school year, in weeks; or (b) the total amount of the tuition and fees for the course. The pupil is responsible for payment of the remainder of the tuition and fees associated with his or her dual enrollment.

(5) Upon completion of the district's high school graduation requirements, a pupil is no longer eligible for tuition and fee support under this section.

(6) If a dually-enrolled pupil does not complete the postsecondary course, the postsecondary institution shall forward to the district any funds that are refundable due to noncompletion of the course.

(7) Each intermediate district shall collect from its constituent districts and provide to the department at the same time as it submits form B data a report on the dollars expended for dually-enrolled pupils, the number of pupils eligible for dual enrollment, and the number of dually-enrolled pupils during the immediately preceding school year in each of its constituent districts. Not later than March 1 of each year, the department shall prepare and submit to the house and senate fiscal agencies and the department of management and budget a summary annual report based on the information received under this subsection.

(8) A district shall not restrict a pupil's attendance at a postsecondary institution described in subsection (1) based solely on whether or not the pupil is eligible for tuition and fee support under this section.

Sec. 22. (1) A district formed before July 31 of a fiscal year by the consolidation or annexation of 2 or more districts or the attachment of a total district to another district is entitled to receive in the next succeeding fiscal year the same total allocation under section 21(1) that the individual districts that make up the new district would have been entitled to receive as separate districts.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$200,000.00 for 1993-94 for reorganization planning study grants and annual payments to districts formed by the consolidation or annexation of 2 or more districts, the attachment of a total district to another district, or the formation of a joint high school district under part 3a of the school code of 1976 not later than the second Monday in June of the immediately preceding fiscal year. Applications for reorganization planning study grants shall be submitted in a form and manner prescribed by the department. In order to be eligible to receive reorganization payments, districts shall have been formed by the consolidation or annexation of 2 or more districts, the attachment of a total district to another district, or the formation of a joint high school district under part 3a of the school code of 1976 not later than the second Monday in June immediately preceding the fiscal year in which the payments are to be received. Payments to eligible reorganized districts shall be, in the first year of the reorganization, the sum of \$850.00 per pupil for each transferred pupil in membership on the pupil membership count day or tuition pupil as provided for in section 111 in the school fiscal year immediately preceding the reorganization in the district contributing the least number of pupils to the reorganized district, \$600.00 per each such pupil in the second year of the reorganization, and \$350.00 per each such pupil in the third year of the reorganization. As an alternative an eligible reorganized district resulting from the merger of 3 or more total districts may elect a payment that shall be \$850.00 per pupil in the first year of the reorganization for each transferred pupil in membership on the pupil membership count date or tuition pupil as provided for in section 111 in the school fiscal year immediately preceding the reorganization in the districts other than the district contributing the largest number of pupils to the reorganized district, \$600.00 per each such pupil in the second year of the reorganization, and \$350.00 per each such pupil in the third year of the reorganization, except that payment shall not be made for more than 1,000 pupils to any 1 reorganized district under this alternative provision. A reorganized district is not eligible for payments under this subsection for more than 3 years.

Sec. 23b. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$600,000.00 for 1993-94 for grants to applicant intermediate districts for planning, technical assistance, and implementation of "technologically enhanced curricula choices" programs to be known as "tec-choices" programs. The amount of each grant shall be not less than \$50,000.00 or more than \$150,000.00.

(2) The department shall award grants for tec-choices programs based on at least the following criteria:

- (a) Use of technology to offer pupils educational choices not now available to them.
- (b) Use of communications networks that are available to the intermediate district during the time period covered by the grant.
- (c) Use of interactive television.
- (d) Provision of educational opportunities to pupils from sources outside the local district.
- (e) Training of teachers and other educational staff in the effective use of tec-choices programs.
- (f) Provision of new components to, or a significant expansion of the number of pupils reached by, an existing educational technology program that meets other criteria required by this subsection.
- (g) Ability to serve as a demonstration program for other intermediate districts.
- (h) Inclusion of districts receiving state school aid under section 21(1) in planning and implementation of tec-choices programs.

(3) The department shall do all of the following:

- (a) Develop the criteria for awarding grants, and develop and implement procedures needed to implement this section.
- (b) Upon request, provide technical assistance in implementing tec-choices programs funded under this section.

Sec. 23c. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$300,000.00 for 1993-94 for grants to eligible public universities to plan for operating an instructional program for 1994-95 for pupils in grades K-6, 6-8, or 9-12 or any combination of those grades. The instructional program may be a joint venture between the university and a district. The amount of a planning grant for each university shall not exceed \$150,000.00. For 1993-94, the only public universities eligible to submit an application for funding under this section are Saginaw Valley state university and northern Michigan university.

(2) A public university that is in a joint venture with a district shall demonstrate that the instructional program will be developed with the direct involvement in the planning process of the teachers and building-level administrators from each district whose pupils are eligible to attend. The representatives of the teachers and the building-level administrators in the planning process shall be selected by their respective collective-bargaining agents, if they are represented by collective-bargaining agents.

(3) In order to receive funds under this section, a public university shall submit an application to the department on a form and in a manner prescribed by the department. The application shall include at least all of the following:

- (a) Identification of the proposed grade levels for which the university plans to operate an instructional program.
- (b) Identification of the districts from which pupils would be eligible to attend the instructional program.
- (c) A description of the process for the random selection of pupils for enrollment.
- (d) A description of the proposed curriculum features that will be given highest priority in the instructional program.

(e) If the public university intends to operate the instructional program as a joint venture with a district, a description of how the public university plans to involve in the planning process the teachers and building-level administrators from each district whose pupils are eligible to enroll in the instructional program.

(f) For 1993-94, a statement of the public university's intention to develop an instructional program for pupils residing in a district in which a federal military air base is scheduled to be closed after January 1, 1992 and before December 31, 1996 and a description of the manner in which the university will develop that instructional program.

(4) Not later than March 31, 1994, each university that receives a grant under this section in 1993-94 shall provide to the department of education, the department of management and budget, and the respective K-12 appropriations subcommittees of the house of representatives and senate an updated preliminary version of its implementation plan and proposed staffing pattern for the offering of an instructional program described in this section in an upcoming fiscal year.

(5) In order to receive funds under this act as a district, an instructional program implemented under this section by a public university for pupils in grades K-6, 6-8, or 9-12, or a combination of those grades shall have submitted an application to the department on a form and in a manner prescribed by the department. The application shall have included at least all of the following:

- (a) Identification of the proposed grade levels for which the university plans to operate an instructional program.
- (b) Identification of the districts from which pupils would be eligible to attend the instructional program.
- (c) A description of the process for the random selection of pupils for enrollment.
- (d) A description of the proposed curriculum features that will be given highest priority in the instructional program.

(e) If the public university intends to operate the instructional program as a joint venture with a district, a description of how the public university plans to involve in the planning process the teachers and building-level administrators from each district whose pupils are eligible to enroll in the instructional program.

(6) If the operation of an instructional program under this section is not a joint venture with a district, the university shall receive for each pupil in membership in the instructional program an amount equal to the gross allowance of the district in which a majority of the pupils reside.

(7) In order to receive funding under this act as a district, an instructional program implemented by a public university under this section shall comply with all of the requirements of sections 1204a, 1277, 1278, and 1280 of the school code of 1976, being sections 380.1204a, 380.1277, 380.1278, and 380.1280 of the Michigan Compiled Laws, commonly referred to as "public act 25 of 1990".

(8) An instructional program implemented under this section is eligible in the same manner as a district for all applicable categorical and federal aid.

(9) An employee of a public university employed in an instructional program funded under this section is not an employee of a school district for purposes of Act No. 4 of the Public Acts of the Extra Session of 1937, being sections 38.71 to 38.191 of the Michigan Compiled Laws.

(10) An employee of a public university employed in an instructional program funded under this section is not eligible to be a member of the public school employees retirement system established by Act No. 300 of the Public Acts of 1980, being sections 38.1301 to 38.1408 of the Michigan Compiled Laws, unless other employees of the university are eligible for membership in that retirement system.

(11) For 1993-94, from the appropriation in section 11, there is allocated \$25,000.00 to Wayne state university to conduct or to contract for an evaluation of the instructional program implemented under this section in the 1993-94 school year. Not later than 60 days after the end of the fiscal year, Wayne state university shall submit a report of the results of the evaluation to the department and to the senate and house K-12 appropriations subcommittees.

(12) Each recipient of a grant under this section shall submit a report to the department not later than 60 days after the end of the fiscal year detailing expenditures of grant funds and outcomes of the activities funded by the grant.

Sec. 24. (1) Subject to subsections (3) and (4), a pupil under court jurisdiction who is placed in a private home or in a private or public institution located outside the district in which the pupil's parents or legal guardians reside, or an intermediate school district operating a program in a home operated by the county board of commissioners or the juvenile division of the probate court under section 628 of the school code of 1976, being section 380.628 of the Michigan Compiled Laws, may be counted as a resident of the district of attendance if other than the district of the pupil's parents or legal guardian. The pupil shall be counted in membership by the district of attendance as 1-1/2 memberships. The total full-time equated number of these pupils shall be computed by adding the membership days attended by the pupils before April 1 of the current school year and dividing the total by the number of days in the school year of the district before April 1 of the current school year. Except as provided in subsection (3), the number thus obtained shall be certified by the district to the department, which shall adjust the total membership of the district accordingly in determining the school aid to be paid during the fiscal year.

(2) Subject to subsections (3) and (4), a pupil under court jurisdiction who is placed in a juvenile detention facility or child caring institution licensed by the state department of social services and approved by the department to provide an on-grounds education program may be counted in membership in the district providing the instruction to the pupil. The pupil shall be counted as 1-1/2 memberships. The total full-time equated number of pupils counted under this subsection shall be computed by adding the membership days attended by the pupils before April 1 of the current school year and dividing the total by the number of days in the school year of the district before April 1 of the current school year. Except as provided in subsection (3), the number thus obtained shall be certified by the district providing the instruction to the department, which shall adjust the total membership of the district accordingly in determining the school aid to be paid during the fiscal year.

(3) In districts not receiving aid under section 21(1), and for pupils counted under section 6(4)(h), the membership for these pupils shall be counted in membership in the intermediate district. For each pupil, the intermediate district in 1993-94 and each succeeding fiscal year shall receive under section 21(1) a membership aid gross allowance computed by averaging the actual membership aid gross allowances of the intermediate district's constituent districts weighted as to membership. The resulting membership aid shall be paid by the intermediate district to the district.

(4) Special education pupils funded under section 53 shall not be counted under this section.

Sec. 25. From the appropriation in section 11, there is allocated an amount not to exceed \$20,000,000.00 in 1993-94 to applicant districts with nonschool operating property taxes. An applicant district's entitlement shall be determined through a process of gross allowance increase as follows:

(a) An application may be filed by the district in form and content as prescribed by the department showing the total taxes levied on property located within the district by the taxing agencies, including the district, but excluding taxes levied for school operating purposes.

(b) Using the total property taxes for the immediately preceding year as last reported by the state tax commission for the entire state, but excluding the taxes levied for school operating purposes, the department shall determine the tax rate for the entire state. The applicant district's tax rate shall be determined by dividing the figure obtained in subdivision (a) by the district's prior year state equalized valuation.

(c) If the resulting tax rate for the applicant district is 125% or more of the resulting tax rate for the districts of the state, the gross allowance of the applicant district computed pursuant to section 21(1) shall be increased by the percentage by which the resulting tax rate in the applicant district exceeds 125% of the resulting tax rates in all districts of the state.

(d) Each applicant district's entitlement under this subsection shall be the difference between the allocation received by the district under section 21(1) and the allocation the district would have received under section 21(1) as recomputed using the gross allowance as increased in subdivision (c).

(e) A district receiving funds under section 27 shall not receive funds under this section.

Sec. 26. For purposes of computations made under this act, the valuation of a district or intermediate district shall not include the total captured assessed value or the ad valorem property captured assessed value, whichever is less, included in a tax increment financing plan established within the district or intermediate district pursuant to Act No. 197 of the Public Acts of 1975, as amended, being sections 125.1651 to 125.1681 of the Michigan Compiled Laws, the tax increment finance authority act, Act No. 450 of the Public Acts of 1980, being sections 125.1801 to 125.1830 of the Michigan Compiled Laws, or the local development financing act, Act No. 281 of the Public Acts of 1986, being sections

125.2151 to 125.2174 of the Michigan Compiled Laws. A district or intermediate district receiving money pursuant to section 14 of Act No. 197 of the Public Acts of 1975, as amended, being section 125.1664 of the Michigan Compiled Laws, section 13 of Act No. 450 of the Public Acts of 1980, being section 125.1813 of the Michigan Compiled Laws, or section 12 of Act No. 281 of the Public Acts of 1986, being section 125.2162 of the Michigan Compiled Laws, shall have its funds received under section 21(1), 56, or 62 reduced by an amount equal to the added local money.

Sec. 27. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$20,000,000.00 for 1993-94 to districts that meet all of the following criteria:

(a) The district levied not less than 20 mills and levied not less than the district's authorized millage rate for school operating purposes after any reduction required by section 31 of article IX of the state constitution of 1963 in each of the 3 immediately preceding fiscal years.

(b) The district's authorized operating millage rate before a reduction required by section 31 of article IX of the state constitution of 1963 is not less than the immediately preceding year's authorized rate before a reduction required by section 31 of article IX of the state constitution of 1963. However, upon application to and approval by the department, those mills authorized and levied in the immediately preceding year for specific limited term purposes as determined by the department shall not be considered when determining eligibility under this subdivision.

(c) The district does not receive funds under section 25.

(d) The district did not receive funds under section 25 in 1992-93.

(e) The quotient of the district's total state equalized valuation divided by the district's membership is less than \$200,000.00.

(f) The department determines that, as of the October 1993 report on state form SM-4012, at least 23% of the district's pupils have applied for and been approved to receive free meals or milk, or both under the federal national school lunch or school breakfast programs or the federal special milk program, or have been preapproved for such a benefit through the direct certification project of the department and the state department of social services.

(2) Each district receiving funds under this section shall receive the greater of \$200.00 per pupil described in subsection (1)(f) or an amount equal to 50% of the amount the district received under this section in 1992-93. However, a district shall not receive more than \$750,000.00 under this section in 1993-94.

