



SENATE BILL No. 851

EXECUTIVE BUDGET BILL

February 15, 1996, Introduced by Senator SCHWARZ and referred to the Committee on Appropriations.

1 A bill to amend sections 3, 5, 6, 7, 11, 11a, 13, 15, 17a, 17b, 18,
2 18a, 19, 20, 20c, 20d, 20g, 21b, 23, 24, 31a, 36, 37, 38, 39, 41, 51,
3 52, 53, 54, 56, 57, 58, 61a, 62, 74, 76, 81, 94, 99, 101, 102, 104a,
4 111, 147, 151, 162, 164, 164b, 166, 166a, 166b, and 167 of Act No. 94
5 of the Public Acts of 1979, entitled as amended "The state school aid
6 act of 1979" section 3, 5, 6, 11, 13, 15, 17b, 18, 19, 20, 20c, 20d,
7 23, 24, 31a, 36, 37, 38, 39, 41, 51, 52, 53, 54, 56, 57, 58, 61a, 62,
8 74, 81, 99, 101, 102, 104a, 111, 147, 151, 166b, and 167 as amended and
9 sections 20g, 76, 94, and 164b as added by Act No. 130 of the Public
10 Acts of 1995, sections 7, 162, and 166a as amended by Act No. 336 of
11 the Public Acts of 1993, section 11a as amended by Act No. 160 of the

1 Public Acts of 1995, section 17a as amended by Act No. 142 of the
 2 Public Acts of 1985, section 18a as amended by Act No. 175 of the
 3 Public Acts of 1993, section 21b as amended by Act No. 283 of the
 4 Public Acts of 1994, sections 164 and 166 as amended by Act No. 148 of
 5 the Public Acts of 1992, being sections 388.1603, 388.1605, 388.1606,
 6 388.1607, 388.1611, 388.1611a, 388.1613, 388.1615, 388.1617a,
 7 388.1617b, 388.1618, 388.1618a, 388.1619, 388.1620, 388.1620c,
 8 388.1620d, 388.1620g, 388.1621b, 388.1623, 388.1624, 388.1631a,
 9 388.1636, 388.1637, 388.1638, 388.1639, 388.1641, 388.1651, 388.1652,
 10 388.1653, 388.1654, 388.1656, 388.1657, 388.1658, 388.1661a, 388.1662,
 11 388.1674, 388.1676, 388.1681, 388.1694, 388.1699, 388.1701, 388.1702,
 12 388.1704a, 388.1711, 388.1747, 388.1751, 388.1762, 388.1764, 388.1764b,
 13 388.1766, 388.1766a, 388.1766b, and 388.1767 of the Michigan Compiled
 14 Laws; to add sections 20h, 51a, 51b, 105, and 107g; and to repeal acts
 15 and parts of acts.

16 **The People of the State of Michigan enact:**

17 Section 1. Sections 3, 5, 6, 7, 11, 11a, 13, 15, 17a, 17b, 18, 18a,
 18 19, 20, 20c, 20d, 20g, 21b, 23, 24, 31a, 36, 37, 38, 39, 41, 51, 52,
 19 53, 54, 56, 57, 58, 61a, 62, 74, 76, 81, 94, 99, 101, 102, 104a, 111,
 20 147, 151, 162, 164, 164b, 166, 166a, 166b, and 167 of Act No. 94 of the
 21 Public Acts of 1979, sections 3, 5, 6, 11, 13, 15, 17b, 18, 19, 20,
 22 20c, 20d, 23, 24, 31a, 36, 37, 38, 39, 41, 51, 52, 53, 54, 56, 57, 58,
 23 61a, 62, 74, 81, 99, 101, 102, 104a, 111, 147, 151, 166b, and 167 as
 24 amended and sections 20g, 76, 94, and 164b as added by Act No. 130 of
 25 the Public Acts of 1995, sections 7, 162, and 166a as amended by Act
 26 No. 336 of the Public Acts of 1993, section 11a as added by Act No. 160
 27 of the Public Acts of 1995, section 17a as amended by Act No. 142 of
 28 the Public Acts of 1985, section 18a as amended by Act No. 175 of the
 29 Public Acts of 1993, section 21b as amended by Act No. 283 of the
 30 Public Acts of 1994 and sections 164 and 166 as amended by Act No. 148

1 of the Public Acts of 1992, being sections 388.1603, 388.1605,
2 388.1606, 388.1607, 388.1611, 388.1611a, 388.1613, 388.1615, 388.1617a,
3 388.1617b, 388.1618, 388.1618a, 388.1619, 388.1620, 388.1620c,
4 388.1620d, 388.1620g, 388.1621b, 388.1623, 388.1624, 388.1631a,
5 388.1636, 388.1637, 388.1638, 388.1639, 388.1641, 388.1651, 388.1652,
6 388.1653, 388.1654, 388.1656, 388.1657, 388.1658, 388.1661a, 388.1662,
7 388.1674, 388.1676, 388.1681, 388.1694, 388.1699, 388.1701, 388.1702,
8 388.1704a, 388.1711, 388.1747, 388.1751, 388.1762, 388.1764, 388.1764b,
9 388.1766, 388.1766a, 388.1766b, and 388.1767 of the Michigan Compiled
10 Laws are amended and sections 20h, 51a, 51b, 105, and 107g are added to
11 read as follows:

12 Sec. 3. (1) "Average daily attendance", for the purposes of
13 complying with section 1471 of subpart 5 of part 5 of chapter 1 of
14 title I of the elementary and secondary education act, Public Law 89-
15 10, 20 U.S.C. 2891, means 92% of the membership as defined in section
16 6(4).

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

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

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

27 (5) "District" means a local school district established under part
28 2, 3, 4, 5, or 6 of the school code of 1976, a local act school
29 district, or, except in sections 6(4), 6(6), 11A, 13, 20, 20i AND 31a,
30 ~~163(1)(c), and 163(1)(d)~~, a public school academy. Except in sections

1 6(4), 6(6), 11A, 13, AND 20, ~~163(1)(c), and 163(1)(d)~~ district also
2 includes a university school.

3 (6) "District of residence", except as otherwise provided in this
4 subsection, means the district in which a pupil's custodial parent or
5 parents or legal guardian resides. However, for a pupil described in
6 section 6(4)~~(e) or (f)~~ (D), the pupil's district of residence shall be
7 considered to be the district or intermediate district in which the
8 pupil is counted in membership under that section.

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

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

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

16 (3) "Intermediate district weighted average foundation allowance"
17 means the average foundation allowance per membership pupil, calculated
18 by averaging the foundation allowances per membership pupil of the
19 intermediate district's constituent districts EXCLUDING PUBLIC SCHOOL
20 ACADEMIES, weighted as to membership. However, the intermediate
21 district weighted average foundation allowance for an intermediate
22 district shall not exceed \$6,500.00 as adjusted by the index under
23 section 20(2).

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

26 Sec. 6. (1) "Center program" means a program operated by a district
27 or intermediate district for special education pupils from several
28 districts in programs for the autistically impaired, trainable mentally
29 impaired, severely mentally impaired, severely multiply impaired,
30 hearing impaired, physically and otherwise health impaired, and

1 visually impaired. Programs for emotionally impaired pupils housed in
2 buildings that do not serve regular education pupils shall also
3 qualify. Unless otherwise approved by the department, a center program
4 either shall serve all constituent districts within an intermediate
5 district or shall serve several districts with less than 50% of the
6 pupils residing in the operating district. IN ADDITION, SPECIAL
7 EDUCATION CENTER PROGRAM PUPILS, PLACED PART TIME IN NONCENTER PROGRAMS
8 TO COMPLY WITH THE LEAST RESTRICTIVE ENVIRONMENT PROVISIONS OF SECTION
9 612 OF PART B OF THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT, TITLE
10 VI OF PUBLIC LAW 91-230, 20 U.S.D. 1412, MAY BE COUNTED UNDER THIS
11 SECTION.

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

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

25 (4) "Membership", except as otherwise provided in this act, means
26 the average number of full-time equated pupils in grades K to 12
27 actually enrolled and in regular daily attendance in a district, public
28 school academy, university school, or intermediate district on the
29 pupil membership count day AND THE SUPPLEMENTAL COUNT DAY for the
30 current school year and on the supplemental count day for the

1 immediately preceding school year, as determined by the department.
 2 and MEMBERSHIP SHALL BE calculated by adding the number of pupils
 3 registered for attendance plus pupils received by transfer and minus
 4 pupils lost as defined by rules promulgated by the state board, and as
 5 corrected by a subsequent department audit, ON THE PUPIL MEMBERSHIP
 6 COUNT DAY OF THE CURRENT YEAR, PLUS THE FINAL AUDITED COUNT FROM THE
 7 SUPPLEMENTAL COUNT DAY OF THE CURRENT FISCAL YEAR, AND the final
 8 audited count from the supplemental count day for the immediately
 9 preceding school year, and dividing that sum by 2 3. The amount of the
 10 foundation allowance to be paid on behalf of a pupil in membership is
 11 determined under section 20. In making the calculation of membership,
 12 all of the following, as applicable, apply to determining the
 13 membership of a district, public school academy, university school, or
 14 intermediate district:

15 (a) Except as otherwise provided in this subsection, a pupil shall
 16 be counted in membership in the pupil's district of residence EDUCATING
 17 DISTRICT.

18 ~~(b) A pupil educated as part of a cooperative education program, or~~
 19 ~~enrolled in a grade not offered by the pupil's district of residence,~~
 20 ~~in a district other than the pupil's district of residence shall be~~
 21 ~~counted in membership in the pupil's district of residence, but the~~
 22 ~~responsibility for reporting the pupil's attendance is as follows:~~

23 ~~— (i) If the pupil is educated in the district that is not the pupil's~~
 24 ~~district of residence for 1/2 time or less, the pupil's district of~~
 25 ~~residence shall report the pupil's attendance to the department as part~~
 26 ~~of reporting the district's membership count.~~

27 ~~— (ii) If the pupil is educated in the district that is not the~~
 28 ~~pupil's district of residence for more than 1/2 time, that other~~
 29 ~~district shall report the pupil's attendance to the department.~~

30 ~~— (c) If a pupil is educated in a district other than the pupil's~~

~~district of residence with the approval of the pupil's district of residence and not as part of a cooperative education program and not in a grade not offered by the pupil's district of residence, the pupil shall be counted in membership in the educating district.~~

(d) (B) If a pupil is educated in a district other than the pupil's district of residence WHICH IS NOT WITHIN THE SAME INTERMEDIATE DISTRICT OR A CONTIGUOUS DISTRICT, and not 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.

(e) (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.

(f) (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, shall be counted in membership in the district or intermediate district approved by the department to operate the program.

~~(g) A pupil under court jurisdiction who is placed outside the district of residence in which the pupil's parents or legal guardian resides shall be counted in membership in the educating district.~~

(h) (E) A pupil enrolled in the Michigan school for the blind or the Michigan school for the deaf AND BLIND shall be counted in membership

1 in the pupil's intermediate district of residence.

2 (F) A PUPIL ENROLLED IN A VOCATIONAL EDUCATION PROGRAM SUPPORTED BY
3 A MILLAGE LEVIED OVER AN AREA LARGER THAN A SINGLE DISTRICT OR IN AN
4 AREA VOCATIONAL-TECHNICAL EDUCATION PROGRAM ESTABLISHED PURSUANT TO
5 SECTION 690 OF THE REVISED SCHOOL CODE, BEING SECTION 380.690 OF THE
6 MICHIGAN COMPILED LAWS, SHALL BE COUNTED ONLY IN THE PUPIL'S DISTRICT
7 OF RESIDENCE.

8 ~~(i)~~ (G) A pupil enrolled in a university school shall be counted in
9 membership in the university school.

10 ~~(j)~~ If a pupil is enrolled in a district other than the pupil's
11 district of residence under section 91a or under an intermediate
12 district schools of choice pilot program under former section 91, the
13 pupil shall be counted in membership in the educating district.

14 ~~(k)~~ If a pupil is enrolled in a district other than the pupil's
15 district of residence but within the same intermediate district and if
16 at least 50% of the constituent districts of the intermediate district
17 continue to participate in an intermediate district schools of choice
18 pilot program under former section 91, the pupil shall be counted in
19 the educating district.

20 ~~(i)~~ (H) A pupil enrolled in a public school academy shall be
21 counted in membership in the public school academy. However, the
22 membership of a public school academy shall be determined as follows:

23 (i) For a public school academy, ~~or its predecessor entity operating~~
24 ~~in 1994-95 under former section 23d if applicable,~~ membership is the
25 average number of full-time equated pupils in grades K to 12 actually
26 enrolled and in regular daily attendance on the pupil membership count
27 day for the current school year, ON THE SUPPLEMENTAL COUNT DAY FOR THE
28 CURRENT SCHOOL YEAR, and on the supplemental count day for the
29 immediately preceding school year, as determined by the department.
30 ~~and~~ MEMBERSHIP SHALL BE calculated by adding the number of pupils

1 registered for attendance on the pupil membership count day plus pupils
2 received by transfer and minus pupils lost as defined by rules
3 promulgated by the state board, and as corrected by a subsequent
4 department audit, PLUS THE FINAL AUDITED COUNT FROM THE SUPPLEMENTAL
5 COUNT DAY FOR THE CURRENT SCHOOL YEAR, plus the final audited count
6 from the supplemental count day for the immediately preceding school
7 year, and dividing that sum by 2 3.

