

Act No. 300
Public Acts of 1996
Approved by the Governor
June 19, 1996
Filed with the Secretary of State
June 19, 1996

**STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996**

Introduced by Senator Schwarz

ENROLLED SENATE BILL No. 851

AN ACT to amend sections 3, 5, 6, 7, 11, 13, 15, 17a, 17b, 18, 18a, 19, 20, 20c, 20d, 20g, 21b, 23, 24, 31a, 36, 37, 38, 39, 41, 51, 52, 53, 54, 56, 57, 58, 61a, 62, 74, 76, 81, 94, 95, 99, 101, 102, 104a, 111, 147, 162, 163, 164, 164b, 166, 166a, 166b, 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, 15, 20, 20d, 31a, 51, 53, 101, and 147 as amended by Act No. 180 of the Public Acts of 1996, sections 5, 13, 17b, 18, 19, 20c, 23, 24, 36, 37, 38, 39, 41, 52, 54, 56, 57, 58, 61a, 62, 74, 81, 95, 99, 102, 111, 166b, and 167 as amended and sections 20g, 76, 94, and 164b as added by Act No. 130 of the Public Acts of 1995, sections 7, 162, and 166a as amended by Act No. 336 of the Public Acts of 1993, section 17a as amended by Act No. 142 of the Public Acts of 1985, section 18a as amended by Act No. 175 of the Public Acts of 1993, sections 21b and 104a as amended by Act No. 161 of the Public Acts of 1996, section 163 as amended by Act No. 207 of the Public Acts of 1990, and sections 164 and 166 as amended by Act No. 148 of the Public Acts of 1992, being sections 388.1603, 388.1605, 388.1606, 388.1607, 388.1611, 388.1613, 388.1615, 388.1617a, 388.1617b, 388.1618, 388.1618a, 388.1619, 388.1620, 388.1620c, 388.1620d, 388.1620g, 388.1621b, 388.1623, 388.1624, 388.1631a, 388.1636, 388.1637, 388.1638, 388.1639, 388.1641, 388.1651, 388.1652, 388.1653, 388.1654, 388.1656, 388.1657, 388.1658, 388.1661a, 388.1662, 388.1674, 388.1676, 388.1681, 388.1694, 388.1695, 388.1699, 388.1701, 388.1702, 388.1704a, 388.1711, 388.1747, 388.1762, 388.1763, 388.1764, 388.1764b, 388.1766, 388.1766a, 388.1766b, and 388.1767 of the Michigan Compiled Laws; to add sections 20h, 20i, 25, 29, 51a, 51b, 53a, 95a, 105, 107, 108, 164e, 169, 169a, and 169b; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

Section 1. Sections 3, 5, 6, 7, 11, 13, 15, 17a, 17b, 18, 18a, 19, 20, 20c, 20d, 20g, 21b, 23, 24, 31a, 36, 37, 38, 39, 41, 51, 52, 53, 54, 56, 57, 58, 61a, 62, 74, 76, 81, 94, 95, 99, 101, 102, 104a, 111, 147, 162, 163, 164, 164b, 166, 166a, 166b, and 167 of Act No. 94 of the Public Acts of 1979, sections 3, 6, 11, 15, 20, 20d, 31a, 51, 53, 101, and 147 as amended by Act No. 180 of the Public Acts of 1996, sections 5, 13, 17b, 18, 19, 20c, 23, 24, 36, 37, 38, 39, 41, 52, 54, 56, 57, 58, 61a, 62, 74, 81, 95, 99, 102, 111, 166b, and 167 as amended and sections 20g, 76, 94, and 164b as added by Act No. 130 of the Public Acts of 1995, sections 7, 162, and 166a as amended by Act No. 336 of the Public Acts of 1993, section 17a as amended by Act No. 142 of the Public Acts of 1985, section 18a as amended by Act No. 175 of the Public Acts of 1993, sections 21b and 104a as amended by Act No. 161 of the Public Acts of 1996, section 163 as amended by Act No. 207 of the Public Acts of 1990, and sections 164 and 166 as amended by Act No. 148 of the Public Acts of 1992, being sections 388.1603, 388.1605, 388.1606, 388.1607, 388.1611, 388.1613, 388.1615, 388.1617a, 388.1617b, 388.1618, 388.1618a, 388.1619, 388.1620, 388.1620c, 388.1620d, 388.1620g, 388.1621b, 388.1623, 388.1624, 388.1631a, 388.1636, 388.1637, 388.1638, 388.1639, 388.1641, 388.1651, 388.1652, 388.1653, 388.1654, 388.1656, 388.1657, 388.1658, 388.1661a, 388.1662, 388.1674, 388.1676,

388.1681, 388.1694, 388.1695, 388.1699, 388.1701, 388.1702, 388.1704a, 388.1711, 388.1747, 388.1762, 388.1763, 388.1764, 388.1764b, 388.1766, 388.1766a, 388.1766b, and 388.1767 of the Michigan Compiled Laws, are amended and sections 20h, 20i, 25, 29, 51a, 51b, 53a, 95a, 105, 107, 108, 164e, 169, 169a, and 169b are added to read as follows:

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

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

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

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

(5) "District" means a local school district established under the revised school code, a local act school district, or, except in sections 6(4), 6(6), 13, 20, 20i, 31a, and 105, a public school academy. Except in sections 6(4), 6(6), 13, 20, and 105, district also includes a university school.

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

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

Sec. 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 revised school code.

(3) "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, special education center program pupils placed part-time in noncenter programs to comply with the least restrictive environment provisions of section 612 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1412, may be considered center program pupils for pupil accounting purposes for the time scheduled in either a center program or a noncenter program.

(2) "District pupil retention 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 for 1996-97 the average number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance in a district, public school academy, university school, or intermediate district on the pupil membership count day for the current school year and on the supplemental count day for the immediately preceding school year, as determined by the department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the 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. The amount of the foundation allowance to be paid on behalf of a pupil in membership is determined under section 20. In making the calculation of membership, all of the following, as applicable, apply to determining the membership of a district, public school academy, university school, or intermediate district:

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

(b) If a pupil is educated in a district other than the pupil's district of residence and the educating district is not in the same intermediate district as the pupil's district of residence, if the pupil is not being educated as part of a cooperative education program, if the pupil's district of residence does not give the educating district its approval to count the pupil in membership in the educating district, and if the pupil is not covered by an exception specified in subsection (6) to the requirement that the educating district must have the approval of the pupil's district of residence to count the pupil in membership, the pupil shall not be counted in membership in any district.

(c) A special education pupil educated by the intermediate district shall be counted in membership in the intermediate district. A special education pupil who is educated in a center program operated by a district and who is not required to be counted in membership in an intermediate district shall be counted in membership in the educating district.

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

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

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

(g) A pupil enrolled in a university school shall be counted in membership in the university school.

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

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

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

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

(j) If a district is the authorizing body for a public school academy, then, in the first school year in which pupils are counted in membership on the pupil membership count day in the public school academy, the determination of the district's membership shall exclude from the district's pupil count for the immediately preceding supplemental count day any pupils who are counted in the public school academy on that first pupil membership count day who were also counted in the district on the immediately preceding supplemental count day.

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

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

(m) An individual who has obtained a high school diploma shall not be counted in membership. An individual who has obtained a general education development (G.E.D.) certificate shall not be counted in membership. An individual participating in a job training program funded under former section 107a or a jobs program funded under former section 107b, both administered by the Michigan jobs commission, or participating in any successor of either of those 2 programs, shall not be counted in membership.

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

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

(ii) If the public school academy provides instruction for less than 1/2 of the class hours specified in subdivision (q), the district or intermediate district providing the remainder of the hours of instruction shall receive as its prorated share of the full-time equated membership for each of those pupils an amount equal to 1 times the product of the hours of instruction the district or intermediate district provides divided by the number of hours specified in subdivision (q) for full-time equivalency, and the remainder of the full-time membership for each of those pupils shall be allocated to the public school academy.

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

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

(q) For the purposes of this subsection, full-time equated memberships for pupils in grades 1 to 12 shall be determined by dividing the number of class hours scheduled and provided per year per pupil by 900 for 1994-95, and by 990 for 1995-96 and 1996-97. For succeeding fiscal years, the number of class hours used to calculate full-time equated memberships shall be consistent with section 1284 of the revised school code, being section 380.1284 of the Michigan Compiled Laws. In determining full-time equated memberships for pupils who are enrolled in a postsecondary institution under the postsecondary enrollment options act, Act No. 160 of the Public Acts of 1996, being sections 388.511 to 388.524 of the Michigan Compiled Laws, a pupil shall not be considered to be less than a full-time equated pupil solely because of the effect of his or her postsecondary enrollment, including necessary travel time, on the number of class hours provided by the district to the pupil.

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

(s) For a district that has qualified currently migrant pupils enrolled in the district as of the pupil membership count day who were not counted in membership in the district on the supplemental count day for the immediately preceding school year, 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, 102 Stat. 130, the number of those pupils counted in the district's membership is 3/4 of the number of those pupils counted on the pupil membership count day only.

(t) For a district, university school, or public school academy that has pupils enrolled in a grade level that was not offered by the district, university school, or public school academy in the immediately preceding school year, the number of pupils enrolled in that grade level to be counted in membership is the average of the number of those pupils enrolled and in regular daily attendance on the pupil membership count day and the supplemental count day of the current school year, as determined by the department. Membership shall be calculated by adding the number of pupils registered for attendance in that grade level on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the state board, and as corrected by subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

(u) If a district has less than 5.00 full-time equated pupils in membership, the district's membership shall be considered to be not less than 4.00 full-time equated pupils.

(v) For purposes of calculating membership for 1996-97 only, the department shall use for the February 1996 supplemental count the definition of membership under this subsection that is in effect on the 1996-97 pupil membership count day.

(w) For 1996-97 only, if a copper mine located in a district announces in 1995-1996 a planned conversion to a solution mining operation, then the district's membership for 1996-97 shall be considered to be the same as the district's 1995-96 membership.

(x) If a district is located wholly on an island and the district's membership for 1995-96 was at least 80 but less than 100 full-time equated pupils, the district's membership for 1996-97 shall be considered to be 90 full-time equated pupils or the district's actual 1996-97 membership, whichever is greater.

(y) For 1996-97 only, if a district has individuals at least age 16 as of December 1 and less than age 20 as of September 1 of the school year who are enrolled in the district in a department-approved alternative education program and who were enrolled in an alternative education program operated through adult education in 1995-96 and therefore not counted in membership in a district on the 1996 supplemental count day, the number of those individuals counted in

the district's membership is the number of those individuals counted as pupils on the district's 1996 pupil membership count day only.

(z) A pupil enrolled in a cooperative education program may be counted in membership in the pupil's district of residence with the written approval of all parties to the cooperative agreement.

(aa) If, as a result of a disciplinary action, a district determines through the district's alternative education program that the best instructional placement for a pupil is in the pupil's home, if that placement is authorized in writing by the district superintendent and district alternative education supervisor, and if the district provides appropriate instruction as described in this subdivision to the pupil at the pupil's home, the district may count the pupil in membership on a pro rata basis, with the proration based on the number of hours of instruction the district actually provides to the pupil divided by the number of hours specified in subdivision (q) for full-time equivalency. For the purposes of this subdivision, a district shall be considered to be providing appropriate instruction if all of the following are met:

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

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

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

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

(bb) A pupil enrolled in an alternative education program described in section 25 shall be counted in membership in the district or public school academy that expelled the pupil.

(5) "Public school academy" means a public school academy operating under part 6a or 6b of the revised school code, being sections 380.501 to 380.507 and 380.511 to 380.518 of the Michigan Compiled Laws.

(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, for pupils enrolled in a public school academy or university school, for pupils enrolled in a district other than their district of residence under an intermediate district schools of choice pilot program as described in section 91a or former section 91 if the intermediate district and its constituent districts have been exempted from section 105, or for pupils enrolled in a district other than their district of residence but within the same intermediate district if the educating district enrolls nonresident pupils in accordance with section 105.

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

(a) Except as provided in subdivision (b), the fourth Friday in September 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 September.

(iii) Second Friday in February.

(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, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

(9) "The revised school code" means Act No. 451 of the Public Acts of 1976, 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) "Supplemental count day" means the day on which the supplemental pupil count is conducted under section 6a.

