

Act No. 336
Public Acts of 1993
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STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1993

Introduced by Reps. Gilmer, Bender, London, Dalman, Johnson, Bullard, DeLange, Bandstra, Dobb,
Munsell, Stille, Walberg and Martin

ENROLLED HOUSE BILL No. 5123

AN ACT to amend sections 3, 5, 6, 7, 9, 11, 14, 15, 17b, 18, 19, 21b, 24, 26, 36, 37, 38, 39, 41, 51, 52, 53, 54, 56, 62, 74, 75, 81, 86, 99, 101, 104a, 107a, 107b, 108, 111, 117, 122, 124, 145, 147, 149, 152a, 162, 166a, and 167 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, 6, 11, 14, 15, 17b, 18, 19, 21b, 24, 26, 36, 37, 39, 41, 51, 52, 53, 54, 56, 62, 74, 75, 81, 99, 101, 104a, 107a, 107b, 108, 111, 145, 147, 149, 152a, 162, and 167 as amended and sections 86 and 166a as added by Act No. 175 of the Public Acts of 1993, section 7 as amended by Act No. 212 of the Public Acts of 1986, section 38 as amended by Act No. 118 of the Public Acts of 1991, and section 124 as amended by Act No. 148 of the Public Acts of 1992, being sections 388.1603, 388.1605, 388.1606, 388.1607, 388.1609, 388.1611, 388.1614, 388.1615, 388.1617b, 388.1618, 388.1619, 388.1621b, 388.1624, 388.1626, 388.1636, 388.1637, 388.1638, 388.1639, 388.1641, 388.1651, 388.1652, 388.1653, 388.1654, 388.1656, 388.1662, 388.1674, 388.1675, 388.1681, 388.1686, 388.1699, 388.1701, 388.1704a, 388.1707a, 388.1707b, 388.1708, 388.1711, 388.1717, 388.1722, 388.1724, 388.1745, 388.1747, 388.1749, 388.1752a, 388.1762, 388.1766a, and 388.1767 of the Michigan Compiled Laws; to add sections 6a, 11a, 11b, 11c, 20, 20a, 20b, 20c, 21c, 31a, 57, 58, 61a, 95, 107e, and 146a; and to repeal certain parts of the act.

The People of the State of Michigan enact:

Section 1. Sections 3, 5, 6, 7, 9, 11, 14, 15, 17b, 18, 19, 21b, 24, 26, 36, 37, 38, 39, 41, 51, 52, 53, 54, 56, 62, 74, 75, 81, 86, 99, 101, 104a, 107a, 107b, 108, 111, 117, 122, 124, 145, 147, 149, 152a, 162, 166a, and 167 of Act No. 94 of the Public Acts of 1979, sections 3, 6, 11, 14, 15, 17b, 18, 19, 21b, 24, 26, 36, 37, 39, 51, 52, 53, 54, 56, 62, 74, 75, 81, 99, 101, 104a, 107a, 107b, 108, 111, 145, 147, 149, 152a, 162, and 167 as amended and sections 86 and 166a as added by Act No. 175 of the Public Acts of 1993, section 7 as amended by Act No. 212 of the Public Acts of 1986, section 38 as amended by Act No. 118 of the Public Acts of 1991, and section 124 as amended by Act No. 148 of the Public Acts of 1992, being sections 388.1603, 388.1605, 388.1606, 388.1607, 388.1609, 388.1611, 388.1614, 388.1615, 388.1617b, 388.1618, 388.1619, 388.1621b, 388.1624, 388.1626, 388.1636, 388.1637, 388.1638, 388.1639, 388.1641, 388.1651, 388.1652, 388.1653, 388.1654, 388.1656, 388.1662, 388.1674, 388.1675, 388.1681, 388.1686, 388.1699, 388.1701, 388.1704a, 388.1707a, 388.1707b, 388.1708, 388.1711, 388.1717, 388.1722, 388.1724, 388.1745, 388.1747, 388.1749, 388.1752a, 388.1762, 388.1766a, and 388.1767 of the Michigan Compiled Laws, are amended and sections 6a, 11a, 11b, 11c, 20, 20a, 20b, 20c, 21c, 31a, 57, 58, 61a, 95, 107e, and 146a 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 or public school academy.

(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, except in sections 20 and 31a, a public school academy.

(5) "District superintendent" means the superintendent of a district or the chief administrator of a public school academy.

Sec. 5. (1) "Intermediate board" means the governing body of an intermediate district.

(2) "Intermediate district" means an intermediate school district established under part 7 of the school code of 1976.

(3) "Intermediate district weighted average allocation" means 103% of the average gross allowance per membership pupil for 1993-94 under former section 21(1) of the intermediate district's constituent districts, weighted as to membership.

(4) "Intermediate superintendent" means the superintendent of an intermediate district.

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 act, 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 school year and on the supplemental count day under section 6a for the immediately preceding school year, as determined by the department and calculated by adding the unaudited count completed by the department not later than 45 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 supplemental count day for the immediately preceding school year, and dividing that sum by 2. For a public school academy, membership means the number of full-time equated pupils in grades K-12 actually enrolled and in regular daily attendance in the public school academy as of the first Friday of each month in which the public school academy is in session. If a pupil counted in membership in a public school academy was previously counted in membership in a district during the same school year, the district's membership shall be adjusted for the proportion of the school year that the pupil is in membership in a public school academy. In addition, all of the following apply to determining the membership of a district or intermediate district:

(a) 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 a pupil membership count day, shall be counted.

(b) 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.

(c) 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.

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

(e) 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.

(f) 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 for 1994-95, 990 for 1995-96 and 1996-97, 1,035 for 1997-98 and 1998-99, and 1,080 for 1999-2000 and succeeding fiscal years.

(g) For a district that has qualified currently migrant pupils enrolled in the district, as determined by the department using the criteria used for eligibility for the migrant education program under the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, the number of those pupils counted in the district's membership is the number of those pupils counted on the pupil membership count day only.

(5) "Public school academy" means a public school academy operating under part 6a of the school code of 1976.

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

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

(a) The first Friday in October 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.

(8) "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.

(9) "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.

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

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

(12) "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.

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

Sec. 6a. In addition to the pupil membership count day, there shall be a supplemental pupil count of the number of full-time equated pupils in grades K-12 actually enrolled and in regular daily attendance on the third Friday in February or, for a district that is not in session on that day, the immediately preceding day on which the district is in session. For the purposes of this act, the day on which the supplemental pupil count is conducted is the supplemental count day. This section does not apply to public school academies.

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

(a) Expenditures for instruction and support services, including salaries and employee benefits of teachers and other employees, including, but not limited to, payments to the public school employees retirement system and employer contributions for federal social security and medicare obligations, purchased services, textbooks, and other supplies and materials.

(b) Expenditures for furniture and equipment, for alterations necessary to maintain school facilities in a safe and sanitary condition, for funding the cost of energy conservation improvements in school facilities, and for deficiencies in operating expenses for the preceding year.

(c) Expenditures for school lunch programs, bookstore operations, interscholastic athletics, community services, and cooperative education projects.

(d) All other expenditures necessary to provide the programs and services under the school code of 1976.

Sec. 9. The department shall promulgate rules necessary to implement and administer this act. The rules that affect the distribution of a school aid program shall not be promulgated later than the third Friday of January of the year following legislative enactment of the program. The joint legislative committee on administrative rules shall report a violation of this section to the legislature and the governor.

Sec. 11. (1) If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then there is appropriated for the public schools of this state and certain other state purposes relating to education from the state school aid fund established by section 11 of article IX of the state constitution of 1963 the sum of \$7,805,000,000.00, and from the general fund the sum of \$438,724,900.00, for the fiscal year ending September 30, 1995. In addition, available federal funds and \$139,500,000.00 from the reserve for health benefits are appropriated.

(2) If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 does not become a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then there is appropriated for the public schools of this state and certain other state purposes relating to education from the state school aid fund established by section 11 of article IX of the state constitution of 1963 the sum of \$7,155,000,000.00, and from the general fund the sum of \$387,055,900.00, for the fiscal year ending September 30, 1995. In addition, available federal funds and \$139,500,000.00 from the reserve for health benefits are appropriated.

(3) The appropriations under this section shall be allocated as provided in this act. If the maximum amount appropriated under this section from the state school aid fund for a fiscal year exceeds the amount necessary to fully fund allocations under this act from the state school aid fund, that excess amount shall not be expended in that state fiscal year and shall not lapse to the general fund, but instead shall remain in a separate account in the state school aid fund to be used to augment funding under this act in a succeeding fiscal year in which the maximum amount appropriated under this section is not sufficient to fully fund allocations under this act from the state school aid fund.

Sec. 11a. (1) There is appropriated for the fiscal year ending September 30, 1994, in addition to any funds already appropriated, a supplemental appropriation of \$421,470,500.00 from the state school aid fund for the purposes of this section.