(3) A district that received funds under this section in 1992-93 because it was eligible under subsection (1) according to the criteria in effect in 1992-93, but is not eligible in 1993-94 shall receive in 1993-94 50% of the funds the district received in 1992-93. This subsection does not apply if a district receives an allocation under section 25 in 1993-94 that is greater than the allocation for which the district is otherwise eligible under this subsection.

Sec. 28. From the appropriation in section 11, there is allocated to a district in which a federal military air base closed in 1993 the amount necessary to ensure that the district's total combined state and local revenue for 1993-94 is equal to at least 90% of the district's total combined state and local revenue for 1992-93, as determined by the department.

Sec. 31. From the appropriation in section 11, there is allocated \$23,520,000.00 for 1993-94 to enable eligible districts to establish or to continue, in conjunction with whatever federal funds may be available under chapter 1 of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, or other federal law providing funding supporting compensatory education programs, comprehensive compensatory education programs designed to improve the achievement in basic cognitive skills of pupils enrolled in grades K to 10 who have extraordinary need for special assistance to improve competency in those basic skills.

Sec. 32. For 1993-94, a district shall receive not less than 80% of the amount it received for compensatory education under this article during the immediately preceding year. However, a district shall not receive funding under this section for more than 5 consecutive years. This section is repealed effective September 30, 1995.

Sec. 34. A district is eligible for an allocation under this section in 1993-94 if the district's low income eligibility count for purposes of allocating federal funds under chapter 1 of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, exceeds 15% of the district's membership. Each district's allocation shall be determined as follows: divide the number of low income chapter 1 eligible pupils in the district by the total number of those pupils in all eligible districts and multiply that quotient by an amount equal to the amount allocated in section 31 minus the allocation to eligible districts under section 32. However, if a district's allocation under this section is determined to be less than \$3,000.00, the district shall not receive an allocation under this section.

Sec. 34a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$5,000,000.00 for 1993-94 to eligible districts for achievement incentive grants to reward improvement in pupil academic performance.

(2) Improvement in pupil academic performance over a 2-year period shall be calculated by the department for each individual school building in a district on the basis of pupil test scores on the Michigan education assessment program for reading and mathematics. The department shall include as part of the calculation of improvement for each school building an academic need factor for reading and mathematics.

(3) Allocations to districts shall be made for individual school buildings in the district, as determined by the department on the basis of improvement in pupil academic performance in the school building over a 2-year period and academic need.

(4) Allocations to districts for individual school buildings under this section shall not supplant any other allocations made to the districts or school buildings from local, state, or federal funds.

Sec. 36. From the appropriation in section 11, there is allocated an amount not to exceed \$27,564,700.00 for 1993-94 to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, Public Law 89-10, 102 Stat. 140, chapter 1 of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, and the head start act, subchapter B of chapter 8 of subtitle A of title VI of Public Law 97-35, 42 U.S.C. 9831 to 9852, comprehensive compensatory education programs designed to improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who show evidence of 2 or more "at-risk" factors as defined in the state board report entitled "children at risk" that was adopted by the state board on April 5, 1988. A comprehensive compensatory education program funded under this section may include health screening for participating children and the district may use funds received under this section to fund that health screening.

Sec. 37. A district is eligible for an allocation under section 36 if, in a manner and on forms prescribed by the department, all of the following apply:

(a) The district complies with the state board approved standards of quality and curriculum guidelines for early childhood programs for 4-year-olds.

(b) The district provides for the active and continuous participation of parents or guardians of the children in the program, and describes the district's participation plan as part of the application.

(c) The district only employs for this program either of the following:

(i) Teachers possessing proper training, including, but not limited to, a valid teaching certificate and, beginning September 1, 1995, an early childhood (ZA) endorsement. This provision does not apply to a district that subcontracts with an eligible child development program. In that situation a teacher must have a valid teaching certificate and may have a child development associate credential (CDA) instead of an early childhood (ZA) endorsement.

(ii) Paraprofessionals possessing proper training in early childhood development, including, but not limited to, a child development associate credential (CDA) or associate degree in child development or other similar program, as approved by the department.

(d) The district identifies in its application all of the following:

(i) The estimated total number of children in the community who meet the criteria of section 36.

(ii) The estimated number of children in the community who meet the criteria of section 36 and are being served by other early childhood development programs operating in the community.

(iii) The estimated number of children who meet the criteria of section 36 who will remain unserved after the district and community early childhood programs have met their funded enrollments. The school district shall maintain a waiting list of identified unserved eligible children who would be served when openings are available.

(iv) All collaborative activities between the district and other operators of early childhood development programs.

(e) The district has submitted for approval a program budget that includes only those costs not reimbursed or reimbursable by federal funding, that are clearly and directly attributable to the early childhood readiness program, and that would not be incurred if the program were not being offered. If children other than those determined to be educationally disadvantaged participate in the program, state reimbursement under section 36 shall be limited to the portion of approved costs attributable to educationally disadvantaged children.

(f) The district has established a committee on early childhood education curriculum consisting of, at a minimum, classroom teachers for prekindergarten, kindergarten, and first grade, a parent of a prekindergarten child, the district curriculum director or equivalent administrator, and, if feasible, a school psychologist, school social worker, or school counselor. The committee shall do both of the following:

(i) Ensure the ongoing articulation of the early childhood, kindergarten, and first grade programs offered by the district.

(ii) Review all referrals for participation in the early childhood program and recommend children for placement.

(g) The district has submitted for departmental approval a plan to conduct and report annual early childhood program evaluations using criteria approved by the department. At a minimum, the evaluations shall include assessment of the gains in educational readiness and progress through first grade of children participating in the early childhood program.

(h) The district has established a community advisory committee that shall be involved in the planning and evaluation of the program and has provided for collaboration with and the involvement of appropriate community, volunteer, social service agencies and organizations, and parents in addressing all aspects of educational disadvantage.

(i) At least 18 of the district's resident children of the age group specified in section 36, as described in section 36 and calculated under section 38, are construed to be in need of special readiness assistance. A district that receives an allocation under section 21(1) shall also be eligible for an allocation under section 36 if at least 50 children, as described in section 36 and calculated under section 38, are construed to be in need of special readiness assistance, regardless of the percentage they comprise of the district's resident children of the age group specified in section 36. In addition, a consortium of 2 or more districts shall be eligible for an allocation under section 36 if each of those districts has less than 18 but more than 5 of its resident children of the age group specified in section 36, as described in section 36 and calculated under section 38, and in combination the districts' number of children who are construed to be in need of special readiness assistance equals or exceeds 18. A district or intermediate district may administer a consortium described in this subdivision.

Sec. 39. (1) The tentative allocation in 1993-94 to each eligible district under section 36 shall be determined by multiplying the number of children determined in section 38 by \$2,500.00 and shall be distributed among districts in decreasing order of concentration of eligible children as determined by section 38 until the money allocated in section 36 is distributed. Not later than October 1, each eligible district shall submit to the department a resolution adopted by its board certifying the number of 4-year-old children who will receive comprehensive compensatory education funded under this section. Any tentative allocation subsequently shall be adjusted based in part on the number of children certified in the board resolution. Any funds unallocated shall be redistributed to eligible districts pursuant to this section.

(2) A district that receives an allocation under section 21(1) and that has not less than 50 eligible children shall receive priority over other eligible districts other than those districts funded under subsection (3).

(3) A district that received funds under this section in at least 1 of the 2 immediately preceding fiscal years shall receive priority in funding over other eligible districts and shall receive funding for not less than the number of children for whom the district received funding in the immediately preceding fiscal year. However, funding beyond 3 state fiscal years is contingent upon the availability of funds and documented evidence satisfactory to the department of compliance with all operational, fiscal, administrative, and other program requirements.

(4) For any district with 315 or more eligible pupils, the number of eligible pupils shall be 55% of the number calculated under section 38. However, none of these districts may have less than 315 pupils for purposes of calculating the tentative allocation under section 36.

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed \$4,212,000.00 for 1993-94 to applicant districts and intermediate districts offering programs of bilingual instruction for pupils of limited English-speaking ability as required in section 1153 of the school code of 1976, being section 380.1153 of the Michigan Compiled Laws. Reimbursement shall be on a per pupil basis and shall be based on the number of pupils of limited English-speaking ability in membership on the pupil membership count day. Funds allocated under this section shall be used solely for the bilingual instruction in speaking, reading, writing, or comprehension of pupils of limited English-speaking ability. As required by section 1155 of the school code of 1976, being section 380.1155 of the Michigan Compiled Laws, a child of limited English-speaking ability residing in a school district operating or participating in a bilingual instruction program pursuant to section 1153 of the school code of 1976 shall be enrolled in the bilingual instruction program for 3 years or until the child achieves a level of proficiency in English language skills sufficient to receive an equal educational opportunity in the regular school program, whichever occurs first.

Sec. 46. From the appropriation in section 11, there is allocated an amount not to exceed \$5,000,000.00 for 1993-94 to provide grants to districts and intermediate districts for school dropout prevention programs approved by the department. Each district and intermediate district that received funds under this section in 1992-93 shall receive funds under this section in 1993-94 to continue the district's program.

Sec. 47. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$1,425,000.00 for 1993-94 to applicant intermediate districts that provide support services for the education of gifted and talented pupils. An intermediate district is entitled to 75% of the actual salary, but not to exceed \$25,000.00 reimbursement for an individual salary, of a support services teacher approved by the department, and not to exceed \$4,000.00 reimbursement for expenditures to support program costs, excluding in-county travel and salary, as approved by the department.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$400,000.00 for 1993-94 to support part of the cost of summer institutes for gifted and talented students. This amount shall be contracted to applicant intermediate districts in cooperation with a local institution of higher education and shall be coordinated by the department.

(3) From the appropriation in section 11, there is allocated an amount not to exceed \$7,303,100.00 for 1993-94 for the development and operation of comprehensive programs for gifted and talented pupils. A district or consortium of districts may be eligible to receive an amount not to exceed \$100.00 per K-12 pupil for up to 5% of the district's or consortium's K-12 membership with a minimum grant of \$6,000.00. Funding shall be provided in the following order: the per pupil allotment, and then the minimum grant of \$6,000.00 to individual districts. An intermediate district may act as the fiscal agent for a consortium of districts. In order to be eligible for funding under this subsection, the district or consortium of districts shall submit each year a current 3-year plan for operating a comprehensive program for gifted and talented pupils. The plan or revised plan shall be developed in accordance with criteria established by the department and shall be submitted to the department for approval. Within the criteria, the department shall encourage the development of consortia among districts of less than 5,000 memberships.

Sec. 48. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$3,150,000.00 for 1993-94 to applicant districts or intermediate districts for nonresidential alternative juvenile rehabilitation programs, which are programs for children and youth who have been found to need remedial academic or social rehabilitative services, or both. To be eligible for funding of salaries from legislative appropriations, the county board of commissioners of the county in which the program is conducted or the supervising district or intermediate district, by resolution, shall agree to fund the balance of the cost of the program. The district or intermediate district in which the program is conducted, in cooperation with the juvenile division of the probate court for the county, shall supervise the program. The district or intermediate district may apply for state money for reimbursement of \$7,500.00 for the salary of each professional program person required by this section.

(2) The department may use federal funds that may become available for the purpose of strengthening nonresidential alternative juvenile rehabilitation programs.

Sec. 51. (1) From the appropriation in section 11, there is allocated \$185,355,000.00 for 1993-94 to consist of an amount not to exceed \$121,355,000.00 from state sources and \$64,000,000.00 in federal funding under sections 611 to 620 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1420, plus any carryover federal funds from previous year appropriations, for the purpose of reimbursing districts and intermediate districts for special education programs, services, and special education personnel as prescribed in article 3 of the school code of 1976, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws; net tuition payments made by intermediate districts to the Michigan school for the blind and the Michigan school for the deaf; and programs for pupils handicapped by learning disabilities as defined by the department. For meeting the costs of special education programs and services not reimbursed under this article, a district or intermediate district may use money in general funds or special education funds, not otherwise restricted, or contributions from districts to intermediate districts, tuition payments, gifts and contributions from individuals, or federal funds that may be available for this purpose, as determined by the intermediate district plan prepared pursuant to article 3 of the school code of 1976, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws.

(2) State funds shall be allocated on an added cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$4,000,000.00 may be allocated by the department to districts or intermediate districts on a competitive grant basis for programs, equipment, and services that the department determines to be designed to benefit or improve special education on a statewide scale.

(3) From the amount allocated in subsection (1), there is allocated an amount not to exceed \$3,100,000.00 for 1993-94 to reimburse 100% of the net increase in necessary costs incurred by a district or intermediate district in implementing the revisions in the administrative rules for special education that became effective on July 1, 1987. As used in this subsection, "net increase in necessary costs" means the necessary additional costs incurred solely because of new or revised requirements in the administrative rules minus cost savings permitted in implementing the revised rules. Net increase in necessary costs shall be determined in a manner specified by the department.

(4) For purposes of this article:

(a) "Added costs" shall be computed by deducting, from the total approved costs of special education programs and services, an amount equal to the district's gross membership allowance per pupil or the district's local revenue per membership pupil, whichever is greater, for each full-time equated special education pupil counted in membership in the district or intermediate district whose primary educational or training program, as determined by the department, is a special education program and service as defined in section 6(7) of the school code of 1976, being section 380.6 of the Michigan Compiled Laws.

(b) "Total approved costs of special education programs and services" shall be determined in a manner specified by the department and may include indirect costs, but shall not exceed 115% of approved direct costs for section 52 and

section 53 programs. They shall not include salaries or other compensation paid to administrative personnel who are not special education personnel as defined in section 6(6) of the school code of 1976. Costs reimbursed by federal funds, other than those federal funds included in the allocation made under this article, shall not be included. Special education approved personnel not utilized full time in the evaluation of students or in the delivery of special education programs, ancillary, and other related services shall be reimbursed under this section only for that portion of time actually spent providing these programs and services, with the exception of special education programs and services provided to youth placed in child caring institutions or juvenile detention programs approved by the department to provide an on-grounds education program. Only salaries and other compensation paid teacher aides required in rules promulgated by the department or as otherwise approved by the department shall be included.