(13) "Tuition pupil" means a pupil of school age attending school in a district other than the pupil's district of residence for whom tuition may be charged. Tuition pupil does not include a pupil who is a special education pupil; a pupil enrolled in a district other than the pupil's district of residence but within the same intermediate district if the educating district enrolls nonresident pupils in accordance with section 105; or a pupil served by an intermediate district schools of choice pilot program as described in section 91a or former section 91 if the intermediate district and its constituent districts have been exempted from section 105. 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.

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

(15) "Taxable value" means the taxable value of property as determined under section 27a of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.27a of the Michigan Compiled Laws.

(16) "Total state aid" or "total state school aid" means the total combined amount of all funds due to a district, intermediate district, or other entity under all of the provisions of this act.

(17) "University school" means an instructional program operated by a public university under section 23 that meets the requirements of section 23.

Sec. 7. Costs for school operating purposes include all expenditures necessary to carry out the powers of the district or intermediate district under the revised school code.

Sec. 11. (1) 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 \$7,618,289,000.00, and from the general fund the sum of \$594,052,000.00, for the fiscal year ending September 30, 1996. In addition, available federal funds are appropriated for 1995-96. Also, an additional \$26,000,000.00 is appropriated for 1995-96 from the uninsured employers' security fund to the state school aid fund, and that \$26,000,000.00 is then appropriated for 1995-96 from the state school aid fund to be used for the purposes of this act. 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 \$8,183,200,000.00, and from the general fund the sum of \$299,900,000.00, for the fiscal year ending September 30, 1997. Also, there is appropriated an additional \$33,000,000.00 from the state school aid fund for the fiscal year ending September 30, 1997. However, if the director of the department of management and budget determines that the federal government has failed to enact comprehensive reforms in the federal cash welfare and medicaid programs by October 1, 1996, and notifies the senate and house appropriations committees of that determination, there is instead appropriated for 1996-97 from the state school aid fund the sum of \$8,230,000,000.00, and from the general fund the sum of \$286,100,000.00. In addition, there is created in the state school aid fund a separate contingency fund in an amount equal to this \$13,800,000.00 adjustment and there is created in the general fund a separate contingency fund in an amount equal to this \$13,800,000.00 adjustment. Contingency fund transfers are authorized for 1996-97 in an amount necessary to reverse these adjustments. These transfers shall conform with the provisions of section 393(2) of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1393 of the Michigan Compiled Laws. Transfers may restore all or part of each adjustment. In addition, available federal funds are appropriated for 1996-97.

(2) In addition to the appropriations under subsection (1), for the fiscal year ending September 30, 1996 there is appropriated \$174,500,000.00 from the reserve for health benefits for the purposes of this act. From the general fund money appropriated in subsection (1) for the fiscal year ending September 30, 1997, there is appropriated from the general fund the sum of \$96,638,400.00 to the local government payment fund for the purpose of maintaining the state spending to local units of government as required by section 30 of article IX of the state constitution of 1963 for the fiscal year ending September 30, 1993. For the fiscal year ending September 30, 1997, there is appropriated from the local government payment fund the sum of \$96,638,400.00 to the general fund for transfer to the state school aid fund to support the purposes of this act for the 1996-97 fiscal year.

(3) The appropriations under this section shall be allocated as provided in this act. Money appropriated under this section from the general fund, from the reserve for health benefits, and from available federal funds shall be expended to fund the purposes of this act before the expenditure of money appropriated under this section from the state school aid fund. If the maximum amount appropriated under this section from the state school aid fund for a fiscal year exceeds the amount necessary to fully fund allocations under this act from the state school aid fund, that excess amount shall not be expended in that state fiscal year and shall not lapse to the general fund, but instead shall remain in the state school aid fund.

(4) If the maximum amount appropriated under this section from the state school aid fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, payments under each section of this act shall be prorated on an equal percentage basis as necessary to reflect the amount available for expenditure from the state school aid fund for that fiscal year. However, beginning in 1996-97, if the department of treasury determines that proration will be required under this subsection, the department of treasury shall notify the director of the department of management and budget, and the director of the department of management and budget shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the director of the department of management and budget, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the department of management and budget, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall.

Sec. 13. Except as otherwise provided in this act, the apportionments and limitations of the apportionments made under this act shall be made on the membership and number of teachers and other professionals approved by the

superintendent of public instruction employed as of the pupil membership count day of each year and on the taxable value and the operating millage of each district for the calendar year. In addition, a district maintaining school during the entire year, as provided in section 1561 of the revised school code, being section 380.1561 of the Michigan Compiled Laws, shall count memberships and teachers pursuant to rules promulgated by the state board.

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 remaining apportionments. 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 remaining apportionments. Notwithstanding any other provision in this act, state aid overpayments to a district, other than overpayments in payments for special education or special education transportation, may be recovered from any payment made under this act other than a special education or special education transportation payment. State aid overpayments made in special education or special education transportation payments may be recovered from subsequent special education or special education transportation payments.

(2) If the result of an audit conducted by or for the department affects the current fiscal year membership, affected payments shall be adjusted in the current fiscal year. A deduction due to an adjustment made as a result of an audit conducted by or for the department, or as a result of information obtained by the department from the district, an intermediate district, the department of treasury, or the office of auditor general, 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 4 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. 17a. (1) The department may withhold all or part of any payment that a district or intermediate district is entitled to receive under this act to the extent the withholdings are a component part of a plan, developed and implemented pursuant to chapter IX of the municipal finance act, Act No. 202 of the Public Acts of 1943, being sections 139.1 to 139.3 of the Michigan Compiled Laws, or other statutory authority, for financing an outstanding obligation upon which the district or intermediate district defaulted. Amounts withheld shall be used to pay, on behalf of the district or intermediate district, unpaid amounts or subsequently due amounts, or both, of principal and interest on the outstanding obligation upon which the district or intermediate district defaulted.

(2) Under an agreement entered into by a district or intermediate district assigning all or a portion of the payment that it is eligible to receive under this act to the Michigan municipal bond authority or to the trustee of a pooled arrangement or pledging such amount for payment of an obligation it incurred with the Michigan municipal bond authority or with the trustee of a pooled arrangement, the state treasurer shall transmit to the Michigan municipal bond authority or a trustee designated by the authority or to the trustee of a pooled arrangement the amount of the payment which is assigned or pledged under the agreement. Notwithstanding the payment dates prescribed by this act for distributions under this act, the state treasurer may advance all or part of a payment which is dedicated for distribution or for which the appropriation authorizing the payment has been made if and to the extent, under the terms of an agreement entered into by a district or intermediate district and the Michigan municipal bond authority, the payment which the district or intermediate district is eligible to receive has been assigned to or pledged for payment of an obligation it incurred with the Michigan municipal bond authority. This subsection does not require the state to make an appropriation to any school district or intermediate school district and shall not be construed as creating an indebtedness of the state, and any agreement made pursuant to this subsection shall contain a statement to that effect. As used in this subsection, "trustee of a pooled arrangement" means the trustee of a trust approved by the state treasurer and, subject to the conditions and requirements of that approval, established for the purpose of offering for sale, as part of a pooled arrangement, certificates representing undivided interests in notes issued by districts or intermediate districts under section 1225 of the revised school code, being section 380.1225 of the Michigan Compiled Laws. If a trustee applies to the state treasurer for approval of a trust for the purposes of this subsection, the state treasurer shall approve or disapprove the trust within 10 days after receipt of the application.

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. However, the payments due to a district in 1996-97 on April 20, May 20, and June 20 pursuant to this section each shall be reduced by an amount equal to 1/3 of the district's total additional payments in 1995-96 under section 20g.

(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 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 and other compensation of teachers and other employees, tuition, transportation, lighting, heating, ventilation, water service, the purchase of textbooks which are designated by the board to be used in the schools under the board's charge, other supplies, and any other school operating expenditures defined in section 7. However, not more than 20% of the total amount received by a district under article 2 or intermediate district under article 8 may be transferred by the board to either the capital projects fund or to the debt retirement fund for debt service. The money shall not be applied or taken for a purpose other than as provided in this section. The department shall determine the reasonableness of expenditures and may withhold from a recipient of funds under this act the apportionment otherwise due for the fiscal year following the discovery by the department of a violation by the recipient.

(2) For the purpose of determining the reasonableness of expenditures and whether a violation of this act has occurred, the department shall require that each district and intermediate district have an audit of the district's or intermediate district's financial and pupil accounting records conducted at least annually at the expense of the district or intermediate district, as applicable, by a certified public accountant or by the intermediate district superintendent, as may be required by the department, or in the case of a district of the first class by a certified public accountant, the intermediate superintendent, or the auditor general of the city. An intermediate district's annual financial audit shall be accompanied by the intermediate district's pupil accounting procedures report. A district's or intermediate district's annual financial audit shall include an analysis of the financial and pupil accounting data used as the basis for distribution of state school aid. The pupil accounting records and reports, audits, and management letters are subject to requirements established in the auditing and accounting manuals approved and published by the department. Except as otherwise provided in this subsection, a district shall file the annual financial audit reports with the intermediate district not later than 120 days after the end of each school fiscal year and the intermediate district shall forward the annual financial audit reports for its constituent districts and for the intermediate district, and the pupil accounting procedures report for the pupil membership count day and supplemental count day, to the department not later than November 15 of each year. The annual financial audit reports and pupil accounting procedures reports shall be available to the public in compliance with the freedom of information act, Act No. 442 of the Public Acts of 1976, 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 and intermediate districts that have not filed an annual financial audit and pupil accounting procedures report required under this section for the school year ending in the immediately preceding fiscal year.

(3) Each district and intermediate district shall file with the department by November 15 of each year an annual comprehensive financial report, known as "Form B", on a form and in the manner prescribed by the department.

(4) If a district that is a public school academy purchases property using money received under this act, the public school academy shall retain ownership of the property unless the public school academy sells the property at fair market value.

(5) If a district or intermediate district does not comply with subsection (2) or (3), the department shall withhold all state school aid due to the district or intermediate district under this act, beginning with the next payment due to the district or intermediate district, until the district or intermediate district complies with subsections (2) and (3). 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. 18a. Grant funds awarded and allotted to a district or intermediate district, unless otherwise specified in this act, shall be expended by the grant recipient before the end of the school fiscal year immediately following the fiscal year in which the funds are received. If a grant recipient does not expend the funds received under this act before the end of the fiscal year in which the funds are received, the grant recipient shall submit a report to the department not later than November 1 after the fiscal year in which the funds are received indicating whether it expects to expend those funds during the fiscal year in which the report is submitted. A recipient of a grant shall return any unexpended grant funds to the department in the manner prescribed by the department not later than September 30 after the fiscal year in which the funds are received.

Sec. 19. (1) A district shall comply with the requirements of sections 1204a, 1277, 1278, and 1280 of the revised school code, 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".

(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 revised school code, commonly referred to as "public act 25 of 1990", and on the achievement of national education goals.

(3) If a district or intermediate district fails to meet the requirements of subsection (2) and sections 1204a, 1277, and 1278 of the revised school code, the department shall withhold 5% of the total funds for which the district or intermediate district qualifies under this act until the district or intermediate district complies with all of those sections. If the district or intermediate district does not comply with all of those sections by the end of the fiscal year, the department shall place the amount withheld in an escrow account until the district or intermediate district complies with all of those sections.

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

Sec. 20. (1) For 1996-97, the basic foundation allowance is \$5,308.00 per membership pupil.

(2) From the appropriation in section 11, there is allocated for 1996-97 an amount not to exceed \$7,954,642,700.00 to guarantee each district a foundation allowance per membership pupil and to make payments under this section to public school academies and university schools. The amount of each district's foundation allowance shall be calculated as provided in this section, using a basic foundation allowance for 1996-97 in the amount specified in subsection (1). If the maximum amount allocated under this section is not sufficient to fully fund payments under this section, and before any proration required under section 11, the amount of the payment to each district, university school, and public school academy shall be prorated by reducing by an equal percentage the total payment under this section to each district, university school, and public school academy. However, if the department determines that proration will be required under this section, the superintendent of public instruction shall notify the department of management and budget, and the department of management and budget shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this section because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the department of management and budget, the department shall not reduce any payments under this section because of proration. The legislature may prevent proration under this section from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to ensure full foundation allowance funding for each district, university school, and public school academy.