(2) Notwithstanding the appropriation in section 11 of money from the state school aid fund for the fiscal year ending September 30, 1994, an amount equal to the difference between the total amount of revenue that is newly dedicated to the state school aid fund because of changes in statute or the state constitution of 1963, or both, taking effect during the 1993-94 fiscal year and is deposited in the state school aid fund during the 1993-94 fiscal year and the amount of \$488,470,500.00 shall not be expended in the fiscal year ending September 30, 1994 and also shall not be counted as being in the state school aid fund in the fiscal year ending September 30, 1994 for the purpose of calculating the deficiency appropriated from the general fund under section 11 for the fiscal year ending September 30, 1994. This amount shall not lapse to the general fund but shall remain in the state school aid fund and be carried forward in the state school aid fund to be expended in the fiscal year ending September 30, 1995.

(3) From the amount appropriated under subsection (1), there is allocated for 1993-94 an amount not to exceed \$97,470,500.00 for retirement reconciliation costs under section 147(3).

(4) From the amount appropriated under subsection (1), there is allocated for 1993-94 an amount not to exceed \$20,000,000.00 for funding the provisions of section 21c.

(5) From the amount appropriated under subsection (1), there is allocated for 1993-94 an amount not to exceed \$4,000,000.00 for the purposes of section 101a(5). The amount allocated under this subsection is in addition to the amount allocated under section 101a(5).

(6) From the amount appropriated under subsection (1), there is allocated for 1993-94 only an amount not to exceed \$300,000,000.00 for making an additional payment to districts for 1993-94 only. The payment shall be made on August 20, 1994 as provided in this subsection. The amount of the payment to a district under this subsection shall be calculated by dividing \$300,000,000.00 by the total statewide number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance in districts on the 1993-94 pupil membership count day, using the final audited 1993-94 pupil count, and multiplying that quotient times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance in that district on the 1993-94 pupil membership count day, using the final audited 1993-94 pupil count. A district shall not accrue a payment under this subsection to the school fiscal year ending June 30, 1994.

Sec. 11b. (1) In addition to the general fund/general purpose money appropriated for deficiencies in section 11, there is appropriated for 1993-94 from the general fund an amount not to exceed \$5,000,000.00 to local governmental units to reimburse each county, city, and township for the cost of conducting the statewide special election on school funding held in 1994 in the amounts and in the manner as stated in this subsection. Payments shall not exceed the actual cost of the election. Payments shall be made upon presentation and approval of a verified account of actual costs to the department of state, elections division. Reimbursable costs do not include salaries of local officials or employees other than temporary local employees; county and local employees or officials that have been given election day off from work with pay and do not work on election business; or costs of reusable supplies and equipment. A county, city, or township shall not be reimbursed for its costs of conducting the special election if the county, city, or township by action of the legislative body of the jurisdiction places or causes to be placed another question on the ballot at the special election. Costs not in compliance with this subsection shall be disapproved. To qualify for reimbursement, a county, city, or township shall submit its verified account of actual costs within 60 days after the date of the special election. The state treasurer shall issue a payment to a county, city, or township from the allocation in this subsection after the secretary of state has notified the state treasurer of the approved amount.

(2) In addition to the general fund/general purpose money appropriated for deficiencies in section 11, there is appropriated for 1993-94 from the general fund an amount not to exceed \$40,000,000.00 for the purposes of funding projects under Act No. 197 of the Public Acts of 1975, 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, and 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, as provided by law.

Sec. 11c. (1) If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then there is appropriated from the general fund for the fiscal year ending September 30, 1995 an amount not to exceed \$22,000,000.00 for payments to authorities pursuant to section 13b of Act No. 197 of the Public Acts of 1975, being section 125.1663b of the Michigan Compiled Laws, section 12a of the tax increment finance authority act, Act No. 450 of the Public Acts of 1980, being section 125.1812a of the Michigan Compiled Laws, and section 11a of the local development financing act, Act No. 281 of the Public Acts of 1986, being section 125.2161a of the Michigan Compiled Laws.

(2) If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 does not become a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then there is appropriated from the general fund for the fiscal year ending September 30, 1995 an amount not to exceed \$12,000,000.00 for payments to authorities pursuant to section 13b of Act No. 197 of the Public Acts of 1975, being section 125.1663b of the Michigan Compiled Laws, section 12a of the tax increment finance authority act, Act No. 450 of the Public Acts of 1980, being section 125.1812a of the Michigan Compiled Laws, and section 11a of the local development financing act, Act No. 281 of the Public Acts of 1986, being section 125.2161a of the Michigan Compiled Laws.

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 withhold the amount of the apportionment that cannot be ascertained until the department is able to 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 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 valuation is finalized. 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. Beginning in 1994-95, a deduction due to an adjustment made as a result of an audit conducted by or for the department shall be deducted from the district's apportionments within the next fiscal year after the fiscal year in which the adjustment is finalized. At the request of the district and upon the

district presenting evidence satisfactory to the department of the hardship, the department may grant up to an additional 2 years for the adjustment if the district would otherwise experience a significant hardship.

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

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

Sec. 17b. (1) Not later than October 20, November 20, December 20, January 20, February 20, March 20, April 20, May 20, and June 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. Except as otherwise provided in this act, the portion of the district's or intermediate district's state fiscal year entitlement to be included in each installment shall be 1/9.

(2) 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.

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

(4) 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. 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 department. A copy of the report of each audit shall be filed, as required by the department, 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). If the district or intermediate district does not comply with subsections (2) and (3) by the end of the fiscal year, the district or intermediate district forfeits the amount withheld.

Sec. 19. (1) A district shall comply with the 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". In developing the annual education report described in section 1204a of the school code of 1976, a district shall use data disaggregated by gender and by race.

(2) Each district and intermediate district shall provide to the department, in a form and manner prescribed by the department, information necessary for the development of an annual progress report on the implementation of sections 1204a, 1277, 1278, and 1280 of the school code of 1976, commonly referred to as "public act 25 of 1990", and on the achievement of national education goals.

(3) A district or intermediate district that fails to meet the requirements of this section shall forfeit 5% of the total funds for which the district or intermediate district qualifies under this act. If the district or intermediate district does not comply with this section by the end of the fiscal year, the district or intermediate district forfeits the amount withheld.

Sec. 20. (1) If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then, except as otherwise provided in this act, from the appropriation in section 11 there is allocated for 1994-95 an amount not to exceed \$7,172,763,200.00 to guarantee each district a foundation allowance per membership pupil and to make payments under this section to public school academies. If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 does not become a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then, except as otherwise provided in this act, from the appropriation in section 11 there is allocated for 1994-95 an amount not to exceed \$6,479,763,200.00 to guarantee each district a foundation allowance per membership pupil and to make payments under this section to public school academies. The amount of each district's foundation allowance shall be calculated as provided in this section, using a basic foundation allowance for 1994-95 in the amount of \$5,000.00. If the maximum amount allocated under this section exceeds the amount necessary to fully fund payments under this section, that excess amount shall not be expended in 1994-95 and shall not lapse to the general fund, but instead shall remain in a separate account in the state school aid fund to be used to augment funding under this section in a succeeding fiscal year in which the maximum amount allocated under this section is not sufficient to fully fund those payments. If the maximum amount allocated under this section is not sufficient to fully fund payments under this section, the amount of each district's foundation allowance and the dollar amount prescribed in subsection (10) shall be prorated as necessary.

(2) For 1995-96 and each succeeding fiscal year, the basic foundation allowance shall be determined by multiplying the amount of the basic foundation allowance for the immediately preceding state fiscal year by the final index calculated under this subsection. This result is the amount of the basic foundation allowance per membership pupil for the current state fiscal year. The final index to be used shall be determined as follows:

(a) The numerator of the fraction to be used in calculating the index is the total state school aid fund revenue for the current state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund.

(b) The denominator of the fraction to be used in calculating the index is the total state school aid fund revenue for the immediately preceding state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund.

(c) The resulting revenue adjustment factor derived under subdivisions (a) and (b) shall then be adjusted by a pupil membership adjustment factor. The pupil membership adjustment factor shall be computed by dividing the membership for the school year ending in the immediately preceding state fiscal year by the membership for the school year ending in the current state fiscal year. This pupil adjustment factor shall be multiplied by the fraction derived under subdivisions (a) and (b) to determine the final index.

(3) Subject to subsection (16), for the 1994-95 state fiscal year, the amount of a district's foundation allowance shall be calculated as follows:

(a) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of less than \$4,200.00, the district's foundation allowance for 1994-95 is \$4,200.00 or an amount equal to the sum of the district's combined state and local revenue per membership pupil in the 1993-94 state fiscal year plus \$250.00, whichever is greater.

(b) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of at least \$4,200.00 but less than \$6,500.00, the district's foundation allowance for 1994-95 is the sum of the district's combined state and local revenue per membership pupil in the 1993-94 state fiscal year plus [\$250.00 - (\$90.00 times the ratio calculated by subtracting \$4,200.00 from the district's combined state and local revenue per membership pupil in the 1993-94 state fiscal year and dividing that difference by 2,300)].