(c) Reimbursement for ancillary and other related services, as defined by R 340.1701 of the Michigan administrative code, shall not be provided when those services are covered and available by private group health insurance carriers or federally reimbursed program sources. Expenses, other than the incidental expense of filing, shall not be borne by the parent. In addition, the filing of claims shall not delay the education of a pupil. A school district shall be responsible for payment of a deductible amount and for an advance payment required until the time a claim is paid.

(d) A "membership aid gross allowance" shall be computed pursuant to section 21(1).

A pupil who is enrolled in a full-time special education program conducted or administered by an intermediate district or a pupil who is enrolled in the Michigan school for the blind or the Michigan school for the deaf shall not be included in the membership count of a district, but shall be counted in membership in the intermediate district of residence. A district operating a center program for pupils from several districts, pursuant to an approved intermediate district plan, may elect to have the pupils counted in membership in the intermediate district. For each pupil, the intermediate district shall receive under section 21(1) a membership aid gross allowance computed by averaging the actual membership aid gross allowances of the intermediate district's constituent districts weighted as to membership. However, membership aid shall not be paid to intermediate districts for pupils who are residents of districts not receiving a membership allocation under section 21(1) and who are enrolled in programs funded under section 52, unless they are enrolled in a center program or are eligible as court placed pupils under section 24(3).

(e) The contribution of the resident district, if a pupil's special education program is operated by another district or by an intermediate district, shall be determined as follows:

(i) If the district receives an allocation under section 21(1) and the pupil is educated in a district not receiving an allocation under section 21(1), by subtracting categorical aid and the intermediate district reimbursement for each pupil from the total cost of the education program.

(ii) If the district receives an allocation under section 21(1) and the pupil is educated in a district receiving an allocation under section 21(1), by subtracting the gross state aid membership allowance, categorical aid, and the intermediate district reimbursement for each pupil from the total cost of the education program.

(iii) If the district does not receive an allocation under section 21(1), by subtracting categorical aid and the intermediate district reimbursement for each pupil from the total cost of the education program.

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

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

Sec. 52. (1) For 1993-94, reimbursement for the necessary costs of special education programs and services shall be a portion determined by the amount appropriated, but not to exceed 75% of the added costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the school code of 1976, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws, for special education pupils other than those programs funded under section 53, and of the costs of programs and services for trainable mentally impaired persons, day training programs, and services for severely mentally impaired persons, the added costs of summer programs and services, and the added costs of providing room and board for special education pupils, as approved by the department. If the state financed proportion of reimbursement of the necessary costs of a special education activity or service required by article 3 of the school code of 1976, which is in addition to or different from the special education activities or services required under sections 611 to 620 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1420, is less than the state financed proportion of the necessary costs of that activity or service in 1978-79, the portion of the amount appropriated shall be increased to reimburse that activity or service accordingly.

(2) The added costs of transportation for special education pupils shall not be funded under this section but shall be reimbursed under article 7.

Sec. 53. (1) Reimbursement shall be 100% of the added costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the school code of 1976, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws, for the following special education pupils:

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

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

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

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

(e) Pupils who are residents of nursing homes whose educational programs are approved by the department.

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

(g) Pupils who are dependents of foreign diplomats who reside in this state and who are placed in a center program.

(h) Pupils enrolled in a department-approved on-grounds educational program longer than 180 days, but not longer than 233 days, at a residential child care institution for which an intermediate district receives funding under section 86, if the child care institution offered in 1991-92 an on-grounds educational program longer than 180 days but not longer than 233 days.

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

(2) The costs of transportation shall be funded under this section but shall not be reimbursed under article 7.

(3) Not more than \$24,000,000.00 for 1993-94 of the allocation in section 51(1) shall be allocated under this section.

Sec. 54. In addition to the aid received under section 52, each intermediate district shall receive an amount per pupil for each pupil in attendance at the Michigan school for the blind or the Michigan school for the deaf. The amount shall be proportionate to the total instructional cost at each school. Not more than \$1,688,000.00 for 1993-94 of the allocation in section 51(1) shall be allocated under this section.

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

(a) "Membership" means the total membership in 1992-93 of the intermediate school and the districts constituent to the intermediate district.

(b) "Millage levied" means the millage levied for special education pursuant to part 30 of the school code of 1976, being sections 380.1711 to 380.1743 of the Michigan Compiled Laws, including a levy for debt service obligations.

(c) "State equalized valuation" means the total state equalized valuation of the districts constituent to an intermediate district, except that if a district has elected not to come under part 30 of the school code of 1976, membership and state equalized valuation of the district shall not be included in the membership and state equalized valuation of the intermediate district.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$30,650,000.00 for 1993-94 to reimburse intermediate districts levying millages for special education pursuant to part 30 of the school code of 1976. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the school code of 1976, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan that utilizes at least a membership aid gross allowance, as defined in section 51(4)(d), as a required local contribution.

(3) Reimbursement for those millages levied in 1992-93 shall be made in 1993-94 at an amount per 1992-93 membership pupil computed by subtracting from \$79,800.00 the 1992-93 state equalized valuation behind each membership pupil, and multiplying the resulting difference by the 1992-93 millage levied.

Sec. 61. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$28,560,000.00 for 1993-94 to reimburse districts and secondary area vocational-technical centers for secondary-level vocational-technical education programs, including parenthood education programs, on an added cost basis. The definition of what constitutes those programs and reimbursement shall be pursuant to rules promulgated by the state board. Applications for participation in the programs shall be filed in the form prescribed by the department. The department shall determine the added cost for each vocational-technical program area. The allocation of added cost funds shall be based

on the type of vocational-technical programs provided, the number of pupils enrolled, and the length of the training period provided, and shall not exceed 75% of the added cost of any program. The board of a district maintaining a secondary vocational-technical education program, with the approval of the department, may offer the program for the period from the close of the school year until September 1. The program shall use existing facilities and shall be operated as prescribed by rules promulgated by the state board.

(2) Districts and intermediate districts shall be reimbursed for local vocational administration, shared time vocational administration, and career education planning district vocational-technical administration. The definition of what constitutes administration and reimbursement shall be pursuant to guidelines adopted by the state board. Not more than \$800,000.00 of the allocation in subsection (1) shall be distributed under this subsection.

(3) Districts that were designated as area vocational-technical centers by the state board before January 1, 1971 may count in membership, with permission of the district of residence, pupils enrolled in vocational-technical education programs in any of the districts in the designated service area if all of the following conditions are met:

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

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

(c) The designated service area presently is not supported by area vocational-technical education millage passed pursuant to the provisions of section 681 of the school code of 1976.

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

(4) A district subjected to a deduction under section 21(5) is not required to allocate more money to a program funded under this article than the amount actually received by the district after reducing its state aid allocation by the percentage reduction determined under section 21(5).

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

(a) "Membership" means the total membership in 1992-93 of the intermediate district and the districts constituent to the intermediate district or the total membership in 1992-93 of the area vocational-technical education program.

(b) "Millage levied" means the millage levied for area vocational-technical education pursuant to sections 681 to 690 of the school code of 1976, being sections 380.681 to 380.690 of the Michigan Compiled Laws, including a levy for debt service obligations incurred as the result of borrowing for capital outlay projects and in meeting building and site fund requirements of area vocational-technical education.

(c) "State equalized valuation" means the total state equalized valuation of the districts constituent to an intermediate district or area vocational-technical education program, except that if a district has elected not to come under sections 681 to 690 of the school code of 1976, the membership and state equalized valuation of the district shall not be included in the membership and state equalized valuation of the intermediate district.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$7,200,000.00 for 1993-94 to reimburse intermediate districts and area vocational-technical education programs established under section 690(3) of the school code of 1976, levying millages for area vocational-technical education pursuant to sections 681 to 690 of the school code of 1976. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by those millages.

(3) Reimbursement for the millages levied in 1992-93 shall be made in 1993-94 at an amount per 1992-93 membership pupil computed by subtracting from \$79,800.00 the 1992-93 state equalized valuation behind each membership pupil, and multiplying the resulting difference by the 1992-93 millage levied. However, the department shall prorate the allocations as necessary.

Sec. 64. (1) A district may provide vocational education training in partnership with a business entity. Such a district may receive vocational education funds under this act only if there is a contract between the district and the business entity that includes at least all of the following terms and conditions:

(a) The basic competency skills curriculum will be established by the district in consultation with the business partner.

(b) The district will provide the basic competency skills training and the business partner will provide the specified job-skills training.

(c) The identification of specific training objectives based on an objective level of attained skills proficiency that is required of each partner providing the specified job-skills training, and agreement by the partners on the skills levels that will satisfy the training objectives.

(d) The business partner will guarantee a predetermined number of specified jobs and bona fide offers of job placement that are directly related to the pupil's area of training for partnership pupils. The jobs shall be for a minimum

period of 180 days. The business partner will not be obligated to provide a job or an offer for a pupil who completes a job-skills training program but is unable to attain the specific training objectives described in subdivision (c) or for a pupil who declines a bona fide offer of job placement.

(e) If the business partner fails to fulfill its contractual obligations for job placement, the business partner will reimburse the state for all state funds that it received under the contract.

(2) Not later than 30 days following agreement on a partnership contract or any contract revision under this section, the district shall submit to the department a copy of the contract or contract revision.

(3) Not later than 15 days after a pupil completes a specified job-skills training program, the business partner shall make an offer to the pupil of employment or job placement starting within 30 days after the offer.

(4) Not later than 30 days following completion of a specified job-skills training program, the district shall provide to the department a report listing the job placements of those persons who completed the training program.

(5) If a pupil fails to complete a job-skills training program under this section, the business partner shall reimburse the state for that portion of state funds proportional to the time remaining in the training program for that pupil.

(6) The department shall maintain a current record of all partnership contracts and contract revisions, and shall require districts to provide additional reports as necessary for the department to administer this section. A district shall provide those reports to the department.

Sec. 71. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$102,000,000.00 for 1993-94 to fund districts and intermediate districts transporting pupils by school bus, passenger van, station wagon, or adequate vehicle of ample capacity from the vicinity of their homes to the schools the pupils attend, or from their homes or schools to area vocational centers or other facilities providing approved occupational or cooperative academic programs and back again in amounts determined by the department. Funding for contracted transportation services or transportation services provided through the use of public transit systems shall be the same as for district-owned bus fleets. In order to receive funding under this section, as calculated under section 72, a district or intermediate district annually shall submit to the department not later than January 15 an application on a form and in a manner prescribed by the department. The application shall include at least information concerning the factors listed in section 72(1). The department shall not make a payment under this section to a district or intermediate district until the district or intermediate district has submitted the application for the state fiscal year.

(2) Districts and intermediate districts shall receive funds for transporting pupils whose primary educational or training program, as determined by the department, is a special education program as defined in section 6(7) of the school code of 1976, being section 380.6 of the Michigan Compiled Laws, from their homes or schools to approved special education programs, including summer programs, for which the district or intermediate district receives added-cost reimbursement under section 52, and back again.

(3) Upon investigation, the department shall review, confirm, set aside, or amend the action, order, or decision of the board of a district with reference to the routes over which the pupils shall be transported, the distance the pupils shall be required to walk, and the suitability and number of vehicles and equipment for the transportation of the pupils.

(4) An allotment for transportation shall not be allowed a district which operates a bus route disapproved by the department.

Sec. 72. (1) Transportation aid for the 1993-94 school year is based upon an allowance for each pupil transported and calculated for each district and intermediate district by the department on the basis of all of the following factors:

(a) An overhead allowance of \$10.00 per pupil based upon the following:

(i) Transportation staff per 100 pupils transported.

(ii) Bus fleet capacity per pupil transported.

(b) A regional allowance of between \$15.00 and \$37.00 per pupil, depending on the region, based upon the following:

(i) Transportation staff salary.

(ii) Regional cost variation.

(c) An amortization cost per pupil of 100% of cost, with a minimum of \$20.00 per pupil, for pupil transportation vehicles.

(d) An insurance cost per pupil of 100% of cost for pupil transportation vehicles.

(e) Authorized miles traveled per pupil of \$1.00 per mile, with an adjustment for districts with low mileage per pupil such that the \$1.00 may be increased on a sliding scale up to \$1.20 per mile.

The allocation is based upon current year data reported by the districts and intermediate districts. Special education transportation aid is calculated separately and uses the vehicle as the funding unit. The total transportation allowance for a district is calculated by multiplying the sum of (a), (b), (c), (d), and (e) by the number of pupils actually transported.

The rate of aid for contracted transportation services or transportation services provided through the use of public transit systems is comparable for district-owned bus fleets.

(2) Districts and intermediate districts may apply to the department for exceptions to the district's formula transportation allowance regarding the costs of transporting pupils when exceptional conditions or circumstances impose unavoidably unusual expenses for transporting district students to their regularly scheduled classes. The department shall report not later than March 15 of each year to the house and senate appropriations and education committees all exceptions granted under this subsection for the current year.

Sec. 74. From the amount allocated in section 71, in 1993-94 and each succeeding fiscal year, a state supported college or university or intermediate school district providing school bus driver safety instruction or driver skills road tests pursuant to section 51 of the pupil transportation act, Act No. 187 of the Public Acts of 1990, being section 257.1851 of the Michigan Compiled Laws, shall be granted an amount determined by the department not to exceed 75% of the actual cost of instruction and driver compensation for each public or nonpublic school bus driver attending a course of instruction. For the purpose of computing compensation, the hourly rate allowed each school bus driver shall not exceed the hourly rate received for driving a school bus. Reimbursement compensating the driver during the course of instruction or driver skills road tests shall be made by the department to the college or university or intermediate school district providing the course of instruction.

Sec. 75. From the amount allocated in section 71, there shall be allocated in 1993-94 and each succeeding fiscal year the amount necessary to pay the reasonable costs of nonspecial education auxiliary services transportation provided pursuant to section 1323 of the school code of 1976, being section 380.1323 of the Michigan Compiled Laws. School districts funded under this section shall not receive funding under any other section of this act for nonspecial education auxiliary services transportation.

Sec. 81. (1) Subject to subsection (2), from the appropriation in section 11, there is allocated to the intermediate districts the sum necessary, but not to exceed \$22,950,000.00 for 1993-94, to provide state aid to intermediate districts under this subsection and subsection (2). Subject to subsection (4), there shall be allocated to each intermediate district an amount obtained by adding 104% of the prior year's aid received under this subsection before proration and 104% of the product of the prior year's state equalized valuation and the prior year's operating millage, and subtracting from that sum the product of the current year's state equalized valuation and the prior year's operating millage. However, an intermediate district shall not receive less than an amount per pupil equal to 100% of the amount of aid per pupil received under this subsection for the immediately preceding state fiscal year.