(3) Beginning in the 1995-96 state fiscal year, except as otherwise provided in this section, the amount of a district's foundation allowance shall be calculated as follows, using in all calculations the total amount of the district's foundation allowance as calculated before any proration:

(a) 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 from 1994-95 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts, but less than the basic foundation allowance 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 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 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 from 1994-95 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts) 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 from 1994-95 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts]. However, the foundation allowance for a district that had less than the basic foundation allowance in the immediately preceding state fiscal year shall not exceed the basic foundation allowance for the current state fiscal year.

(b) For a district that in the immediately preceding state fiscal year had a foundation allowance in an amount at least equal to the amount of the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year in the basic foundation allowance.

(4) To ensure that a district receives the district's foundation allowance, there is allocated to each district a state portion of the district's foundation allowance in an amount calculated under this subsection. The state portion of a district's foundation allowance is an amount equal to the district's foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 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, 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, divided by the district's membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur. For 1996-97 and each succeeding fiscal year, the \$6,500.00 amount prescribed in this subsection shall be adjusted by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00.

(5) The allocation under this section for a pupil shall be based on the foundation allowance of the pupil's district of residence. However, for a pupil enrolled pursuant to section 105 in a district other than the pupil's district of residence but within the same intermediate district, the allocation under this section shall be based on the lesser of the foundation allowance of the pupil's district of residence or the foundation allowance of the educating district. For a pupil in membership in a K-5, K-6, or K-8 district who is enrolled in another district in a grade not offered by the pupil's district of residence, the allocation under this section shall be based on the foundation allowance of the educating district if the educating district's foundation allowance is greater than the foundation allowance of the pupil's district of residence.

(6) Subject to subsection (7) and except as otherwise provided in this subsection, for pupils in membership in a public school academy or a university school, there is allocated under this section for 1996-97 to the authorizing body that is the fiscal agent for a public school academy for forwarding to the public school academy, or to the board of the public university operating the university school, an amount per membership pupil in the public school academy or university school equal to the sum of the local school operating revenue per membership pupil for the district in which the public school academy or university school is located and the state portion of that district's foundation allowance, or \$5,500.00, whichever is less. For 1996-97 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 difference between the basic foundation allowance for the current state fiscal year and \$5,000.00. Notwithstanding section 101(2), for a public school academy that begins operations in 1996-97 after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by 990. The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection. Also, a public school academy that begins operations in 1996-97 after the pupil membership count day shall not receive any funds under this section unless the public school academy provides for the school year a number of hours of pupil instruction that is at least in the same proportion to 990 hours as the number of days of pupil instruction provided by the public school academy for the school year is in proportion to 180 days.

(7) If more than 25% of the pupils residing within a district are in membership in 1 or more public school academies located in the district, then the amount per membership pupil allocated under this section to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy shall be reduced by an amount equal to the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under Act No. 197 of the Public Acts of 1975, Act No. 450 of the Public Acts of 1980, or Act No. 281 of the Public Acts of 1986, divided by the district's membership, in the school fiscal year ending in the

current state fiscal year, calculated as if the resident pupils in membership in 1 or more public school academies located in the district were in membership in the district. In order to receive state school aid under this act, a district described in this subsection shall pay to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy an amount equal to that local school operating revenue per membership pupil for each resident pupil in membership in the public school academy, as determined by the department.

(8) If a district does not receive a payment under subsection (9); if the number of mills the district may levy on a homestead and qualified agricultural property under section 1211(1) of the revised school code, being section 380.1211 of the Michigan Compiled Laws, 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. A district shall not receive a separate supplemental payment under this subsection for a fiscal year unless in the calendar year ending in the fiscal year the district levies 18 mills or the number of mills of school operating taxes levied by the district in 1993, whichever is less, on property that is not a homestead or qualified agricultural property.

(9) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00 and that had fewer than 350 pupils in membership, if the district elects not to reduce the number of mills from which a homestead and qualified agricultural property are exempt and not to levy school operating taxes on a homestead and qualified agricultural property as provided in section 1211(1) of the revised school code and not to levy school operating taxes on all property as provided in section 1211(2) of the revised school code, 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 school operating taxes on a homestead and qualified agricultural property at the rate authorized for the district under section 1211(1) of the revised school code and levied school operating taxes on all property at the rate authorized for the district under section 1211(2) of the revised school code, as determined by the department of treasury. A district shall not receive a separate supplemental payment under this subsection for a fiscal year unless in the calendar year ending in the fiscal year the district levies 18 mills or the number of mills of school operating taxes levied by the district in 1993, whichever is less, on property that is not a homestead or qualified agricultural property.

(10) 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.

(11) For a district that is formed or reconfigured after June 1, 1994 by consolidation of 2 or more districts or by annexation, the resulting district's foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the foundation allowances of each of the original or affected districts, calculated as provided in this section, weighted as to the percentage of pupils in total membership in the resulting district who reside in the geographic area of each of the original districts. If an affected district's foundation allowance is less than the basic foundation allowance, the amount of that district's foundation allowance shall be considered for the purpose of calculations under this subsection to be equal to the amount of the basic foundation allowance.

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

(13) State payments related to payment of the foundation allowance for a special education pupil are not funded under this section but are instead funded under section 51a.

(14) To assist the legislature in determining the basic foundation allowance for the subsequent state fiscal year, each revenue estimating conference conducted under section 367b of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1367b of the Michigan Compiled Laws, shall calculate a pupil membership factor, a revenue adjustment factor, and an index as follows:

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

(b) The revenue adjustment factor shall be computed by dividing the sum of the estimated total state school aid fund revenue for the subsequent state fiscal year plus the estimated total state school aid fund revenue for the current state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund, by the sum of the estimated total school aid fund revenue for the current state fiscal year plus the estimated total state school aid fund revenue for the immediately preceding state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund. If a consensus revenue factor is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(c) The index shall be calculated by multiplying the pupil membership factor by the revenue adjustment factor. If a consensus index is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

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

(16) If the pupil membership, excluding intermediate district membership, for the school year ending in the next state fiscal year is estimated at the January revenue estimating conference to be greater than 101% of the pupil membership, excluding intermediate district membership, for the school year ending in the current state fiscal year, then it is the intent of the legislature that the executive budget proposal for the school aid budget in the subsequent state fiscal year incorporate a general fund/general purpose allocation that is greater than the general fund/general purpose allocation in the current fiscal year, to support the estimated membership in excess of 101% of the membership in the current year.

(17) As used in this section:

(a) "Combined state and local revenue per membership pupil" means the aggregate of the district's state school aid received by or paid on behalf of the district under this section and the district's local school operating revenue, divided by the district's membership.

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

(c) "Homestead" means that term as defined in section 1211 of the revised school code.

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

(e) "Local school operating revenue" means school operating taxes levied under section 1211 of the revised school code.

(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 the definition of that term under section 6 as in effect for the particular fiscal year for which a particular calculation is made.

(h) "Qualified agricultural property" means that term as defined in section 1211 of the revised school code.

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

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

(k) "Taxable value per membership pupil" means taxable value, as certified by the department of treasury, for the calendar year ending in the current state fiscal year divided by the district's membership for the school year ending in the current state fiscal year.

Sec. 20c. (1) From the appropriation in section 11, there is allocated for 1996-97 an amount not to exceed \$190,000,000.00 for making an additional payment to districts for 1996-97 only. The payment shall be made by the state treasurer in 2 equal installments, on August 20, 1997 and September 20, 1997, or on the next succeeding business day.

(2) The amount of the payment to a district under this section shall be calculated by dividing \$190,000,000.00 by the total statewide membership of all districts and multiplying that quotient times the district's membership. If a public school academy demonstrates to the department that it was authorized as a public school academy under the revised school code before August 1, 1997 and that it is planning to operate as a public school academy for the entire 1997-98 school year, then for the purpose of calculating payments under this section to the public school academy, the public school academy shall be considered to have a membership equal to an estimated pupil count for the 1997-98 pupil membership count day, as submitted by the authorizing body to the department and as approved by the department. If a public school academy that receives a payment under this section in 1996-97 does not operate for the entire 1997-98 school year, the public school academy is liable to the department for, and shall repay to the department, the entire amount of that payment to the public school academy plus any costs and attorney fees incurred by the state in collecting the repayment.

(3) The payments under this section are estimated advance payments of the state foundation allowance and supplemental allowance under section 20 for the state fiscal year ending September 30, 1998. A district shall not accrue a payment under this section to the school fiscal year ending June 30, 1997.

Sec. 20d. (1) In making the final determination required under former section 20a of a district's combined state and local revenue per membership pupil in 1993-94 and under section 20 of a district's 1994-95 millage rate, the department and the department of treasury shall comply with all of the following:

(a) 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 and served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, total state school aid received by or paid on behalf of the district pursuant to this act in 1993-94 shall exclude payments made under former section 146 and under section 147 on behalf of the district's employees who provided direct services to the area vocational education center. Not later than June 30, 1996, the department shall make an adjustment under this subdivision to the district's combined state and local revenue per membership pupil in the 1994-95 state fiscal year and the department of treasury shall make a final certification of the number of mills that may be levied by the district under section 1211 of the revised school code, being section 380.1211 of the Michigan Compiled Laws, as a result of the adjustment under this subdivision.

(b) If a district had an adjustment made to its 1993-94 total state school aid that excluded payments made under former section 146 and under section 147 on behalf of the district's employees who provided direct services for intermediate district center programs operated by the district under article 5, if nonresident pupils attending the center programs were included in the district's membership for purposes of calculating the combined state and local revenue per membership pupil for 1993-94, and if there is a signed agreement by all constituent districts of the intermediate district that an adjustment under this subdivision shall be made, the foundation allowances for 1995-96 and 1996-97 of all districts that had pupils attending the intermediate district center program operated by the district that had the adjustment shall be calculated as if their combined state and local revenue per membership pupil for 1993-94 included resident pupils attending the center program and excluded nonresident pupils attending the center program.

(2) If a district was entitled in 1993 to revenue from the specific tax levied under Act No. 77 of the Public Acts of 1951, being sections 211.621 to 211.626 of the Michigan Compiled Laws, and if the district's local school operating revenue for 1993-94 was not credited with this revenue in the calculation under former section 20a of combined state and local revenue per membership pupil in 1993-94 because the local unit of government collecting the specific tax did not pay the revenue from the specific tax to the district, then, upon receipt not later than October 1, 1996 of information from the district verifying this circumstance, the department and the department of treasury shall adjust the district's local school operating revenue for 1993-94 only and shall recalculate and adjust the district's foundation allowance accordingly for the 1995-96 fiscal year.

Sec. 20g. (1) From the appropriation in section 11, there is allocated for 1995-96 an amount not to exceed \$400,000,000.00 for making an additional payment to districts for 1995-96 only. The payment shall be made by the state treasurer in 2 equal installments, on August 20, 1996 and September 20, 1996, or on the next succeeding business day.

(2) The amount of the payment to a district under this section shall be calculated by dividing \$400,000,000.00 by the total statewide membership of all districts and multiplying that quotient times the district's membership. If a public school academy demonstrates to the department that it was authorized as a public school academy under the revised school code before August 1, 1996 and that it is planning to operate as a public school academy for the entire 1996-97 school year, then for the purpose of calculating payments under this section to the public school academy, the public school academy shall be considered to have a membership equal to an estimated pupil count for the pupil count day of the 1996-97 school year as submitted by the authorizing body to the department and approved by the department. If a public school academy that receives a payment under this section in 1995-96 does not operate for the entire 1996-97 school year, the public school academy is liable to the department for, and shall repay to the department, the entire amount of that payment to the public school academy plus any costs and attorney fees incurred by the state in collecting the repayment.

(3) The payments under this section are estimated advance payments of the state foundation allowance and supplemental allowance under section 20 for the state fiscal year ending September 30, 1997. A district shall not accrue a payment under this section to the school fiscal year ending June 30, 1996.

Sec. 20h. Notwithstanding section 20, state payments related to the payment of the foundation allowance for a special education pupil for 1995-96 shall not be funded under section 20 but instead shall be funded under section 51.

Sec. 20i. (1) From the amount allocated in section 20 for 1996-97, an amount not to exceed \$3,000,000.00 shall be used to provide funding for districts experiencing large pupil membership growth.