(c) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of \$6,500.00 or more, the district's foundation allowance for 1994-95 is the sum of the district's combined state and local revenue per membership pupil in 1993-94 plus \$160.00.

(4) For 1994-95, that portion of a district's foundation allowance that exceeds \$5,000.00 is considered to be a "supplemental allowance". For a district described in subsection (3)(c), the district's supplemental allowance shall not exceed \$1,500.00.

(5) Beginning in the 1995-96 state fiscal year, the amount of a district's foundation allowance shall be calculated as follows:

(a) For a district that in the immediately preceding state fiscal year had a foundation allowance at least equal to the sum of \$4,200.00 plus the total dollar amount of all adjustments made since 1994-95 in the lowest foundation allowance among all districts pursuant to the index under subsection (2), but that did not qualify for a supplemental allowance described in subsection (4) in the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance pursuant to the index under subsection (2) and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance pursuant to the index under subsection (2) minus \$50.00) times (the difference between the district's foundation allowance for the immediately preceding state fiscal year and the sum of \$4,200.00 plus the total dollar amount of all adjustments made since 1994-95 in the lowest foundation allowance among all districts pursuant to the index under subsection (2))] divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of \$4,200.00 plus the total dollar amount of all adjustments made since 1994-95 in the lowest foundation allowance among all districts pursuant to the index under subsection (2)]. However, the foundation allowance for a district that does not receive a supplemental allowance for a state fiscal year shall not exceed the basic foundation allowance for that state fiscal year.

(b) For a district that in the immediately preceding state fiscal year had a foundation allowance of less than the sum of \$6,500.00 plus the total dollar amount of all adjustments made since 1994-95 in the basic foundation allowance pursuant to the index under subsection (2), and that qualified for a supplemental allowance described in subsection (4) in the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance pursuant to the index under subsection (2).

(c) For a district that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance pursuant to the index under subsection (2).

(6) Subject to subsection (7), to ensure that a district receives the district's foundation allowance, there is allocated to each district as the state portion of the district's foundation allowance an amount equal to the difference between the lesser of the district's foundation allowance or \$6,500.00 and the amount of the district's local revenue per membership pupil received by the district in the school fiscal year ending in the current state fiscal year, which amount shall not be less than zero. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the amount per membership pupil of local school operating revenue shall be calculated for these purposes as if that reduction did not occur.

(7) Beginning in 1995-96, if a district's combined state and local revenue per membership pupil is greater than twice the basic foundation allowance for the current state fiscal year, as adjusted under subsection (2), the payment of the state portion of the district's foundation allowance, as calculated under subsection (6), shall be reduced by 1/2 of the dollar amount by which the ratio of the district's foundation allowance to the basic foundation allowance in a fiscal year exceeds that same ratio in the 1994-95 fiscal year.

(8) The indices to be computed under this section for each state fiscal year shall be a topic of each revenue estimating conference conducted under section 367b of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1367b of the Michigan Compiled Laws. If a revenue estimating conference fails to reach a consensus on the estimate of an index, the state treasurer shall compute an estimated index and certify it to the director of the department of management and budget and the superintendent of public instruction. The state treasurer also shall compute a final index for each fiscal year, based upon available data, and certify the final index to the director of the

department of management and budget and the superintendent of public instruction not later than 120 days following the end of that fiscal year. If the final certified index for a fiscal year differs from the estimated index used in the adoption of the state budget for the fiscal year and used during the fiscal year as the basis for making payments under this act, the department shall make any necessary payment adjustments to reflect the final certified index.

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

(10) For pupils in membership in a public school academy, there is allocated under this section for 1994-95 to a public school academy an amount per membership pupil in the public school academy equal to the foundation allowance for the district in which the public school academy is located or \$5,500.00, whichever is less. For 1995-96 and each succeeding fiscal year, the \$5,500.00 amount prescribed in this subsection shall be adjusted by an amount equal to the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year in the basic foundation allowance pursuant to the index under subsection (2), as determined by the department of treasury.

(11) If a district had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of more than \$6,500.00, the district may levy school operating taxes as provided in section 1211(3) of the school code of 1976, being section 380.1211 of the Michigan Compiled Laws. However, if the district does not receive a payment under subsection (12), if the number of those mills a district described in this subsection may levy is 0.5 mills or less, and if the district elects not to levy those mills, the district instead shall receive a separate supplemental payment under this subsection in an amount equal to the amount the district would have received had it levied those mills, as determined by the department of treasury.

(12) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00 and that had fewer than 100 pupils in membership, if the district elects not to levy school operating taxes as provided in section 1211(3) of the school code of 1976, being section 380.1211 of the Michigan Compiled Laws, there is allocated under this subsection for 1994-95 and each succeeding fiscal year a separate supplemental payment in an amount equal to the amount the district would have received per membership pupil had it levied those school operating taxes, as determined by the department of treasury.

(13) State allocations to a district or public school academy under this section shall be adjusted by subtracting from the allocations the lesser of an amount equal to 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 membership pupil. 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.

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

(15) The legislature shall continue to work toward greater equity among districts' foundation allowances.

(16) For the purposes of calculating the amount of a district's foundation allowance for 1994-95 under this section, if a district's combined state and local revenue per membership pupil in the 1992-93 state fiscal year was greater than the district's combined state and local revenue per membership pupil in the 1993-94 state fiscal year, the amount of the district's combined state and local revenue per membership pupil in the 1993-94 state fiscal year shall be considered to be an amount equal to 1/2 of the sum of the district's combined state and local revenue per membership pupil in the 1993-94 state fiscal year plus the district's combined state and local revenue per membership pupil in the 1992-93 state fiscal year. In order to calculate a district's combined state and local revenue per membership pupil in the 1992-93 state fiscal year, all references in subsection (17) to "1993-94" shall be considered to read "1992-93" and all references in subsection (17) to an August payment for a particular year shall be considered to be to the August payment for the immediately preceding year.

(17) As used in this section:

(a) "Combined state and local revenue per membership pupil", except as provided in this subsection, means the aggregate of the district's state school aid received by or paid on behalf of the district under this section, except for payments received because of an adjustment in the district's state school aid for a prior fiscal year, and the district's local school operating revenue, divided by the district's membership. For the purpose of calculating a district's combined state and local revenue per membership pupil in the 1994-95 state fiscal year only, combined state and local revenue per membership pupil does not include the payment received by the district under section 20c. For the purpose of calculating a district's combined state and local revenue per membership pupil in the 1993-94 state fiscal year only, combined state and local revenue per membership pupil means the aggregate of the following, divided by the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the 1993-94 pupil membership count day, as determined by the department using the unaudited count completed by the department not later than 60 days after the pupil membership count day or 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:

(i) Total state school aid received by or paid on behalf of the district pursuant to this act in 1993-94, except for payments received because of an adjustment in the district's state school aid for a prior fiscal year, including the amount of a district's August 1994 payment delayed under section 17b and excluding all of the following received by the district for 1993-94:

- (A) Money received by the district under section 17b for restoring the delayed August 1993 payment.
- (B) Early childhood grants under section 36.
- (C) All special education payments under article 5.
- (D) Special education transportation under former section 71, as calculated under former section 72.
- (E) Federal impact aid adjustments under former section 21(3).
- (F) Economic development job training grant payments under section 107a.
- (G) Edge program payments under section 107b.
- (H) Adult literacy grant payments under former section 107c.
- (I) Adult education categorical payments under former section 107d.
- (J) Payments under former section 28 to a district in which a federal military air base closed.
- (K) Bilingual education payments under section 41.
- (L) Payments for court placed pupils under section 24(2).
- (M) An amount equal to 50% of payments under former section 47(3).
- (N) Mathematics and science center payments under section 99.
- (O) Repayments attributable to the repeal of part 7a of the school code of 1976.
- (P) Payments under section 145 for costs of court-ordered desegregation.
- (Q) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of less than \$6,500.00, compensatory education payments under former section 31.
- (R) Professional development payments under former section 98.
- (S) Payments under former section 11a(6).
- (ii) Local school operating revenue for 1993-94.
- (iii) Eligible fund equity expenditures for 1993-94.
- (iv) The amount of transportation funding under article 7 paid to an intermediate district that is attributable to transportation services provided in 1993-94 by the intermediate district for the district's pupils within the district, based on a report submitted not later than May 15, 1994 to the department of treasury by the intermediate district detailing the number of pupils within each district for whom the intermediate district provided those transportation services.

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

(c) "Eligible fund equity expenditures for 1993-94" means an amount, calculated by the department of treasury, equal to the district's budgeted expenditures from the district's fund equity for 1993-94, as provided for in the district's official board adopted budget as of October 1, 1993 and reported to the department of treasury not later than February 1, 1994, prorated so that the total statewide amount of eligible fund equity expenditures for 1993-94 does not exceed \$20,000,000.00, with the proration weighted as to a district's membership.