(2) From the appropriation in section 11, there is allocated to an intermediate district, formed by the consolidation or annexation of 2 or more intermediate districts or the attachment of a total intermediate district to another intermediate school district or the annexation of all of the constituent K-12 districts of a previously existing intermediate school district which has disorganized, an additional allotment of \$3,500.00 each fiscal year for each intermediate district included in the new intermediate district for 3 years following consolidation, annexation, or attachment.

(3) In addition to the allocation under subsection (1), from the appropriation under section 11, there is allocated for 1993-94 an amount not to exceed \$1,212,800.00 for an additional payment to each intermediate district that had a reduction in the immediately preceding fiscal year in its allocation due to reductions in an intermediate district's state equalized valuation resulting from the resolution of property tax assessment appeals in constituent districts that affected the state equalized valuation in a fiscal year before 1992-93. The additional payment under this subsection shall be in an amount equal to the reduction in the intermediate district's allocation and shall be included in the October payment.

(4) During a fiscal year, the department shall not increase an intermediate district's allocation under subsection (1) because of an adjustment made by the department during the fiscal year in the intermediate district's state equalized valuation for a prior year as a result of action by the state tax commission. Instead, the department shall report the adjustment and the estimated amount of the increase to the house and senate fiscal agencies not later than June 1 of the fiscal year, and the legislature shall appropriate money for the adjustment in the next succeeding fiscal year.

Sec. 83. From the appropriation in section 11, there is allocated to intermediate districts an amount not to exceed \$3,478,100.00 for 1993-94 to operate educational media centers under section 671 of the school code of 1976, being section 380.671 of the Michigan Compiled Laws, and the rules promulgated by the state board.

Sec. 86. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$1,200,000.00 for 1993-94 to reimburse intermediate districts for the added costs of providing programs and services to pupils counted in membership in the intermediate district under section 6(4)(h) in regular, non-special education educational programs in a residential child care institution operated by the intermediate district for court placed pupils and licensed by the state department of social services.

(2) For the purposes of this section, "added costs" shall be computed by deducting from the total approved costs of the educational program described in subsection (1), as determined by the department in a manner specified by the department, an amount equal to the sum of 1.5 times the average gross membership allowance per pupil under section 21(1) of the intermediate district's constituent districts, weighted as to membership, for the pupils in membership in the educational program plus categorical aid and federal funds attributable to those pupils.

Sec. 91. (1) From the amount appropriated in section 11 there is allocated an amount not to exceed \$200,000.00 for 1993-94 to provide funds to the intermediate districts that received planning grants under this section in the immediately preceding fiscal year for implementation of pilot intermediate district schools of choice programs in the fiscal year. The amount of a grant to an intermediate district under this section shall be \$100,000.00 for an intermediate district that serves a population of 100,000 or more and \$50,000.00 for an intermediate district that serves a population of less than 100,000. An intermediate district shall not apply for a grant under this section unless the boards of at least 1/2 of its constituent districts have first adopted a resolution stating that the constituent district is willing to participate in a pilot intermediate district schools of choice program.

(2) An intermediate district receiving a grant under this section shall establish a schools of choice planning committee consisting of representative parents, teachers, building principals and other school administrators, and school board members from participating constituent districts and from the intermediate district, and of representatives of in-district schools of choice planning committees established in participating constituent districts pursuant to section 23a. The intermediate district schools of choice planning committee shall work with the department and with the in-district schools of choice planning committees of its participating constituent districts to do at least all of the following:

(a) Identify and report on transportation, funding, and other issues that may affect implementation of an intermediate district schools of choice program.

(b) Develop and submit for approval to the department a plan for a pilot intermediate district schools of choice program that could be implemented among participating districts within the intermediate district in a subsequent fiscal year.

(3) An intermediate district receiving a grant under this section shall notify all participating constituent school districts of the names of any participating constituent school district that is not in compliance with sections 1204a, 1277, 1278, and 1280 of the school code of 1976, being sections 380.1204a, 380.1277, 380.1278, and 380.1280 of the Michigan Compiled Laws, commonly referred to as "Public Act 25 of 1990", and the participating constituent districts shall make that information available to all parents electing to participate in the schools of choice program.

(4) To be approved by the department, a pilot intermediate district schools of choice program shall include at least all of the following:

(a) Each participating constituent district allows an open enrollment opportunity of at least 1% of its enrollment for pupils residing in other participating constituent districts, based upon a random selection of those pupils.

(b) Pupil assignment and transfer policies that maintain standards of racial and ethnic integration within the participating constituent districts.

(c) A provision that a pupil who transfers to a different school within the intermediate district under the pilot program shall be ineligible to participate in interscholastic athletics for a period of 1 school year from the date he or she transfers.

Sec. 92a. From the appropriation in section 11, there is allocated an amount not to exceed \$50,000.00 for 1993-94 for a grant for a basic skills development program at an applicant district that in 1992-93 provided a program that targeted at-risk Hispanic and other limited English proficient junior high school students, provided basic skills development assistance through a structured tutoring approach, assisted students in setting educational and career goals, and used a collaborative community approach and will provide a similar program in 1993-94.

Sec. 93. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$945,000.00 for 1993-94 to be used for the salaries of teachers in alternative education programs for school age expectant parents and school age parents and their children, as approved by the department under section 1301 of the school code of 1976, being section 380.1301 of the Michigan Compiled Laws. Districts and intermediate districts providing approved programs shall be entitled to 75% of the actual cost of the salary, not to exceed \$8,100.00 for an individual salary, of each teacher approved by the department.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$315,000.00 for 1993-94 to support the operation of model school age parents' projects approved by the department.

Sec. 98. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$1,872,000.00 for 1993-94 to applicant districts and intermediate districts approved by the department for the development of professional development programs in the areas of mathematics, science, computer literacy-competency, special education,

structured linguistics taught through a multisensory approach, reading, writing and composition, and other curricular areas.

(2) In order to be eligible for funding under this section, the applicant district or intermediate district shall submit a proposal for developing and operating professional development programs for teachers and administrators. The proposal shall be developed in accordance with criteria established by the department and shall be submitted to the department for approval. The criteria used by the department to approve programs shall include, but not be limited to, all of the following:

- (a) Encouraging consortia among districts, community colleges, universities, and professional organizations.
 - (b) Developing training guidelines that show the relationship of curriculum goals within the content areas of mathematics, science, computer literacy-competency, special education, and writing and composition to the general goals of the K to 12 program.
 - (c) Developing assessment strategies to identify major target audiences and training content needs in mathematics, science, computer literacy-competency, special education, and writing and composition.
- (3) In awarding grants under this section, the department shall give priority to districts that are in compliance with sections 1204a, 1277, 1278, and 1280 of the school code of 1976, being sections 380.1204a, 380.1277, 380.1278, and 380.1280 of the Michigan Compiled Laws, commonly referred to as "Public Act 25 of 1990".
- (4) Community colleges, teacher preparation institutions, and mathematics and science centers may enter into agreements with districts or intermediate districts that have been awarded grants under this section.

Sec. 98a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$500,000.00 for 1993-94 for up to 10 grants of up to \$50,000.00 each to applicant districts to enter into a contract with the international center for leadership in education to assist in the identification of the skills and competency levels that students will need as adults, development and integration of new curricula and assessment techniques relating to those skills and competencies, and creation of comprehensive staff development plans. To the extent allowed by the applications that are received for grants described in this subsection, the department shall ensure that grants awarded under this section are balanced geographically and among urban, suburban, and rural districts, and that at least 1 grant is awarded to a district located in the Upper Peninsula and 1 grant is awarded to a first-class school district. To be eligible for a grant under this section, a district shall apply to the department, in a form and manner prescribed by the department, not later than October 1 of the fiscal year. The department shall award grants not later than December 1 of the fiscal year. Grant payments shall be made in 2 equal installments on December 20 and March 20.

(2) Of the \$50,000.00 grant provided to each district under this section, at least \$10,000.00 shall be used for staff development.

(3) Not later than March 15 of the fiscal year, the international center for leadership in education and each district receiving a grant under this section shall submit a written report to the house and senate K-12 appropriations subcommittees, the house and senate fiscal agencies, the department, and the department of management and budget detailing how funds received under this section have been expended, the activities achieved with those funds, and other information as prescribed by the department.

Sec. 98b. From the appropriation in section 11, there is allocated to the department an amount not to exceed \$200,000.00 for implementation of section 1287a of the school code of 1976, being section 380.1287a of the Michigan Compiled Laws, relating to a statewide cabinet on professional and technical standards and development of a statewide plan on skill level needs in the workplace.

Sec. 99. (1) From the general fund/general purpose appropriation in section 11, there is allocated an amount not to exceed \$2,850,000.00 for 1993-94 for planning/start-up/development grants, outreach grants, or continuing support grants for mathematics and science centers that received a grant under this section in the immediately preceding fiscal year. A mathematics and science center that receives a continuing support grant is not eligible to receive any other grant under this section.

(2) Within a service area designated locally and approved by the department, a mathematics and science center shall provide accelerated and innovative instruction in mathematics, science, and computer science for qualified pupils or serve as a resource and support center for teacher training, curriculum development, enrichment programs, and other activities and programs related to the overall improvement of mathematics or science education, or both.

(3) A district, an intermediate district, a state board-approved institution of higher education, or a nonprofit science or technological museum acting in conjunction with a district or intermediate district is eligible for funding from this section. In order to receive funds under subsection (6), (7), or (8), a district, an intermediate district, a state board-approved institution of higher education, or a science or technological museum acting in conjunction with a district or intermediate district shall submit to the department an application on a form and in a manner prescribed by the department. An application for funding under subsection (7) or (8) shall include at least all of the following:

(a) A detailed statement of the projected impact of the mathematics and science center on mathematics and science outcomes contained in the core curriculum and how the mathematics and science center can provide leadership for systemic change.

(b) A plan describing how the applicant's pupil selection process will ensure fair access to center programs for all qualified pupils and professional staff of schools formally participating in center programs. Participation shall be made available to nonpublic school pupils in the designated service area.

(c) A statement of the working relationships to be established with professional development programs.

(4) The department shall not award grants under this section to more than 25 mathematics and science centers, and shall not award a grant under this section to more than 1 mathematics and science center located in a particular intermediate district unless each of the grants serves a distinct target population or provides a service that does not duplicate another program in the intermediate district.

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

(6) Continuing support grants shall be awarded to all established mathematics and science centers. An established mathematics and science center is one that has completed the planning/start-up/development stages. The maximum amount of a grant under this subsection is \$250,000.00 for a mathematics and science center that provides service to an area with a population of over 500,000, \$200,000.00 for a mathematics and science center that provides service to an area with a population of over 100,000 and up to 500,000, and \$150,000.00 for a mathematics and science center that provides service to an area with a population of 100,000 or less. The grants shall be paid to each mathematics and science center in 2 equal payments on October 20, and on March 20. The mathematics and science centers that received continuing support grants in 1991-92 shall each receive grants in each succeeding fiscal year as specified in this subsection.

(7) In making outreach grants, the department shall first award outreach grants to the eligible mathematics and science centers that received outreach grants in 1 or more previous fiscal years. Outreach grants shall be paid to the mathematics and science centers by December 31.

(8) The department shall make planning/start-up/development grants only to areas that qualify for an eligible mathematics and science center. In making planning/start-up/development grants, the department shall first award planning/start-up/development grants to the areas that received planning/start-up/development grants in 1 or more previous fiscal years and that have not completed the planning/start-up/development stages. After a mathematics and science center has completed the planning/start-up/development stages, the mathematics and science center shall receive continuing support grants as specified in subsection (6). The maximum amount of a grant under this subsection is \$250,000.00 for a mathematics and science center that will serve an area with a population of over 500,000, \$200,000.00 for a mathematics and science center that will serve an area with a population of over 100,000 and up to 500,000, and \$150,000.00 for a mathematics and science center that will serve an area with a population of 100,000 or less. Planning/start-up/development grants shall be paid by December 31.

(9) Notwithstanding any other provision in this section, for 1993-94 only the department shall award a grant under this section to each mathematics and science center that received a grant under this section in the immediately preceding fiscal year. The amount of the grant to a mathematics and science center shall be calculated as follows:

(a) Each eligible mathematics and science center shall receive an amount equal to the amount of the mathematics and science center's grant under this section for the immediately preceding fiscal year, even if the grant for the current fiscal year is a different type of grant than the grant for the immediately preceding fiscal year.

(b) From the balance of the allocation under this section, the department shall award additional amounts to the mathematics and science centers that it determines to have the greatest need for the additional funds, up to the maximum amounts specified in this section for the particular type of grant.

(10) Each recipient of a grant under this section shall submit an annual report of activities, accomplishments, and expenditures by September 30 of the fiscal year to the department, the house and senate fiscal agencies, and the department of management and budget.

Sec. 101. (1) To be eligible to receive state aid under this act, not later than the third Friday following the pupil membership count day, each district superintendent through the secretary of the district's board shall file with the intermediate superintendent a certified and sworn copy of the district's enrollment for the current school year. In addition, a district maintaining school during the entire year, as provided under section 1561 of the school code of 1976, being section 380.1561 of the Michigan Compiled Laws, shall file with the intermediate superintendent a certified and sworn copy of the enrollment for the current school year pursuant to rules promulgated by the state board. Not later than 25 calendar days after the fifth Friday after the pupil membership count day, the intermediate district shall transmit to the department the data filed by each of its constituent districts. If a district fails to file the sworn and certified copy by the fifth Friday after the pupil membership count day or if an intermediate district fails to transmit the data in its possession within the 25 calendar days after the fifth Friday after the pupil membership count day, state

aid due to be distributed on December 20 under this act shall be withheld from the defaulting district or intermediate district. A person who willfully falsifies a figure or statement in the certified and sworn copy of enrollment shall be punished in the manner prescribed by the laws of this state.