8 (ii) For a public school academy beginning operations after March
9 30, 1995 THE SUPPLEMENTAL COUNT DAY OF THE IMMEDIATELY PRECEDING SCHOOL
10 YEAR and before the 1995-96 pupil membership count day that is not the
11 successor to an alternative public school operated in 1994-95 under
12 section 23d OF THE CURRENT SCHOOL YEAR, membership is the average
13 number of full-time equated pupils in grades K to 12 actually enrolled
14 and in regular daily attendance on the pupil membership count day for
15 the current school year and on the supplemental count day for the
16 current school year, as determined by the department. and MEMBERSHIP
17 SHALL BE calculated by adding the number of pupils registered for
18 attendance on the pupil membership count day plus pupils received by
19 transfer and minus pupils lost as defined by rules promulgated by the
20 state board, and as corrected by a subsequent department audit, plus
21 the final audited count from the supplemental count day for the current
22 school year, and dividing that sum by 2.

23 (iii) For a public school academy beginning operations in 1995-96
24 after the pupil membership count day OF THE CURRENT SCHOOL YEAR and not
25 later than the supplemental count day, membership is the final audited
26 count of the number of full-time equated pupils in grades K to 12
27 actually enrolled and in regular daily attendance on the supplemental
28 count day for the current school year.

29 ~~(iv) For a public school academy that received funds under section~~
30 ~~23 in 1994-95, membership is the average of 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 pupil membership count day for the current school year and the number of full-time equated pupils used to calculate payments under section 23 in 1994-95.~~

(I) 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.

(m) (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.

(n) (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

1 counted.

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

9 ~~(P)~~ (M) An individual who has obtained a high school diploma shall
10 not be counted in membership. An individual who has obtained a general
11 education development (G.E.D.) certificate shall not be counted in
12 membership. An individual participating in a job training program
13 funded under former section 107a, or a jobs program funded under former
14 section 107b OR COMMUNITY AND WORKPLACE LITERACY PROGRAM, both
15 administered by the Michigan jobs commission, or participating in any
16 successor of ~~either of~~ those 2 programs, shall not be counted in
17 membership.

18 ~~(Q) A pupil counted in membership in a public school academy on the~~
19 ~~pupil membership count day or the supplemental count day shall not be~~
20 ~~counted in a membership in a district or intermediate district on the~~
21 ~~same count day.~~

22 (N) A PUPIL IN MEMBERSHIP IN A PUBLIC SCHOOL ACADEMY WHO IS EDUCATED
23 IN A DISTRICT LESS THAN 1/2 TIME AS PART OF A COOPERATIVE EDUCATION
24 PROGRAM SHALL BE COUNTED IN MEMBERSHIP IN THE PUBLIC SCHOOL ACADEMY
25 ONLY AND THE MEMBERSHIP DETERMINATION SHALL INCLUDE THE CLASS HOURS
26 SCHEDULED FOR THE PUPIL IN THE DISTRICT. HOWEVER, FOR PUPILS RECEIVING
27 1/2 OR LESS OF THEIR INSTRUCTION IN A PUBLIC SCHOOL ACADEMY OR FOR
28 PUPILS RECEIVING INSTRUCTION IN BOTH A PUBLIC SCHOOL ACADEMY AND IN A
29 DISTRICT NOT AS PART OF A COOPERATIVE EDUCATION PROGRAM, THE RESPECTIVE
30 PRO RATA SHARES OF THE MEMBERSHIP SHALL BE CLAIMED BY THE ACADEMY AND

1 THE DISTRICT OR DISTRICTS PROVIDING THE INSTRUCTION.

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

7 ~~(s)~~ (P) The department shall give a uniform interpretation of full-
8 time and part-time memberships.

9 ~~(t)~~ (Q) For the purposes of this subsection, full-time equated
10 memberships for pupils in grades 1 to 12 shall be determined by
11 dividing the number of class hours scheduled and provided per year per
12 pupil by 900 for 1994-95, AND 990 for 1995-96 and 1996-97., ~~1,035 for~~
13 ~~1997-98 and 1998-99, and 1,080 for 1999-2000 and succeeding fiscal~~
14 ~~years.~~ In determining full-time equated memberships for pupils who are
15 dually enrolled in a postsecondary institution under section 21b, a
16 pupil shall not be considered to be less than a full-time equated pupil
17 solely because of the effect of his or her dual enrollment on the
18 number of class hours provided by the district to the pupil.

19 ~~(u)~~ ~~Beginning in 1995-96, full-time~~ (R) Full-time equated
20 memberships for pupils in kindergarten shall be determined by dividing
21 the number of class hours scheduled and provided per year per
22 kindergarten pupil by a number equal to 1/2 the number used for
23 determining full-time equated memberships for pupils in grades 1 to 12.

24 ~~(v)~~ (S) For a district that has qualified currently migrant pupils
25 enrolled in the district as of the pupil membership count day who were
26 not counted in membership in the district on the supplemental count day
27 for the immediately preceding school year, as determined by the
28 department using the criteria used for eligibility for the migrant
29 education program under the Hawkins-Stafford elementary and secondary
30 school improvement amendments of 1988, Public Law 100-297, 102 Stat.

1 130, the number of those pupils counted in the district's membership is
2 3/4 of the number of those pupils counted on the pupil membership count
3 day only.

4 (5) "Public school academy" means a public school academy operating
5 under part 6a or 6b of the REVISED school code of ~~1976~~.

6 (6) "Pupil" means a person in membership in a public school. A
7 district must have the approval of the pupil's district of residence to
8 count the pupil in membership, except approval by the pupil's district
9 of residence shall not be required for ~~nonpublic part-time pupils, for~~
10 ~~pupils receiving 1/2 or less of their instruction in a district other~~
11 ~~than their district of residence, for pupils enrolled in a university~~
12 ~~school, for pupils enrolled in a district other than their district of~~
13 ~~residence under an intermediate district schools of choice pilot~~
14 ~~program as described in section 91a or former section 91, for pupils~~
15 ~~enrolled in a district other than their district of residence but~~
16 ~~within the same intermediate district if at least 50% of the~~
17 ~~constituent districts of the intermediate district continue to~~
18 ~~participate in an intermediate district schools of choice pilot program~~
19 ~~under former section 91, or for those pupils who were enrolled and in~~
20 ~~regular daily attendance and remain enrolled and in regular daily~~
21 ~~attendance in the district other than their district of residence~~
22 ~~before April 1, 1981.~~ THE FOLLOWING PUPILS:

23 (A) NONPUBLIC PART-TIME PUPILS.

24 (B) PUPILS RECEIVING 1/2 OR LESS OF THEIR INSTRUCTION IN A DISTRICT
25 OTHER THAN THEIR DISTRICT OF RESIDENCE.

26 (C) PUPILS ENROLLED IN A UNIVERSITY SCHOOL.

27 (D) PUPILS ENROLLED IN A DISTRICT OTHER THAN THEIR DISTRICT OF
28 RESIDENCE BUT WITHIN THE SAME INTERMEDIATE DISTRICT OR A CONTIGUOUS
29 DISTRICT.

30 (E) PUPILS ENROLLED IN A PUBLIC SCHOOL ACADEMY.

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

3 (a) Except as provided in subdivision (b), ~~the following days:~~

4 ~~(i) For the 1995-96 school year, the first Friday in October.~~

5 ~~(ii) Beginning with the 1996-97 school year, the fourth Friday in~~
6 September each school year.

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

9 (i) Fourth Friday in July.

10 (ii) Fourth Friday in October.

11 (iii) Fourth Friday in January.

12 (iv) Fourth Friday in April.

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

16 (9) ~~"The school code of 1976"~~ "THE REVISED SCHOOL CODE" means Act
17 No. 451 of the Public Acts of 1976, being sections 380.1 to 380.1852 of
18 the Michigan Compiled Laws.

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

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

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

24 (13) "Tuition pupil" means a pupil of school age attending school in
25 a district other than the pupil's district of residence for whom
26 tuition may be charged. Tuition pupil does not include a pupil who is
27 a special education pupil, OR a pupil enrolled in a district other
28 than the pupil's district of residence but within the same intermediate
29 district OR A CONTIGUOUS DISTRICT. ~~if at least 50% of the constituent~~
30 ~~districts of the intermediate district continue to participate in an~~

~~intermediate district schools of choice pilot program under former section 91; or a pupil served by an intermediate district schools of choice pilot program as described in section 91a or former section 91.~~
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 PURSUANT TO SECTIONS 11A, 401A, 504A AND 514A OF THE REVISED SCHOOL CODE, BEING SECTIONS 380.11A, 380.401A, 380.504A AND 380.514A OF THE MICHIGAN COMPILED LAWS. ~~all of the following expenditures from the general fund of a district or from the operating funds of an intermediate district:~~

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

1 ~~other supplies and materials.~~

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

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

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

12 Sec. 11. (1) There is appropriated for the public schools of this
 13 state and certain other state purposes relating to education from the
 14 ~~state school aid fund established by section 11 of article IX of the~~
 15 ~~state constitution of 1963 the sum of \$7,618,289,000.00 and from the~~
 16 ~~general fund the sum of \$589,077,000.00, for the fiscal year ending~~
 17 ~~September 30, 1996 1997, In addition, available federal funds are~~
 18 ~~appropriated. Also, if the 88th Legislature enacts legislation that~~
 19 ~~provides for the resolution of claims against the uninsured employers'~~
 20 ~~security fund that were outstanding as of December 29, 1994, an~~
 21 ~~additional \$26,000,000.00 is appropriated from the workplace health and~~
 22 ~~safety fund to the state school aid fund, and that \$26,000,000.00 is~~
 23 ~~then appropriated from the state school aid fund to be used for the~~
 24 ~~purposes of this act. THE FOLLOWING AMOUNTS:~~

25 PUBLIC SCHOOLS AND OTHER EDUCATION PURPOSES

26	FOUNDATION ALLOWANCE	\$ 7,921,973,000
27	PRIOR YEAR ADVANCE PAYMENTS	(400,000,000)
28	FUTURE YEAR ADVANCE PAYMENTS	200,000,000
29	COURT-PLACED CHILDREN	7,000,000
30	ACADEMICALLY AT-RISK CHILDREN	230,000,000

1	MICHIGAN SCHOOL READINESS PRESCHOOL PROGRAM . . .	52,730,500
2	BILINGUAL EDUCATION	4,212,000
3	SPECIAL EDUCATION, INCLUDING ISD SPECIAL	
4	EDUCATION MEMBERSHIP	273,573,100
5	ISD SPECIAL EDUCATION MILLAGE EQUALIZATION . . .	30,650,000
6	GIFTED AND TALENTED	5,000,000
7	SPECIAL EDUCATION TRANSPORTATION	25,405,000
8	VOCATIONAL EDUCATION	29,010,000
9	ISD VOCATIONAL EDUCATION MILLAGE EQUALIZATION . .	7,200,000
10	ISD GENERAL OPERATIONS	78,209,800
11	BUS DRIVER SAFETY AND AUXILIARY SERVICES	
12	TRANSPORTATION	1,625,000
13	ACCREDITATION TECHNICAL ASSISTANCE	1,500,000
14	MATHEMATICS/SCIENCE CENTERS	<u>7,614,000</u>
15	GROSS APPROPRIATION	\$ 8,475,702,400

16 APPROPRIATED FROM:

17 FEDERAL REVENUES:

18 DED-USERS, HANDICAPPED PROGRAM (IDEA) 73,000,000

19 SPECIAL REVENUE FUNDS:

20 STATE SCHOOL AID FUND, ESTABLISHED BY SECTION

21 11 OF ARTICLE IX OF THE STATE CONSTITUTION

22 OF 1963 8,160,700,000

23 STATE GENERAL FUND/GENERAL PURPOSE \$ 242,002,400

24 ~~(2) If the decision issued April 25, 1995 by the Michigan supreme~~
 25 ~~court in Musselman v Governor (docket nos. 97322, 97915) is over-turned~~
 26 ~~on rehearing so that prefunding of retirement health care benefits for~~
 27 ~~members of the public school employees retirement system is not~~
 28 ~~required, then, in addition to the appropriations under subsection (1),~~
 29 ~~for the fiscal year ending September 30, 1996 there is appropriated~~
 30 ~~\$35,000,000.00 from the reserve for health benefits for the purposes of~~

1 ~~this act.~~

2 (2) THERE IS APPROPRIATED FROM THE GENERAL FUND THE SUM OF
3 \$96,638,400.00 TO THE LOCAL GOVERNMENT PAYMENT FUND FOR THE PURPOSE OF
4 MAINTAINING THE STATE SPENDING TO LOCAL UNITS OF GOVERNMENT AS REQUIRED
5 BY SECTION 30 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 FOR THE
6 FISCAL YEAR ENDING SEPTEMBER 30, 1993. THERE IS APPROPRIATED FROM THE
7 LOCAL GOVERNMENT PAYMENT FUND THE SUM OF \$96,638,400.00 TO THE GENERAL
8 FUND FOR TRANSFER TO THE SCHOOL AID FUND TO SUPPORT THE PURPOSES OF
9 THIS ACT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1997.