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

(e) "Local school operating revenue" means, subject to subdivision (a), school operating taxes other than those levied pursuant to section 705, 705a, 705b, 1211(3), or 1211c of the school code of 1976. For calculating a district's local school operating revenue for 1993-94, local school operating revenue does not include a district's revenue from money received by the district in the 1993-94 school fiscal year from federal impact aid under section 3(c)(1) of title I of chapter 1124, 64 Stat. 1100, 20 U.S.C. 238; from federal payments in lieu of taxes; or from penalties and interest on delinquent property and specific taxes. For calculating a district's local school operating revenue for 1993-94 only, local school operating revenue includes all of the following specific tax revenue levied and retained by the district for school operating purposes for the 1993-94 school fiscal year that was provided for in the district's official board-adopted budget as of October 1, 1993 and reported to the department of treasury not later than February 1, 1994, prorated so that the total statewide amount of the following specific tax revenue included in local school operating revenue does not exceed \$85,000,000.00:

(i) Industrial facilities tax levied under section 11 of Act No. 198 of the Public Acts of 1974, being section 207.561 of the Michigan Compiled Laws, and retained by the district.

(ii) Commercial facilities tax levied under section 12 of the commercial redevelopment act, Act No. 255 of the Public Acts of 1978, being section 207.662 of the Michigan Compiled Laws, and retained by the district.

(iii) Commercial forest specific tax described in section 7a of Act No. 94 of the Public Acts of 1925, being section 320.307a of the Michigan Compiled Laws, retained by the district.

(iv) Technology park facilities tax levied under section 12 of the technology park development act, Act No. 385 of the Public Acts of 1984, being section 207.712 of the Michigan Compiled Laws, and retained by the district.

(v) Enterprise zone facilities tax levied under section 21 of the enterprise zone act, Act No. 224 of the Public Acts of 1985, being section 125.2121 of the Michigan Compiled Laws, and retained by the district.

(vi) Neighborhood enterprise zone tax levied under section 9 of the neighborhood enterprise zone act, Act No. 147 of the Public Acts of 1992, being section 207.779 of the Michigan Compiled Laws, and retained by the district.

(vii) Commercial housing facilities tax levied pursuant to Act No. 438 of the Public Acts of 1976, being sections 207.601 to 207.615 of the Michigan Compiled Laws, and retained by the district.

(viii) The specific tax relating to trailer coach parks levied under section 41 of Act No. 243 of the Public Acts of 1959, being section 125.1041 of the Michigan Compiled Laws, and retained by the district.

(ix) Revenue received by the district from fees or taxes on private forest preserves pursuant to section 11 of Act No. 86 of the Public Acts of 1917, being section 320.281 of the Michigan Compiled Laws.

(x) Specific tax on low grade iron ore levied under Act No. 77 of the Public Acts of 1951, being sections 211.621 to 211.626 of the Michigan Compiled Laws, and retained by the district.

(xi) Revenue received by the district from state payments in lieu of taxes under section 1 of Act No. 116 of the Public Acts of 1917, being section 211.581 of the Michigan Compiled Laws.

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

(g) "Membership" means, except as otherwise provided in subdivision (a), the definition of that term under section 6(4) as in effect for the particular fiscal year for which a particular calculation is made.

(h) "School operating purposes" means the purposes included in the operation costs of the district as prescribed in section 7.

(i) "School operating taxes" means local ad valorem property taxes levied and retained for school operating purposes. For determining a district's school operating taxes for 1993-94, school operating taxes does not include any of the following:

(i) The number of mills of property tax levied in 1993 by a district for payment of principal or interest on notes or bonds issued to fund an operating deficit pursuant to section 1356 of the school code of 1976, being section 380.1356 of the Michigan Compiled Laws.

(ii) The number of mills of property taxes levied in 1993 by a district for operating a community college under part 25 of the school code of 1976, being sections 380.1601 to 380.1607 of the Michigan Compiled Laws, as reported by the district to the department for the purpose of compiling the activity classification structure data under section 204 of Act No. 163 of the Public Acts of 1993.

(iii) The number of mills of property taxes levied in 1993 by a district that is a school district of the first class that are attributable to payments by the district to a public library commission pursuant to section 11(d) of the property tax limitation act, Act No. 62 of the Public Acts of 1933, being section 211.211 of the Michigan Compiled Laws.

(iv) The number of mills of property taxes levied in 1993 by a district for the operation of a library established pursuant to Act No. 261 of the Public Acts of 1913, being sections 397.261 to 397.262 of the Michigan Compiled Laws, or levied in 1993 by a district for operation of a library under section 260 or 1451 of the school code of 1976, being sections 380.260 and 380.1451 of the Michigan Compiled Laws, that were not included in the operating millage reported by the district to the department as of April 1, 1993. However, a district may report to the department not later than April 1, 1994 the number of mills the district levied in 1993 for a purpose described in this subparagraph that the district does not want considered as operating millage and then that number of mills is excluded from school operating taxes for the purposes of this section but that exclusion shall not affect a district's 1993-94 allocation under this act.

(v) The number of mills of property taxes levied in 1993 by a district under section 1212 of the school code of 1976, being section 380.1212 of the Michigan Compiled Laws.

Sec. 20a. Payments for 1994-95 under section 20 shall initially be calculated according to estimates by the department of treasury, and shall be adjusted as necessary by the department of treasury according to the department of treasury's calculations. Not later than June 1, 1994, the department of treasury shall provide to each district a statement of the department of treasury's determination of the district's combined state and local revenue per membership pupil in the 1993-94 state fiscal year, using the definitions under section 20, of the department of treasury's millage rate determinations for the district under section 20, and of the data used by the department of treasury to make those determinations. Not later than July 1, 1994, a district may appeal the determinations made by the department of treasury for the district under this section. An appeal under this subsection shall be made to the superintendent of public instruction, who may assign the appeal to a hearing officer. An appeal shall address only the

interpretation and application of this section and section 20. The superintendent of public instruction shall offer any appealing district an appeal conference to attempt to resolve the issues raised in the appeal without a hearing. If the appeal conference does not resolve the issues, the superintendent of public instruction or hearing officer may conduct a hearing. Based upon the appeal, the information submitted by the district, and the information provided by the department of treasury, the hearing officer shall submit a proposed decision to the superintendent of public instruction either affirming the determinations made by the department of treasury or directing the department of treasury to make specific adjustments. Not later than 30 days after receiving the proposed decision, the superintendent of public instruction shall issue a final decision either affirming the determinations made by the department of treasury or directing the department of treasury to make specific adjustments and provide a copy to the district. The final determinations made under this subsection shall be used for all applicable calculations under this act, except that the final determination of a district's combined state and local revenue per membership pupil in the 1993-94 state fiscal year shall subsequently be adjusted based on the final audited data for the school fiscal year ending in 1994.

Sec. 20b. (1) From the appropriation in section 11, there is allocated for 1994-95 only an amount not to exceed \$300,000,000.00 for making an additional payment to districts for 1994-95 only. The payment shall be made on October 20, 1994 as provided in this section.

(2) The amount of the payment to a district under this section shall be calculated by dividing \$300,000,000.00 by the total statewide number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance in districts on the 1993-94 pupil membership count day, using the final audited 1993-94 pupil count, and multiplying that quotient times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance in that district on the 1993-94 pupil membership count day, using the final audited 1993-94 pupil count.

(3) The payments due to a district in 1994-95 on April 20, May 20, and June 20 pursuant to section 17b shall each be reduced by an amount equal to 1/3 of the sum of the district's total additional payment under this section and the district's total additional payment in 1993-94 under former section 11a(6).

(4) A district shall not accrue a payment under this section to the school fiscal year ending June 30, 1994.

Sec. 20c. (1) From the appropriation in section 11, there is allocated for 1994-95 only an amount not to exceed \$600,000,000.00 for making an additional payment to districts for 1994-95 only. The payment shall be made by the state treasurer in 2 equal installments on August 20, 1995 and on September 20, 1995, or on the next succeeding business day.

(2) The amount of the payment to a district under this section shall be calculated by dividing \$600,000,000.00 by the total statewide membership of all districts and multiplying that quotient times the district's membership.

(3) The payments under this section are estimated advance payments of the state foundation allowance and supplemental payment under section 20 for the state fiscal year ending September 30, 1996. A district shall not accrue a payment under this section to the school fiscal year ending June 30, 1995.

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 at least grade 12 and has qualified for a state endorsement in all of the subject areas specified in section 104a, but he or she has not yet completed all local graduation requirements.

(b) The pupil is enrolled in 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 an academic course not ordinarily taken as an activity course.

(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. The district shall cause to be paid to the postsecondary institution on behalf of the pupil an amount not to exceed the lesser of the actual charge for tuition and fees or the district's foundation allowance under section 20, adjusted for the proportion of the school year that the pupil attends the district. 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 the annual comprehensive financial report required under section 18(3), 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. 21c. In addition to the funds listed in section 21(7), funds due under sections 28, 52, and 107d and payments for special education transportation under section 71, as calculated under section 72, shall not be counted for purposes of section 21(5).