(2) A district is eligible to receive funding under this section if the district's actual pupil count as of the 1997 supplemental count day is at least 30 pupils more than the district's actual pupil count as of the 1996 supplemental count day and is at least 101.5% of the district's actual pupil count as of the 1996 supplemental count day.

(3) The amount of the payment to a district under this section shall be calculated by multiplying the lesser of an amount equal to 25% of the district's foundation allowance under section 20 or an amount equal to 25% of \$6,500.00 as adjusted by the dollar amount of the difference between the 1996-97 basic foundation allowance under section 20 and

\$5,000.00, times the difference between the district's actual pupil count as of the 1997 supplemental count day and the sum of the district's actual pupil count as of the 1996 supplemental count day plus 30.

(4) For the purposes of this section, a district's actual pupil count as of the 1997 supplemental count day does not include pupils enrolled in alternative education through adult education in 1995-96.

(5) Payments under this section shall commence with the April 1997 payment.

(6) Payments under this section shall be adjusted upon receipt of audited membership data.

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

Sec. 21b. (1) Subject to subsections (2) and (3), a district shall use funds received under section 20 to support the attendance of a district pupil at an eligible postsecondary institution under the postsecondary enrollment options act, Act No. 160 of the Public Acts of 1996, being sections 388.511 to 388.524 of the Michigan Compiled Laws.

(2) To the extent required under subsection (3), a district shall pay tuition and mandatory course fees, material fees, and registration fees required by an eligible postsecondary institution for enrollment in an eligible course. A district also shall pay any late fees charged by an eligible postsecondary institution due to the district's failure to make a required payment according to the timetable prescribed by Act No. 160 of the Public Acts of 1996. A district is not required to pay transportation costs, parking costs, or activity fees.

(3) A district shall pay to the eligible postsecondary institution on behalf of an eligible student an amount equal to the lesser of the amount of the eligible charges described in subsection (2) or the prorated percentage of the state portion of the foundation allowance paid on behalf of that eligible student under section 20, with the proration based on the proportion of the school year that the eligible student attends the postsecondary institution. A district may pay more money to an eligible postsecondary institution on behalf of an eligible student than required under this section and Act No. 160 of the Public Acts of 1996, and may use local school operating revenue for that purpose. An eligible student is responsible for payment of the remainder of the costs associated with his or her postsecondary enrollment that exceed the amount the district is required to pay under this section and Act No. 160 of the Public Acts of 1996 and that are not paid by the district. As used in this subsection, "local school operating revenue" means that term as defined in section 20.

(4) As used in this section, "eligible course", "eligible student", and "eligible postsecondary institution" mean those terms as defined in section 3 of Act No. 160 of the Public Acts of 1996, being section 388.513 of the Michigan Compiled Laws.

Sec. 23. (1) An instructional program operated under this section by a public university for pupils in grades K-6, 6-8, or 9-12, or a combination of those grades, may be funded under this act as a district if all of the following requirements are met:

(a) The public university has submitted an application under this section, or submitted an application to the department in a prior fiscal year under former section 23c, in the form and manner prescribed by the department. The application shall include, or have included, at least all of the following:

(i) Identification of the proposed grade levels for which the university plans to operate an instructional program.

(ii) Identification of the districts from which pupils would be eligible to attend the instructional program.

(iii) A description of the process for the random selection of pupils for enrollment.

(iv) A description of the proposed curriculum features that would be given highest priority in the instructional program.

(b) The instructional program complies with the requirements of sections 1204a, 1277, 1278, and 1280 of the revised school code, 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".

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

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

(4) An employee of a public university employed in an instructional program operated under this section is not eligible to be a member of the public school employees retirement system established by 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, unless other employees of the university are eligible for membership in that retirement system.

Sec. 24. (1) Subject to subsection (2), from the appropriation in section 11, there is allocated for 1996-97 to the educating district or intermediate district an amount equal to 100% of the added cost for educating pupils assigned by a court or the family independence agency to reside in or to attend a juvenile detention facility or child caring institution

licensed by the family independence agency and approved by the department to provide an on-grounds education program. The total amount to be paid for 1996-97 under this section for added cost shall not exceed \$7,000,000.00. For the purposes of this section, "added cost" shall be computed by deducting all other revenue received under this act for pupils described in this section from total costs, as approved by the department, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution. Costs reimbursed by federal funds are not included.

(2) A district or intermediate district educating pupils described in this section at a residential child caring institution may operate, and receive funding under this section for, a department-approved on-grounds educational program for those pupils that is longer than 180 days, but not longer than 233 days, if the child caring institution offered in 1991-92 an on-grounds educational program longer than 180 days but not longer than 233 days.

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

Sec. 25. If a pupil is enrolled in an alternative education program operated by an intermediate district or district for middle school or high school pupils, or both, who have been expelled under section 1311 of the revised school code, being section 380.1311 of the Michigan Compiled Laws, the intermediate district or district operating the program shall report the enrollment information to the department and to the district in which the pupil is counted in membership, and the district in which the pupil is counted in membership shall pay to the intermediate district or district operating the program an amount equal to the amount of the foundation allowance received by the district in which the pupil is counted in membership, prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the alternative education program compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. If a district does not make the payment required under this section by May 1 of a school year, the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act, and shall pay that amount to the intermediate district or district operating the alternative education program. The district in which the pupil is counted in membership and the intermediate district or district operating the alternative education program shall provide to the department all information the department requires to enforce this section.

Sec. 29. (1) From the appropriation in section 11, there is appropriated for 1996-97 an amount not to exceed \$1,700,000.00 for payments to districts under this section to enable a district to make a lump-sum payment to satisfy an obligation to a taxpayer resulting from a large tax appeal.

(2) For a district to be eligible for funding under this section, all of the following must apply:

(a) As of May 22, 1996, the district has already negotiated with the taxpayer an interest-free installment payment plan with installments over at least 5 years.

(b) The taxpayer has made a lump-sum settlement proposal to satisfy the full obligation that exceeds \$1,000,000.00.

(c) The state treasurer determines that the lump-sum settlement proposal offered by the taxpayer would reduce the obligation by at least 10%.

(3) The amount paid to a district under this section shall not exceed the amount of the lump-sum settlement.

(4) The amount received by a district under this section shall be considered to be an advance payment of state school aid under this act for succeeding fiscal years. For the next 7 fiscal years, beginning in 1997-98, the total amount of state school aid due to the district under this act shall be reduced by an amount equal to 1/7 of the amount received by the district under this section.

Sec. 31a. (1) From the appropriation in section 11, there is allocated for 1996-97 an amount not to exceed \$230,000,000.00 for payments to eligible districts and eligible public school academies under this section. Subject to subsection (11), the amount of the additional allowance under this section shall be based on the number of actual pupils in membership in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined under the national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766b, and 1769 to 1769h, and reported to the department by December 31 of the immediately preceding fiscal year. However, for a public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the national school lunch act.

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

(a) The district's or public school academy's combined state and local revenue per membership pupil in the current state fiscal year, as calculated under section 20, is less than or equal to \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00.

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

(3) An eligible district or eligible public school academy shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the national school lunch act and as reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year, an amount per pupil equal to 11.5% of the district's foundation allowance, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00, or of the public school academy's per membership pupil allocation under section 20 for the current state fiscal year. However, a public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year shall receive under this section for each membership pupil in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the national school lunch act and as reported to the department by October 31 of the current fiscal year and adjusted not later than December 31 of the current fiscal year, an amount per pupil equal to 11.5% of the public school academy's per membership pupil allocation under section 20 for the current state fiscal year.

(4) Except as otherwise provided in this section, a district or public school academy receiving funding under this section shall use that money only to provide instructional programs and direct noninstructional services, including, but not limited to, medical or counseling services, for at-risk pupils and for the purposes of subsection (5) and shall not use any of that money for administrative costs or to supplant funds, except for funds allocated to the district or public school academy under this section in the immediately preceding year and already being used by the district or public school academy for at-risk pupils. The instruction or direct noninstructional services provided under this section may be conducted before or after regular school hours or by adding extra school days to the school year and may be conducted using a 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.

(5) A district or public school academy that receives funds under this section and that operates a school breakfast program under section 1272a of the revised school code, 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.

(6) In order to provide accountability for the program funded under this section, the superintendent of a district or chief executive of a public school academy shall submit to the department, in a succinct form and manner prescribed by the department, a written assurance of the district's or public school academy's compliance with all provisions of this section by May 20 of the current fiscal year. In addition, each district or public school academy receiving funds under this section shall submit to the department by that date a report, not to exceed 10 pages, on the usage by the district or public school academy of funds under this section, which report shall include at least a brief description of each program conducted by the district or public school academy using funds under this section, the amount of funds under this section allocated to each of those programs, and the number of at-risk pupils served by each of those programs. If a district or public school academy does not comply with this subsection, the department shall withhold an amount equal to the June payment due under this section until the district or public school academy complies with this subsection. If the district or public school academy does not comply with this subsection by the end of the state fiscal year, the withheld funds shall be forfeited to the school aid fund.

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

(8) Subject to subsection (5), any district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) exceeds the district's aggregate percentage of those pupils. Subject to subsection (5), if a district obtains a waiver from the department, the district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) is at least 60% of the district's aggregate percentage of those pupils and at least 35% of the total number of pupils enrolled in the school building. To obtain a waiver, a district must apply to the department and demonstrate to the satisfaction of the department that the class size reductions would be in the best interests of the district's at-risk pupils.

(9) As a pilot project for a period of 3 fiscal years, a district that is located in a county with a population of more than 350,000 and less than 480,000 and that has more than 10,000 pupils in membership shall expend funds received under this section, other than the amount described in subsection (5), attributable to pupils enrolled in grades K-3 for the

purpose of reducing class size in grades K-3 in the district to an average of not more than 17 pupils per class, with not more than 19 pupils in any particular class, in each school building in the district in which pupils described in subsection (1) constitute a specified percentage of the total number of pupils in the building. That specified percentage is as follows:

(a) For the 1994-95 school year, 59%.

(b) For the 1995-96 school year, 50%.

(c) For the 1996-97 school year, 25%.

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

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

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

(13) As used in this section, "at-risk pupil" means a pupil for whom the district has documentation that the pupil meets at least 2 of the following criteria: is a victim of child abuse or neglect; is below grade level in English language and communication skills or mathematics; is a pregnant teenager or teenage parent; is eligible for a federal free or reduced-price lunch subsidy; has atypical behavior or attendance patterns; or has a family history of school failure, incarceration, or substance abuse. For pupils for whom the results of at least the applicable MEAP test have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve at least a score of moderate on the most recent MEAP reading test for which results for the pupil have been received, did not achieve at least a score of moderate on the most recent MEAP mathematics test for which results for the pupil have been received, or achieved less than 50% of the objectives on the most recent MEAP science test for which results for the pupil have been received. For pupils in grades K-3, at-risk pupil also includes a pupil who is at risk of not meeting the district's core academic curricular objectives in English language, communication skills, or mathematics.

Sec. 36. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$52,730,500.00 for school readiness grants in 1996-97 to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, Public Law 89-10, 108 Stat. 3519, 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 the omnibus budget reconciliation act of 1981, Public Law 97-35, 42 U.S.C. 9831 to 9835, 9836 to 9844, 9846, and 9848 to 9852a, 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 risk factors as defined in the state board report entitled "children at risk" that was adopted by the state board on April 5, 1988. A comprehensive compensatory 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. (1) A district is eligible for an allocation under section 36 if the district meets all of the requirements in subsections (2), (3), and (4).

(2) The district shall submit a preapplication, in a manner and on forms prescribed by the department, by a date specified by the department in the immediately preceding state fiscal year. The preapplication shall include a comprehensive needs assessment and community collaboration plan, and shall identify all of the following:

(a) The estimated total number of children in the community who meet the criteria of section 36 and how that calculation was made.

(b) 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, and how that calculation was made.

(c) The number of children the district will be able to serve who meet the criteria of section 36, including a verification of physical facility and staff resources capacity.

(d) 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.

(3) The district shall submit a final application for approval, in a manner and on forms prescribed by the department, by a date specified by the department. The final application shall indicate all of the following that 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 the following:

(i) Teachers possessing proper training, including, but not limited to, a valid teaching certificate and 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 or who have completed at least 1 course in an appropriate training program, 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 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.