(2) Each district shall provide a minimum of 180 days of pupil instruction. Except as otherwise provided in this section, a district failing to hold 180 days of pupil instruction shall forfeit 1/180 of its total state aid appropriation for each day of failure. A district failing to comply with rules promulgated by the state board, which rules establish the minimum time pupil instruction is to be provided to pupils for the regular school year, shall forfeit from its total state aid allocation an amount determined by applying a ratio of the time duration the district was in noncompliance in relation to the minimum time pupil instruction is required. A district failing to meet both the minimum 180 days of pupil instruction requirement and the prescribed time of pupil instruction requirement shall be penalized only the higher of the 2 amounts calculated under the forfeiture provisions of this subsection. Not later than August 1, the board of each district shall certify to the department the number of days of pupil instruction in the previous school year. If the district did not hold at least 180 days of pupil instruction, the deduction of state aid shall be made in the following fiscal year from the first payment of state school aid. A district is not subject to forfeiture of funds under this subsection for a fiscal year in which a forfeiture was already imposed under subsection (7). Days lost because of strikes or teachers' conferences shall not be counted as days of pupil instruction. A district not having 75% of the district's membership in attendance on any day shall receive state aid in that proportion of 1/180 that the actual percent of attendance bears to the specified percentage. The state board shall promulgate rules for the implementation of this subsection.

(3) The first 2 days when pupil instruction is not provided because of conditions not within the control of school authorities, such as severe storms, fires, epidemics, or health conditions as defined by the city, county, or state health authorities, shall be counted as days of pupil instruction. Subsequent such days shall not be counted as days of pupil instruction.

(4) A district shall not be allotted or paid a sum under this act in a fiscal year if the department determines that at the end of the preceding school fiscal year the amount of funds on hand in the district available for the payment of the operation cost in the district exceeded the amount of money expended for operation cost in the district during the preceding school fiscal year.

(5) A district shall not forfeit part of its state aid appropriation if it adopts or has in existence an alternative scheduling program for pupils in kindergarten, which program is approved by the state board.

(6) Upon application by the district for a particular fiscal year, the state board may waive the 180-day requirement of subsection (2) for a district if the district has adopted an experimental school year schedule in 1 or more buildings in the district if the experimental school year schedule provides 900 or more hours of pupil instruction and is consistent with all state board policies on school improvement and restructuring. If a district applies for and receives a waiver under this subsection and complies with the terms of the waiver, for the fiscal year covered by the waiver the district is not subject to forfeiture of part of its state aid allocation for the specific building or program covered by the waiver.

(7) Not later than January 31 of each fiscal year, the board of each district shall certify to the department the planned number of days and hours of pupil instruction in the district for the school year ending in the fiscal year. In addition to any other penalty or forfeiture under this section, if at any time the department determines that 1 or more of the following has occurred in a district, the district shall forfeit in the current fiscal year a proportion of the funds due to the district under this act that is equal to the proportion below 180 days and 900 hours, as specified in the following:

(a) The district fails to operate its schools for a minimum of 180 days and 900 hours of pupil instruction in a school year, including days counted under subsection (3).

(b) The board of the district takes formal action not to operate its schools for a minimum of 180 days and 900 hours of pupil instruction in a school year, including days counted under subsection (3).

Sec. 101a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$300,000.00 for 1993-94 for 1-year grants to applicant districts to plan for the operation of an extended school year of at least 990 class hours and 200 days, of which not less than 195 are pupil instruction days, for pupils in all or a subset of grades 1 to 12. To be eligible for a planning grant, a district shall submit an application to the department by November 30, 1993.

(2) An application for a grant under this section shall be in the form and manner prescribed by the department and shall include at least all of the following:

(a) Description of the composition of the district's planning committee and designation of the district's planning coordinator for examining an extension of the school year or a redefinition of the school year schedule.

(b) The proposed timeline under which decisions regarding extension or redefinition of the school year schedule would occur.

(c) A board-adopted resolution indicating the district's commitment to possible extension or redefinition of the school year schedule for 1994-95.

(d) A commitment to develop an evaluation plan containing specific measures for identifying the impact of an extension of the school year on student academic outcomes, which may include student retention rates.

(3) The department shall review all applications for planning grants and, beginning in 1991-92, approve not more than 15 applications for funding under this section. Not later than December 31, 1993, the department shall provide each district that is awarded a planning grant under this section with a detailed summary report of the reviewers' comments and suggestions.

(4) The districts selected for planning grants under this section shall be representative of the types of districts in the state in terms of size and geographic location. A planning grant award to a district shall not exceed the following amounts: \$35,000.00 for a district organized as a first class school district; \$30,000.00 for a district organized as a second class school district; and \$25,000.00 for a district organized as a third or fourth class school district.

(5) From the appropriation in section 11, there is allocated for 1993-94 an amount not to exceed \$4,700,000.00 for grants to applicant districts to implement the extension of a school year to at least 990 class hours and 200 days, of which not less than 195 are pupil instruction days, for pupils in all or a subset of grades 1 to 12. An application for an implementation grant may be submitted for a proposal that extends the school year for 1 or more classrooms, 1 or more grade levels, 1 or more school buildings, the entire school district, or for students who are at risk of not achieving academic outcomes for an age-appropriate grade level. An application for an implementation grant shall be in the form and manner prescribed by the department and shall include at least all of the following:

(a) A description of the proposed method for increasing a school year to at least 990 class hours and 200 days, of which not less than 195 are pupil instruction days, for all or a subset of pupils in grades 1 to 12. However, the department may award not more than 3 implementation grants to districts that will provide a school year that has less than 195 but at least 190 pupil instruction days.

(b) A proposed timeline for implementing the extension of the school year.

(c) A board-adopted resolution indicating the district's commitment to implementing an extension of the school year.

(d) An evaluation plan that identifies specific measures that will be used to assess the impact of an extension of the school year on student academic outcomes, which may include student retention rates.

(6) Implementation grant awards made by the state board of education under subsection (5) shall be in amounts as follows:

(a) For a district that implements an extended school year for all pupils in the district, an amount not to exceed \$285.00 per pupil.

(b) For a district that implements an extended school year for less than all of the pupils in the district, an amount not to exceed \$250.00 per pupil or the cost of the extended school year project, whichever is less. Grants under this subdivision shall be prorated by the department as necessary.

(7) In awarding grants under this section, the department shall give first priority to districts described in subsection (6)(a) and fully fund the grants to those districts.

(8) A recipient of an implementation grant is not eligible for receipt of an implementation grant under this section for more than a total of 3 fiscal years.

(9) A grant under this section shall not be used to supplant existing programs, regardless of funding source.

(10) The department shall conduct at least 1 site visit to a district during each fiscal year in which the district receives or expends funds allocated under this section.

Sec. 102. (1) A district receiving money under this act shall not adopt or operate under a deficit budget, and a district shall not incur an operating deficit in a fund during a school fiscal year. A district having an existing deficit or which incurs a deficit shall not be allotted or paid a further sum under this act until the district submits to the department for approval a budget for the current school fiscal year and a plan to eliminate the district's deficit not later than the end of the second school fiscal year after the deficit was incurred. Withheld state aid payments shall be released after the department approves the deficit reduction plan and ensures that the budget for the current school fiscal year is balanced.

(2) Not later than December 1 of each year, the department shall prepare a report of deficits incurred by districts in the immediately preceding fiscal year and the progress made in reducing those deficits and submit the report to the standing committees of the legislature responsible for K-12 education legislation, the appropriations subcommittees of the legislature responsible for K-12 education appropriations, the house and senate fiscal agencies, the state treasurer, and the department of management and budget. The department shall also submit interim reports concerning district deficits as necessary.

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

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

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

(6) For the purposes of this section, a district is considered to have incurred an operating deficit if the district incurs any withholding of or financial penalty, other than a temporary delay, against any portion of its total state school aid allocation under this act.

Sec. 104. (1) To be eligible to receive state aid under this act, a district shall provide and maintain until the pupil leaves high school a student portfolio. The portfolio shall be maintained for each pupil who began high school at the start of the 1992-93 school year and each pupil beginning ninth grade at the start of the 1993-94 school year, and shall be extended beginning in 1994-95 to include each pupil who begins the eighth grade at the start of the school year. The portfolio, which may be reviewed by the pupil's parents, guardian, or person in loco parentis, shall be given to the pupil upon or before graduation or upon leaving the district, and shall include at least all of the following categories of records:

- (a) A record of the pupil's annual academic and nonacademic plans that the pupil intends to follow.
- (b) A record of academic achievement that includes at least academic transcripts and the results of any statewide subject matter assessment test and nationally or locally normed achievement test that the pupil has taken.
- (c) A record of career preparation that includes at least records of vocational-technical training under school auspices that may help prepare the pupil for a job or career, career exploration, postsecondary education exploration, job-seeking preparation, job experience, problem solving experience, and lifelong learning preparation.
- (d) A record of recognitions and accomplishments that includes at least nonacademic competencies, awards, and certificates.

(2) Each pupil is responsible for submitting records of activities outside the regular school day for inclusion in the portfolio.

Sec. 104a. (1) In order to receive state aid under this act in 1993-94, 1994-95, or 1995-96, a district shall comply with this section and shall award a state-endorsed high school diploma to an eligible graduate as provided in this section. For a pupil scheduled to graduate in 1994, 1995, or 1996 to be eligible for a state-endorsement in 1 or more of the subject areas of communication arts, mathematics, or science, the pupil must achieve at least 1 of the following:

- (a) A passing score on locally-adopted and state-approved basic proficiency tests measuring proficiency in 1 or more of the subject areas specified in this subsection.
- (b) If the pupil is eligible to take the general education development (G.E.D.) test, a passing score in 1 or more of the subject areas specified in this subsection and tested in the G.E.D. test.
- (c) For a state endorsement in communications arts, at least category 2 on the reading portion of the Michigan educational assessment program (MEAP) grade 10 test; for a state endorsement in mathematics, at least 50% of the objectives on the mathematics portion of the MEAP grade 10 test; and, for a state endorsement in science, at least 50% of the objectives on the science portion of the MEAP grade 11 test.

(2) Beginning with pupils scheduled to graduate in 1997, if a pupil achieves the outcomes required by the state board, as measured by an assessment instrument developed under subsection (9), for a state-endorsed high school diploma in 1 or more of the subject areas of communications skills, mathematics, and science, the pupil's district shall award a state endorsement on the pupil's diploma in each of the subject areas in which the pupil demonstrated the required proficiency. A district shall not award a state endorsement to a pupil unless the pupil meets the applicable requirements for the endorsement, as described in this subsection. A school district may award a high school diploma to a pupil who successfully completes local district requirements established in accordance with state law for high school graduation, regardless of whether the pupil is eligible for any state endorsement.

(3) A district that offers a pupil the opportunity to pass a basic proficiency test described in subsection (1)(a) as 1 means to obtain a state-endorsed diploma in 1994, 1995, or 1996 may submit the district's own basic proficiency test to the department for approval to be used by the district to assess proficiency.

(4) Not later than April 1, 1992, the department shall take the necessary steps to seek any waiver or permission that may be necessary to allow pupils under age 18 to take the general education development (G.E.D.) test for the purposes of subsection (1)(b).

(5) A pupil who does not achieve at least 1 of the requirements listed in subsection (1) or the requirements of subsection (2), as applicable, may be reevaluated each school year until the pupil achieves an applicable requirement for a state-endorsed diploma. In addition, the board of the district in which the pupil is enrolled shall provide that there be at least 1 meeting attended by at least the pupil and a member of the district's staff or a local or intermediate district consultant who is proficient in the measurement and evaluation of pupils. The district may provide the meeting as a group meeting for pupils in similar circumstances. If the pupil is a minor, the district shall invite and encourage the pupil's parent, legal guardian, or person in loco parentis to attend the meeting and shall mail a notice of the meeting to

the pupil's parent, legal guardian, or person in loco parentis. The purpose of this meeting and any subsequent meeting under this subsection shall be to determine an educational program for the pupil designed to have the pupil reach proficiency in each subject or skill area in which he or she was assessed by the testing as not proficient. In addition, a district may provide for subsequent meetings with the pupil conducted by a high school counselor or teacher designated by the pupil's high school principal, and shall invite and encourage the pupil's parent, legal guardian, or person in loco parentis to attend the subsequent meetings. The board may provide special programs for the pupil or may develop a program using the educational programs regularly provided by the district. A pupil may be reevaluated at any time the district administers an applicable assessment instrument.

(6) For a state-endorsed diploma, a pupil must achieve at least 1 of the requirements listed in subsection (1) or the requirements of subsection (2), as applicable, in addition to any other requirements established by law or by the board of a district for a high school diploma. If the board of a district determines that a pupil qualifies for a state-endorsed diploma, the board shall indicate on the pupil's high school diploma and transcript that the pupil achieved the proficiency necessary for receipt of a state-endorsed diploma.

(7) An individual may repeat any of the tests or assessment instruments specified in subsection (1) or subsection (2), as applicable, at any time the district regularly offers the test or assessment or, for the MEAP tests described in subsection (1)(c), during the month of April or first 2 weeks of May, and, upon achieving at least 1 of the requirements listed in subsection (1) or the requirements of subsection (2), as applicable, and completing all other applicable requirements for a high school diploma, shall be awarded a state-endorsed diploma.

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

(9) Not later than July 31, 1993, for the purposes of this section, the state board shall develop or select and approve assessment instruments to determine pupil proficiency in communications skills, mathematics, and science. The assessment instruments shall be based on the state board model core curriculum outcomes.

(10) Not later than July 31, 1995, the state board may develop or select and approve assessment instruments for the purpose of awarding state endorsements of advanced mastery in specified subject areas.

Sec. 107. (1) The participant count day for counting participants in adult education programs under section 107d is the fourth Friday following the first Monday in September.

(2) The prorated allocation for an adult education participant under section 107d who is 18 years of age or older on September 1 of a school year shall be computed by applying a ratio that is the relation between the number of hours of student instruction received and 480 clock hours of classroom instruction. The prorated allocation for an adult education participant under section 107d who is 16 or 17 years of age on September 1 of a school year and who is counted on the fourth Friday report as a participant in alternative education through adult education shall be computed by applying a ratio that is the relation between the number of hours of student instruction received and 900 clock hours of classroom instruction. Time required to pass to and from classes, and up to 5 hours of tutorial assistance provided to a pupil to make up for an equal number of hours of excused absence by the pupil, as documented and reported by the district, shall be counted as classroom instruction, but meal time, study halls, or recess time shall not be counted. A district that counts participants under this subsection shall have its board approve a districtwide plan for adult education. The plan shall address goals and objectives for the adult education program. The district shall submit to the department, not later than November 1 each year for each fiscal year in which funding is received for the adult education program, a resolution adopted by its board indicating that the district complies with all of the following requirements:

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

(b) The district has implemented an adult education participant retention plan.