Sec. 24. (1) Subject to subsection (3), 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 juvenile division of the probate court under section 628 of the school code of 1976, being section 380.628 of the Michigan Compiled Laws, or by a county board of commissioners under an agreement with the probate court that has a term of at least 1 year and is unilaterally revocable by the probate court may be counted as a resident of the district or intermediate district of attendance if other than the district in which the pupil's parents or legal guardian resides. The pupil shall be counted in membership by the district or intermediate district of attendance. The total full-time equated number of these pupils shall be computed by adding the membership days attended by the pupils in the district or intermediate district and dividing the total by the number of days in the school year of the district or intermediate district. The number thus obtained shall be certified by the district to the department, which shall adjust the total membership of the district or intermediate district accordingly in determining the school aid to be paid during the fiscal year.

(2) Subject to subsection (3), 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 or intermediate 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 in the district or intermediate district and dividing the total by the number of days in the school year of the district or intermediate district. 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. The total amount to be paid for 1994-95 for additional membership under this subsection shall not exceed \$5,000,000.00, and the department shall prorate the memberships accordingly.

(3) Special education pupils funded under section 53 shall not be counted 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 Act No. 197 of the Public Acts of 1975, as amended, Act No. 450 of the Public Acts of 1980, or Act No. 281 of the Public Acts of 1986, shall have its funds received under section 20, 56, or 62 reduced by an amount equal to the added local money.

Sec. 31a. (1) From the appropriation in section 11, there is allocated for 1994-95 an amount not to exceed \$230,000,000.00 for payments to eligible applicant districts and eligible applicant public school academies under this section. Eligible districts and eligible public school academies shall receive an additional allowance under this section based on the number of pupils in the district or public school academy who meet the income eligibility criteria for free lunch, as determined under the national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, and 1769 to 1769e.

(2) To be eligible to receive funding under this section, a district shall apply to the department, in a form and manner prescribed by the department, and the district must meet all of the following:

(a) The district's combined state and local revenue per membership pupil in the 1994-95 state fiscal year, as calculated under section 20, is less than \$6,500.00.

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

(3) To be eligible to receive funding under this section, a public school academy shall apply to the department, in a form and manner prescribed by the department, and shall agree to use the funding only for purposes allowed under this section and to comply with the program and accountability requirements under this section.

(4) An eligible district or eligible public school academy shall receive under this section for each membership pupil in the district or public school academy who meets the income eligibility criteria for free lunch, as determined under the national school lunch act and as reported to the department by October 31 and adjusted not later than December 31, an amount per pupil equal to 11.5% of the district's foundation allowance or of the public school academy's per membership pupil allocation under section 20(10) for the current state fiscal year.

(5) A district or public school academy receiving funding under this section shall use that money only to provide instructional programs for pupils described in subsection (4) and for the purposes of subsection (6) and shall not use any of that money for administrative costs. The instruction provided under this section may be conducted using a tutorial method, with paraprofessionals working under the supervision of a certificated teacher. The ratio of pupils to paraprofessionals shall be between 10:1 and 15:1. Only 1 certificated teacher is required to supervise instruction using a tutorial method.

(6) A district or public school academy that receives funds under this section and that operates a school breakfast program under section 1272a of the school code of 1976, being section 380.1272a of the Michigan Compiled Laws, shall use from those funds an amount, not to exceed \$10.00 per pupil for whom the district or public school academy receives funds under this section, necessary to operate the school breakfast program.

(7) A district or public school academy receiving funding under this section shall provide accountability for the program by submitting a report of the district's or public school academy's expenditures under this section to the department.

Sec. 36. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$42,564,700.00 for school readiness grants in 1994-95 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 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. Beginning in 1995-96, the total amount allocated under this section shall be increased by \$15,000,000.00 each fiscal year until there is full funding for all eligible children to participate in a comprehensive compensatory program. A comprehensive compensatory program funded under this section shall include an age-appropriate educational curriculum, nutritional services, health screening for participating children, a plan for parent and legal guardian involvement, and provision of referral services for families eligible for community social services.

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

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 school readiness advisory committee consisting of, at a minimum, classroom teachers for prekindergarten, kindergarten, and first grade; parents or guardians of program participants; representatives from appropriate community agencies and organizations; the district curriculum director or equivalent administrator; and, if feasible, a school psychologist, school social worker, or school counselor. In addition, at least 50% of the committee members shall be parents or guardians of program participants. The committee shall do all 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.

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

(iv) Review the nutritional services provided to program participants.

(v) Review the mechanisms in place for the referral of families to community social service agencies, as appropriate.

(vi) Review the collaboration with and the involvement of appropriate community, volunteer, and social service agencies and organizations in addressing all aspects of educational disadvantage.

(vii) Review, evaluate, and make recommendations for changes to the school readiness program.

(g) The district has submitted for departmental approval a plan to conduct and report annual school readiness 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 school readiness program.

(h) More than 50% of the children participating in the program meet the income eligibility criteria for free lunch, as determined under the national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a and 1769 to 1769e.

(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 is also 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. 38. The maximum number of prekindergarten children construed to be in need of special readiness assistance under section 36 shall be calculated for each district in the following manner: one half of the percentage of the district's elementary grades' pupils who are eligible for free lunch, as determined by the district's October count in the immediately preceding school year under the national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, and 1769 to 1769e shall be multiplied by the average kindergarten enrollment of the district on the pupil membership count day of the 2 immediately preceding years.

Sec. 39. (1) The tentative allocation in 1994-95 to each eligible district under section 36 shall be determined by multiplying the number of children determined in section 38 by \$3,000.00 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. Beginning in 1995-96, the \$3,000.00 amount per child under this section shall be adjusted for each fiscal year by the index used to adjust the amount of the basic foundation allowance under section 20, except that the amount per child under this section shall not be less than \$3,000.00. 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 show evidence of

"at-risk" factors as described in section 36, who meet the income eligibility criteria for free lunch as described in section 37(g), and who will participate in a school readiness program funded under this section. Any tentative allocation subsequently shall be adjusted by the department 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 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. 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.

(5) If, taking into account the total amount to be allocated to the district as calculated under this section, a district determines that it is able to include additional eligible children in the school readiness program without additional funds under this section, the district may include additional eligible children but shall not receive additional funding under this section for those children.

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed \$4,212,000.00 for 1994-95 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. 51. (1) From the appropriation in section 11, there is allocated \$243,355,000.00 for 1994-95 to consist of an amount not to exceed \$179,355,000.00 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 1994-95 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) For a program operated by a district, "added costs" shall be computed by deducting, from the total approved costs of special education programs and services, an amount equal to the residence district's foundation allowance under section 20 for each full-time equated special education pupil counted in membership in the 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. For a program

operated by an intermediate district, "added costs" shall be computed by deducting, from total approved costs of special education programs and services, an amount equal to the intermediate district weighted average allocation for each full-time equated special education pupil counted in membership in the 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.

(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. Beginning in 1994-95, the total approved costs include salary and other compensation for all approved special education personnel for the program, including, for a program operated by a district, payments for social security and medicare and public school employee retirement system contributions. The total approved costs do not include salaries or other compensation paid to administrative personnel who are not special education personnel as defined in section 6(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, are not included. Special education approved personnel not utilized full time in the evaluation of students or in the delivery of special education programs, ancillary, and other related services shall be reimbursed under this section only for that portion of time actually spent providing these programs and services, with the exception of special education programs and services provided to youth placed in child caring institutions or juvenile detention programs approved by the department to provide an on-grounds education program. For teacher aides, salaries and other compensation paid to a teacher aide are included only if the teacher aide is required in rules promulgated by the department or is otherwise approved by the department.

(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.

(5) 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 the intermediate district weighted average allocation. A district operating a center program for pupils from several districts pursuant to an approved intermediate district plan that had the pupils counted in membership in the intermediate district in 1993-94 shall have the pupils counted in membership in the intermediate district in 1994-95.

(6) 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.

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

Sec. 52. (1) Reimbursement for the necessary costs of special education programs and services shall be a portion determined by the amount allocated under section 51(1), 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 section 58.

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, 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 section 58.

(3) Not more than \$24,000,000.00 for 1994-95 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 1994-95 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 1993-94 of the intermediate district and the districts constituent to the intermediate district.

(b) "Millage levied" means the millage levied for special education pursuant to part 30 of the 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 1994-95 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 district's foundation allowance, as calculated under section 20, as a required local contribution.

(3) Reimbursement for those millages levied in 1993-94 shall be made in 1994-95 at an amount per 1993-94 membership pupil computed by subtracting from \$89,500.00 the 1993-94 state equalized valuation behind each membership pupil, and multiplying the resulting difference by the 1993-94 millage levied.