10 (3) The appropriations under this section shall be allocated as
11 provided in this act. Money appropriated under this section from the
12 general fund, from the reserve for health benefits, and from available
13 federal funds shall be expended to fund the purposes of this act before
14 the expenditure of money appropriated under this section from the state
15 school aid fund. If the maximum amount appropriated under this section
16 from the state school aid fund for a fiscal year exceeds the amount
17 necessary to fully fund allocations under this act from the state
18 school aid fund, that excess amount shall not be expended in that state
19 fiscal year and shall not lapse to the general fund, but instead shall
20 remain ~~in a separate account~~ in the state school aid fund to be used to
21 augment funding under this act in a succeeding fiscal year in which the
22 maximum amount appropriated under this section is not sufficient to
23 fully fund allocations under this act from the state school aid fund.

24 (4) If the maximum amount appropriated under this section from the
25 state school aid fund for a fiscal year exceeds the amount available
26 for expenditure from the state school aid fund for that fiscal year,
27 payments under each section of this act shall be prorated on an equal
28 percentage basis as necessary to reflect the amount available for
29 expenditure from the state school aid fund for that fiscal year. THE
30 SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL NOTIFY THE DIRECTOR OF THE

1 DEPARTMENT OF MANAGEMENT AND BUDGET PRIOR TO IMPLEMENTING A PRORATION
2 UNDER THIS SECTION.

3 (5) IF THE MAXIMUM AMOUNT APPROPRIATED UNDER THIS SECTION FROM THE
4 STATE SCHOOL AID FUND FOR ANY INDIVIDUAL LINE ITEM IS NOT SUFFICIENT TO
5 FULLY FUND THAT LINE ITEM FOR THAT FISCAL YEAR, THE TOTAL PAYMENTS TO
6 EACH DISTRICT, UNIVERSITY SCHOOL, PUBLIC SCHOOL ACADEMY, INTERMEDIATE
7 DISTRICT, OR ANY CONSORTIUM OF THE ABOVE RECEIVING PAYMENTS FROM THE
8 AMOUNT APPROPRIATED FOR THAT LINE ITEM SHALL BE PRORATED ON AN EQUAL
9 PERCENTAGE BASIS AS NECESSARY TO REFLECT THE MAXIMUM AMOUNT AVAILABLE
10 FOR EXPENDITURE, BEFORE ANY PRORATION REQUIRED UNDER SUBSECTION (4).
11 THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL NOTIFY THE DIRECTOR OF
12 THE DEPARTMENT OF MANAGEMENT AND BUDGET PRIOR TO IMPLEMENTING A
13 PRORATION UNDER THIS SECTION.

14 ~~Sec. 11a. (1) In addition to the appropriations in section 11,~~
15 ~~there is appropriated from the state school aid fund the sum of~~
16 ~~\$139,500,000.00 for the fiscal year ending September 30, 1995 to fund~~
17 ~~any shortfall in the September 1995 payments under section 20c. Not~~
18 ~~later than September 30, 1995, the department shall complete the~~
19 ~~payments to districts under section 20c.~~

20 ~~(2) For the 1995-96 fiscal year, any proration of payments under~~
21 ~~this act as provided in section 11(4) shall not begin until the June~~
22 ~~20, 1996 installment. IN ADDITION TO THE APPROPRIATIONS UNDER~~
23 ~~SUBSECTION (1), THERE IS APPROPRIATED \$139,500,000.00 FROM THE RESERVE~~
24 ~~FOR HEALTH BENEFITS TO BE CREDITED TOWARD THE REQUIRED PAYMENT OF~~
25 ~~HEALTH BENEFITS MADE ON BEHALF OF EACH DISTRICT OR INTERMEDIATE~~
26 ~~DISTRICT AND SHALL REDUCE THE AMOUNT OTHERWISE DUE FROM THAT DISTRICT~~
27 ~~OR INTERMEDIATE DISTRICT. A PAYMENT MADE ON BEHALF OF A DISTRICT FROM~~
28 ~~THE FUNDS APPROPRIATED UNDER THIS SECTION SHALL BE CONSIDERED TO BE A~~
29 ~~PAYMENT MADE ON BEHALF OF A DISTRICT FOR THE PURPOSE OF CALCULATING~~
30 ~~PAYMENTS UNDER SECTION 20. A PAYMENT MADE ON BEHALF OF AN INTERMEDIATE~~

1 DISTRICT UNDER THIS SECTION SHALL BE CONSIDERED TO BE A PAYMENT MADE ON
2 BEHALF OF AN INTERMEDIATE DISTRICT FOR THE PURPOSES OF CALCULATING
3 PAYMENTS UNDER SECTION 81. THE CREDIT PROVIDED UNDER THIS SECTION FOR
4 A PARTICULAR DISTRICT OR INTERMEDIATE DISTRICT SHALL BE DETERMINED
5 BASED ON THE DISTRICT'S OR INTERMEDIATE DISTRICT'S PERCENTAGE OF THE
6 TOTAL STATEWIDE NONFEDERAL PAYROLL FOR ALL DISTRICTS AND INTERMEDIATE
7 DISTRICTS FOR THE YEAR ENDING SEPTEMBER 30, 1995, AS APPROPRIATE. THIS
8 APPROPRIATION SHALL NOT BE EFFECTIVE UNTIL A NEW DECISION IS ISSUED BY
9 THE MICHIGAN SUPREME COURT IN MUSSELMAN V GOVERNOR (DOCKET NOS. 97322,
10 97915) AND SHALL NOT TAKE EFFECT IF THE DECISION PRECLUDES THIS
11 APPROPRIATION.

12 Sec. 13. Except as otherwise provided in this act, the
13 apportionments and limitations of the apportionments made under this
14 act shall be made on the membership and number of teachers and other
15 professionals approved by the superintendent of public instruction
16 employed as of the pupil membership count day of each year and on the
17 taxable value and the operating millage of each district for the
18 calendar year. In addition, a district maintaining school during the
19 entire year, as provided in section 1561 of the REVISED school code of
20 1976, being section 380.1561 of the Michigan Compiled Laws, shall count
21 memberships and teachers pursuant to rules promulgated by the state
22 board.

23 Sec. 15. (1) If a district or intermediate district fails to
24 receive its proper apportionment, the department, upon satisfactory
25 proof that the district or intermediate district was entitled justly,
26 shall apportion the deficiency in the remaining apportionments.
27 Subject to subsections (2) and (3), if a district or intermediate
28 district has received more than its proper apportionment, the
29 department, upon satisfactory proof, shall deduct the excess in the
30 remaining apportionments. ~~except that a deduction due to an adjustment~~

1 ~~in the taxable value of a district or intermediate district shall be~~
2 ~~made in the apportionment for the fiscal year following the fiscal year~~
3 ~~in which the valuation is finalized.~~ Notwithstanding any other
4 provision in this act, state aid overpayments to a district, other than
5 overpayments in payments for special education or special education
6 transportation, may be recovered from any payment made under this act
7 other than a special education or special education transportation
8 payment. State aid overpayments made in special education or special
9 education transportation payments may be recovered from subsequent
10 special education or special education transportation payments.

11 (2) If the result of an audit conducted by or for the department
12 affects the current fiscal year membership, affected payments shall be
13 adjusted in the current fiscal year. A deduction due to an adjustment
14 made as a result of an audit conducted by or for the department, or as
15 a result of information obtained by the department from the district,
16 an intermediate district, the department of treasury, or the office of
17 auditor general, shall be deducted from the district's apportionments
18 within the next fiscal year after the fiscal year in which the
19 adjustment is finalized. At the request of the district and upon the
20 district presenting evidence satisfactory to the department of the
21 hardship, the department may grant up to an additional 2 years for the
22 adjustment if the district would otherwise experience a significant
23 hardship.

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

1 calculated according to the law in effect in the fiscal year in which
2 the improper amount was paid.

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

6 Sec. 17a. (1) The department may withhold all or part of any
7 payment that a district or intermediate district is entitled to receive
8 under this act to the extent the withholdings are a component part of a
9 plan, developed and implemented pursuant to chapter IX of the municipal
10 finance act, Act No. 202 of the Public Acts of 1943, being sections
11 139.1 to 139.3 of the Michigan Compiled Laws, OR UNDER OTHER STATUTORY
12 AUTHORITY, for financing an outstanding obligation upon which the
13 district or intermediate district defaulted. Amounts withheld shall be
14 used to pay, on behalf of the district or intermediate district, unpaid
15 amounts or subsequently due amounts, or both, of principal and interest
16 on the outstanding obligation upon which the district or intermediate
17 district defaulted.

18 (2) Under an agreement entered into by a district or intermediate
19 district assigning all or a portion of the payment that it is eligible
20 to receive under this act to the Michigan municipal bond authority or
21 pledging such amount for payment of an obligation it incurred with the
22 Michigan municipal bond authority, the state treasurer shall transmit
23 to the Michigan municipal bond authority or a trustee designated by the
24 authority the amount of the payment which is assigned or pledged under
25 the agreement. Notwithstanding the payment dates prescribed by this
26 act for distributions under this act, the state treasurer may advance
27 all or part of a payment which is dedicated for distribution or for
28 which the appropriation authorizing the payment has been made if and to
29 the extent, under the terms of an agreement entered into by a district
30 or intermediate district and the Michigan municipal bond authority, the

1 payment which the district or intermediate district is eligible to
2 receive has been assigned to or pledged for payment of an obligation it
3 incurred with the Michigan municipal bond authority. This subsection
4 does not require the state to make an appropriation to any school
5 district or intermediate school district and shall not be construed as
6 creating an indebtedness of the state, and any agreement made pursuant
7 to this subsection shall contain a statement to that effect.

8 Sec. 17b. (1) Not later than October 20, November 20, December 20,
9 January 20, February 20, March 20, April 20, May 20, and June 20, the
10 department shall prepare a statement of the amount to be distributed
11 under this act in the installment to the districts and intermediate
12 districts and deliver the statement to the state treasurer, and the
13 state treasurer shall pay the installments on each of those dates or on
14 the next business day following each of those dates. Except as
15 otherwise provided in this act, the portion of the district's or
16 intermediate district's state fiscal year entitlement to be included in
17 each installment shall be $1/9$. However, the payments due to a district
18 in ~~1995-96~~ 1996-97 on April 20, May 20, and June 20 pursuant to this
19 section each shall be reduced by an amount equal to $1/3$ of the
20 district's total additional payments in ~~1994-95~~ 1995-96 under section
21 ~~20c~~ 20G.

22 (2) The state treasurer shall make payment under this section by
23 drawing a warrant in favor of the treasurer of each district or
24 intermediate district for the amount payable to the district or
25 intermediate district according to the statement and delivering the
26 warrant to the treasurer of each district or intermediate district, or
27 if the state treasurer receives a written request by the treasurer of
28 the district or intermediate district specifying an account, by
29 electronic funds transfer to that account of the amount payable to the
30 district or intermediate district according to the statement. The

1 department may make adjustments in payments made under this section
2 through additional payments when changes in law or errors in
3 computation cause the regularly scheduled payment to be less than the
4 amount to which the district or intermediate district is entitled
5 pursuant to this act.

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

8 (4) Upon the written request of a district or intermediate district
9 and the submission of proof satisfactory to the department of a need of
10 a temporary and nonrecurring nature, the superintendent, with the
11 written concurrence of the state treasurer and the director of
12 management and budget, may authorize an advance release of funds due a
13 district or intermediate district under this act. Such an advance
14 shall not cause funds to be paid to a district or intermediate district
15 more than 30 days earlier than the established payment date for those
16 funds.

17 Sec. 18. (1) Except as provided in another section of this act,
18 each district or other entity shall apply the money received by the
19 district or entity under this act to salaries and other compensation of
20 teachers and other employees, tuition, transportation, lighting,
21 heating, ventilation, water service, the purchase of textbooks which
22 are designated by the board to be used in the schools under the board's
23 charge, other supplies, and any other school operating expenditures
24 defined in section 7. An amount equal to not more than 5% 20% of the
25 total amount received by a district under article 2 or intermediate
26 district under article 8 may be transferred by the board to either the
27 ~~building and site~~ CAPITAL PROJECTS fund or to the debt retirement fund
28 for debt service. The money shall not be applied or taken for a
29 purpose other than as provided in this section. The department shall
30 determine the reasonableness of expenditures and may withhold from a

1 recipient of funds under this act the apportionment otherwise due for
2 the fiscal year following the discovery by the department of a
3 violation by the recipient.