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

(3) For purposes of determining the number of participants under section 107d, a district may count toward classroom instruction not more than 20 credits as specified in subdivisions (a) through (e) in the following courses and number of credit hours:

(a) Except as provided in subdivision (e), a total of 10 credits of English or communication skills, mathematics, science, and social science, with not more than 3 credits each of mathematics, science, and social science and not more than 4 credits of English or communication skills.

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

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

(d) Except as provided in subdivision (e), 1 credit of computer education, or the equivalent, as approved by the department.

(e) A total of 4 additional credits of any of the subjects specified in subdivisions (a) through (d), fine and performing arts or practical arts, or any combination thereof, as approved by the department. Pupils enrolled in fine and performing arts or practical arts classes shall also be enrolled and attend within the same semester at least 1 of the classes listed in subdivisions (a) through (d) in order to generate membership for the fine and performing arts or practical arts class.

(4) For purposes of subsection (3), a credit hour shall not exceed 120 clock hours of classroom instruction, and credit hours earned by a participant during previous school years shall be counted. Participants enrolled and making progress in adult basic education, which is instruction in mathematics, reading, or English at or below the eighth grade level, may be prorated.

(5) In order to be eligible to count adult education participants under section 107d, a district shall allow those participants who have more than the total of 20 credits specified in subsection (3) to attend those classes needed in order to complete graduation requirements. The district shall not assess a fee or receive funding under section 107d for these credits.

(6) A district that counts adult education participants under section 107d, and complies with the requirements of this section and section 108 shall receive regularly scheduled state aid payments for which the district qualifies under this act in accordance with the following:

(a) For contracted programs offered by the district through a contract with a private entity, the adult education payment criteria shall be as follows, up to a maximum of 100%:

(i) 10% for demonstration of a completed comprehensive assessment as required by section 108(1)(c).

(ii) 40% for enrollment of eligible participants.

(iii) 20% for attainment of a high school diploma; for passage of the general education development (G.E.D.) test; for completion of the adult basic education objectives by achieving an eighth grade level in reading, English, or mathematics; or for completion of the class and demonstrated proficiency in the academic or vocational skills to be learned in the class.

(iv) Not more than 40% for classroom attendance.

(b) For noncontracted adult education programs or for contracted programs offered by the district through a contract with a public, nonprofit entity, the adult education payment criteria shall be as follows, up to a maximum of 100%:

(i) 10% for demonstration of a completed comprehensive assessment as required by section 108(1)(c).

(ii) 70% for enrollment of eligible participants.

(iii) 10% for attainment of a high school diploma; for passage of the general education development (G.E.D.) test; for completion of the adult basic education objectives by achieving an eighth grade level in reading, English, or mathematics; or for completion of the class and demonstrated proficiency in the academic or vocational skills to be learned in the class.

(iv) Not more than 20% for classroom attendance.

(7) For purposes of subsection (6), classroom attendance shall be measured by the total cumulative participant clock hours of classroom instruction. The total cumulative participant clock hours of classroom instruction shall be determined by multiplying the total number of participants by 480 hours. Credit for cumulative participant clock hours of classroom instruction shall be determined by dividing the total number of clock hours of classroom instruction attended by the total number of cumulative participant clock hours. The specific percentage allowable for attendance shall be based on a percentage allowance for each percent of attendance of eligible pupils as follows: (a) For programs contracted with a private entity, 0.4% for each 1% of attendance, and (b) For noncontracted programs and programs contracted with a public nonprofit entity, 0.2% for each 1% of attendance. Rounding to the nearest whole percent may be used in determining percent of attendance.

(8) A district that counts adult education participants under section 107d shall allow access for the department or the department's designee to audit all records related to the adult education program for all entities that receive money, either directly or indirectly through a contract, from the participants counted under section 107d. The district or contractor, if any, shall reimburse the state for all disallowances found in the audit.

(9) A district receiving funds from the job training partnership act, Public Law 97-300, 96 Stat. 1322, or a district operating a training program approved by the department may amend the number of participants counted under section 107d to include individuals participating in the job training partnership act program or a training program approved by the department. The participant count day for these participants shall be the third Friday after the first Monday after the start of instruction for the program. Payments received under section 107d for these participants shall be reduced 1/480 for each hour of classroom instruction the participants are scheduled to receive under 480 hours and further reduced to ensure that the combined section 107d and the job training partnership act or other approved

training program aid for the programs do not exceed the cost of the programs as verified by the intermediate school district of the district operating the programs.

(10) An individual 26 years of age or older residing in a mental health institution or a nursing home and receiving educational services on site shall not be counted as an adult education participant under section 107d unless prior approval is received from the department.

Sec. 107a. (1) From the general fund/general purpose money appropriated in section 11, there is allocated an amount not to exceed \$40,000,000.00 for 1993-94 for economic development job training, including existing social services/vocational job club training and placement programs, which, subject to subsection (2), shall be allocated through a competitive application process as follows:

(a) An applicant may be a district, intermediate district, community college, public or private nonprofit college or university, nonprofit organization that provides school-to-work transition programs and state licensed accredited vocational or technical education programs, proprietary school licensed by the state board, service delivery area organized under the federal job training partnership act, Public Law 97-300, 96 Stat. 1322, or a consortium consisting of any combination of districts, intermediate districts, community colleges, nonprofit organizations described in this subdivision, licensed proprietary schools, or public or private nonprofit colleges or universities described in this subdivision. A grant to a licensed proprietary school shall be awarded and used only for the purpose of economic development job training for individuals with a high school diploma.

(b) Applications for grants shall be submitted to the governor's workforce commission established by executive order 1993-3 not later than a date to be determined by the commission. Applications shall be submitted in a form and manner as prescribed by the commission. Each department represented on the governor's workforce commission shall assign appropriate and necessary staff to carry out the intent of this section.

(c) Applications for all grants shall contain at least all of the following:

(i) A description of the specific job skills that will be taught.

(ii) A clear statement of the project's scope of activities, number of students to be involved, a management plan and description of staff responsibilities.

(iii) A plan to maintain student records in a form and manner required by the commission.

(iv) A budget that demonstrates how the budget relates to the proposed activities and various program components and whether the estimated costs are reasonable and justified. Costs shall include, but are not limited to, necessary child care, necessary transportation, the cost of an annual audit performed by a certified public accountant, and the cost for any tests required to demonstrate successful completion of a program. Budgets shall include revenues from all sources of funding, total costs, and costs per student.

(v) Evidence that the grant will not supplant other available public or private job training funds.

(vi) Evidence of collaboration with appropriate community and business organizations.

(d) Priority in the commission's awarding of grants shall be based upon the following criteria:

(i) Demonstrated need for the type of training offered and prospects for participant job placement, job retention, or postsecondary enrollment for degree completion, and for strengthening the state's economic base.

(ii) The number of unemployed persons, and the number of persons at risk of becoming unemployed, to be trained in the program.

(iii) Qualifications of the project director and key personnel who will be used in the program.

(iv) Availability of appropriate classroom space, materials, and equipment.

(v) Cost per pupil and pupil contact hours of training.

(vi) Strength of commitment to guaranteed job placement upon completion of training.

(vii) Collaboration with appropriate community and business organizations.

(viii) Inclusion of an evaluation plan that will provide an assessment of the impact of the training program on participant job placement, job retention, or postsecondary enrollment for degree completion, and on strengthening the state's economic base.

(ix) The extent to which the proposals maximize other federal, local, private, or in-kind financial contributions.

(x) Other criteria determined by the commission to be important in achieving the objectives of the program.

(2) Not more than \$5,000,000.00 of the amount allocated in subsection (1) may be used for rapid response grants awarded according to the procedures under this subsection to initiate employee training programs for maintaining or attracting permanent jobs for Michigan residents. Instead of the competitive application procedures and grant criteria specified in subsection (1), a grant under this subsection shall be awarded by the chief executive officer of the governor's workforce commission and shall be approved by the governor and the director of the department of management and

budget. A grant under this subsection shall only be made to an applicant eligible under subsection (1)(a). A grant under this subsection is subject to subsections (3) to (10).

(3) Participants in economic development job training programs shall be 16 years or older and not enrolled and counted in membership in a district or intermediate district.

(4) Not later than 60 days after completion of the grant period, a recipient of a grant under this section shall provide to the commission in a form and manner prescribed by the commission an evaluation report on the educational and employment outcomes of the participants in the program funded under this section.

(5) A recipient of a grant under this section shall not charge tuition or fees to participants in the program funded by the grant.

(6) If a participant in a program funded under this section is an employee of a business organization whose employees are receiving job training under the program, or has been an employee of that business organization within 90 days before becoming a participant in the program, the business organization shall provide at least 25% of the funding for the participant's training under the program. The percentage of funding the business organization provides may include in-kind contributions. This subsection does not apply to an individual who becomes a new employee of a business organization as a result of the individual's participation in the program.

(7) Except as provided in subsection (8), a grant under this section shall be paid to the grant recipient according to the following schedule:

(a) 25% of the grant amount shall be paid within 30 days after the grant is awarded.

(b) 25% of the grant amount shall be paid at the completion of the training period, after the grant recipient submits to the commission an interim report specifying actual costs of the training program and training outcomes of the participants.

(c) 50% of the grant amount shall be paid at the conclusion of the grant period, as determined by the commission.

(8) A grant awarded to an economic development job training grant recipient that guarantees a predetermined number of specified jobs for new employees that are directly related to the participant's area of training shall be paid to the grant recipient according to the following schedule:

(a) 40% of the grant amount shall be paid within 30 days after the grant is awarded.

(b) 40% of the grant amount shall be paid at the completion of the training period, after the grant recipient submits to the commission an interim report specifying actual costs of the training program and training outcomes of the students.

(c) 20% of the grant amount shall be paid at the conclusion of the grant period, as determined by the commission.

(9) A recipient of a grant under this section shall allow access for the department or the department's designee to audit all records related to the grant for all entities that receive money, either directly or indirectly through a contract, from the grant funds. A grant recipient shall reimburse the state for all disallowances found in the audit.

(10) A training program receiving a grant awarded in 1992-93 or a subsequent fiscal year under this section may extend beyond the end of the fiscal year in which the grant is awarded and the funds awarded for the grant may be carried over into the next fiscal year for payment in the next fiscal year.

Sec. 107b. (1) From the general fund/general purpose money appropriated in section 11, there is allocated for 1993-94 a sum not to exceed \$32,000,000.00 for grants to provide a jobs grant program, which includes the education designed for gainful employment (EDGE) adult education program. An applicant may be a district, intermediate district, community college, public or private nonprofit college or university, nonprofit organization that provides school-to-work transition programs and state licensed accredited vocational or technical education programs, proprietary school licensed by the state board, service delivery area organized under the federal job training partnership act, Public Law 97-300, 96 Stat. 1322, or a consortium consisting of any combination of districts, intermediate districts, community colleges, nonprofit organizations described in this subdivision, licensed proprietary schools, or public or private nonprofit colleges or universities described in this subdivision.

(2) JOBS participants shall be limited to recipients of aid to families of dependent children under section 56 of the social welfare act, Act No. 280 of the Public Acts of 1939, being section 400.56 of the Michigan Compiled Laws, and may include such individuals referred to a job club program by a county department of social services or a county friend of the court as long as the participation in the job club is part of an application made under this section.

(3) Except as provided in subsection (4), a grant recipient under this section shall receive funds only after signing a contract with the governor's workforce commission established by executive order 1993-3. The funding shall be disbursed by the commission. The commission may prorate the payments as necessary.

(4) A program that received a grant under this section in 1992-93 may apply to the governor's workforce commission established by executive order 1993-3 for a grant for the first semester of the 1993-94 school year. Upon approval by the commission and after signing a contract with the commission, a grant recipient described in this subsection shall receive a grant under this section for the first semester of the 1993-94 school year under the same procedures as in

effect in 1992-93. After the first semester of the 1993-94 school year, a grant recipient under this subsection is not eligible for further funding under this subsection unless it applies and is awarded funding as otherwise provided in this section.

(5) Participants in the JOBS program shall not be counted in membership.

(6) A grant recipient conducting a JOBS program under this section shall allow access for the commission or the commission's designee to audit all records related to the program for all entities that receive money, either directly or indirectly through a contract, under this section. The recipient or contractor, if any, shall reimburse the state for all disallowances found in the audit.

(7) The commission shall submit to the house and senate fiscal agencies and the department of management and budget by March 15 of each fiscal year an interim report on the JOBS program, including at least a listing of the number of JOBS participants in each program that received a grant under this section. A grant recipient under this section shall provide appropriate data on participants in a form and manner prescribed by the commission.

(8) If funds allocated under this section are not awarded as grants by April 30 of the fiscal year, the remaining funds shall be used for the purposes of section 107d and the maximum total allocation under that section shall be increased by the amount of these remaining funds.

Sec. 107c. From the general fund/general purpose money appropriated in section 11, there is allocated \$125,000.00 for 1993-94 for literacy project grants to nonprofit organizations. The governor's workforce commission established by executive order 1993-3 shall develop grant criteria and shall award the grants on a competitive basis. Priority shall be given to projects that assist in eliminating illiteracy in Michigan's workforce. Project grants shall not exceed \$20,000.00.

Sec. 107d. (1) From the appropriation in section 11, subject to section 107b(8), there is allocated an amount not to exceed \$285,000,000.00 for 1993-94 for adult education categorical payments to districts or consortia or cooperative programs that received funding in 1992-93 under section 21(1) or section 108(5) for adult education memberships and to a consortium or cooperative program that did not exist in the 1992-93 school year that includes at least 1 district that received funding in 1992-93 under section 21(1) or section 108(5) for adult education memberships. Those districts are eligible to receive funding under this section in 1993-94 for operating adult basic education programs, adult high school completion programs, G.E.D. preparation programs, and alternative education through adult education.