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$600,000.00 for 1994-95 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 1994-95 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 \$4,000,000.00 for 1994-95 for the development and operation of comprehensive programs for gifted and talented pupils. An eligible district or consortium of districts shall receive an amount not to exceed \$50.00 per K-12 pupil for up to 5% of the district's or consortium's K-12 membership with a minimum total grant of \$3,000.00. Funding shall be provided in the following order: the per pupil allotment, and then the minimum total grant of \$3,000.00 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 and the district or consortium shall demonstrate to the department that the district or consortium will contribute matching funds of at least \$50.00 per K-12 pupil. The plan or revised plan shall be developed in accordance with criteria established by the department and shall be submitted to the department for approval. Within the criteria, the department shall encourage the development of consortia among districts of less than 5,000 memberships.

Sec. 58. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$25,405,000.00 for 1994-95 to fund districts and intermediate districts for providing specialized transportation services, as determined by the department, for pupils in special education programs and services as defined in section 6(7) of the school code of 1976, being section 380.6 of the Michigan Compiled Laws, for which the district or intermediate district receives added-cost reimbursement under section 52.

(2) Transportation aid under subsection (1) 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 or intermediate 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 special education transportation allocation is based upon current year data reported by the districts and intermediate districts. The total transportation allowance for a district or intermediate district is calculated by using the vehicle as the funding unit and using factors (a), (b), (c), (d), and (e). 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.

(3) Districts and intermediate districts may apply to the department for exceptions to the district's or intermediate district's formula transportation allowance under this section regarding the costs of transporting pupils when exceptional conditions or circumstances impose unavoidably unusual expenses for transporting pupils to their regularly scheduled classes.

Sec. 61a. (1) From the appropriation in section 11 there is allocated an amount not to exceed \$10,650,000.00 for 1994-95 to reimburse on an added cost basis intermediate districts operating or acting as the fiscal agent for secondary-level vocational-technical education centers, consortia, or shared-time programs, including parenthood education programs. However, an intermediate district that qualifies for reimbursement under this section as a fiscal agent shall not receive reimbursement under this section unless the intermediate district also acted as the fiscal agent for the center, consortium, or program in 1993-94. Applications for participation in the programs shall be submitted in the form prescribed by the department. The department shall determine the added cost for each vocational-technical program area. The allocation of added cost funds shall be based on the type of vocational-technical programs provided, the number of pupils enrolled, and the length of the training period provided, and shall not exceed 75% of the added cost of any program.

(2) 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.

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

(a) "Membership" means the total membership in 1993-94 of the intermediate district and the districts constituent to the intermediate district or the total membership in 1993-94 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 that 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 1994-95 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 1993-94 shall be made in 1994-95 at an amount per 1993-94 membership pupil computed by subtracting from \$89,500.00 the 1993-94 state equalized valuation behind each membership pupil, and multiplying the resulting difference by the 1993-94 millage levied. However, the department shall prorate the allocations as necessary.

Sec. 74. From the amount appropriated in section 11, there is allocated an amount not to exceed \$1,500,000.00 for 1994-95 for payments to state supported colleges or universities and intermediate districts 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. The payments shall be in an amount determined by the department not to exceed 75% of the actual cost of instruction and driver compensation for each public or nonpublic school bus driver attending a course of instruction. For the purpose of computing compensation, the hourly rate allowed each school bus driver shall not exceed the hourly rate received for driving a school bus. Reimbursement compensating the driver during the course of instruction or driver skills road tests shall be made by the department to the college or university or intermediate school district providing the course of instruction.

Sec. 75. From the amount appropriated in section 11, there is allocated an amount not to exceed \$125,000.00 for 1994-95 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. 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 for 1993-94 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 (6), 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 equal to 100% of the amount of aid received under this subsection for the immediately preceding state fiscal year.

(2) From the appropriation in section 11, there is allocated for 1993-94 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. This subsection applies only for 1993-94.

(4) Subject to subsection (5), from the appropriation in section 11, there is allocated for 1994-95 to the intermediate districts the sum necessary, but not to exceed \$22,950,000.00 for 1994-95, to provide state aid to intermediate districts under this subsection and subsection (5). Subject to subsection (6), there shall be allocated to each intermediate district an amount obtained by adding 103% of the prior year's aid received under this subsection before proration and 103% 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.

(5) 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.

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

(7) From the appropriation in section 11, there is allocated for 1994-95 an amount not to exceed \$4,400,000.00 for payments by the department to intermediate districts for any combination of the following:

(a) Providing technical assistance to districts for implementation of school quality improvement measures under the school code of 1976, including, but not limited to, 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.

(b) Operating regional education media centers under section 671 of the school code of 1976, being section 380.671 of the Michigan Compiled Laws.

(c) Providing other technical assistance to districts.

(8) The money allocated to intermediate districts under subsection (7) shall be allocated on the same basis as formerly distributed to intermediate districts under former sections 22, 23b, 46, 48, 83, 91, and 93, and shall be prorated as necessary. Not later than 60 days after the end of a fiscal year in which an intermediate district receives funds under subsection (7), the intermediate district shall submit to the house and senate K-12 appropriations subcommittees, the house and senate fiscal agencies, the department, and the department of management and budget a report of not more than 15 pages listing and describing the intermediate district's expenditures of funds allocated under subsection (7) and the activities for which the funds were expended.

Sec. 86. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$1,200,000.00 for 1994-95 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)(e) in regular, nonspecial 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 intermediate district weighted average allocation for the pupils in membership in the educational program plus categorical aid and federal funds attributable to those pupils.

Sec. 95. (1) From the appropriation in section 11, there is allocated for 1994-95 \$10,000,000.00 for professional development for teachers and others within the educational community. The total allocation, under this section, shall be distributed as follows:

(a) \$6,500,000.00 is allocated to districts on a per pupil basis, with each district receiving the same amount per pupil.

(b) \$1,500,000.00 is allocated to intermediate districts, on a per pupil basis for each pupil in membership in the intermediate district or in a constituent district, with each intermediate district receiving the same amount per pupil.

(c) \$2,000,000.00 is allocated to the department for statewide professional development initiatives.

(2) The professional development funds allocated under this section may be used for any of the following:

(a) Advancement of the initiatives under 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".

(b) Improving instructional and support staff skills.

(c) Other areas of professional development identified in the school code of 1976.

(3) Not later than 60 days after the end of each fiscal year, an intermediate district, in cooperation with its constituent districts, shall prepare and submit to the house and senate K-12 appropriations subcommittees, the house and senate fiscal agencies, the department, and the department of management and budget a report of not more than 15 pages listing and describing the intermediate district's and its constituent districts' expenditures of funds allocated under this section and the activities for which the funds were expended.

Sec. 99. (1) From the general fund/general purpose appropriation in section 11, there is allocated an amount not to exceed \$6,000,000.00 for 1994-95 for implementing the comprehensive master plan for mathematics and science centers developed by the department and approved by the state board on February 17, 1993.

(2) Within a service area designated locally, approved by the department, and consistent with the master plan described in subsection (1), an established mathematics and science center described in subsection (6)(a) shall provide all of the following 6 basic services, as described in the master plan, to constituent districts and communities: pupil services, curriculum support, community involvement measures, professional development, resource clearinghouse services, and leadership.

(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 this section, 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 this section shall include at least all of the following:

(a) A description of how each of the 6 basic service areas will be equitably and effectively delivered to constituent districts and communities, which shall include an assurance that access will be made available to all qualified pupils and professional staff of schools formally participating in center programs, including those from nonpublic schools in the designated service area.

(b) A statement of the working relationships that have been or will be established with the department, other mathematics and science centers, and leaders of existing programs of professional development and curriculum reform.

(c) A statement of the projected impact of the mathematics and science center on mathematics and science outcomes contained in the core curriculum.

(d) An explanation of how the mathematics and science center will be involved in and contribute to systemic change in its designated service area.

(e) A detailed plan describing how the applicant will evaluate programs, activities, and operations.

(f) A commitment to participate fully in the mathematics and science centers network.

(4) The department 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) Allocations under this section to support the activities and programs of mathematics and science centers shall be made as follows:

(a) 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 and received a grant under this section in the immediately preceding fiscal year. Each established mathematics and science center shall receive an amount equal to the greater of its adjusted funding level, as specified in the master plan, or the amount it received under this section for 1993-94.

(b) From the balance of the allocation, and to promote equal access to mathematics and science centers by all districts and communities in Michigan, the department shall award grants to 5 other mathematics and science centers identified in the master plan, in the amounts specified in the master plan. Grants under this subsection may be prorated as necessary. These mathematics and science centers will serve regions that are currently unrepresented in the mathematics and science centers program.

(c) From the balance of the allocation, the department shall award grants to establish satellites in areas that cannot support a mathematics and science center, are a considerable distance from an existing mathematics and science center, and have unique local needs. The locations of these satellites shall be as specified in the master plan.