4 (2) For the purpose of determining the reasonableness of
5 expenditures and whether a violation of this act has occurred, the
6 department shall require that each district and intermediate district
7 have an audit of the district's or intermediate district's financial
8 and pupil accounting records conducted at least annually at the expense
9 of the district or intermediate district, as applicable, by a certified
10 public accountant or by the intermediate district superintendent, as
11 may be required by the department, or in the case of a district of the
12 first class by a certified public accountant, the intermediate
13 superintendent, or the auditor general of the city. The INTERMEDIATE
14 DISTRICTS' ANNUAL financial ~~and~~ AUDIT SHALL BE ACCOMPANIED BY THE
15 INTERMEDIATE DISTRICT'S pupil accounting ~~records audits shall be~~
16 ~~accompanied by the district's or intermediate district's annual~~
17 ~~financial audit, which~~ PROCEDURES REPORT. DISTRICTS' AND INTERMEDIATE
18 DISTRICTS' ANNUAL FINANCIAL AUDITS shall include an analysis of the
19 financial and pupil accounting data used as the basis for distribution
20 of state school aid. The PUPIL ACCOUNTING RECORDS AND REPORTS, audits
21 and management letters are subject to requirements established in the
22 auditing and accounting manuals approved and published by the
23 department. Except as otherwise provided in this subsection, a
24 district shall file the ANNUAL FINANCIAL audit reports with the
25 intermediate district not later than 120 days after the end of each
26 school fiscal year and the intermediate district shall forward the
27 ANNUAL FINANCIAL audit reports for its constituent districts and for
28 the intermediate district, AND THE PUPIL ACCOUNTING PROCEDURES REPORT
29 FOR THE PUPIL COUNT DAY AND SUPPLEMENTAL COUNT DAYS, to the department
30 not later than November 15 of each year. ~~The audit~~ ANNUAL FINANCIAL

1 AUDITS AND PUPIL ACCOUNTING PROCEDURES reports shall be available to
2 the public in compliance with the freedom of information act, Act No.
3 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the
4 Michigan Compiled Laws. ~~The report of the final audit of a district's~~
5 ~~supplemental pupil count under section 6a shall be filed, as required~~
6 ~~by the department, not later than 120 days after the beginning of the~~
7 ~~next state fiscal year.~~ Not later than December 1 of each year, the
8 department shall notify the department of management and budget and the
9 legislative appropriations subcommittees responsible for review of the
10 school aid budget of districts and intermediate districts that have not
11 filed an ANNUAL FINANCIAL audit AND PUPIL ACCOUNTING PROCEDURES REPORT
12 required under this section for the school year ending in the
13 immediately preceding fiscal year.

14 (3) Each district and intermediate district shall file with the
15 department an annual comprehensive financial report, known as "Form B",
16 on a form and in the manner prescribed by the department. ~~A district~~
17 ~~shall file the Form B report with the intermediate district not later~~
18 ~~than 120 days after the end of each school year. An intermediate~~
19 ~~district shall forward the Form B reports for its constituent districts~~
20 ~~and the Form B report for the intermediate district to the department~~
21 by November 15 of each year.

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

26 (5) If a district or intermediate district does not comply with
27 subsection (2) or (3), the department shall withhold all state school
28 aid due to the district or intermediate district under this act,
29 beginning with the next payment due to the district or intermediate
30 district, until the district or intermediate district complies with

1 subsections (2) and (3). If the district or intermediate district does
2 not comply with subsections (2) and (3) by the end of the fiscal year,
3 the district or intermediate district forfeits the amount withheld.

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

17 Sec. 19. (1) A district shall comply with the requirements of
18 sections 1204a, 1277, 1278, and 1280 of the REVISED school code of
19 ~~1976~~, being sections 380.1204a, 380.1277, 380.1278, and 380.1280 of the
20 Michigan Compiled Laws, commonly referred to as "public act 25 of
21 1990".

22 (2) Each district and intermediate district shall provide to the
23 department, in a form and manner prescribed by the department,
24 information necessary for the development of an annual progress report
25 on the implementation of sections 1204a, 1277, 1278, and 1280 of the
26 REVISED school code of ~~1976~~, commonly referred to as "public act 25 of
27 1990", and on the achievement of national education goals.

28 (3) If a district or intermediate district fails to meet the
29 requirements of subsection (2) and sections 1204a, 1277, and 1278 of
30 the REVISED school code of ~~1976~~, the department shall withhold 5% of

1 the total funds for which the district or intermediate district
2 qualifies under this act until the district or intermediate district
3 complies with all of those sections. If the district or intermediate
4 district does not comply with all of those sections by the end of the
5 fiscal year, the department shall place the amount withheld in an
6 escrow account until the district or intermediate district complies
7 with all of those sections.

8 (4) If a school in a district is not accredited under section 1280
9 of the REVISED school code of 1976 or is not making satisfactory
10 progress toward meeting the standards for that accreditation, the
11 department shall withhold 5% of the total funds for which the district
12 qualifies under this act that are attributable to pupils attending that
13 school. The department shall place the amount withheld from a district
14 under this subsection in an escrow account and shall not release the
15 funds to the district until the district submits to the department a
16 plan for achieving accreditation for each of the district's schools
17 that are not accredited under section 1280 of the REVISED school code
18 of 1976 or are not making satisfactory progress toward meeting the
19 standards for that accreditation. ~~In determining whether a district is~~
20 ~~making satisfactory progress toward meeting the standards for that~~
21 ~~accreditation, if a school's MEAP scores are improving compared to the~~
22 ~~school's own MEAP scores from prior years, the department shall not~~
23 ~~determine that the school is not making satisfactory progress based~~
24 ~~solely on MEAP scores.~~

25 Sec. 20. (1) From the appropriation in section 11, there is
26 allocated for ~~1995-96~~ 1996-97 an amount not to exceed ~~\$7,551,650,100.00~~
27 \$7,921,973,000.00 to guarantee each district a foundation allowance per
28 membership pupil, AND to make payments under this section to public
29 school academies and university schools, ~~and to fund payments under~~
30 ~~section 20h.~~ The amount of each district's foundation allowance shall

1 be calculated as provided in this section, using a basic foundation
2 allowance for ~~1995-96~~ in the amount of \$5,000.00, as adjusted by the
3 index under subsection (2). ~~If the maximum amount allocated under~~
4 ~~this section is not sufficient to fully fund payments under this~~
5 ~~section, and before any proration required under section 11, the amount~~
6 ~~of the payment to each district, university school, and public school~~
7 ~~academy shall be prorated by reducing by an equal percentage the total~~
8 ~~payment under this section to each district, university school, and~~
9 ~~public school academy.~~ NOTWITHSTANDING SECTION 11(3), IF THE AMOUNT
10 APPROPRIATED UNDER THIS SECTION EXCEEDS THE AMOUNT NECESSARY TO FULLY
11 FUND ALLOCATIONS UNDER THIS SECTION, THAT EXCESS AMOUNT SHALL NOT BE
12 EXPENDED, BUT INSTEAD SHALL REMAIN IN A SEPARATE ACCOUNT IN THE STATE
13 SCHOOL AID FUND TO BE USED TO PROVIDE ADDITIONAL SUPPORT FOR SCHOOL AID
14 SPENDING AFTER COMPLETION OF THE PHASE OUT OF ADDITIONAL PAYMENTS TO
15 DISTRICTS PURSUANT TO SECTION 20G. THIS PHASE OUT IS EXPECTED TO BE
16 COMPLETED IN 1997-98.

17 (2) For 1995-96 and each succeeding fiscal year, the basic
18 foundation allowance shall be determined by multiplying the amount of
19 the basic foundation allowance for the immediately preceding state
20 fiscal year AS ADJUSTED PURSUANT TO SUBSECTION (6) by the index
21 calculated under this subsection. This result is the amount of the
22 basic foundation allowance per membership pupil for the current state
23 fiscal year. The index to be used shall be determined, using the
24 procedures described in subsection ~~(5)~~ (6), as follows:

25 (a) The numerator of the fraction to be used in calculating the
26 index is the total state school aid fund revenue for the current state
27 fiscal year, adjusted for any change in the rate or base of a tax the
28 proceeds of which are deposited in that fund. ~~Beginning with the~~
29 ~~calculation of the index for 1996-97, the numerator of the fraction to~~
30 ~~be used in calculating the index is the average annual total state~~

~~1 school aid fund revenue over the current and the immediately preceding~~
~~2 state fiscal years, adjusted for any change in the rate or base of a~~
~~3 tax the proceeds of which are deposited in that fund.~~

4 (b) The denominator of the fraction to be used in calculating the
5 index is the total state school aid fund revenue for the immediately
6 preceding state fiscal year, adjusted for any change in the rate or
7 base of a tax the proceeds of which are deposited in that fund.
8 ~~Beginning with the calculation of the index for 1996-97, the~~
9 ~~denominator of the fraction to be used in calculating the index is the~~
10 ~~average annual total state school aid fund revenue over the 2~~
11 ~~immediately preceding state fiscal years, adjusted for any change in~~
12 ~~the rate or base of a tax the proceeds of which are deposited in that~~
13 ~~fund.~~

14 (c) The resulting revenue adjustment factor derived under
15 subdivisions (a) and (b) shall then be adjusted by a pupil membership
16 adjustment factor. The pupil membership adjustment factor shall be
17 computed by dividing the membership for the school year ending in the
18 immediately preceding state fiscal year, excluding intermediate
19 district membership, by the membership for the school year ending in
20 the current state fiscal year, excluding intermediate district
21 membership. This pupil adjustment factor shall be multiplied by the
22 fraction derived under subdivisions (a) and (b) to determine the index.

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

28 (a) For a district that in the immediately preceding state fiscal
29 year had a foundation allowance at least equal to the sum of \$4,200.00
30 plus the total dollar amount of all adjustments made from 1994-95 to

1 the immediately preceding state fiscal year in the lowest foundation
2 allowance among all districts pursuant to the index under subsection
3 (2), but less than the basic foundation allowance in the immediately
4 preceding state fiscal year, the district shall receive a foundation
5 allowance in an amount equal to the sum of the district's foundation
6 allowance for the immediately preceding state fiscal year plus the
7 difference between twice the dollar amount of the adjustment from the
8 immediately preceding state fiscal year to the current state fiscal
9 year made in the basic foundation allowance pursuant to the index under
10 subsection (2) and [(the dollar amount of the adjustment from the
11 immediately preceding state fiscal year to the current state fiscal
12 year made in the basic foundation allowance pursuant to the index under
13 subsection (2) minus \$50.00) times (the difference between the
14 district's foundation allowance for the immediately preceding state
15 fiscal year and the sum of \$4,200.00 plus the total dollar amount of
16 all adjustments made from 1994-95 to the immediately preceding state
17 fiscal year in the lowest foundation allowance among all districts
18 pursuant to the index under subsection (2)) divided by the difference
19 between the basic foundation allowance for the current state fiscal
20 year and the sum of \$4,200.00 plus the total dollar amount of all
21 adjustments made from 1994-95 to the immediately preceding state fiscal
22 year in the lowest foundation allowance among all districts pursuant to
23 the index under subsection (2)]. However, the foundation allowance for
24 a district that had less than the basic foundation allowance in the
25 immediately preceding state fiscal year shall not exceed the basic
26 foundation allowance for the current state fiscal year.

27 (b) For a district that in the immediately preceding state fiscal
28 year had a foundation allowance in an amount at least equal to the
29 amount of the basic foundation allowance as adjusted by the index under
30 subsection (2), the district shall receive a foundation allowance in an

1 amount equal to the sum of the district's foundation allowance for the
2 immediately preceding state fiscal year plus the dollar amount of the
3 adjustment from the immediately preceding state fiscal year to the
4 current state fiscal year in the basic foundation allowance pursuant to
5 the index under subsection (2).

6 (4) To ensure that a district receives the district's foundation
7 allowance, there is allocated to each district a state portion of the
8 district's foundation allowance in an amount calculated under this
9 subsection. The state portion of a district's foundation allowance is
10 an amount equal to the district's foundation allowance or \$6,500.00,
11 whichever is less, minus the difference between the product of the
12 taxable value per membership pupil of all property in the district that
13 is not a homestead or qualified agricultural property times the lesser
14 of 18 mills or the number of mills of school operating taxes levied by
15 the district in 1993-94 and the quotient of the ad valorem property tax
16 revenue of the district captured under Act No. 197 of the Public Acts
17 of 1975, being sections 125.1651 to 125.1681 of the Michigan Compiled
18 Laws, the tax increment finance authority act, Act No. 450 of the
19 Public Acts of 1980, being sections 125.1801 to 125.1830 of the
20 Michigan Compiled Laws, or the local development financing act, Act No.
21 281 of the Public Acts of 1986, being sections 125.2151 to 125.2174 of
22 the Michigan Compiled Laws, divided by the district's membership. For
23 a district that has a millage reduction required under section 31 of
24 article IX of the state constitution of 1963, the state portion of the
25 district's foundation allowance shall be calculated as if that
26 reduction did not occur. For 1995-96 and each succeeding fiscal year,
27 the \$6,500.00 amount prescribed in this subsection shall be adjusted by
28 an amount equal to the dollar amount of the adjustment from the
29 immediately preceding state fiscal year to the current state fiscal
30 year in the basic foundation allowance pursuant to the index under

1 subsection (2).