(2) Subject to subsection (3) and to section 107, the amount a district, consortium, or cooperative program shall receive per participant in a program under this section shall be an amount equal to the gross membership allowance per pupil under section 21(1) or section 108(5) received by the district, consortium, or cooperative program for adult education pupils in 1992-93, for up to a maximum number of participants in 1993-94 equal to 80% of the 1992-93 full-time equated adult education membership in the district, consortium, or cooperative program as counted in the 1992-93 fourth Friday report in adult basic education, adult high school completion, section 6(4) "slot-funded" pupils, and alternative education through adult education, and as adjusted under section 107 and due to audits conducted pursuant to this act. The maximum number of participants in a consortium or cooperative program shall be adjusted for 1992-93 adult education memberships transferred into or out of the consortium or cooperative program. However, for a consortium or cooperative program that did not exist in the 1992-93 school year, the consortium or district shall receive per participant in a program under this section, as calculated under section 107, an amount equal to the lowest gross membership allowance per pupil under section 21(1) or section 108(5) in 1992-93 among the participating districts in the consortium or cooperative program, for up to a maximum number of participants in 1993-94 equal to 80% of the aggregate 1992-93 full-time equated adult education membership in all of the districts participating in 1993-94 in the consortium or cooperative program as counted in the 1992-93 fourth Friday report in adult basic education, adult high school completion, section 6(4) "slot-funded" pupils, and alternative education through adult education, and as adjusted under section 107 and due to audits conducted pursuant to this act. If a district participates in 1993-94 in a consortium or cooperative program that operates an adult education program pursuant to section 108 and the district participated in 1992-93 in a different adult education consortium or cooperative program or the district did not participate in 1992-93 in any adult education program or in any adult education consortium or cooperative program, the number of adult education participants from that district shall be counted only in the consortium or cooperative program in which the district participates in 1993-94. As used in this subsection, "adult high school completion" includes participation in a G.E.D. preparation program.

(3) If the total allocation calculated under subsection (2) is less than \$285,000,000.00, or less than that amount as increased pursuant to section 107b(8), for 1993-94, payments may be made under this section for participants in the applicable fiscal year in programs under this section in excess of the percentage limitation in subsection (2) by increasing the percentage limitation under that subsection according to the money available, up to a maximum of 100%.

(4) Except for an individual enrolled in the state technical institute and rehabilitation center who is less than 20 years of age on September 1 of the school year, an individual who has obtained a high school diploma shall not be counted as a participant under this section. Unless the individual is a participant in an adult high school completion

program, an individual who has obtained a general education development (G.E.D.) certificate shall not be counted as a participant under this section.

(5) The department may prorate payments under this section as necessary.

(6) A participant in a program funded under this section shall not be counted in membership in a district.

(7) Payments under this section shall be made as provided in section 17b.

Sec. 108. (1) A district operating an adult education program under section 107d shall:

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

(b) Develop course descriptions for all adult basic and high school completion courses approved by the board of education which shall be available for review by the department not later than October 1 of each school year.

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

(d) Ensure that the adult high school completion program is comparable to the requirements and standards of other high school completion programs in that district. If modifications are made in programs or courses, or both, to accommodate adult needs, specific rationale for the modifications shall be available for review.

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

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

(g) Expend at least 5% of the funds received under section 107d for academic, vocational, and job counseling for adult education participants.

(h) Use the funds received under section 107d to support actual reasonable costs of the adult education programs, except that the district may use revenue in addition to that needed to meet the costs of the adult education program to provide supplemental services within the district in the areas of early childhood education, alternative education, dropout prevention, teen parent programs for youth, or other department-approved education programs other than community education.

(2) Two or more K to 12 districts may conduct adult education programs on a cooperative basis. Cooperating districts shall enter into an annual written agreement which shall cover all of the high school completion programs and adult basic education programs offered within the participating districts. Exceptions to this provision may be made with the approval of the department. An agreement shall include the educational, administrative, management, operational, and financial matters concerning adult education programs and services offered by all the participating districts. One district shall be designated in the agreement as the administrator of the adult education cooperative program and shall operate the program as a direct extension of the district. The district serving as the administrator of the adult education program shall reimburse only direct expenses and the reasonable rental value of facilities provided directly to the program by a cooperative district. These fees shall reflect only actual costs to the cooperating district. If the cooperating district did not receive an allocation under section 21(1) in 1992-93, the fees shall not exceed 12.5% of the amount of the payment the administering district receives that is attributable to the participation of the cooperating district. No other payments may be made to a cooperating district by the district serving as the administrator of the adult education program. The fee schedule to be paid by the administrative district of the adult education program shall be included as part of the annual written agreement between cooperating districts. The administrative district shall maintain for 5 years records of fees paid under the agreement. The funds generated by the administering district shall be used to support actual reasonable costs of the adult education programs in the cooperative program with the exception that administering districts may use revenues in addition to that needed to meet the costs of the adult education program to provide supplemental services within the consortium in the areas of early childhood education, alternative education, dropout prevention, teen parent programs for youth, or other department-approved education programs other than community education. In order to receive funds under section 107d for the program, not later than November 30 of the fiscal year the board of each of the cooperating districts shall adopt and submit to the department a resolution indicating compliance with this subsection.

(3) A district that did not receive an allocation under section 21(1) in 1992-93, with the approval of the department, may enter into a cooperative arrangement with a district that receives payment under section 107d for the purpose of obtaining educational services for adult education participants. These cooperative arrangements shall meet the same conditions as those listed in subsection (2). In these cooperative arrangements, the district that did not receive an allocation under section 21(1) in 1992-93 may receive from the district that provides the educational services an amount for administrative costs not to exceed 12.5% of the amount of the payment under section 107d the providing district receives that is attributable to the cooperative arrangement. In order to receive funds under section 107d for the program, the board of each of the cooperating districts shall adopt and submit to the department a resolution indicating compliance with this subsection.

(4) A district that operates an adult education program under subsection (2) and enrolls participants from other districts shall receive for those pupils for 1993-94 the lesser of the following:

(a) An amount equal to the operating district's gross allowance for 1992-93 under section 21(1).

(b) An amount equal to the gross allowance for the pupils' district of residence for 1992-93 under section 21(1).

(5) The department shall conduct a review of current adult education program practices and funding mechanisms and, not later than December 1, 1993, shall submit to the legislature, the department of management and budget, and the house and senate fiscal agencies a report containing recommendations for revisions the department considers necessary.

Sec. 109. (1) Subject to subsection (2), in order to receive funds under this act, each district shall provide appropriate instructional services, as determined by the district, to a homebound or hospitalized pupil who resides within and is enrolled in the district. The district may provide the services itself or may contract with an intermediate district, a hospital, a treatment center, or another district to provide the services. In choosing a provider for the instructional services, the district shall consider which of those potential providers is best able to deliver the appropriate instructional services. The district shall pay reasonable costs as agreed upon between the district and the provider for services provided to a pupil under this section.

(2) A district is required to provide instructional services under subsection (1) to a pupil placed in a hospital, treatment center, or other treatment facility without the district's prior knowledge only if the district is notified of the pupil's placement by the hospital, treatment center, facility, or the pupil's parent or legal guardian. Upon being notified, the district shall make arrangements to provide instructional services under subsection (1) within 3 school days after being notified.

(3) Not later than October 15 of each odd numbered year, the department shall prepare and distribute to each district, intermediate district, and nonpublic school a written explanation of the operation of this section and the respective duties of all affected parties. The department shall provide a copy of the explanation to any other person upon request.

Sec. 111. (1) Except as provided in section 113, a district having tuition pupils enrolled on the pupil membership count day of each year shall charge the district in which the tuition pupils reside the tuition rate computed under section 1401 of the school code of 1976, being section 380.1401 of the Michigan Compiled Laws. The resulting tuition rates shall be reduced by the gross per pupil membership guarantee provided under section 21(1), except that the following districts shall charge the full per capita operating cost determined under section 1401 of the school code of 1976 for tuition pupils other than special education pupils served in center programs:

(a) A district not receiving a membership allowance under section 21(1).

(b) A district that would not receive a membership allowance under section 21(1) if tuition pupils were not included in membership in the receiving district.

(c) A district enrolling pupils, other than special education pupils, who reside in a district that is legally liable for the payment of the tuition and levies a lower operating millage than the district enrolling the pupils.

(2) A district enrolling pupils who reside in a district that does not receive a membership allowance under section 21(1) shall charge the resident district the full per capita operating costs. This subdivision does not apply to pupils receiving 1/2 or less of their instruction in a district or districts other than their district of residence.

(3) A pupil for whom the full per capita operating cost, as determined under section 1401 of the school code of 1976, is charged as tuition under subsection (1) or (2) shall not be counted in membership in the receiving district for purposes of calculating state aid allocations under sections 21(1) and 143. A pupil for whom the full per capita operating cost, as determined under section 1401 of the school code of 1976, is paid by the pupil's district of residence under subsection (1) or (2) shall be counted in membership in the pupil's district of residence solely for purposes of calculating state aid allocations under sections 21(1) and 143.

(4) A district that counts pupils in membership pursuant to subsections (2) and (3), upon approval by the department, may count only the number of pupils necessary to obtain an allocation under section 21(1). In this instance, the educating district shall count all additional pupils.

(5) Special education tuition pupils enrolled in center programs in a district not receiving a net allocation under section 21(1) shall be counted in membership in the intermediate district to which the district is constituent, and the resulting membership aid shall be paid by the intermediate district to the receiving district and deducted from the tuition rates charged the sending district. In 1993-94 and each succeeding fiscal year, an additional allowance for nonpublic, nonresident pupils in part-time membership shall be made to the district receiving nonpublic, nonresident pupils in an amount equal to the difference between the per capita cost as determined under section 1401 of the school code of 1976 and the gross allowance calculated under section 21(1).

(6) The secretary of the board of each district enrolling nonresident pupils shall certify to the department, on forms furnished by the department, the number of nonresident pupils enrolled in each grade on the pupil membership count

day of each year, the districts in which the nonresident pupils reside, the amount of tuition charged for the current year, and other information required by the department.

Sec. 116. In 1993-94 and each succeeding fiscal year, a district receiving aid under section 21(1) and having American Indian pupils in attendance, who reside within the district and upon a United States government Indian reservation, shall be allowed in addition to the allowances provided by the other sections of this act an amount equal to the number of those pupils in attendance times 1/2 the tuition rate as computed under section 111 and under section 1401 of the school code of 1976, being section 380.1401 of the Michigan Compiled Laws.

Sec. 143. (1) From the appropriation in section 11, there is allocated to each eligible district for 1993-94 the following amount per pupil, except as provided in subsection (2):

(a) Add the following:

(i) 105% of the previous year's membership aid per pupil received under section 21(1).

(ii) 105% of the previous year's membership aid per pupil received under this section.

(iii) 105% of the product of the previous year's state equalized valuation per pupil and the 1975-76 millage levied for purposes included in the operation cost of the district as prescribed in section 7.

(b) From the sum obtained in subdivision (a), subtract the following:

(i) The current year's membership aid per pupil received under section 21(1) or the membership aid per pupil which would be due the district if the current year's formula were applied to the 1975-76 operating millage, whichever is greater.

(ii) The product of the current year's state equalized valuation per pupil and the 1975-76 operating millage levied.

(2) A district shall not receive a greater amount per pupil under subsection (1) than was received by the district in the prior year.

(3) The purpose, use, and expenditure of aid received under this section are limited as if the funds were generated by ad valorem taxes levied for operating purposes.

Sec. 144. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$130,000.00 for 1993-94 to applicant districts not receiving a membership allocation under section 21(1), that have sustained an SEV reduction due to the listing of forest land under Act No. 94 of the Public Acts of 1925, being sections 320.301 to 320.314 of the Michigan Compiled Laws, and that levied 25.615 mills or 35.16 mills for operating purposes in 1985-86.

(2) An applicant district's entitlement shall be determined as follows:

(a) A potential property tax payment shall be determined by multiplying the total acreage of the district under Act No. 94 of the Public Acts of 1925 by \$75.00 per acre. This product shall then be multiplied by the operating millage rate of the district.

(b) From the amount computed under subdivision (a) shall be subtracted all payments received by the district for the commercial forest land, including specific and yield and withdrawal tax revenue.

Sec. 145. From the amount appropriated in section 11, there is allocated for 1993-94 an amount sufficient to pay the state share of desegregation costs mandated by the federal court before June 1, 1983, in *Berry v school district of the city of Benton Harbor, United States district court for the western district of Michigan*, docket no. C.A. 9. Not later than December 31, 1992, the state shall file an appropriate motion with the United States district court to seek relief from any further obligation under the court's order in that case, either through the office of the attorney general or using outside counsel for the motion.

Sec. 146. (1) Except as otherwise provided in this section, from the amount appropriated in section 11, there is allocated for 1993-94 to each intermediate district and to each instructional program under section 23c an amount equal to the employer's share of the intermediate district's or instructional program's federal social security and medicare obligations, 6.20% on calendar 1993 employee's wage base up to \$50,000.00 for social security and 1.45% on calendar 1993 employee's wage base up to \$50,000.00 for medicare, and 6.20% on calendar 1994 employee's wage base up to \$50,000.00 for social security and 1.45% on calendar 1994 employee's wage base up to \$50,000.00 for medicare.

(2) The allocation under this section for 1993-94 to an intermediate district shall be the lesser of the following amounts:

(a) The intermediate district's allocation calculated under subsection (1).

(b) An amount equal to the intermediate district's allocation under this section for 1992-93.

(3) From the amount appropriated in section 11, there is allocated to each district other than an instructional program under section 23c to assist in the employer's share of the district's federal social security and medicare obligations an amount as follows:

(a) For a district with state equalized valuation per membership pupil of less than \$125,000.00, an amount equal to 75% of the district's allocation under this section for 1992-93.

(b) For a district with state equalized valuation per membership pupil of at least \$125,000.00 and less than \$250,000.00, an amount equal to the district's allocation under this section for 1992-93 multiplied by the percentage determined by the department using the following formula:

$$\text{Percentage} = 150 \times [1 - (\text{district's state equalized valuation per membership pupil divided by } \$250,000.00)]$$

(c) For a district with state equalized valuation per membership pupil of \$250,000.00 or more, \$0.00.

(4) As used in subsection (3), "state equalized valuation per membership pupil" means a district's total state equalized valuation used to compute the district's gross allowance under section 21(1), divided by the district's membership.