(7) Each recipient of a grant under this section shall submit an annual report of activities, accomplishments, and expenditures, not to exceed 15 pages, by October 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 second Friday after the pupil membership count day and not later than the second Friday after the supplemental count day, each district superintendent through the secretary of the district's board shall file with the intermediate superintendent a certified and sworn copy of the district's enrollment for the current school year as of the pupil membership count day and as of the supplemental count day, as applicable. 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 the fourth Friday after the pupil membership count day and not later than the fourth Friday after the supplemental 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 as required under this subsection or if an intermediate district fails to transmit the data in its possession as required under this subsection, state aid due to be distributed under this act shall be withheld from the defaulting district or intermediate district beginning with the next payment after the failure and continuing with each payment until the district or intermediate district complies with this subsection. If a district or intermediate district does not comply with this subsection by the end of the fiscal year, the district or intermediate district forfeits the amount withheld. A person who willfully falsifies a figure or statement in the certified and sworn copy of enrollment shall be punished in the manner prescribed by the laws of this state.

(2) Each district shall provide a minimum of 180 days and the required minimum number of hours of pupil instruction. The required minimum number of hours of pupil instruction is as follows: in 1994-95, each district shall provide a minimum of 900 hours of pupil instruction; in 1995-96 and 1996-97, each district shall provide a minimum of 990 hours of pupil instruction; in 1997-98 and 1998-99, each district shall provide a minimum of 1,035 hours of pupil instruction; and, beginning in 1999-2000, each district shall provide a minimum of 1,080 hours 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. Except as otherwise provided in this section, a district failing to comply with the required minimum hours of pupil instruction 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 required minimum number of hours. A district failing to meet both the minimum 180 days of pupil instruction requirement and the minimum number of hours requirement 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 and hours of pupil instruction in the previous school year. If the district did not hold at least 180 days and the required minimum number of hours 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 the required minimum number 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 beginning in the next payment to be calculated by the department a proportion of the funds due to the district under this act that is equal to the proportion below 180 days and the required minimum number of hours, as specified in the following:

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

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 (8), 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) 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.

(5) 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.

(6) 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.

(7) 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. A special education pupil scheduled to graduate in 1994,

1995, or 1996 who has passed an alternative form of assessment permitted under this section as it was in effect for 1992-93 shall receive the applicable endorsement under this section.

(8) 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.

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

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 1994-95 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 or that provides employment and training services or vocational rehabilitation programs or state licensed accredited vocational or technical education programs, proprietary school licensed by the state board, 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 participants to be involved, a management plan and description of staff responsibilities.

(iii) A plan to maintain participant 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 participant.

(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 or job retention 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 participant and participant 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 and job retention 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 18 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 commission or the commission's designee to audit all records related to the grant for all entities that receive money, either directly or indirectly through a contract, from the grant funds. A grant recipient or contractor shall reimburse the state for all disallowances found in the audit.

(10) A training program receiving a grant 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 1994-95 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 or that provides employment and training services or vocational rehabilitation programs or state licensed accredited vocational or technical education programs, proprietary school licensed by the state board, 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) 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) Participants in the JOBS program shall not be counted in membership.

(5) 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.

(6) 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.

Sec. 107e. (1) From the appropriation in section 11, there is allocated for 1994-95 an amount not to exceed \$185,000,000.00 for adult education categorical payments to districts, consortia, or cooperative programs on a per participant basis, as provided in this section, in an amount not to exceed \$5,500.00 or the district's foundation allowance under section 20, whichever is less, per participant. These payments are for operation of adult basic education programs, adult high school completion programs, and general education development test (G.E.D.) preparation programs.

(2) The maximum number of full-time equated participants for which the district, consortium, or cooperative program may receive payments under this section is the number of adult education participants counted as participants in the district, consortium, or cooperative program in 1993-94 in an adult basic education program, an adult high school completion program, or a G.E.D. preparation program, as counted in the final audited 1993-94 participant count, after adjustments under former section 107, as adjusted for the change in the basis for determining full-time equated participants from 480 to 900 hours.

(3) 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.

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

(5) Except as provided in this subsection, payments under this section shall be made as provided in section 17b. A district, consortium, or cooperative program that counts adult education participants under this section and complies with the requirements of this section shall receive regularly scheduled state aid payments for which the district, consortium, or cooperative program qualifies under this section in accordance with the following, up to maximum of 100%:

(a) Ninety percent for enrollment of eligible participants.

(b) Ten percent for classroom attendance.

(c) Ten percent for attainment of a high school diploma; for passage of the 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.

(6) A district, consortium, or cooperative program that counts adult education participants under this section 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 this section. The recipient or contractor, if any, shall reimburse the state for all disallowances found in the audit.

(7) A district, consortium, or cooperative program 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 this section 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 this section for these participants shall be reduced 1/900 for each hour of classroom instruction the participants are scheduled to receive under 900 hours and further reduced to ensure that the combined aid under this section and 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.

(8) 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 this section unless prior approval is received from the department.

(9) The participant count days for counting participants in adult education programs under this section are the first Friday in October and the third Friday in February.

(10) The prorated allocation for an adult education participant under this section 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 participant to make up for an equal number of hours of excused absence by the participant, 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 as classroom instruction. A district that receives funding under this section shall submit to the department, not later than November 1, a resolution adopted by its board indicating that the district complies with all of the following requirements:

- (a) The district uses 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 evaluation plan.

(11) For purposes of determining the number of participants under this section, a district, consortium, or cooperative program 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.

(12) For purposes of subsection (11), 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 may be prorated.

(13) In order to be eligible to count adult education participants under this section, a district shall allow those participants who have more than the total of 20 credits specified in subsection (11) to attend those classes needed in order to complete graduation requirements. The district shall not assess a fee or receive funding under this section for these credits.

(14) A district operating an adult education program under this section shall do all of the following:

(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 local school board 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 this section for academic, vocational, and job counseling for adult education participants.

(h) Use the funds received under this section 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.

(15) 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 former section 21(1) in 1993-94, 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 this section 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.

(16) A district that did not receive an allocation under former section 21(1) in 1993-94, with the approval of the department, may enter into a cooperative arrangement with a district that receives payment under this section for the purpose of obtaining educational services for adult education participants. These cooperative arrangements shall meet the same conditions as those listed in subsection (15). In these cooperative arrangements, the district that did not receive an allocation under former section 21(1) in 1993-94 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 this section the providing district receives that is attributable to the cooperative arrangement. In order to receive funds under this section 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.

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

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 an amount equal to the operating district's gross allowance 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. 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 district's foundation allowance provided under section 20, except that a district 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 if the district enrolls pupils, other than special education pupils, who reside in a district that is legally liable for the payment of the tuition and that levies a lower operating millage than the district enrolling the pupils.

(2) 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) shall not be counted in membership in the receiving district for purposes of calculating that district's foundation allowance under section 20. 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) shall be counted in membership in the pupil's district of residence solely for purposes of calculating that district's foundation allowance under section 20.

(3) 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 district's foundation allowance calculated under section 20.

(4) 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. 117. A district shall not be allotted or paid a sum under this act unless the district charges the legal amount of tuition for tuition pupils enrolled on the pupil membership count day of each year from the districts in which the tuition pupils reside and has certified that fact to the department. If no district is legally liable for the payment of the tuition and the tuition has not been collected from the parents or guardians of the tuition pupils before July 1 of each year, the number of those pupils shall be deducted from the membership of the district and the foundation allowance as provided in section 20 shall be recomputed accordingly. A district that enrolls and educates pupils who are residents of another district due to uncertainty as to the boundary of a district, and that serves notice to the resident district where the

pupils must attend school in subsequent school years, shall not forfeit membership allowances or recalculate its foundation allowance under section 20.

Sec. 122. The valuation of property assessed under Act No. 189 of the Public Acts of 1953, as amended, being sections 211.181 to 211.182 of the Michigan Compiled Laws, shall be deducted from the total valuation of a district if school taxes levied against the property are not collected from the lessee or user of the property. The credit so obtained by a district in the calculation of payments to the district under this act shall remain a lien against the district and shall be paid by the district to the school aid fund when the taxes are collected.

Sec. 124. (1) If taxes levied for operating purposes against property constituting at least 10% of the valuation of a district are paid under protest and, therefore, are unavailable to the district, the total valuation of the district for the purposes of this act shall be reduced by the valuation of the property. The credits so obtained by a district in the calculation of payments to the district under this act shall remain a lien against the district and shall be paid by the district to the school aid fund when the taxes are collected.

(2) If taxes levied for operating purposes against property constituting at least 5% of the valuation of a district are not paid by a single bankrupt debtor that files for reorganization under chapter 11 of title 11 of the United States code, 11 U.S.C. 1101 to 1174, and, therefore, are unavailable to the district, the total valuation of the district for the purposes of this act shall be reduced by the valuation of the property. The credits so obtained by a district in the calculation of payments to the district under this act shall remain a lien against the district and shall be paid by the district to the school aid fund when the taxes are collected. This subsection shall be implemented upon verification by the department that the district has taken proper action to attempt to secure payment of taxes by the bankrupt debtor.