2 (5) The indices AND BASIC FOUNDATION ALLOWANCE to be computed under
3 this section for each state fiscal year shall be a topic of each
4 revenue estimating conference conducted under section 367b of the
5 management and budget act, Act No. 431 of the Public Acts of 1984,
6 being section 18.1367b of the Michigan Compiled Laws. If a revenue
7 estimating conference fails to reach a consensus on the estimate of an
8 index, the state treasurer shall compute an estimated index and certify
9 it to the director of the department of management and budget and the
10 superintendent of public instruction. The index estimated at the most
11 recent revenue estimating conference held before June 30 of the
12 immediately preceding state fiscal year, or calculated by the state
13 treasurer if the revenue estimating conference fails to reach a
14 consensus of the index, shall be the index ~~for the current state fiscal~~
15 ~~year and shall be~~ used as the basis for making payments under this act.
16 ~~for the current state fiscal year.~~

17 (6) FOR PURPOSES OF ESTABLISHING THE MOST ACCURATE FOUNDATION
18 ALLOWANCES AND FOR MAKING PAYMENTS UNDER THIS ACT FOR 1996-97, THE
19 FOLLOWING STEPS SHALL BE FOLLOWED:

20 (A) AFTER THE FINAL BOOK CLOSING FOR FISCAL YEAR 1994-95, THE STATE
21 TREASURER SHALL CALCULATE THE FINAL CERTIFIED BASIC FOUNDATION
22 ALLOWANCE FOR 1994-95. THE FINAL CERTIFIED BASIC FOUNDATION ALLOWANCE
23 FOR 1994-95 SHALL NOT BE USED AS A BASIS FOR ANY PAYMENT ADJUSTMENTS IN
24 1995-96 OR ANY PREVIOUS YEAR.

25 (B) A REESTIMATED 1995-96 BASIC FOUNDATION ALLOWANCE SHALL BE
26 CALCULATED USING THE FINAL CERTIFIED BASIC FOUNDATION ALLOWANCE FOR
27 1994-95 AND REESTIMATED INDEX FACTORS FOR 1995-96. THE REESTIMATED
28 INDEX FACTORS FOR 1995-96 SHALL BE DETERMINED AT THE REVENUE ESTIMATING
29 CONFERENCE IDENTIFIED IN SUBSECTION (5), OR CERTIFIED BY THE TREASURER
30 IN THE EVENT OF A FAILURE TO REACH A CONSENSUS. THE REESTIMATED 1995-

1 96 BASIC FOUNDATION ALLOWANCE AND THE REESTIMATED INDEX FACTORS FOR
2 1995-96 SHALL ONLY BE USED FOR PURPOSES OF ESTABLISHING THE 1996-97
3 BASIC FOUNDATION ALLOWANCE AND SHALL NOT BE USED TO ADJUST THE 1995-96
4 FOUNDATION PAYMENTS.

5 (C) THE 1996-97 BASIC FOUNDATION ALLOWANCE SHALL BE CALCULATED USING
6 THE INDEX FACTORS DETERMINED AT THE REVENUE ESTIMATING CONFERENCE
7 IDENTIFIED IN SUBSECTION (5), OR CERTIFIED BY THE TREASURER IN THE
8 EVENT OF A FAILURE TO REACH A CONSENSUS, APPLIED TO A REESTIMATED 1995-
9 96 BASIC FOUNDATION ALLOWANCE.

10 ~~(6)~~ (7) The allocation under this section for a pupil shall be based
11 on the foundation allowance of the pupil's district of residence. For
12 a pupil in membership in a K-5, K-6, or K-8 district who is enrolled in
13 another district in a grade not offered by the pupil's district of
14 residence, the allocation under this section shall be based on the
15 foundation allowance of the educating district. ~~if the educating~~
16 ~~district's foundation allowance is greater than the foundation~~
17 ~~allowance of the pupil's district of residence.~~

18 ~~(7)~~ (8) Subject to subsection ~~(8)~~ (9) and except as otherwise
19 provided in this subsection, for pupils in membership in a public
20 school academy or a university school, there is allocated under this
21 section for ~~1995-96~~ 1996-97 to the authorizing body that is the fiscal
22 agent for a public school academy for forwarding to the public school
23 academy, or to the board of the public university operating the
24 university school, an amount per membership pupil in the public school
25 academy or university school equal to the sum of the local school
26 operating revenue per membership pupil for the district in which the
27 public school academy or university school is located and the state
28 portion of that district's foundation allowance, or \$5,500.00,
29 whichever is less. For 1995-96 and each succeeding fiscal year, the
30 \$5,500.00 amount prescribed in this subsection shall be adjusted by an

1 amount equal to the dollar amount of the adjustment from the
2 immediately preceding state fiscal year to the current state fiscal
3 year in the basic foundation allowance pursuant to the index under
4 subsection (2). Notwithstanding section ~~101(2)~~ 101(3), for a public
5 school academy that begins operations in ~~1995-96~~ 1996-97 after the
6 pupil membership count day, the amount per membership pupil calculated
7 under this subsection shall be adjusted by multiplying that amount per
8 membership pupil by the number of hours of pupil instruction provided
9 by the public school academy after it begins operations, as determined
10 by the department, divided by 990. The result of this calculation
11 shall not exceed the amount per membership pupil otherwise calculated
12 under this subsection. Also, a public school academy that begins
13 operations in ~~1995-96~~ 1996-97 after the pupil membership count day
14 shall not receive any funds under this section unless the public school
15 academy provides for the school year a number of hours of pupil
16 instruction that is at least in the same proportion to 990 hours as the
17 number of days of pupil instruction provided by the public school
18 academy for the school year is in proportion to 180 days.

19 ~~(8)~~ (9) If more than 25% of the pupils residing within a district
20 are in membership in a public school academy located in the district,
21 then the amount per membership pupil allocated under this section to
22 the authorizing body that is the fiscal agent for a public school
23 academy located in the district for forwarding to the public school
24 academy shall be reduced by an amount equal to the local school
25 operating revenue per membership pupil in the school fiscal year ending
26 in the current state fiscal year, calculated as if the resident pupils
27 in membership in a public school academy located in the district were
28 in membership in the district. In order to receive state school aid
29 under this act, a district described in this subsection shall pay to
30 the authorizing body that is the fiscal agent for a public school

1 academy located in the district for forwarding to the public school
2 academy an amount equal to that local school operating revenue per
3 membership pupil for each resident pupil in membership in the public
4 school academy, as determined by the department.

5 ~~(9)~~ (10) If a district does not receive a payment under subsection
6 ~~(10)~~ (11); if the number of mills the district may levy on a homestead
7 and qualified agricultural property under section 1211(1) of the
8 REVISED school code of ~~1976~~, being section 380.1211 of the Michigan
9 Compiled Laws, is 0.5 mills or less; and if the district elects not to
10 levy those mills, the district instead shall receive a separate
11 supplemental payment under this subsection in an amount equal to the
12 amount the district would have received had it levied those mills, as
13 determined by the department of treasury. A district shall not receive
14 a separate supplemental payment under this subsection for a fiscal year
15 unless in the calendar year ending in the fiscal year the district
16 levies 18 mills or the number of mills of school operating taxes levied
17 by the district in 1993, whichever is less, on property that is not a
18 homestead or qualified agricultural property.

19 ~~(10)~~ (11) For a district that had combined state and local revenue
20 per membership pupil in the 1993-94 state fiscal year of more than
21 \$6,500.00 and that had fewer than 350 pupils in membership, if the
22 district elects not to reduce the number of mills from which a
23 homestead and qualified agricultural property are exempt and not to
24 levy school operating taxes on a homestead and qualified agricultural
25 property as provided in section 1211(1) of the REVISED school code of
26 ~~1976~~ and not to levy school operating taxes on all property as provided
27 in section 1211(2) of the REVISED school code of ~~1976~~, there is
28 allocated under this subsection for 1994-95 and each succeeding fiscal
29 year a separate supplemental payment in an amount equal to the amount
30 the district would have received per membership pupil had it levied

1 school operating taxes on a homestead and qualified agricultural
2 property at the rate authorized for the district under section 1211(1)
3 of the REVISED school code of ~~1976~~ and levied school operating taxes on
4 all property at the rate authorized for the district under section
5 1211(2) of the REVISED school code of ~~1976~~, as determined by the
6 department of treasury. A district shall not receive a separate
7 supplemental payment under this subsection for a fiscal year unless in
8 the calendar year ending in the fiscal year the district levies 18
9 mills or the number of mills of school operating taxes levied by the
10 district in 1993, whichever is less, on property that is not a
11 homestead or qualified agricultural property.

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

15 (13) For a district that is formed or reconfigured after June 1,
16 1994 by consolidation of 2 or more districts or by annexation, the
17 resulting district's foundation allowance under this section beginning
18 after the effective date of the consolidation or annexation shall be
19 the average of the foundation allowances of each of the original or
20 affected districts, calculated as provided in this section, weighted as
21 to the percentage of pupils in total membership in the resulting
22 district who reside in the geographic area of each of the original
23 districts. If an affected district's foundation allowance is less than
24 the basic foundation allowance, as adjusted under subsection (2), the
25 amount of that district's foundation allowance shall be considered for
26 the purpose of calculations under this subsection to be equal to the
27 amount of the basic foundation allowance.

28 (14) ~~All fractions~~ EACH FRACTION used in making calculations under
29 this section shall be rounded to the fourth decimal place and the
30 dollar amount of an increase in a THE BASIC foundation allowance shall

1 be rounded to the nearest whole dollar.

2 (15) As used in this section:

3 (a) "Combined state and local revenue per membership pupil" AND
4 "TOTAL STATE AND LOCAL PER PUPIL REVENUE" means the aggregate of the
5 district's state school aid received by or paid on behalf of the
6 district under this section, ~~except for payments under subsection (11),~~
7 and the district's local school operating revenue, divided by the
8 district's membership.

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

11 (c) "Homestead" means that term as defined in section 1211 of the
12 REVISED school code ~~of 1976~~.

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

15 (e) "Local school operating revenue" means school operating taxes
16 levied under section 1211 of the REVISED school code ~~of 1976~~.

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

20 (g) "Membership" means the definition of that term under section 6
21 as in effect for the particular fiscal year for which a particular
22 calculation is made.

23 (h) "Qualified agricultural property" means that term as defined in
24 section 1211 of the REVISED school code ~~of 1976~~.

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

27 (j) "School operating taxes" means local ad valorem property taxes
28 levied under section 1211 of the REVISED school code ~~of 1976~~ and
29 retained for school operating purposes.

30 (k) "Taxable value per membership pupil" means taxable value, as

1 certified by the department of treasury, for the calendar year ending
2 in the current state fiscal year divided by the district's membership
3 for the school year ending in the current state fiscal year.

4 (16) STATE PAYMENTS RELATED TO THE FOUNDATION ALLOWANCES FOR SPECIAL
5 EDUCATION MEMBERSHIP PUPILS SHALL NOT BE FUNDED UNDER THIS SECTION BUT
6 SHALL BE FUNDED UNDER SECTION 51.

7 Sec. 20c. (1) From the appropriation in section 11, there is
8 allocated for ~~1994-95~~ 1996-97 an amount not to exceed ~~\$600,000,000.00~~
9 \$200,000,000.00 for making an additional payment to districts for ~~1994-~~
10 ~~95~~ 1996-97 only. The payment shall be made by the state treasurer in 2
11 equal installments, on August 20, ~~1995~~ 1997 and September 20, ~~1995~~
12 1997, or on the next succeeding business day.

13 (2) The amount of the payment to a district under this section shall
14 be calculated by dividing ~~\$600,000,000.00~~ \$200,000,000.00 by the total
15 statewide membership of all districts and multiplying that quotient
16 times the district's membership. If a public school academy is the
17 ~~successor entity to an alternative public school operated by an~~
18 ~~intermediate district under former section 23d and demonstrates to the~~
19 department that it was authorized as a public school academy under the
20 REVISED school code of ~~1976~~ before July 1, ~~1995~~ AUGUST 1, 1997 and that
21 it is planning to operate as a public school academy for the entire
22 ~~1995-96~~ 1997-98 school year, then for the purpose of calculating
23 payments under this section to the public school academy, the public
24 school academy shall be considered to have had a ~~1994-95~~ membership
25 equal to the ~~1994-95 membership of the alternative public school, as~~
26 ~~calculated under former section 23d(5).~~ AN ESTIMATED PUPIL COUNT FOR
27 THE PUPIL COUNT DAY OF THE 1997-98 SCHOOL YEAR AS SUBMITTED BY THE
28 AUTHORIZING BODY TO THE DEPARTMENT AND APPROVED BY THE DEPARTMENT.

29 (3) The payments under this section are estimated advance payments
30 of the state foundation allowance and supplemental allowance under

1 section 20 for the state fiscal year ending September 30, ~~1996~~ 1998. A
2 district shall not accrue a payment under this section to the school
3 fiscal year ending June 30, ~~1995~~ 1997.