(e) 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, there shall be on the committee at least 1 parent or guardian of a program participant for every 18 children enrolled in the program, with a minimum of 2 parent or guardian representatives. The committee shall do all of the following:

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

(ii) Review the mechanisms and criteria used to determine participation in the early childhood program.

(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 to a local school readiness program or programs for changes to the school readiness program.

(f) 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.

(g) More than 50% of the children participating in the program meet the income eligibility criteria for free or reduced price lunch, as determined under the national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766b, and 1769 to 1769h, or meet the income and all other eligibility criteria for the family independence agency unified child day care program.

(4) A consortium of 2 or more districts shall be eligible for an allocation under section 36 if the districts designate a single fiscal agent for the allocation. A district or intermediate district may administer a consortium described in this subsection. A consortium shall submit a single preapplication and application for the children to be served, regardless of the number of districts participating in the consortium.

(5) With the final application, an applicant district shall submit to the department a resolution adopted by its board certifying the number of 4-year-old children who show evidence of risk factors as described in section 36, who meet the income eligibility criteria for free or reduced price lunch or the income and all other eligibility criteria for the family independence agency unified child day care program, and who will participate in a school readiness program funded under section 36.

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 pupils in grades 1-5 who are eligible for free lunch, as determined by the district's October count in the immediately preceding school year under the national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1769b, and 1769 to 1769h, as reported to the department not later than December 31 of the immediately preceding fiscal year, 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 1996-97 to each eligible district under section 36 shall be determined by multiplying the number of children determined in section 38 or the number of children the district indicates it will be able to serve under section 37(2)(c), whichever is less, 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.

(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) A district that offers supplementary day care funded by funds other than those received under this section and therefore offers full-day programs as part of its early childhood development program shall receive priority in the allocation of funds under this section over other eligible districts other than those districts funded under subsection (3).

(5) For any district with 315 or more eligible pupils, the number of eligible pupils shall be 65% 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.

(6) 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.

(7) The family independence agency and the department shall develop a joint application process and form for those participants who meet the eligibility criteria for the unified child day care program.

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed \$4,212,000.00 for 1996-97 to applicant districts and intermediate districts offering programs of bilingual instruction for pupils of limited English-speaking ability under section 1153 of the revised school code, 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 bilingual instruction in speaking, reading, writing, or comprehension of pupils of limited English-speaking ability.

Sec. 51. (1) From the appropriation in section 11, there is allocated \$270,573,100.00 for 1995-96 to consist of an amount not to exceed \$200,573,100.00 from state sources and \$70,000,000.00 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 revised school code, 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 deaf and blind; and programs for pupils with handicaps 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 revised school code.

(2) From the funds allocated in section 20(1), there is allocated to this section for 1995-96 for the purpose of reimbursing districts for total approved costs of special education an additional sum calculated by adding the products

of the state portion of the foundation allowance of each district as determined under section 20 times the number of special education full-time equated pupil memberships reported by each district pursuant to section 6(4), and, from that allocation, there is allocated to each district for 1995-96 an amount equal to the product of the state portion of the district's foundation allowance as determined under section 20 times the number of special education full-time equated pupils reported by the district pursuant to section 6(4). The department shall report the amount of this allocation to the senate and house appropriations subcommittees responsible for oversight of this act and the department of management and budget not later than August 1, 1996. This allocation is estimated to be \$293,772,900.00.

(3) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$3,000,000.00 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.

(4) From the amount allocated in subsection (1), there is allocated an amount not to exceed \$3,100,000.00 for 1995-96 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.

(5) For purposes of this article, all of the following apply:

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

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

(6) From the allocation in subsection (1), there is allocated for 1995-96 an amount not to exceed \$79,218,100.00 for funding payments under this subsection for pupils counted in membership under this subsection. 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 deaf and blind shall not be included in the membership count of a district, but shall be counted in membership in the intermediate district of residence. For each pupil, the intermediate district shall receive the intermediate district weighted average foundation allowance. However, if the total payment under this subsection to an intermediate district is not within the parameters specified in subsection (7), the department shall adjust the payment to the intermediate district to ensure that the total is within those parameters. 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 1994-95 shall have the pupils counted in membership in the intermediate district in 1995-96.

(7) The total payment to an intermediate district under subsection (6) shall be at least equal to 103.05% of, and shall not exceed 106.10% of, the sum of all of the following:

- (a) The 1994-95 allocation to the intermediate district under subsection (5).
- (b) The 1994-95 allocation to the intermediate district under former section 146a(2).
- (c) The 1994-95 allocation to the intermediate district under former section 147(5).
- (d) 10% of the 1994-95 allocation to the intermediate district under former section 146a(1).
- (e) 10% of the 1994-95 allocation to the intermediate district under former section 147(1).

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

(9) 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. 51a. (1) From the appropriation in section 11, there is allocated \$273,573,100.00 for 1996-97 to consist of an amount not to exceed \$200,573,100.00 from state sources and \$73,000,000.00 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 revised school code, 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 deaf and blind; and programs for pupils with handicaps 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 revised school code.

(2) From the funds allocated in section 20, there is allocated to this section for 1996-97 for the purpose of reimbursing districts for total approved costs of special education an additional sum calculated by adding the products of the state portion of the foundation allowance of each district as determined under section 20 times the number of special education full-time equated pupil memberships reported by each district pursuant to section 6(4), and, from that allocation, there is allocated to each district for 1996-97 an amount equal to the product of the state portion of the district's foundation allowance as determined under section 20 times the number of special education full-time equated pupils reported by the district pursuant to section 6(4). The department shall report the amount of this allocation to the senate and house appropriations subcommittees responsible for oversight of this act and the department of management and budget not later than August 1, 1997. This allocation is estimated to be \$302,811,500.00.

(3) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$3,000,000.00 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.

(4) From the amount allocated in subsection (1), there is allocated an amount not to exceed \$3,100,000.00 for 1996-97 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.

(5) For purposes of this article, all of the following apply:

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

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

(6) From the allocation in subsection (1), there is allocated for 1996-97 an amount not to exceed \$15,313,930.00 to intermediate districts. The payment under this subsection to each intermediate district shall be equal to the sum of the 1994-95 allocations to the intermediate district under former section 146a(2) and former section 147(5).

(7) From the allocation in subsection (1), there is allocated for 1996-97 funding for pupils counted in membership under this subsection. 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 deaf and blind shall not be included in the membership count of a district, but shall be counted in membership in the intermediate district of residence. For each pupil, the intermediate district shall receive an amount equal to the foundation allowance of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the 1996-97 basic foundation allowance under section 20 and \$5,000.00. 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 1995-96 shall have the pupils counted in membership in the intermediate district in 1996-97.

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

(9) 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.

(10) Expenditures from the allocation in subsection (1) shall be made in the following order:

- (a) 100% of the reimbursement required under section 53a.
- (b) 100% of the reimbursement required under subsection (4).
- (c) 100% of the payment required under section 54.
- (d) 100% of the payment required under subsection (6).
- (e) 100% of the payments under subsection (7).
- (f) Reimbursement under section 52.

Sec. 51b. A district or intermediate district shall not receive funds under this article unless the district or intermediate district complies with rules promulgated under article 3 of the revised school code, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws.

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 51a(1), but not to exceed 75% of the total approved costs of operating special education programs and services approved by the department and included or applying for inclusion in the intermediate district plan adopted pursuant to article 3 of the revised school code, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws, for special education pupils other than those programs funded under section 53 or 53a, and of the costs of summer programs and services and the 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 revised school code, 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 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, for a district, the total approved costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the revised school code, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws, minus the foundation allowance calculated under section 20, or, for an intermediate district, those total approved costs minus the lesser of the quotient of the difference between the section 51(6) allocation and the sum of the amounts identified under section 51(7)(b) and (c), divided by the intermediate district membership or the intermediate district weighted average foundation allowance, 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 who are residents of special placement homes approved by the department.

- (e) Pupils who are dependents of foreign diplomats who reside in this state and who are placed in a center program.
 - (f) 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.
 - (g) Pupils placed in a district by a parent for the purpose of seeking a suitable home, if the parent does not reside in the same intermediate district as the district in which the pupil is placed.
- (2) Only those costs that are clearly and directly attributable to educational programs for pupils described in subsection (1), 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.
- (3) The costs of transportation shall be funded under this section but shall not be reimbursed under section 58.
- (4) Not more than \$24,000,000.00 for 1995-96 of the allocation in section 51(1) shall be allocated under this section.

Sec. 53a. (1) Reimbursement shall be 100% of the total approved costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the revised school code, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws, minus the foundation allowance calculated under section 20, 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 who are dependents of foreign diplomats who reside in this state and who are placed in a center program.
 - (e) 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.
 - (f) Pupils placed in a district by a parent for the purpose of seeking a suitable home, if the parent does not reside in the same intermediate district as the district in which the pupil is placed.
- (2) Only those costs that are clearly and directly attributable to educational programs for pupils described in subsection (1), 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.
- (3) The costs of transportation shall be funded under this section but shall not be reimbursed under section 58.
- (4) Not more than \$24,000,000.00 for 1996-97 of the allocation in section 51a(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 deaf and blind. The amount shall be proportionate to the total instructional cost at each school. Not more than \$1,688,000.00 for 1996-97 of the allocation in section 51a(1) shall be allocated under this section.

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

- (a) "Membership" means the total membership in 1995-96 of the intermediate district and the districts constituent to the intermediate district.
 - (b) "Millage levied" means the millage levied for special education pursuant to part 30 of the revised school code, being sections 380.1711 to 380.1743 of the Michigan Compiled Laws, including a levy for debt service obligations.
 - (c) "Taxable value" means the total taxable value of the districts constituent to an intermediate district, except that if a district has elected not to come under part 30 of the revised school code, membership and taxable value of the district shall not be included in the membership and taxable value of the intermediate district.
- (2) From the appropriation in section 11, there is allocated an amount not to exceed \$30,650,000.00 for 1996-97 to reimburse intermediate districts levying millages for special education pursuant to part 30 of the revised school code. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, 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 1995-96 shall be made in 1996-97 at an amount per 1995-96 membership pupil computed by subtracting from \$95,850.00 the 1995-96 taxable value behind each membership pupil, and multiplying the resulting difference by the 1995-96 millage levied.

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$600,000.00 for 1996-97 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 1996-97 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 1996-97 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 for the immediately preceding fiscal year 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 1996-97 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 of the revised school code, being section 380.6 of the Michigan Compiled Laws, for which the district or intermediate district receives reimbursement under section 52. Allocations to districts and intermediate districts under this section shall be based on data reported by the districts and intermediate districts for the current school year.

(2) Transportation aid under subsection (1) is based upon an allowance for each vehicle used for transportation 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 \$200.00 per special education pupil transported.

(b) A regional allowance of between \$9,500.00 and \$15,000.00 per vehicle, 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 for pupil transportation fleet vehicles.

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

(e) Authorized miles traveled per pupil of \$0.15 per mile.

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

(4) 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 \$30,502,600.00 for 1996-97 to reimburse on an added cost basis districts, except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, and secondary area vocational-technical education centers for secondary-level vocational-technical education programs, including parenthood education programs, according to state board rules. Applications for participation in the programs shall be submitted in the form prescribed by the department. The department shall determine the added cost for each vocational-technical program area. The allocation of added cost funds shall be based on the type of vocational-technical programs provided, the number of pupils enrolled, and the length of the training period provided, and shall not exceed 75% of the added cost of any program. With the approval of the department, the board of a district maintaining a secondary vocational-technical education program may offer the

program for the period from the close of the school year until September 1. The program shall use existing facilities and shall be operated as prescribed by rules promulgated by the state board.

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

(3) From the allocation in subsection (1), there is allocated an amount not to exceed \$450,000.00 to intermediate districts with constituent districts that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more, served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, and had an adjustment made to their 1994-95 combined state and local revenue per membership pupil pursuant to section 20d. The payment under this subsection to the intermediate district shall equal the total amount of the adjustments made pursuant to section 20d.

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

(a) "Membership" means the total membership in 1995-96 of the intermediate district and the districts constituent to the intermediate district or the total membership in 1995-96 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 revised school code, 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 capital projects fund requirements of area vocational-technical education.