(3) If taxes levied for operating purposes against property constituting at least 4% of the valuation of a district are not paid by a single bankrupt debtor that files for reorganization under chapter 11 of title 11 of the United States code, 11 U.S.C. 1101 to 1174, and, therefore, were unavailable to the district during the 1988-91 school years, the total valuation of the district for the purposes of this act shall be reduced by the valuation of the property. The credits so obtained by a district in the calculation of payments to the district under this act shall remain a lien against the district and shall be paid by the district to the school aid fund when the taxes are collected. This subsection shall be implemented upon verification by the department that the district has taken proper action to attempt to secure payment of taxes by the bankrupt debtor.

Sec. 145. From the amount appropriated in section 11, there is allocated for 1994-95 an amount not to exceed \$3,920,000.00 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.

Sec. 146a. (1) If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then from the appropriation in section 11, there is allocated for 1994-95 an amount not to exceed \$14,830,000.00 to intermediate districts for intermediate district social security and medicare. The payment for 1994-95 to each intermediate district under this subsection shall be in an amount that represents the same proportion of the total allocation under this subsection as the proportion that was paid to the intermediate district in 1993-94 of the total allocation to intermediate districts under former section 146.

(2) If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 does not become a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then from the appropriation in section 11, there is allocated for 1994-95 an amount not to exceed \$20,161,000.00 to intermediate districts for intermediate district social security and medicare. Except as otherwise provided in this act and subject to subsection (3), the payment for 1994-95 to each intermediate district shall be an amount equal to the employer's share of the intermediate district's federal social security and medicare obligations, 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, and 6.20% on calendar 1995 employee's wage base up to \$50,000.00 for social security and 1.45% on calendar 1995 employee's wage base up to \$50,000.00 for medicare.

(3) The payment to an intermediate district under subsection (2) for 1994-95 to an intermediate district shall be the lesser of the amount paid under former section 146 to the intermediate district in 1993-94 or the intermediate district's allocation calculated under subsection (2).

(4) Except as otherwise provided in this act, the state shall not assist in payment of the employer's share of federal social security and medicare obligations for the federally funded employees of an intermediate district; 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 for individuals employed pursuant to 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.

(5) Payments to intermediate districts for social security and medicare obligations shall be disbursed on the payment schedule set by section 17b. Except as provided in subsection (1), these payments are determined by multiplying the state's percentage contribution by the estimated base allowable payroll for each covered employee other than special education employees 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 an intermediate district's payroll that is attributable to employee wage base exceeding the allowable maximum wage base specified in subsection (2). Payments required to satisfy social security and medicare obligations of each 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.

(6) Each intermediate district shall remit directly to the appropriate federal government agency the total employer share and the total employee share of the 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.

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

Sec. 147. (1) If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then from the appropriation in section 11, there is allocated for 1994-95 \$27,673,700.00 from federal retirement contribution pass-through funds, and there is allocated \$21,500,000.00 for 1994-95 from the state school aid fund for funding the intermediate district retirement cost, 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. If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 does not become a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then from the appropriation in section 11, there is allocated for 1994-95 \$27,673,700.00 from federal retirement contribution pass-through funds, and there is allocated \$29,500,000.00 for 1994-95 from the state school aid fund for funding the intermediate district retirement cost, for the public school employees' retirement system pursuant to Act No. 300 of the Public Acts of 1980.

(2) The allocations for 1994-95 for the public school employees' retirement system pursuant to Act No. 300 of the Public Acts of 1980 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 1994-95 state fiscal year is 14.21%. The portion of the contribution rate assigned to local districts for the 1994-95 state fiscal year is all of the total 14.21 percentage points. If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then the portion of the contribution rate assigned to intermediate districts for the 1994-95 state fiscal year is 7.5 percentage points of the total 14.21 percentage points. If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 does not become a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then the portion of the contribution rate assigned to intermediate districts for the 1994-95 state fiscal year is 5.0 percentage points of the total 14.21 percentage points.

(3) Adjustments are made 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, the estimated and actual 1991-92 contribution requirements, and the estimated and actual 1992-93 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) The health benefits reserve is the account to which appropriations of the state for public school employees retirement system health benefits and reporting unit payments are credited in addition to payments from retirees and interest earnings. Benefits payable pursuant to section 91 of Act No. 300 of the Public Acts of 1980, being section 38.1391 of the Michigan Compiled Laws, shall be paid from the health benefits reserve. However, for the 1994-95 fiscal year, any payments for health benefits made on behalf of a district that are supported by payments from the balance in the health benefits reserve, not to exceed an aggregate of \$139,500,000.00, shall be credited toward the required payment of each district and shall reduce the amount otherwise due from that district. A payment from the balance in the health benefits reserve made on behalf of a district shall be considered to be payments on behalf of the district for the purposes of calculating payments made under section 20.

Sec. 149. (1) From the general fund/general purpose appropriation in section 11, there is allocated \$5,000,000.00 for 1994-95 for the final year of 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 standards of accountability 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. 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 and part-time membership 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 and the required minimum number of hours, as prescribed in section 101, 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 reproductive health or other sex education 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, allows the pupil's parent or legal guardian to observe the instruction, and notifies the pupil's parent or legal guardian in advance of his or her rights to observe the instruction and to have the pupil excused from

the instruction. Upon the written request of a pupil's parent or legal guardian or of a pupil if the pupil is at least age 18, the pupil shall be excused, without penalty or loss of academic credit, from attending class sessions in which the instruction is provided.

(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. 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) In 1994-95, 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 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 (4) until the district has such an immunization record for at least 90% of its pupils.

(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 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 (4) 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 (4) until the report is submitted in a complete and accurate form.

(4) If a district does not comply with this section, the department shall withhold 5% of the total 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. If the district does not comply with this section by the end of the fiscal year, the district forfeits the total amount withheld.

Section 2. (1) If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then, 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 \$8,387,224,900.00 for 1994-95, and state appropriations to be paid to local units of government are \$8,305,894,900.00 for 1994-95.

(2) If the constitutional amendment submitted to the electors at the special election held on March 15, 1994 does not become a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963, then, 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 \$7,681,555,900.00 for 1994-95, and state appropriations to be paid to local units of government are \$7,586,894,900.00 for 1994-95.

Section 3. Sections 11a, 11b, 12, 21, 21a, 21c, 22, 23a, 23b, 23c, 25, 27, 28, 31, 32, 34, 34a, 35, 45, 46, 47, 48, 61, 63, 71, 72, 83, 85, 91, 92a, 93, 97, 98, 98a, 98b, 101a, 103, 105a, 107, 107c, 107d, 108, 116, 143, 144, 144a, 146, 149a, 149c, 156, 157, and 169a of Act No. 94 of the Public Acts of 1979, being sections 388.1611a, 388.1611b, 388.1612, 388.1621, 388.1621a, 388.1621c, 388.1622, 388.1623a, 388.1623b, 388.1623c, 388.1625, 388.1627, 388.1628, 388.1631, 388.1632, 388.1634, 388.1634a, 388.1635, 388.1645, 388.1646, 388.1647, 388.1648, 388.1661, 388.1663, 388.1671, 388.1672, 388.1683, 388.1685, 388.1691, 388.1692a, 388.1693, 388.1697, 388.1698, 388.1698a, 388.1698b, 388.1701a, 388.1703, 388.1705a, 388.1707, 388.1707c, 388.1707d, 388.1708, 388.1716, 388.1743, 388.1744, 388.1744a, 388.1746, 388.1749a, 388.1749c, 388.1756, 388.1757, and 388.1769a of the Michigan Compiled Laws, are repealed.

Section 4. (1) Except as provided in subsection (2), this amendatory act shall take effect October 1, 1994.

(2) Sections 6a, 10, 11a, 11b, 20, 20a, and 21c of Act No. 94 of the Public Acts of 1979, as added by this amendatory act, and sections 81, 104a, 108, and 166a of Act No. 94 of the Public Acts of 1979, as amended by this amendatory act, shall take immediate effect.

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.

Section 6. This amendatory act shall not take effect unless Senate Joint Resolution S is submitted to the voters and the following bills are enacted into law:

- (a) House Bill No. 5109.
- (b) House Bill No. 5110.
- (c) House Bill No. 5116.
- (d) House Bill No. 5009.
- (e) House Bill No. 5010.
- (f) House Bill No. 5118.
- (g) House Bill No. 5097.
- (h) House Bill No. 4279.
- (i) House Bill No. 5102.
- (j) House Bill No. 5103.
- (k) House Bill No. 5104.
- (l) House Bill No. 5106.
- (m) House Bill No. 5111.
- (n) House Bill No. 5115.
- (o) House Bill No. 5112.
- (p) House Bill No. 5120.
- (q) House Bill No. 5129.
- (r) House Bill No. 5224.

This act is ordered to take immediate effect.

Co-Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.