4 Sec. 20d. In making the final determination required under former
5 section 20a of a district's combined state and local revenue per
6 membership pupil in 1993-94 and under section 20 of a district's 1994-
7 95 millage rate, AND 1995-96 AND 1996-97 FOUNDATION ALLOWANCES, the
8 department and the department of treasury shall comply with all of the
9 following:

10 ~~— (a) The department and the department of treasury shall not~~
11 ~~consider, and shall not make any adjustment under section 121 to the~~
12 ~~valuation of a district because of, any state tax tribunal decision or~~
13 ~~order or court decision or order issued after the June 20, 1994~~
14 ~~certification date under former section 20a unless the court decision~~
15 ~~or order modifies a state tax tribunal decision or order issued before~~
16 ~~June 20, 1994 that was included in making the determination of the~~
17 ~~district's combined state and local revenue per membership pupil in~~
18 ~~1994 under section 20a.~~

19 ~~— (b) The department and the department of treasury shall not~~
20 ~~consider, and shall not make any other adjustment to a district's~~
21 ~~combined state and local revenue per membership pupil in 1993-94~~
22 ~~because of any information submitted or audits completed after May 1,~~
23 ~~1995. However, the department and the department of treasury may~~
24 ~~consider information or clarifications submitted not later than June~~
25 ~~15, 1995 in response to a request by the department or department of~~
26 ~~treasury.~~

27 ~~— (c) Not later than August 30, 1995, the department of treasury shall~~
28 ~~make a final certification of the number of mills that may be levied by~~
29 ~~a school district under section 1211 of the school code of 1976, being~~
30 ~~section 380.1211 of the Michigan Compiled Laws.~~

1 (1) FOR DISTRICTS THAT HAD COMBINED STATE AND LOCAL REVENUE PER
2 MEMBERSHIP PUPIL IN THE 1994-95 STATE FISCAL YEAR OF \$6,500.00 OR MORE
3 AND SERVED AS A FISCAL AGENT FOR A VOCATIONAL EDUCATION CONSORTIUM IN
4 THE 1993-94 SCHOOL YEAR, TOTAL STATE SCHOOL AID RECEIVED BY OR PAID ON
5 BEHALF OF THE DISTRICT PURSUANT TO THIS ACT IN 1993-94 SHALL EXCLUDE
6 PAYMENTS MADE UNDER FORMER SECTION 146 AND UNDER SECTION 147 ON BEHALF
7 OF THE DISTRICT'S EMPLOYEES WHO PROVIDED DIRECT SERVICES TO THE
8 VOCATIONAL EDUCATION CONSORTIUM. NOT LATER THAN JUNE 30, 1996, THE
9 DEPARTMENT SHALL MAKE AN ADJUSTMENT TO A DISTRICT'S COMBINED STATE AND
10 LOCAL REVENUE PER MEMBERSHIP PUPIL IN THE 1994-95 STATE FISCAL YEAR AND
11 THE DEPARTMENT OF TREASURY SHALL MAKE A FINAL CERTIFICATION OF THE
12 NUMBER OF MILLS THAT MAY BE LEVIED BY A SCHOOL DISTRICT ELIGIBLE FOR AN
13 ADJUSTMENT AS A RESULT OF THIS SUBSECTION UNDER SECTION 1211 OF THE
14 REVISED SCHOOL CODE, BEING SECTION 380.1211 OF THE MICHIGAN COMPILED
15 LAWS.

16 (2) IF A DISTRICT HAD AN ADJUSTMENT MADE TO ITS 1993-94 TOTAL STATE
17 SCHOOL AID WHICH EXCLUDED PAYMENTS MADE UNDER FORMER SECTION 146 AND
18 UNDER SECTION 147 ON BEHALF OF THE DISTRICT'S EMPLOYEES WHO PROVIDED
19 DIRECT SERVICES FOR INTERMEDIATE DISTRICT CENTER PROGRAMS OPERATED BY
20 THE DISTRICT UNDER ARTICLE 5 AND NONRESIDENT PUPILS ATTENDING THE
21 CENTER PROGRAMS WERE INCLUDED IN THE DISTRICT'S MEMBERSHIP FOR PURPOSES
22 OF CALCULATING THE COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP
23 PUPIL FOR 1993-94 AND THERE IS A SIGNED AGREEMENT BY ALL CONSTITUENT
24 DISTRICTS OF THE INTERMEDIATE DISTRICT THAT AN ADJUSTMENT UNDER THIS
25 SUBSECTION SHALL BE MADE, THE FOUNDATION ALLOWANCES FOR 1995-96 AND
26 1996-97 OF ALL DISTRICTS WHICH HAD PUPILS ATTENDING THE INTERMEDIATE
27 DISTRICT CENTER PROGRAM OPERATED BY A DISTRICT WHICH HAD AN ADJUSTMENT
28 MADE TO ITS 1993-94 TOTAL STATE SCHOOL AID THAT EXCLUDED PAYMENTS UNDER
29 FORMER SECTION 146 AND UNDER SECTION 147 SHALL BE CALCULATED AS IF
30 THEIR COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL FOR 1993-94

1 INCLUDED RESIDENT PUPILS ATTENDING THE CENTER AND EXCLUDED NONRESIDENT
2 PUPILS ATTENDING THE CENTER.

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

9 (2) The amount of the payment to a district under this section shall
10 be calculated by dividing \$400,000,000.00 by the total statewide
11 membership of all districts and multiplying that quotient times the
12 district's membership. IF A PUBLIC SCHOOL ACADEMY DEMONSTRATES TO THE
13 DEPARTMENT THAT IT WAS AUTHORIZED AS A PUBLIC SCHOOL ACADEMY UNDER THE
14 REVISED SCHOOL CODE BEFORE AUGUST 1, 1996 AND THAT IT IS PLANNING TO
15 OPERATE AS A PUBLIC SCHOOL ACADEMY FOR THE ENTIRE 1996-97 SCHOOL YEAR,
16 THEN FOR THE PURPOSE OF CALCULATING PAYMENTS UNDER THIS SECTION TO THE
17 PUBLIC SCHOOL ACADEMY, THE PUBLIC SCHOOL ACADEMY SHALL BE CONSIDERED TO
18 HAVE A MEMBERSHIP EQUAL TO AN ESTIMATED PUPIL COUNT FOR THE PUPIL COUNT
19 DAY OF THE 1996-97 SCHOOL YEAR AS SUBMITTED BY THE AUTHORIZING BODY TO
20 THE DEPARTMENT AND APPROVED BY THE DEPARTMENT.

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

26 SEC. 20H. NOTWITHSTANDING SEC. 20, STATE PAYMENTS RELATED TO THE
27 FOUNDATION ALLOWANCES FOR SPECIAL EDUCATION MEMBERSHIP PUPILS SHALL NOT
28 BE FUNDED UNDER SECTION 20 BUT SHALL BE FUNDED UNDER SECTION 51.

29 Sec. 21b. (1) Subject to subsection (2), a district shall use funds
30 allocated under this act to support the attendance of a district pupil

1 at a public or private degree-granting postsecondary institution that
2 is located in this state or that is a party to a reciprocal agreement
3 approved by the state board with a public or private degree-granting
4 postsecondary institution located in this state, if all of the
5 following conditions are met:

6 (a) The pupil has earned sufficient credits so that he or she is in
7 at least grade 12 and has qualified for a state endorsement in all of
8 the subject areas specified in section ~~104a~~ 1279 OF THE REVISED SCHOOL
9 CODE, BEING SECTION 380.1279 OF THE MICHIGAN COMPILED LAWS OR OTHER
10 STATUTORY PROVISION, but he or she has not yet completed all local
11 graduation requirements.

12 (b) The pupil is enrolled in the district and is also enrolled in
13 the postsecondary institution during the district's regular academic
14 year.

15 (2) A district shall pay tuition and fees under this section only
16 for a course that is not offered by the district and is an academic
17 course not ordinarily taken as an activity course.

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

25 (4) If the pupil provides the postsecondary institution with writ-
26 ten proof of eligibility for tuition and fee support from the district,
27 a postsecondary institution enrolling a pupil described in this section
28 shall transmit to the district a bill detailing the tuition and fees
29 for the dual-enrollment course of the dually-enrolled pupil. The
30 district shall cause to be paid to the postsecondary institution on

1 behalf of the pupil an amount not to exceed the lesser of the actual
2 charge for tuition and fees or the sum of the district's local school
3 operating revenue per membership pupil and the state portion of the
4 district's foundation allowance under section 20, adjusted for the
5 proportion of the school year that the pupil attends the postsecondary
6 institution. The pupil is responsible for payment of the remainder of
7 the tuition and fees associated with his or her dual enrollment. As
8 used in this subsection, "local school operating revenue per membership
9 pupil" means that term as defined in section 20.

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

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

16 (7) Each intermediate district shall collect from its constituent
17 districts and provide to the department, at the same time as it submits
18 the annual comprehensive financial report required under section 18(3),
19 a report on the dollars expended for dually-enrolled pupils, the number
20 of pupils eligible for dual enrollment, and the number of dually-
21 enrolled pupils during the immediately preceding school year in each of
22 its constituent districts. Not later than March 1 of each year, the
23 department shall prepare and submit to the house and senate fiscal
24 agencies and the department of management and budget a summary annual
25 report based on the information received under this subsection.

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

30 Sec. 23. (1) ~~For 1995-96,~~ an 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 of ~~1976~~, being sections 380.1204a, 380.1277, 380.1278, and 380.1280 of the Michigan Compiled Laws, commonly referred to as "public act 25 of 1990".

(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

1 program operated under this section is not eligible to be a member of
2 the public school employees retirement system established by the public
3 school employees retirement act of 1979, Act No. 300 of the Public Acts
4 of 1980, being sections 38.1301 to 38.1408 of the Michigan Compiled
5 Laws, unless other employees of the university are eligible for
6 membership in that retirement system.

7 Sec. 24. (1) Subject to subsection (2), from the appropriation in
8 section 11, there is allocated for ~~1995-96~~ 1996-97 to the educating
9 district or intermediate district an amount equal to 100% of the added
10 cost for educating pupils ~~under court jurisdiction placed~~ ASSIGNED BY A
11 COURT OR STATE AGENCY TO RESIDE in a juvenile detention facility or
12 child caring institution licensed by the state department of social
13 ~~services~~ FAMILY INDEPENDENCE AGENCY and approved by the department to
14 provide an on-grounds education program. The total amount to be paid
15 for ~~1995-96~~ 1996-97 under this section for added cost shall not exceed
16 \$7,000,000.00. For the purposes of this section, "added cost" shall be
17 computed by deducting all other revenue received under this act for
18 pupils described in this section and all applicable federal funds
19 received for pupils described in this section from total costs, as
20 approved by the department, for educating those pupils in the on-
21 grounds education program or in a program approved by the department
22 that is located on property adjacent to a juvenile detention facility
23 or child caring institution.

24 (2) Special education pupils funded under section 53 shall not be
25 funded under this section.

26 (3) Special education pupils funded under section 53 shall not be
27 counted under this section.

28 Sec. 31a. (1) From the appropriation in section 11, there is
29 allocated for ~~1995-96~~ 1996-97 an amount not to exceed \$230,000,000.00
30 for payments to eligible districts and eligible applicant public school

1 academies under this section. ~~Beginning in 1995-96,~~ subject SUBJECT to
2 sub-section (11), the amount of the additional allowance under this
3 section shall be based on the number of actual pupils in membership in
4 the district or public school academy who met the income eligibility
5 criteria for free breakfast, lunch, or milk in the immediately
6 preceding fiscal year, as determined under the national school lunch
7 act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761,
8 1762a, 1765 to 1766b, and 1769 to 1769h, and reported to the department
9 by December 31 of the immediately preceding fiscal year. HOWEVER, FOR
10 A PUBLIC SCHOOL ACADEMY THAT BEGAN OPERATIONS AS A PUBLIC SCHOOL
11 ACADEMY AFTER THE PUPIL MEMBERSHIP COUNT DAY OF THE IMMEDIATELY
12 PRECEDING SCHOOL YEAR, THE BASIS FOR THE ADDITIONAL ALLOWANCE UNDER
13 THIS SECTION SHALL BE THE NUMBER OF ACTUAL PUPILS IN MEMBERSHIP IN THE
14 PUBLIC SCHOOL ACADEMY WHO MET THE INCOME ELIGIBILITY CRITERIA FOR FREE
15 BREAKFAST, LUNCH, OR MILK IN THE CURRENT FISCAL YEAR.

16 (2) To be eligible to receive funding under this section, a public
17 school academy BEGINNING OPERATIONS IN 1996-97 shall apply to the
18 department, in a form and manner prescribed by the department, and a
19 district or EXISTING public school academy must meet all of the
20 following:

21 (a) The district's or public school academy's combined state and
22 local revenue per membership pupil in the ~~1995-96~~ CURRENT state fiscal
23 year, as calculated under section 20, is less than \$6,500.00, as
24 adjusted by the index calculated under section 20(2).