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

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$7,200,000.00 for 1996-97 to reimburse intermediate districts and area vocational-technical education programs established under section 690(3) of the revised school code, levying millages for area vocational-technical education pursuant to sections 681 to 690 of the revised school code. 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 1995-96 shall be made in 1996-97 at an amount per 1995-96 membership pupil computed by subtracting from \$95,100.00 the 1995-96 taxable value behind each membership pupil, and multiplying the resulting difference by the 1995-96 millage levied.

Sec. 74. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$1,625,000.00 for 1996-97 for the purposes of subsections (2) and (3).

(2) From the allocation in subsection (1), there is allocated the amount necessary for payments to state supported colleges or universities and intermediate districts providing school bus driver safety instruction or driver skills road tests pursuant to 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 district providing the course of instruction.

(3) From the allocation in subsection (1), there is allocated the amount necessary to pay the reasonable costs of nonspecial education auxiliary services transportation provided pursuant to section 1323 of the revised school code, being section 380.1323 of the Michigan Compiled Laws. Districts funded under this subsection shall not receive funding under any other section of this act for nonspecial education auxiliary services transportation.

Sec. 76. If a district received money in 1993-94 attributable to nonspecial education transportation under former section 71 and that money was included in calculating the district's combined state and local revenue per membership pupil in 1993-94 under section 20(21), as that section was in effect for 1994-95, then the district shall use money received under section 20 as the funding for transporting nonpublic school students as required under section 1321 of the revised school code, being section 380.1321 of the Michigan Compiled Laws.

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated for 1996-97 to the intermediate districts the sum necessary, but not to exceed \$76,676,300.00, to provide state aid to intermediate districts under this subsection and subsections (2) and (3). Except as otherwise provided in this section,

there shall be allocated to each intermediate district an amount equal to the amount of funding actually received by each intermediate district in 1995-96. Funding provided under this section shall be used to comply with requirements of this act and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board.

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

(3) If an intermediate district participated in 1993-94 in a consortium operating a regional educational media center under section 671 of the revised school code, being section 380.671 of the Michigan Compiled Laws, and rules promulgated by the state board, and if the intermediate district obtains written consent from each of the other intermediate districts that participated in the consortium in 1993-94, the intermediate district may notify the department not later than October 1, 1996 that it is electing to directly receive its payment attributable to participation in that consortium. An intermediate district making that election, and that has obtained the necessary consent, shall receive for 1996-97 for each pupil in membership in the intermediate district or a constituent district an amount equal to the quotient of the 1995-96 allocation to the fiscal agent for that consortium under this subsection divided by the combined total 1996-97 membership in all of the intermediate districts that participated in that consortium and their constituent districts. The amount allocated to an intermediate district under this subsection for 1996-97 shall be deducted from the total allocation for 1996-97 under this section to the intermediate district that was the 1993-94 fiscal agent for the consortium.

(4) During a fiscal year, the department shall not increase an intermediate district's allocation under subsection (1) because of an adjustment made by the department during the fiscal year in the intermediate district's taxable value for a prior year. Instead, the department shall report the adjustment and the estimated amount of the increase to the house and senate fiscal agencies not later than June 1 of the fiscal year, and the legislature shall appropriate money for the adjustment in the next succeeding fiscal year. Accordingly, in addition to the money allocated under subsection (1), from the appropriation in section 11 there is allocated for 1996-97 an amount not to exceed \$3,500,000.00 for payments to intermediate districts for adjustments in taxable value described in this subsection.

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

Sec. 94. From the general fund money appropriated in section 11, there is allocated to the department for 1996-97 an amount not to exceed \$1,500,000.00 to provide technical assistance to districts for school accreditation purposes as described in section 1280 of the revised school code, being section 380.1280 of the Michigan Compiled Laws.

Sec. 95. (1) From the appropriations in section 11, there is allocated for 1996-97 \$3,000,000.00 for professional development for teachers and others within the educational community. The total allocation under this section shall be distributed as follows:

(a) \$2,500,000.00 is allocated to districts on a per pupil basis, with each district receiving the same amount per 1995-96 membership pupil.

(b) \$500,000.00 is allocated to intermediate districts on a per pupil basis for each pupil in membership in 1995-96 in the intermediate district or in a constituent district, with each intermediate district receiving the same amount per 1995-96 membership pupil.

(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 revised school code, 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 revised school code.

(3) To be eligible to receive funds under this section, a district or intermediate district shall expend at least \$2.00 of its unrestricted funds for professional development as described in this section for each \$1.00 received under this section. The board of a district or intermediate district shall submit to the department not later than May 20 of the current fiscal year a board resolution certifying compliance with this subsection.

(4) In order to provide accountability for this program, the superintendent of a district or intermediate district shall submit to the department, in a form and manner determined by the department, a written assurance of compliance with all provisions of this section not later than May 20 of the current fiscal year. Failure to comply with this subsection will

result in the withholding of an amount equal to the June payment for programs funded under this section until the district or intermediate district complies with this subsection. If the district or intermediate district does not comply with this subsection by the end of the state fiscal year, the withheld funds shall be forfeited to the state school aid fund.

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

Sec. 95a. From the general fund money appropriated in section 11, there is allocated to the department for 1996-97 an amount not to exceed \$1,885,000.00 for making professional development grants under this section. Not more than \$1,860,000.00 of the allocation under this section shall be used to make grants to professional development providers that received professional development grants from the department in excess of \$200,000.00 in the 1994-95 fiscal year under section 95(1)(c), as that section was in effect for 1994-95. Not more than \$25,000.00 of the allocation under this section shall be used for making grants of \$1,000.00 each to support teachers seeking certification from the national board for professional teaching standards. To be eligible to receive a grant under this section, a teacher shall apply to the department in the form and manner prescribed by the department and demonstrate that the remainder of the costs of seeking the certification is covered from other sources.

Sec. 99. (1) From the general fund/general purpose appropriation in section 11, there is allocated an amount not to exceed \$7,560,800.00 for 1996-97 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 shall address 2 or more of the following 6 basic services, as described in the master plan, to constituent districts and communities: leadership, pupil services, curriculum support, community involvement, professional development, and resource clearinghouse services.

(3) The department shall not award a 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.

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

(5) Allocations under subsection (1) to support the activities and programs of mathematics and science centers shall be continuing support grants to all 25 established mathematics and science centers that were funded in 1995-96. Except as otherwise provided in this subsection, each established mathematics and science center that was funded in 1995-96 shall receive an amount equal to 101.5% of the amount it received under this section in 1995-96. In addition, each established mathematics and science center operating a satellite extension in 1995-96, excluding the satellite extensions in the Allegan intermediate school district and in the Lapeer intermediate school district, shall receive \$83,800.00 for 1996-97 under this subsection for operating the satellite extension in 1996-97. The balance of the allocation under subsection (1) for 1996-97, consisting of \$147,200.00, shall be distributed by the department to the statewide project "tune in math and science" conducted by Michigan state university.

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

(7) From the general fund/general purpose appropriation in section 11, there is allocated \$418,800.00 for 1996-97 for implementation grants as follows:

(a) \$167,500.00 to the new mathematics and science center in Allegan intermediate school district that was a satellite extension in 1995-96, and \$167,500.00 to the new mathematics and science center in Lapeer intermediate school district that was a satellite extension in 1995-96.

(b) \$83,800.00 to the Saginaw valley state university regional science and mathematics center, to establish a satellite extension in the Tuscola intermediate school district.

(8) From the general fund/general purpose appropriation in section 11, there is allocated for 1996-97 an amount not to exceed \$318,200.00 to the following mathematics and science centers to align them with other centers with similar population bases and accelerated services:

(a) \$67,000.00 each to the central Michigan science, mathematics, and technology center; the Hillsdale-Lenawee-Monroe mathematics and science center; the St. Clair mathematics, science, and technology network; and the Saginaw valley state university regional center.

(b) \$50,200.00 to the Seaborg center at northern Michigan university.

Sec. 101. (1) To be eligible to receive state aid under this act, not later than the fifth Friday after the pupil membership count day and not later than the fifth 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 number of pupils enrolled and in regular daily attendance in the district as of the pupil membership count day and as of the supplemental count day, as applicable, for the current school year. In addition, a district maintaining school during the entire year, as provided under section 1561 of the revised school code, being section 380.1561 of the Michigan Compiled Laws, shall file with the intermediate superintendent a certified and sworn copy of the number of pupils enrolled and in regular daily attendance in the district for the current school year pursuant to rules promulgated by the state board. Not later than the seventh Friday after the pupil membership count day and not later than the seventh 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 with the intermediate superintendent in a timely manner, as required under this subsection, the intermediate district shall notify the department and state aid due to be distributed under this act shall be withheld from the defaulting district immediately, beginning with the next payment after the failure and continuing with each payment until the district complies with this subsection. If an intermediate district fails to transmit the data in its possession in a timely and accurate manner to the department, as required under this subsection, state aid due to be distributed under this act shall be withheld from the defaulting intermediate district immediately, beginning with the next payment after the failure and continuing with each payment until the intermediate district complies with this subsection. If a district or intermediate district does not comply with this subsection by the end of the fiscal year, the district or intermediate district forfeits the amount withheld. A person who willfully falsifies a figure or statement in the certified and sworn copy of enrollment shall be punished in the manner prescribed by section 161.

(2) To be eligible to receive state aid under this act, not later than the twenty-fourth Friday after the pupil membership count day and not later than the twenty-fourth Friday after the supplemental count day, an intermediate district shall submit to the department, in a form and manner prescribed by the department, the audited enrollment and attendance data for the pupils of its constituent districts and of the intermediate district. If an intermediate district fails to transmit the audited data as required under this subsection, state aid due to be distributed under this act shall be withheld from the defaulting intermediate district immediately, beginning with the next payment after the failure and continuing with each payment until the intermediate district complies with this subsection. If an intermediate district does not comply with this subsection by the end of the fiscal year, the intermediate district forfeits the amount withheld.

(3) Each district shall provide the required minimum number of days and hours of pupil instruction under section 1284 of the revised school code, being section 380.1284 of the Michigan Compiled Laws. Except as otherwise provided in this act, a district failing to hold the required minimum number of days of pupil instruction shall forfeit from its total state aid allocation for each day of failure an amount determined by applying a ratio of the number of days the district was in noncompliance in relation to the required minimum number of days. Except as otherwise provided in this act, 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 number of days of pupil instruction requirement and the minimum number of hours 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 of pupil instruction shall receive state aid in that proportion of 1 divided by the required minimum number of days of pupil instruction that the actual percent of attendance bears to the specified percentage. The state board shall promulgate rules for the implementation of this subsection.

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

(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 minimum number of days of pupil instruction requirement of subsection (3) for a district if the district has adopted an experimental school year schedule in 1 or more buildings in the district if the experimental school year schedule provides the required minimum number 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 under this section of part of its state aid allocation for the specific building or program covered by the waiver.

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

(a) The district fails to operate its schools for a minimum of the required minimum number of days and hours of pupil instruction in a school year, including days counted under subsection (4).

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

(8) In providing 990 hours of instruction for 1996-97, a district shall use the following guidelines, and a district shall maintain records to substantiate its compliance with the following guidelines:

(a) Except as otherwise provided in this subsection, a pupil must be scheduled for 990 hours of instruction, excluding study halls, or 1,080 hours of instruction, including up to 2 study halls.

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

(c) A pupil in grades 9 to 12 for whom a reduced schedule is determined to be in the pupil's best educational interest must be scheduled for a minimum of 770 hours of pupil instruction to be considered a full-time equivalent pupil.

(d) If a pupil in grades 9 to 12 who is enrolled in a cooperative education program or a special education pupil cannot receive 990 hours of pupil instruction solely because of travel time between instructional sites during the school day, that travel time, up to a maximum of 2 1/2 hours per school week, shall be considered to be pupil instruction time for the purpose of determining whether the pupil is receiving 990 hours of pupil instruction. However, if a district demonstrates to the satisfaction of the department that the travel time limitation under this subdivision would create undue costs or hardship to the district, the department may consider more travel time to be pupil instruction time for this purpose.