(5) Except as otherwise provided in this act, the state shall not assume the employer's share of federal social security and medicare obligations for the federally funded employees of the district or intermediate district, nor for individuals employed pursuant to the Michigan youth corps act, Act No. 69 of the Public Acts of 1983, being sections 409.221 to 409.229 of the Michigan Compiled Laws, or the Michigan opportunity and skills training program or project self-reliance, both administered by the department of social services, or any successor of either of those 2 programs.

(6) Payments to districts or intermediate districts, for social security and medicare obligations, shall be disbursed on the payment schedule set by section 17b of this act. These payments are determined by multiplying the state's percentage contribution by the estimated base allowable payroll for each covered employee for the quarterly periods beginning in October of the school year. The state payments shall be prospective estimates, based upon data to be submitted to the department in a form and manner as required by the department. That data shall include identification of the amount of a district's or intermediate district's payroll that is attributable to employee wage base exceeding the allowable maximum wage base specified in subsection (1). Payments required to satisfy social security and medicare obligations of each district or intermediate district shall be adjusted by the department as necessary to reflect actual requirements of preceding completed payrolls and payroll periods, and shall be adjusted finally by the department for the immediately preceding state fiscal year pursuant to section 41 of the public school employees retirement act of 1979, Act No. 300 of the Public Acts of 1980, being section 38.1341 of the Michigan Compiled Laws.

(7) Each district or intermediate district shall remit directly to the appropriate federal government agency the total employer share and the total employee share of the district's or intermediate district's social security and medicare obligation. Social security or medicare contributions shall not be remitted to the social security contribution fund as otherwise required by section 42(6) of Act No. 300 of the Public Acts of 1980, being section 38.1342 of the Michigan Compiled Laws.

Sec. 147. (1) From the appropriation in section 11, and subject to subsection (2), the following is allocated for 1993-94 for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, Act No. 300 of the Public Acts of 1980, being sections 38.1301 to 38.1408 of the Michigan Compiled Laws:

	For Fiscal Year Ending Sept. 30, 1994
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM	
Retirement allowance - normal cost.....	\$ 123,824,300
Retirement allowance - unfunded accrued liabilities	192,615,600
Health insurance - premium disbursement.....	238,017,800
Reconciliation and interest payment.....	34,767,800
GROSS APPROPRIATION.....	\$ 589,225,500
Appropriated from:	
Federal revenues:	
Retirement contribution pass-through	22,305,600
Special revenue funds:	
School aid fund	341,077,400
Reserve for health benefits	\$ 225,842,500

(2) The allocations under this section shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. The annual level percentage of payroll contribution rate assumed for the 1993-94 state fiscal year is 13.06%. The portion of the contribution rate assigned to local districts and intermediate districts for the 1993-94 state fiscal year is 5.0 percentage points of the total 13.06 percentage points.

(3) Adjustments are made under the reconciliation line item in subsection (1) to reflect the difference between the estimated and actual 1988-89 contribution requirements, the estimated and actual 1989-90 contribution requirements,

the estimated and actual 1990-91 contribution requirements, and the estimated and actual 1991-92 contribution requirements for the public school employees' retirement system as required in section 41 of the public school employees retirement act of 1979, Act No. 300 of the Public Acts of 1980, being section 38.1341 of the Michigan Compiled Laws. The net amount of these adjustments shall be applied proportionately to the reserve for employer contributions created by section 30 of Act No. 300 of the Public Acts of 1980, being section 38.1330 of the Michigan Compiled Laws, and the reserve for health benefits created by section 34 of Act No. 300 of the Public Acts of 1980, being section 38.1334 of the Michigan Compiled Laws.

(4) Included in the amounts allocated under subsection (1), there is allocated sufficient funds to pay the costs associated with the administrative services only contract for claims administration in connection with the conversion to self-insurance.

Sec. 149. (1) From the general fund/general purpose appropriation in section 11, there is allocated \$5,000,000.00 for 1993-94 for a grant to Michigan state university for the Michigan partnership for new education. The payments shall be made in 2 equal installments on October 20 and December 20. During each state fiscal year, the Michigan partnership and its partner institutions shall raise or contribute matching funds totaling at least 1/2 of the amount allocated in this section for the partnership. The Michigan partnership for new education shall use resources of the state and federal government, corporations, foundations, districts, intermediate districts, community colleges, and state universities to assist in the development and operation of a coordinated statewide educational innovation system, including, but not limited to, all of the following:

(a) Professional development schools in which K-12, intermediate district, community college, and university educators collaborate.

(b) Alliances between professional development schools and community organizations, business and industrial firms, health and human service organizations, and local government.

(c) New and strengthened collaborative programs to develop educational and community leadership.

(d) Dissemination of new knowledge, skills, and strategies to local schools, universities, and communities in cooperation with the state board, intermediate districts, community colleges, and professional education organizations and associations. Dissemination activities shall use telecommunications infrastructure as available and appropriate.

(e) New research-based strategies, instruments, and indicators to assess student and educator learning, school and university performance, and community contributions to student learning and development.

(f) Coalition building at the state and local levels among key partners in government, business, and education.

(g) Educational improvement policy studies.

(2) The funds allocated under this section may be expended for purposes including, but not limited to, all of the following:

(a) Released time for teachers and administrators to collaborate on educational innovation with university faculty and community partners.

(b) Compensation for university faculty, teachers, and administrators to collaborate on educational innovation activities such as course planning, materials development, professional development, research, and dissemination.

(c) Compensation for staff necessary to facilitate the participation of teachers, administrators, university faculty, and community partners.

(d) Research reports, books, and other materials related to curriculum, instruction, organization, and management of schools.

(e) Evaluation of the work of the partnership, including professional development schools, community partnerships, university professional education preparation, product development, and dissemination networks.

(f) Meeting and travel expenses.

(3) Not later than March 1 of each year, the Michigan partnership for new education shall submit to the senate and house appropriations subcommittees responsible for the department's budget, the senate and house fiscal agencies, the governor, and the state board a report on its activities and accomplishments for the immediately preceding fiscal year, including evaluation results and matching funds raised or contributed, and a detailed work plan for the fiscal year beginning the next October 1. Not later than November 30 of each fiscal year, the Michigan partnership shall submit to all of those entities a report on expenditures for the immediately preceding fiscal year.

Sec. 149a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$900,000.00 for 1993-94 to be distributed to districts organized as a first-class district under part 6 of the school code of 1976, being sections 380.401 to 380.485 of the Michigan Compiled Laws, to be used to contract with the metropolitan Detroit youth foundation for a dropout prevention program. The dropout prevention program shall target high school pupils who are on the verge of long-term suspension and middle school pupils who are at risk of failure in 9th grade.

(2) Not later than December 1, 1993, the metropolitan Detroit youth foundation shall submit an evaluation of the gains of students participating in the dropout prevention program described in subsection (1) in the previous fiscal year to the department. The evaluation shall include such information as participant data compiled by age, grade level, gender, and race or ethnicity; retention rates of participants; an assessment of measurable academic and social outcomes of participants; and a plan for monitoring participants for up to 6 months after leaving the program to determine the impact of the program.

Sec. 149b. From the general fund/general purpose money appropriated in section 11, there is allocated an amount not to exceed \$452,900.00 for 1993-94 for a grant to the Detroit area precollege engineering program, inc. for precollege programs in engineering and the sciences.

Sec. 149c. From the general fund/general purpose money appropriated in section 11, there is allocated an amount not to exceed \$450,000.00 for 1993-94 for a grant to the Detroit compact for a comprehensive school, business, government, and community partnership designed to improve the economic success of Detroit public school graduates.

Sec. 151. (1) Annually, the treasurer of each county shall furnish to the department, before July 1 following the receipt of assessment rolls, a statement of the state equalized valuation of each district and fraction of a district within the county, and shall furnish to the department on October 1 or the next business day of each year a statement of the state equalized valuation of each class of property of each district and fraction of a district within the county, on forms furnished by the department.

(2) The tax tribunal created by the tax tribunal act, Act No. 186 of the Public Acts of 1973, being sections 205.701 to 205.779 of the Michigan Compiled Laws, shall accumulate any changes in state equalized valuation of each district and intermediate district and report the cumulative change in state equalized valuation before the fourth Friday of each month to the department, the department of treasury, the department of management and budget, and the house and senate fiscal agencies.

Sec. 152. Except for reports due on other dates specified in this act, each district and intermediate district shall furnish to the department before the first Monday in November of each year those reports the department considers necessary for the determination of the allocation of funds under this act. In order to receive funds under this act, each district and intermediate district shall also furnish to the department the information the department considers necessary for the administration of this act and for the provision of reports of educational progress to the senate and house committees responsible for education, the senate and house appropriations subcommittees responsible for appropriations to school districts, the senate and house fiscal agencies, and the department of management and budget, as appropriate.

Sec. 152a. In order to receive funds under this act, not later than May 15 of each state fiscal year, each district shall furnish to the department, on a form and in a manner prescribed by the department, estimates of the district's full-time equated K-12 membership, part-time membership, and the district's full-time equated adult education participants for the next school fiscal year.

Sec. 162. A district or intermediate district that fails through the negligence of school officials to file reports pursuant to this act shall forfeit that proportion of funds to which the district or intermediate district otherwise would be entitled under this act as the delay in the reports bears to a school term of 180 days for the district or intermediate district.

Sec. 166a. (1) In order to avoid forfeiture of state aid under subsection (2), the board of a district or intermediate district providing instruction in a school health education curriculum, such as the Michigan model, or providing reproductive health or other sex education related instruction under section 1169, 1506, or 1507 of the school code of 1976, being sections 380.1169, 380.1506, and 380.1507 of the Michigan Compiled Laws, shall ensure that the district or intermediate district does not provide any of that 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, and notifies the pupil's parent or legal guardian in advance of his or her right to have the pupil excused from the instruction. Upon the written request of a pupil or the pupil's parent or legal guardian, the pupil shall be excused, without penalty or loss of academic credit, from attending class sessions in which the instruction is provided.

(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.

Sec. 166b. This act does not prohibit a parent or legal guardian of a minor who is enrolled in a nonpublic school or who is being home-schooled from also enrolling the minor in a district or intermediate district in any curricular offering available to pupils in the minor's grade level or age group, subject to compliance with the same requirements that apply

to a full-time pupil's participation in the offering. A minor enrolled as described in this section is a part-time pupil for purposes of state school aid under this act.

Sec. 167. (1) The department in cooperation with the department of public health shall develop plans to assist local school districts and local county health departments to comply with section 1177 of the school code of 1976, being section 380.1177 of the Michigan Compiled Laws, and section 9209 of the public health code, Act No. 368 of the Public Acts of 1978, being section 333.9209 of the Michigan Compiled Laws, for each school year.

(2) Each district shall report the immunization status of each entering pupil in grades K through 12 to the local health department in which it is located by February 1 of each school year in a manner prescribed by the department of public health. Not later than March 31 of each school year, the department of public health shall notify the department by district of the percentage of entering pupils who do not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976. If a district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976 for at least 90% of the district's pupils by March 1 as recorded in the February 1 report, the district is subject to subsection (5) until the district has such an immunization record for at least 90% of its pupils. Also, if the department of public health is not able to report to the department by March 31 because a school district fails to submit a report as required in this subsection, or submits an incomplete, inaccurate, or late report, the district is subject to subsection (5), until the report is submitted in a complete and accurate form.

(3) In 1994-95, each district shall again report the immunization status of each entering pupil in grades K through 12 to the local health department in which it is located by November 1, 1994 in a manner prescribed by the department of public health. Not later than December 31, 1994, the department of public health shall notify the department by district of the percentage of entering pupils who do not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976. If a district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976 for at least 90% of the district's entering pupils as recorded in the November 1 reports required under this subsection, the district is subject to subsection (5) until the district has such an immunization record for at least 90% of its pupils.

(4) In 1994-95, each district shall again report the immunization status of each entering pupil in grades K through 12 to the local health department in which it is located by February 1, 1995, in a manner prescribed by the department of public health. Not later than March 31, 1995, the department of public health shall notify the department by district of the percentage of entering pupils who do not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976. If a district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976 for at least 95% of the district's entering pupils as recorded in the February 1, 1995 reports required under this subsection, the district is subject to subsection (5) until the district has such an immunization record for at least 95% of its pupils. If the department of public health is not able to report to the department by March 31, 1995, because a district fails to submit a report as required in this subsection, or submits an incomplete, inaccurate, or late report, the district is subject to subsection (5) until the report is submitted in a complete and accurate form.

(5) If a district does not comply with this section, the department shall withhold 5% of the funds due to the district under this act after the date the department of public health reports a district's noncompliance with this section to the department until the district complies with this section.

Sec. 168. In order to receive funds under this act, a district, intermediate district, grant recipient, contractor, or other entity that directly or indirectly receives funds under this act shall allow access for the department or the department's designee to audit all records related to a program for which it receives such funds. The district, intermediate district, grant recipient, contractor, or other entity shall reimburse the state for all disallowances found in the audit.

Sec. 168a. In order to receive funds under this act, a district or intermediate district shall not remove asbestos, or contract for the removal of asbestos, from an educational facility unless the removal is required under Act No. 51 of the Public Acts of 1993, being sections 388.861 to 388.864 of the Michigan Compiled Laws.

Sec. 169a. In order to receive funds in 1993-94 under this act, not later than January 31, 1994 each district or intermediate district shall report all of the following information for the district or intermediate district to the department in a form and manner prescribed by the department:

- (a) Total number of employees.
- (b) Total wages.
- (c) The total amount of the employer's share of federal social security and medicare obligations.

Section 2. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act is \$3,474,524,000.00 for 1993-94, and state appropriations to be paid to local units of government are \$2,671,555,300.00 for 1993-94.

Section 3. (1) Sections 29, 53a, 105, 159, and 169 of Act No. 94 of the Public Acts of 1979, being sections 388.1629, 388.1653a, 388.1705, 388.1759, and 388.1769 of the Michigan Compiled Laws, are repealed.

(2) Part 7a of Act No. 451 of the Public Acts of 1976, being sections 380.751 to 380.756 of the Michigan Compiled Laws, is repealed.

Section 4. This amendatory act shall take effect October 1, 1993.

Section 5. The appropriations made and the expenditures authorized under this amendatory act are subject to the management and budget act, Act No. 431 of the Public Acts of 1984, being sections 18.1101 to 18.1594 of the Michigan Compiled Laws.

This act is ordered to take immediate effect.

Co-Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.