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

28 (3) An eligible district or eligible public school academy shall
29 receive under this section for each membership pupil in the district or
30 public school academy who met the income eligibility criteria for free

1 breakfast, lunch, or milk, as determined under the national school
2 lunch act and as reported to the department by October 31 of the
3 immediately preceding fiscal year and adjusted not later than December
4 31 of the immediately preceding fiscal year, an amount per pupil equal
5 to 11.5% of the district's foundation allowance or of the public school
6 academy's per membership pupil allocation under section 20 for the
7 current state fiscal year. HOWEVER, A PUBLIC SCHOOL ACADEMY THAT BEGAN
8 OPERATIONS AS A PUBLIC SCHOOL ACADEMY AFTER THE PUPIL MEMBERSHIP COUNT
9 DAY OF THE IMMEDIATELY PRECEDING SCHOOL YEAR SHALL RECEIVE UNDER THIS
10 SECTION FOR EACH MEMBERSHIP PUPIL IN THE PUBLIC SCHOOL ACADEMY WHO MET
11 THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR MILK, AS
12 DETERMINED UNDER THE NATIONAL SCHOOL LUNCH ACT AND AS REPORTED TO THE
13 DEPARTMENT BY OCTOBER 31 OF THE CURRENT FISCAL YEAR AND ADJUSTED NOT
14 LATER THAN DECEMBER 31 OF THE CURRENT FISCAL YEAR, AN AMOUNT PER PUPIL
15 EQUAL TO 11.5% OF THE PUBLIC SCHOOL ACADEMY'S PER MEMBERSHIP PUPIL
16 ALLOCATION UNDER SECTION 20 FOR THE CURRENT STATE FISCAL YEAR.

17 (4) Subject to subsections (8) and (9), a district or public school
18 academy receiving funding under this section shall use that money only
19 to provide instructional programs and direct noninstructional services,
20 including, but not limited to, medical or counseling services, for at-
21 risk pupils and for the purposes of subsection (5) and shall not use
22 any of that money for administrative costs or to supplant funds, except
23 for funds allocated to the district or public school academy under this
24 section in the immediately preceding year and already being used by the
25 district or public school academy for at-risk pupils. The instruction
26 or direct noninstructional services provided under this section may be
27 conducted before or after regular school hours or by adding extra
28 school days to the school year and may be conducted using a tutorial
29 method, with paraprofessionals working under the supervision of a
30 certificated teacher. The ratio of pupils to paraprofessionals shall

1 be between 10:1 and 15:1. Only 1 certificated teacher is required to
2 supervise instruction using a tutorial method.

3 (5) A district or public school academy that receives funds under
4 this section and that operates a school breakfast program under section
5 1272a of the REVISED school code of ~~1976~~, being section 380.1272a of
6 the Michigan Compiled Laws, shall use from those funds an amount, not
7 to exceed \$10.00 per pupil for whom the district or public school
8 academy receives funds under this section, necessary to operate the
9 school breakfast program.

10 (6) In order to provide accountability for the program funded under
11 this section, the superintendent of a district or chief executive of a
12 public school academy shall submit to the department, in a succinct
13 form and manner prescribed by the department, a written assurance of
14 the district's or public school academy's compliance with all
15 provisions of this section by May 20 of the current fiscal year. If a
16 district or public school academy does not comply with this subsection,
17 the department shall withhold an amount equal to the June payment due
18 under this section until the district or public school academy complies
19 with this subsection. If the district or public school academy does
20 not comply with this subsection by the end of the state fiscal year,
21 the withheld funds shall be forfeited to the school aid fund.

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

27 (8) Subject to subsection (5), any district may use up to 100% of
28 the funds it receives under this section to reduce the ratio of pupils
29 to teachers in grades K-6, or any combination of those grades, in
30 school buildings in which the percentage of pupils described in

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

13 (9) As a pilot project for a period of 3 fiscal years, a district
14 that is located in a county with a population of more than 350,000 and
15 less than 480,000 and that has more than 10,000 pupils in membership
16 shall expend funds received under this section, other than the amount
17 described in subsection (5), attributable to pupils enrolled in grades
18 K-3 for the purpose of reducing class size in grades K-3 in the
19 district to an average of not more than 17 pupils per class, with not
20 more than 19 pupils in any particular class, in each school building in
21 the district in which pupils described in subsection (1) constitute a
22 specified percentage of the total number of pupils in the building.

23 That specified percentage is as follows:

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

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

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

27 ~~(10) If necessary, and before any proration required under section~~
28 ~~11, the department shall prorate payments under this section by~~
29 ~~reducing the amount of the per pupil payment under this section by a~~
30 ~~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).~~

(11) (10) 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.

(12) (11) 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

1 received.

2 Sec. 36. (1) From the appropriation in section 11, there is
3 allocated an amount not to exceed ~~\$52,980,500.00~~ \$52,730,500.00 for
4 school readiness grants in ~~1995-96~~ 1996-97 to enable eligible
5 districts, as determined under section 37, to develop or expand, in
6 conjunction with whatever federal funds may be available, including,
7 but not limited to, federal funds under title I of the elementary and
8 secondary education act of 1965, Public Law 89-10, 102 Stat. 140,
9 chapter 1 of the Hawkins-Stafford elementary and secondary school
10 improvement amendments of 1988, Public Law 100-297, and the head start
11 act, subchapter B of chapter 8 of subtitle A of title VI of the omnibus
12 budget reconciliation act of 1981, Public Law 97-35, 42 U.S.C. 9831 to
13 9835, 9836 to 9844, 9846, and 9847 to 9852a, comprehensive compensatory
14 programs designed to improve the readiness and subsequent achievement
15 of educationally disadvantaged children as defined by the department
16 who will be at least 4, but less than 5 years of age, as of December 1
17 of the school year in which the programs are offered, and who show
18 evidence of 2 or more ~~"at-risk"~~ RISK factors as defined in the state
19 board report entitled "children at risk" that was adopted by the state
20 board on April 5, 1988. A comprehensive compensatory program funded
21 under this section shall include an age-appropriate educational
22 curriculum, nutritional services, health screening for participating
23 children, a plan for parent and legal guardian involvement, and
24 provision of referral services for families eligible for community
25 social services.

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

30 Sec. 37. (1) A district is eligible for an allocation under section

1 36 if the district meets all of the requirements in subsections (2),
2 (3), and (4).

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

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

10 (b) The estimated number of children in the community who meet the
11 criteria of section 36 and are being served by other early childhood
12 development programs operating in the community, and how that
13 calculation was made.

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

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

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

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

29 (b) The district provides for the active and continuous
30 participation of parents or guardians of the children in the program,

1 and describes the district's participation plan as part of the
2 application.

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

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

12 (ii) Paraprofessionals possessing proper training in early childhood
13 development OR ENROLLED IN TRAINING PROGRAMS, including, but not
14 limited to, a child development associate credential (CDA) or associate
15 degree in child development or other similar program, as approved by
16 the department.

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

26 (e) The district has established a school readiness advisory
27 committee consisting of, at a minimum, classroom teachers for
28 prekindergarten, kindergarten, and first grade; parents or guardians of
29 program participants; representatives from appropriate community
30 agencies and organizations; the district curriculum director or

1 equivalent administrator; and, if feasible, a school psychologist,
2 school social worker, or school counselor. In addition, at least 50%
3 ~~of the committee members shall be parents or guardians of program~~
4 ~~participants.~~ ONE PARENT OR GUARDIAN FOR EVERY 18 CHILDREN ENROLLED
5 SHALL SERVE ON THE COMMITTEE, WITH A MINIMUM OF TWO PARENT OR GUARDIAN
6 REPRESENTATIVES. The committee shall do all of the following:

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

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

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

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

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

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

19 (vii) Review, evaluate, and make recommendations to a local school
20 readiness program or programs for changes to the school readiness
21 program.

22 (f) The district has submitted for departmental approval a plan to
23 conduct and report annual school readiness program evaluations using
24 criteria approved by the department. At a minimum, the evaluations
25 shall include assessment of the gains in educational readiness and
26 progress through first grade of children participating in the school
27 readiness program.

28 (g) More than 50% of the children participating in the program meet
29 the income eligibility criteria for free or reduced price lunch, as
30 determined under the national school lunch act, chapter 281, 60 Stat.

1 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766b, and
2 1769 to 1769h, or meet the income and all other eligibility criteria
3 for the ~~state department of social services~~ FAMILY INDEPENDENCE AGENCY
4 unified child day care program.

5 (h) At least 18 of the district's resident children of the age group
6 specified in section 36, as described in section 36 and calculated
7 under section 38, are construed to be in need of special readiness
8 assistance. A district is also eligible for an allocation under
9 section 36 if at least 50 children, as described in section 36 and
10 calculated under section 38, are construed to be in need of special
11 readiness assistance, regardless of the percentage they comprise of the
12 district's resident children of the age group specified in section 36.
13 In addition, a consortium of 2 or more districts shall be eligible for
14 an allocation under section 36 if ~~each of those districts has less than~~
15 ~~18 of its resident children of the age group specified in section 36,~~
16 ~~as described in section 36 and calculated under section 38, and in~~
17 ~~combination the districts' number of children who are construed to be~~
18 ~~in need of special readiness assistance equals or exceeds 18.~~ THE
19 DISTRICTS AGREE TO DESIGNATE A SINGLE FISCAL AGENT FOR THE ALLOCATION.
20 A district or intermediate district may administer a consortium
21 described in this subdivision. A CONSORTIUM SHALL SUBMIT A SINGLE
22 PREAPPLICATION AND APPLICATION FOR THE CHILDREN TO BE SERVED,
23 REGARDLESS OF THE NUMBER OF DISTRICTS PARTICIPATING IN THE CONSORTIUM.
24 (4) With the final application, an applicant district shall submit
25 to the department a resolution adopted by its board certifying the
26 number of 4-year-old children who show evidence of ~~"at-risk"~~ RISK
27 factors as described in section 36, who meet the income eligibility
28 criteria for free or reduced price lunch or the income and all other
29 eligibility criteria for the ~~state department of social services~~ FAMILY
30 INDEPENDENCE AGENCY unified child day care program, and who will

1 participate in a school readiness program funded under section 36.

2 Sec. 38. The maximum number of prekindergarten children construed
3 to be in need of special readiness assistance under section 36 shall be
4 calculated for each district in the following manner: one-half of the
5 percentage of the district's pupils in grades ~~K-5~~ 1-5 who are eligible
6 for free lunch, as determined by the district's October count in the
7 immediately preceding school year under the national school lunch act,
8 chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761,
9 1762a, 1765 to 1769b, and 1769 to 1769h, as reported to the department
10 not later than December 31 of the immediately preceding fiscal year,
11 shall be multiplied by the average kindergarten enrollment of the
12 district on the pupil membership count day of the 2 immediately
13 preceding years.

14 Sec. 39. (1) The tentative allocation in ~~1995-96~~ 1996-97 to each
15 eligible district under section 36 shall be determined by multiplying
16 the number of children determined in section 38 or the number of
17 children the district indicates it will be able to serve under section
18 37(2)(c), whichever is less, by \$3,000.00 and shall be distributed
19 among districts in decreasing order of concentration of eligible
20 children as determined by section 38 until the money allocated in
21 section 36 is distributed.

22 (2) A district that has not less than 50 eligible children shall
23 receive priority over other eligible districts other than those
24 districts funded under subsection (3).

25 (3) A district that received funds under this section in at least 1
26 of the 2 immediately preceding fiscal years shall receive priority in
27 funding over other eligible districts. However, funding beyond 3 state
28 fiscal years is contingent upon the availability of funds; and
29 documented evidence satisfactory to the department of compliance with
30 all operational, fiscal, administrative, and other program

1 requirements; AND DOCUMENTED EVIDENCE SATISFACTORY TO THE DEPARTMENT
2 THAT THE DISTRICT OR CONSORTIUM SOLICITED CONTRACT BIDS FROM
3 APPROPRIATE COMMUNITY EARLY CHILDHOOD DEVELOPMENT PROGRAMS, INCLUDING
4 DISTRICT PERSONNEL, TO OPERATE THE PROGRAM. IF THE DISTRICT CHOOSES
5 NOT TO CONTRACT FOR SERVICES WITH THE LOWEST BIDDER, DOCUMENTED
6 EVIDENCE SHALL ALSO BE PRESENTED TO THE DEPARTMENT AS TO WHY THIS
7 DECISION WAS MADE.

8 (4) A PROGRAM WHICH OFFERS SUPPLEMENTARY DAY CARE AND THEREBY OFFERS
9 FULL-DAY PROGRAMS AS PART OF ITS EARLY CHILDHOOD DEVELOPMENT PROGRAM
10 SHALL RECEIVE PRIORITY IN THE ALLOCATION OF THESE FUNDS OVER OTHER
11 ELIGIBLE DISTRICTS OTHER THAN THOSE DISTRICTS FUNDED UNDER SUBSECTION
12 (3).

13 ~~(4)~~ (5) For any district with 315 or more eligible pupils, the
14 number of eligible pupils shall be 65% of the number calculated under
15 section 38. However, none of these districts may have less than 315
16 pupils for purposes of calculating the tentative allocation under
17 section 36.

18 ~~(5)~~ (6) If, taking into account the total amount to be allocated to
19 the district as calculated under this section, a district determines
20 that it is able to include additional eligible children in the school
21 readiness program without additional funds under this section, the
22 district may include additional eligible children but shall not receive
23 additional funding under this section for those children.