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

(10) Upon application by the district for a particular fiscal year, the state board may waive for a district the minimum number of days and hours of pupil instruction requirement of subsection (3) for a department-approved alternative education program. If a district applies for and receives a waiver under this subsection and complies with the terms of the waiver, for the fiscal year covered by the waiver the district is not subject to forfeiture under this section for the specific program covered by the waiver.

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

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

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

(4) A district or intermediate district with an existing deficit or which incurs a deficit shall submit to the department a monthly monitoring report on revenue and expenditures in a form and manner prescribed by the department.

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

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

Sec. 104a. (1) In order to receive state aid under this act, 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 a score of moderate on the reading portion of the Michigan educational assessment program (MEAP) grade 10 test; for a state endorsement in mathematics, at least a score of moderate 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. For pupils scheduled to graduate in 1997, the department may use a version of the science assessment instrument developed under subsection (8) instead of the science portion of the MEAP grade 11 test, and, in its discretion, may administer that science assessment instrument in the fall of 1995 or the spring of 1996, or both. If the department uses that science assessment instrument, as provided under this subdivision, the department, based on expert advice, shall determine the level of proficiency that must be demonstrated for a pupil scheduled to graduate in 1997 to earn a state endorsement in science.

(2) For 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, or meets the requirements described in subsection (1)(c) 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. Beginning with pupils scheduled to graduate in 1998, if a pupil achieves the objectives 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, science, and, beginning with pupils scheduled to graduate in 2000, social studies, 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 district shall provide special programs for the pupil or develop a program using the educational programs regularly provided by the district unless the board of the district decides otherwise and publishes and explains its decision in a public justification report. 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 established testing period, 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) 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, social studies, and science. The assessment instruments shall be based on the state board model core academic content standards objectives.

(9) 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.

(10) Upon written request by the pupil's parent or legal guardian stating that the request is being made for the purpose of providing the pupil with an opportunity to qualify to take 1 or more postsecondary courses as an eligible student under the postsecondary enrollment options act, Act No. 160 of the Public Acts of 1996, being sections 388.511 to 388.524 of the Michigan Compiled Laws, the board of a district shall allow a pupil who is in at least grade 10 to take a test or assessment described in subsection (1) or (2) without charge at any time the district regularly administers the test or assessment or administers a retest of the test or assessment. A district is not required to include in an annual education report, or in any other report submitted to the department for accreditation purposes, results of tests or assessments taken under this subsection by a pupil in grade 10 or lower.

(11) All assessment instruments developed or selected and approved by the state under any statute or rule for a purpose related to K to 12 education shall be objective-oriented and consistent with the state board model core academic content standards objectives.

(12) Upon payment of a reasonable fee any person may, after graduation from high school, retake the state-endorsed diploma test and, upon achieving the initial mastery level in a subject area, have his or her high school diploma state-endorsed for that subject area.

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

(2) Except as otherwise provided in subsection (3) or (4), a district shall determine by June 1 whether or not it will accept applications for enrollment by nonresident applicants residing within the same intermediate district for the next school year. If the district determines to accept applications for enrollment of a number of nonresidents, beyond those entitled to preference under this section, the district shall do all of the following:

(a) By June 15, publish the grades, schools, and special programs, if any, for which enrollment may be available to, and for which applications will be accepted from, nonresident applicants residing within the same intermediate district.

(b) At least until July 1, accept applications from nonresidents residing within the same intermediate district for enrollment in the available grades, schools, and programs.

(c) By July 15, using the procedures and preferences required under this section, determine which nonresident applicants will be allowed to enroll in the district and notify the parent or legal guardian of each nonresident applicant of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment.

(3) For 1996 only, the deadlines for the process described in subsection (2) are as follows:

(a) July 1 for determining whether or not the district will accept applications.

(b) July 15 for publishing the grades, schools, and special programs, if any, for which applications will be accepted.

(c) At least until August 1 for accepting applications.

(d) August 15 for determining which nonresident applicants will be allowed to enroll and notifying parents and legal guardians.

(4) If deadlines similar to those described in subsection (2) have been established in an intermediate district pursuant to a pilot intermediate district schools of choice program under former section 91, and if those deadlines are not later than the deadlines under subsection (2), the districts within the intermediate district may continue to use those deadlines.

(5) A district offering to enroll nonresident applicants residing within the same intermediate district may limit the number of nonresident pupils it accepts in a grade, school, or program, at its discretion, and may use that limit as the reason for refusal to enroll an applicant.

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

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

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

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

(10) A district shall give preference for enrollment over all other nonresident applicants residing within the same intermediate district to pupils who were enrolled in and attended the district in the school year immediately preceding the school year in question and to other school-age children who reside in the same household as the pupil.

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

(12) If the number of qualified nonresident applicants eligible for acceptance in a school, grade, or program does not exceed the positions available for nonresident pupils in the school, grade, or program, the school district shall accept for enrollment all of the qualified nonresident applicants eligible for acceptance. If the number of qualified nonresident applicants residing within the same intermediate district eligible for acceptance exceeds the positions available in a grade, school, or program in a district for nonresident pupils, the district shall use a random draw system, subject to the need to abide by state and federal antidiscrimination laws and court orders and subject to preferences allowed by this section.

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

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

(15) This section does not require a district to provide transportation for a nonresident pupil enrolled in the district under this section or for a resident pupil enrolled in another district under this section. However, at the time a nonresident pupil enrolls in the district, a district shall provide to the pupil's parent or legal guardian information on available transportation to and from the school in which the pupil enrolls.

(16) If, in a particular state fiscal year, the total number of pupils enrolled and counted in membership in a district is less than 90% of the total number of pupils residing in the district who are enrolled and counted in membership in either that district or 1 or more other districts, the total amount of money allocated to that district under section 20 shall be adjusted so that the district receives a total allocation under section 20 equal to the amount the district would receive under section 20 if exactly 90% of the pupils residing in the district who are enrolled and counted in either that district or 1 or more other districts were enrolled and counted in membership in that district.

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

(18) A district that, pursuant to this section, enrolls a nonresident pupil who is a handicapped person, as defined in section 4 of the revised school code, being section 380.4 of the Michigan Compiled Laws, or who is a child with disabilities, as defined under the individuals with disabilities education act, Public Law 91-230, shall be considered to be the resident district of the pupil for the purpose of providing the pupil with a free appropriate public education. Consistent with state and federal law, that district is responsible for developing and implementing an individualized education plan annually for a nonresident pupil described in this subsection.

(19) If a district does not comply with this section, the district forfeits 10% of the total amount due to the district under section 20c.

(20) Upon application by a district, the superintendent of public instruction may grant a waiver for the district from a specific requirement under this section for not more than 1 year.

(21) If an intermediate district is operating under an intermediate district pilot schools of choice program established under former section 91 or as described in section 91a, and if the superintendent of public instruction determines that the program is substantially similar to intermediate district schools of choice under this section, the superintendent of public instruction may exempt the intermediate district and its constituent districts from this section for not more than 1 year.

(22) It is the intent of the legislature that this section will be reviewed before the 1999-2000 state fiscal year.

Sec. 107. (1) From the appropriation in section 11, there is allocated for 1996-97 an amount not to exceed \$30,000,000.00 for adult education programs authorized under this section.

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

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

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

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

(iii) Is enrolled in an English as a second language program for a maximum of 1 year of instruction.

(b) If the individual has not obtained a high school diploma or G.E.D. certificate, is at least 20 years of age on September 1 of the school year.

(3) From the amount allocated under subsection (1), an amount not to exceed \$20,000,000.00 shall be allocated under this subsection through a competitive grant process. A district, intermediate district, consortium of districts, or consortium of an intermediate district and 1 or more districts may apply on a competitive basis for an adult education grant under this subsection and section 108. The application may be to operate a single adult education program described in subsection (6), (7), (8), or (9) or a combination of those adult education programs. To receive funding, a consortium shall designate a single district or intermediate district as fiscal agent for the consortium.

(4) From the amount allocated under subsection (1), an amount not to exceed \$60,000,000.00 shall be allocated under this subsection to districts and consortia that received payments for 1995-96 under former section 107f. The amount allocated to each of these districts and consortia for 1996-97 under this subsection shall be an amount equal to 32.43% of the amount the district or consortium received for 1995-96 under former section 107f. A district that operated an adult education program in 1995-96 and does not intend to operate a program in 1996-97 shall notify the department by October 1, 1996 of its intention. The funds intended to be allocated under this section to a district that so notifies the department shall instead be proportionately reallocated to the other districts in this state that are operating an adult education program in 1996-97 under this subsection.

(5) The amount allocated under this section per full-time equated participant is \$2,750.00 for a 450-hour program. The amount shall be proportionately reduced for a program offering less than 450 hours of instruction.

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

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

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

(c) A participant in an adult basic education program is eligible for reimbursement until the participant's reading or mathematics proficiency, or both, is assessed at or above the ninth grade level or until the participant completes 450 hours of instruction, whichever occurs first.

(d) A funding recipient enrolling a participant in an English as a second language program is eligible for funding according to subsection (10) until the participant is assessed as having attained basic English proficiency or until the participant completes 450 hours of instruction, whichever occurs first.

(7) A general education development (G.E.D.) test preparation program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who do not have a high school diploma and who are determined by an appropriate assessment to be at or above ninth grade level in reading and mathematics.

(b) The program shall administer a G.E.D. pre-test approved by the department before enrolling an individual to determine the individual's potential for success on the G.E.D. test, and shall periodically administer other tests after enrollment to determine a participant's readiness to take the G.E.D. test.

(c) A funding recipient shall receive funding according to subsection (10) for a participant who passes the G.E.D. test and obtains a G.E.D. certificate or for a participant who completes 450 hours of instruction. A participant may be enrolled in the program until he or she passes the G.E.D. test or completes 450 hours of instruction, whichever occurs first.

(8) A high school completion program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who do not have a high school diploma and who are within 900 hours of completing course work required for a high school diploma.

(b) The funding recipient shall evaluate the participant's transcript to determine if the individual could complete the requirements for a high school diploma within the time limit of 900 hours of instruction. If the funding recipient determines that an applicant would not be able to earn a diploma within the time limits described in subdivision (a), the funding recipient shall refer the individual to a program described in subsection (7).

(c) A funding recipient shall receive funding according to subsection (10) for a participant in a course offered under this subsection until the participant passes the course and earns a high school diploma or the participant completes 900 hours of instruction, whichever occurs first.

(9) A job or employment-related adult education program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults referred by their employer who are less than 20 years of age, have a high school diploma, are determined to be in need of remedial mathematics or communication arts skills, and are not attending an institution of higher education.

(b) An individual may be enrolled in this program and the grant recipient shall receive funding according to subsection (10) until the person achieves the requisite skills as determined by appropriate assessment instruments, or the person completes 450 hours of instruction, whichever occurs first.

(10) A funding recipient shall receive payments under this section in accordance with the following:

(a) Ninety percent for enrollment of eligible participants.

(b) Ten percent for completion of the adult basic education objectives by achieving an eighth grade level of proficiency in reading or mathematics; for achieving basic English proficiency; for passage of the G.E.D. test; for passage of a course required for a participant to attain a high school diploma; or for completion of the course and demonstrated proficiency in the academic skills to be learned in the course, as applicable.

(11) Funding allocated under subsection (3) for the 1996-97 fiscal year shall be considered funding for the first year of an approved 3-year program, and a program receiving funding under subsection (3) for 1996-97 shall not be required to apply again for the remainder of the 3-year period, unless the program is substantially revised. Not later than September 1 of each year, the department shall assess the success of each program operating with subsection (3) funding in the prior school fiscal year. Programs operating in the third year of the 3-year program shall be evaluated not later than December 15 of that year to determine whether renewal of the current 3-year program is recommended or revision of the existing program is necessary for the district or intermediate district to be eligible for funding under subsection (3) in the subsequent 3-year period.

(12) As used in this section, "participant" means the average number of full-time equated individuals enrolled in and attending a department-approved adult education program under this section, using quarterly participant count days on the schedule described in section 6(7)(b).

(13) A person who is not eligible to be a participant funded under this section may receive adult education services upon the payment of tuition. In addition, a person who is not eligible to be served in a program under this section due to the program limitations specified in subsection (6), (7), (8), or (9) may continue to receive adult education services in that program upon the payment of tuition. The tuition level shall be determined by the local or intermediate district conducting the program.

(14) An individual who is an inmate in a state correctional facility shall not be counted as a participant under this section.

(15) It is the intent of the legislature that the appropriations under this act for the 1997-98 state fiscal year will include \$80,000,000.00 to support adult education programs for that fiscal year, and that, of that \$80,000,000.00 allocation, \$40,000,000.00 will be allocated for competitive grants as described in subsection (3) and \$40,000,000.00 will be allocated for prorated distributions similar to that described in subsection (4). The department shall accept applications for the 1997-98 competitive grants submitted by March 1, 1997, according to the procedures and requirements specified in section 108, and shall identify prospective 1997-98 grant recipients by April 1, 1997. Not later than February 1, 1997, the department shall provide to the senate and house appropriations subcommittees responsible

for state school aid appropriations for their approval the department's proposed method of providing regional distribution of 1997-98 adult education competitive grants.

Sec. 108. (1) To receive funding under section 107(3), an applicant district, consortium, or intermediate district shall submit an application to the department of education by July 1, 1996.

(2) The application shall specify, at a minimum, all of the following for each adult education program for which funding is sought:

- (a) The specific scope of the program.
- (b) The estimated number of persons to be served.
- (c) The assessment instruments to be used.
- (d) The amount of funding sought for the program, based on \$2,750.00 per full-time equated participant.
- (e) The types of instructional and noninstructional services to be offered.

(3) The department shall review all applications and shall notify the successful applicants by August 1, 1996.

(4) The department shall make payments according to section 107(10).

(5) In approving applications for 1996-97, the department shall give preference to applicants that operated, either directly or through a consortium, adult education programs under section 107f in 1995-96.

(6) The department shall provide to the house and senate fiscal agencies and to the department of management and budget not later than January 1, 1997 a report detailing all of the following:

- (a) The name of each applicant district, intermediate district, or consortium.
- (b) The amount of funding awarded to each applicant.
- (c) The estimated number of participants in each program.
- (d) The amount of funds allotted to a grant recipient from the statewide pool of funds allocated under section 107(3).

(7) Local workforce development boards and intermediate districts shall provide to the department by July 15, 1996 recommendations regarding the regional needs for adult education for the state fiscal year ending September 30, 1997.

(8) To assist the department in determining its evaluation criteria for programs funded under section 107(3), local workforce development boards, the Michigan association of community and adult education, the Michigan association of intermediate school administrators, and the Michigan jobs commission may provide to the department by September 15, 1996 a recommendation of the appropriate evaluation criteria to assess the programs offered under section 107(6), (7), (8), and (9).

Sec. 111. A district having tuition pupils enrolled on the pupil membership count day of each year may charge the district in which the tuition pupils reside an amount for tuition that does not exceed the tuition rate computed under section 1401 of the revised school code, being section 380.1401 of the Michigan Compiled Laws. However, a district shall not charge tuition for a tuition pupil enrolled in the district who resides in a K-5, K-6, or K-8 district and who is enrolled in a grade not offered by the pupil's district of residence in an amount that exceeds the foundation allowance of the pupil's district of residence or the foundation allowance of the educating district, whichever is greater. The rate charged by a district for tuition shall be uniform within each category of tuition pupils enrolled in the district.

Sec. 147. (1) The allocations for 1996-97 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, 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 estimated for the 1996-97 state fiscal year is 15.15%. The portion of the contribution rate assigned to districts and intermediate districts for the 1996-97 state fiscal year is all of the total 15.15 percentage points. This contribution rate reflects the first year of a reduction over 3 years in the amortization period described in section 41(2) of Act No. 300 of the Public Acts of 1980, being section 38.1341 of the Michigan Compiled Laws, from 50 years to 40 years. Beginning with the 1999-2000 fiscal year, the contribution rate shall be changed each fiscal year to reflect a reduction over 7 years in that amortization period from 40 years to 30 years. The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

(2) It is the intent of the legislature that the amortization period described in section 41(2) of Act No. 300 of the Public Acts of 1980, being section 38.1341 of the Michigan Compiled Laws, be reduced to 40 years by the end of the 1998-99 state fiscal year and further reduced to 30 years by the end of the 2005-2006 state 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 year consisting of the required minimum number

of days and hours, as prescribed in section 1284 of the revised school code, being section 380.1284 of the Michigan Compiled Laws, for the district or intermediate district.

Sec. 163. (1) Except as provided in the revised school code, the board of a district or intermediate district shall not permit any of the following:

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

(b) A noncertificated counselor to provide counseling services to pupils in an elementary or secondary school or in an adult basic education or high school completion program.

(2) Except as provided in the revised school code, a district or intermediate district employing teachers or counselors not legally certificated shall have deducted the sum equal to the amount paid the teachers or counselors for the period of noncertificated or illegal employment. Each intermediate superintendent shall notify the department of the name of the noncertificated teacher or counselor, and the district employing that individual and the amount of salary the noncertificated teacher or counselor was paid within a constituent district.

(3) If a school official is notified by the department that he or she is employing a nonapproved noncertificated teacher or counselor in violation of this section and knowingly continues to employ that teacher or counselor, the school official is guilty of a misdemeanor, punishable by a fine of \$1,500.00 for each incidence.

Sec. 164. A district or intermediate district shall forfeit an amount to which the district or intermediate district otherwise would be entitled under this act equal to the district's or intermediate district's expenditures in the immediately preceding school fiscal year for purchasing, leasing, or renting cars for board members for use within district or intermediate district boundaries, and for chauffeurs for board members or administrators.

Sec. 164b. (1) The board of a district or intermediate district shall not pay an expense incurred by a member of the board unless the payment is in compliance with section 1254 of the revised school code, being section 380.1254 of the Michigan Compiled Laws.

(2) In addition to the requirements of section 1254 of the revised school code, the board of a district or intermediate district shall not approve reimbursement of an expense incurred by a board member unless 1 or both of the following conditions is met:

(a) The board, by a majority vote of its members at an open meeting, approved reimbursement of the specific expense before the expense was incurred.

(b) The expense is consistent with a policy adopted by the board, by a majority vote of its members at a regular board meeting, establishing specific categories of reimbursable expenses and the board, by a majority vote of its members at an open meeting, approved the reimbursement before it is actually paid.

(3) Records of all payments under this section shall be open to the public.

(4) A violation of this section is punishable under section 161.

Sec. 164e. If a district or an employee of a district discriminates against a person engaging in or seeking to engage in student teaching in the district because the state university in which the person is enrolled serves as the authorizing body for 1 or more public school academies, the district forfeits an amount equal to 10% of the funds due to the district under this act.

Sec. 166. A district in which a school official, member of a board, or other person dispenses or otherwise distributes a family planning drug or device in a public school in violation of section 1507 of the revised school code, being section 380.1507 of the Michigan Compiled Laws, dispenses prescriptions for any family planning drug, or makes referrals for abortions shall forfeit 5% of its total state aid appropriation.

Sec. 166a. (1) In order to avoid forfeiture of state aid under subsection (2), the board of a district or intermediate district providing reproductive health or other sex education instruction under section 1169, 1506, or 1507 of the revised school code, being sections 380.1169, 380.1506, and 380.1507 of the Michigan Compiled Laws, 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. 166b. This act does not prohibit a parent or legal guardian of a minor who is enrolled in a nonpublic school or who is being home-schooled from also enrolling the minor in a district or intermediate district in any curricular offering available to pupils in the minor's grade level or age group, subject to compliance with the same requirements that apply to a full-time pupil's participation in the offering. A minor enrolled as described in this section is a part-time pupil for purposes of state school aid under this act. However, state school aid shall be provided under this act for a minor enrolled as described in this section only for curricular offerings that are offered to full-time pupils in the minor's grade level or age group during regularly scheduled school hours.

Sec. 167. (1) The department in cooperation with the department of community health shall develop plans to assist districts and intermediate districts and local county health departments to comply with section 1177 of the revised school code, 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 1996-97, each district or intermediate district shall report to the local health department in which it is located by November 1, 1996, in a manner prescribed by the department of community health, the immunization status of each pupil in grades K through 12 who enrolled in the district or intermediate district for the first time between January 1, 1996 and September 30, 1996. Not later than December 31, 1996, the department of community health shall notify the department by district or intermediate 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 revised school code. If a district or intermediate district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the revised school code for at least 90% of the district's or intermediate district's entering pupils as recorded in the November 1 reports required under this subsection, the district or intermediate district is subject to subsection (4) until the district or intermediate district has such an immunization record for at least 90% of its pupils.

(3) In 1996-97, each district or intermediate district shall again report to the local health department in which it is located by February 1, 1997, in a manner prescribed by the department of community health, the immunization status of each pupil in grades K through 12 who enrolled in the district or intermediate district for the first time between January 1, 1996 and December 31, 1996. Not later than March 31, 1997, the department of community health shall notify the department by district or intermediate 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 revised school code. If a district or intermediate district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the revised school code for at least 95% of the district's or intermediate district's entering pupils as recorded in the February 1, 1997 reports required under this subsection, the district or intermediate district is subject to subsection (4) until the district or intermediate district has such an immunization record for at least 95% of its pupils. If the department of community health is not able to report to the department by March 31, 1997, because a district or intermediate district fails to submit a report as required in this subsection, or submits an incomplete, inaccurate, or late report, the district or intermediate district is subject to subsection (4) until the report is submitted in a complete and accurate form.

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

Sec. 169. In order for a public school academy to receive state aid under this act, the public school academy shall demonstrate to the satisfaction of the department that the public school academy has made a good faith effort to advertise, throughout the entire area of the intermediate district in which the public school academy is located, that the academy is enrolling students and the procedures for applying for enrollment. The department shall not make any payments to a public school academy until the public school academy supplies evidence satisfactory to the department demonstrating compliance with this section. If a public school academy is a successor to a nonpublic school and more than 75% of the pupils enrolled in the public school academy during its first school year of operation were previously enrolled in that nonpublic school, there is a rebuttable presumption that the public school academy did not make the good faith effort required under this section.

Sec. 169a. (1) A board member, official, or employee of a district or intermediate district shall not interfere with the right or ability of the Michigan school for the deaf and blind to provide information about the residential program among parents and guardians of pupils or residents of the district or intermediate district.

(2) Upon determining that a pupil is deaf or hard of hearing, a district or intermediate district shall provide to the pupil's parent or legal guardian information, provided by the Michigan coalition for deaf and hard of hearing persons, on educational placement options for deaf and hard of hearing children.

Sec. 169b. A board member of a district, intermediate district, public school academy, or public school academy corporation shall abstain from voting on any contract in which the board member has a conflict of interest.

Section 2. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 1996-97 is estimated at \$8,516,100,000.00 and state appropriations to be paid to local units of government for fiscal year 1996-97 are estimated at \$8,407,778,800.00. State spending from state sources paid to local units of government for fiscal year 1996-97 does not include \$96,638,400.00 appropriated from the local government payment fund to support the purposes of this act to comply with section 497(3) of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1497 of the Michigan Compiled Laws.

Section 3. Sections 6c, 6d, 9, 11a, 11c, 11d, 16, 20g, 21d, 51, 53, 64, 66, 104, 107f, 145, 148, 149, 154, and 165 of Act No. 94 of the Public Acts of 1979, being sections 388.1606c, 388.1606d, 388.1609, 388.1611a, 388.1611c, 388.1611d, 388.1616, 388.1620g, 388.1621d, 388.1651, 388.1653, 388.1664, 388.1666, 388.1704, 388.1707f, 388.1745, 388.1748, 388.1749, 388.1754, and 388.1765 of the Michigan Compiled Laws, are repealed effective October 1, 1996.

Section 4. (1) Except as provided in subsection (2), this amendatory act shall take effect October 1, 1996.

(2) Section 6 of Act No. 94 of the Public Acts of 1979, as amended by this amendatory act, shall take effect September 1, 1996.

(3) Sections 11, 20d, 20g, 51, and 53 of Act No. 94 of the Public Acts of 1979, as amended by this amendatory act, and sections 20h, 105, 107, and 108 of Act No. 94 of the Public Acts of 1979, as added by this amendatory act, shall take effect upon enactment of this amendatory act.

This act is ordered to take immediate effect.

Secretary of the Senate.

Clerk of the House of Representatives.

Approved -----

Governor.