24 (7) A JOINT APPLICATION PROCESS AND FORM SHALL BE DEVELOPED BY THE
25 FAMILY INDEPENDENCE AGENCY AND THE DEPARTMENT FOR THOSE PARTICIPANTS
26 WHO MEET THE ELIGIBILITY CRITERIA FOR THE UNIFIED CHILD DAY CARE
27 PROGRAM CRITERIA.

28 Sec. 41. From the appropriation in section 11, there is allocated
29 an amount not to exceed \$4,212,000.00 for ~~1995-96~~ 1996-97 to applicant
30 districts and intermediate districts offering programs of bilingual

1 instruction for pupils of limited English-speaking ability ~~as required~~
2 ~~in PURSUANT TO~~ section 1153 of the REVISED school code of ~~1976~~, being
3 section 380.1153 of the Michigan Compiled Laws. Reimbursement shall be
4 on a per pupil basis and shall be based on the number of pupils of
5 limited English-speaking ability in membership on the pupil membership
6 count day. Funds allocated under this section shall be used solely for
7 bilingual instruction in speaking, reading, writing, or comprehension
8 of pupils of limited English-speaking ability. ~~As required by section~~
9 ~~1155 of the school code of 1976, being section 380.1155 of the Michigan~~
10 ~~Compiled Laws, a child of limited English-speaking ability residing in~~
11 ~~a school district operating or participating in a bilingual instruction~~
12 ~~program pursuant to section 1153 of the school code of 1976 shall be~~
13 ~~enrolled in the bilingual instruction program for 3 years or until the~~
14 ~~child achieves a level of proficiency in English language skills~~
15 ~~sufficient to receive an equal educational opportunity in the regular~~
16 ~~school program, whichever occurs first.~~

17 Sec. 51. (1) From the appropriation in section 11, there is
18 allocated ~~\$191,355,000.00~~ \$270,573,100.00 for 1995-96 to consist of an
19 amount not to exceed ~~\$121,355,000.00~~ \$200,573,100.00 from state sources
20 and \$70,000,000.00 in federal funding under sections 611 to 620 of part
21 B of the individuals with disabilities education act, title VI of
22 Public Law 91-230, 20 U.S.C. 1411 to 1420, plus any carryover federal
23 funds from previous year appropriations, for the purpose of reimbursing
24 districts and intermediate districts for special education programs,
25 services, and special education personnel as prescribed in article 3 of
26 the REVISED school code of ~~1976~~, being sections 380.1701 to 380.1766 of
27 the Michigan Compiled Laws; net tuition payments made by intermediate
28 districts to the Michigan school for the blind and the Michigan school
29 for the deaf AND BLIND; and programs for pupils with handicaps as
30 defined by the department. For meeting the costs of special education

1 programs and services not reimbursed under this article, a district or
2 intermediate district may use money in general funds or special
3 education funds, not otherwise restricted, or contributions from
4 districts to intermediate districts, tuition payments, gifts and
5 contributions from individuals, or federal funds that may be available
6 for this purpose, as determined by the intermediate district plan
7 prepared pursuant to article 3 of the REVISED school code of 1976.

8 (2) FROM THE FUNDS ALLOCATED IN SECTION 20(1), THERE IS ALLOCATED TO
9 THIS SECTION FOR 1995-96 AN ADDITIONAL SUM CALCULATED BY ADDING THE
10 PRODUCTS OF THE STATE PORTION OF THE FOUNDATION ALLOWANCE OF EACH
11 DISTRICT AS DETERMINED UNDER SECTION 20(4) TIMES THE NUMBER OF SPECIAL
12 EDUCATION FULL-TIME-EQUIVALENT PUPIL MEMBERSHIPS REPORTED BY EACH
13 DISTRICT PURSUANT TO SECTION 6(4) FOR THE PURPOSE OF REIMBURSING
14 DISTRICTS FOR TOTAL APPROVED COSTS OF SPECIAL EDUCATION. THE
15 DEPARTMENT SHALL REPORT THE AMOUNT OF THIS ALLOCATION TO THE
16 APPROPRIATION SUBCOMMITTEES RESPONSIBLE FOR OVERSIGHT OF THIS ACT AND
17 THE DEPARTMENT OF MANAGEMENT AND BUDGET NO LATER THAN AUGUST 1, 1996.
18 IF THE MAXIMUM AMOUNT ALLOCATED UNDER SECTION 20 IS NOT SUFFICIENT TO
19 FULLY FUND PAYMENTS UNDER THAT SECTION, THE AMOUNT OF ALLOCATION UNDER
20 THIS SUBSECTION SHALL BE PRORATED ACCORDING TO THE PROVISIONS OF
21 SECTION 11 FOR SECTION 20. THIS ALLOCATION IS ESTIMATED TO BE
22 \$293,772,900.00.

23 ~~(2)~~ (3) State funds shall be allocated on a total approved cost
24 basis. Federal funds shall be allocated under applicable federal
25 requirements, except that an amount not to exceed \$3,000,000.00 may be
26 allocated by the department to districts or intermediate districts on a
27 competitive grant basis for programs, equipment, and services that the
28 department determines to be designed to benefit or improve special
29 education on a statewide scale.

30 ~~(3)~~ (4) From the amount allocated in subsection (1), there is

1 allocated an amount not to exceed \$3,100,000.00 for 1995-96 to
2 reimburse 100% of the net increase in necessary costs incurred by a
3 district or intermediate district in implementing the revisions in the
4 administrative rules for special education that became effective on
5 July 1,1987. As used in this subsection, "net increase in necessary
6 costs" means the necessary additional costs incurred solely because of
7 new or revised requirements in the administrative rules minus cost
8 savings permitted in implementing the revised rules. Net increase in
9 necessary costs shall be determined in a manner specified by the
10 department.

11 ~~(4)~~ (5) For purposes of this article, all of the following apply:

12 (a) "Total approved costs of special education" shall be determined
13 in a manner specified by the department and may include indirect costs,
14 but shall not exceed 115% of approved direct costs for section 52 and
15 section 53 programs. The total approved costs include salary and other
16 compensation for all approved special education personnel for the
17 program, including payments for social security and medicare and public
18 school employee retirement system contributions. The total approved
19 costs do not include salaries or other compensation paid to
20 administrative personnel who are not special education personnel as
21 defined in section 6(6) of the REVISED school code of 1976. Costs
22 reimbursed by federal funds, other than those federal funds included in
23 the allocation made under this article, are not included. Special
24 education approved personnel not utilized full time in the evaluation
25 of students or in the delivery of special education programs,
26 ancillary, and other related services shall be reimbursed under this
27 section only for that portion of time actually spent providing these
28 programs and services, with the exception of special education programs
29 and services provided to youth placed in child caring institutions or
30 juvenile detention programs approved by the department to provide an

1 on-grounds education program.

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

14 ~~(5)~~ (6) From the appropriation in ~~section 11~~ SUBSECTION (1), there
15 is allocated for 1995-96 an amount not to exceed \$79,218,100.00 for
16 funding payments under this subsection for pupils counted in membership
17 under this subsection. A pupil who is enrolled in a full-time special
18 education program conducted or administered by an intermediate district
19 or a pupil who is enrolled in the Michigan school for the blind ~~or the~~
20 ~~Michigan school for the deaf~~ AND BLIND shall not be included in the
21 membership count of a district, but shall be counted in membership in
22 the intermediate district of residence. For each pupil, the
23 intermediate district shall receive the intermediate district weighted
24 average foundation allowance. However, if the total payment under this
25 subsection to an intermediate district is not within the parameters
26 specified in subsection ~~(6)~~ (7), the department shall adjust the
27 payment to the intermediate district to ensure that the total is within
28 those parameters. A district operating a center program for pupils
29 from several districts pursuant to an approved intermediate district
30 plan that had the pupils counted in membership in the intermediate

1 district in 1994-95 shall have the pupils counted in membership in the
2 intermediate district in 1995-96.

3 ~~(6)~~ (7) The total payment to an intermediate district under
4 subsection~~(5)~~ (6) shall be at least equal to 103.05% of, and shall not
5 exceed 106.10% of, the sum of all of the following:

6 (a) The 1994-95 allocation to the intermediate district under sub-
7 section (4).

8 (b) The 1994-95 allocation to the intermediate district under former
9 section 146a(2).

10 (c) The 1994-95 allocation to the intermediate district under former
11 section 147(5).

12 (d) 10% of the 1994-95 allocation to the intermediate district under
13 former section 146a(1).

14 (e) 10% of the 1994-95 allocation to the intermediate district under
15 former section 147(1).

16 ~~(7)~~ (8) Special education personnel transferred from 1 district to
17 another to implement the REVISED school code of ~~1976~~ shall be entitled
18 to the rights, benefits, and tenure to which the person would otherwise
19 be entitled had that person been employed by the receiving district
20 originally.

21 ~~(8)~~ (9) If a district or intermediate district uses money received
22 under this section for a purpose other than the purpose or purposes for
23 which the money is allocated, the department may require the district
24 or intermediate district to refund the amount of money received. Money
25 that is refunded shall be deposited in the state treasury to the credit
26 of the state school aid fund.

27 SEC. 51A. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
28 ALLOCATED \$273,573,100.00 FOR 1996-97 TO CONSIST OF AN AMOUNT NOT TO
29 EXCEED \$200,573,100.00 FROM STATE SOURCES AND \$73,000,000.00 IN FEDERAL
30 FUNDING UNDER SECTIONS 611 TO 620 OF PART B OF THE INDIVIDUALS WITH

1 DISABILITIES EDUCATION ACT, TITLE VI OF PUBLIC LAW 91-230, 20 U.S.C.
2 1411 TO 1420, PLUS ANY CARRYOVER FEDERAL FUNDS FROM PREVIOUS YEAR
3 APPROPRIATIONS, FOR THE PURPOSE OF REIMBURSING DISTRICTS AND
4 INTERMEDIATE DISTRICTS FOR SPECIAL EDUCATION PROGRAMS, SERVICES, AND
5 SPECIAL EDUCATION PERSONNEL AS PRESCRIBED IN ARTICLE 3 OF THE REVISED
6 SCHOOL CODE, BEING SECTIONS 380.1701 TO 380.1766 OF THE MICHIGAN
7 COMPILED LAWS; NET TUITION PAYMENTS MADE BY INTERMEDIATE DISTRICTS TO
8 THE MICHIGAN SCHOOL FOR THE DEAF AND BLIND; AND PROGRAMS FOR PUPILS
9 WITH HANDICAPS AS DEFINED BY THE DEPARTMENT. FOR MEETING THE COSTS OF
10 SPECIAL EDUCATION PROGRAMS AND SERVICES NOT REIMBURSED UNDER THIS
11 ARTICLE, A DISTRICT OR INTERMEDIATE DISTRICT MAY USE MONEY IN GENERAL
12 FUNDS OR SPECIAL EDUCATION FUNDS, NOT OTHERWISE RESTRICTED, OR
13 CONTRIBUTIONS FROM DISTRICTS TO INTERMEDIATE DISTRICTS, TUITION
14 PAYMENTS, GIFTS AND CONTRIBUTIONS FROM INDIVIDUALS, OR FEDERAL FUNDS
15 THAT MAY BE AVAILABLE FOR THIS PURPOSE, AS DETERMINED BY THE
16 INTERMEDIATE DISTRICT PLAN PREPARED PURSUANT TO ARTICLE 3 OF THE
17 REVISED SCHOOL CODE.

18 (2) FROM THE FUNDS ALLOCATED IN SECTION 20(1), THERE IS ALLOCATED TO
19 THIS SECTION FOR 1996-97 AN ADDITIONAL SUM CALCULATED BY ADDING THE
20 PRODUCTS OF THE STATE PORTION OF THE FOUNDATION ALLOWANCE OF EACH
21 DISTRICT AS DETERMINED UNDER SECTION 20(4) TIMES THE NUMBER OF SPECIAL
22 EDUCATION FULL-TIME-EQUIVALENT PUPIL MEMBERSHIPS REPORTED BY EACH
23 DISTRICT PURSUANT TO SECTION 6(4) FOR THE PURPOSE OF REIMBURSING
24 DISTRICTS FOR TOTAL APPROVED COSTS OF SPECIAL EDUCATION. THE
25 DEPARTMENT SHALL REPORT THE AMOUNT OF THIS ALLOCATION TO THE
26 APPROPRIATION SUBCOMMITTEES RESPONSIBLE FOR OVERSIGHT OF THIS ACT AND
27 THE DEPARTMENT OF MANAGEMENT AND BUDGET NO LATER THAN AUGUST 1, 1997.
28 IF THE MAXIMUM AMOUNT ALLOCATED UNDER SECTION 20 IS NOT SUFFICIENT TO
29 FULLY FUND PAYMENTS UNDER THAT SECTION, THE AMOUNT OF ALLOCATION UNDER
30 THIS SUBSECTION SHALL BE PRORATED ACCORDING TO THE PROVISIONS OF

1 SECTION 11 FOR SECTION 20. THIS ALLOCATION IS ESTIMATED TO BE
2 \$300,051,400.00.

3 (3) STATE FUNDS SHALL BE ALLOCATED ON A TOTAL APPROVED COST BASIS.
4 FEDERAL FUNDS SHALL BE ALLOCATED UNDER APPLICABLE FEDERAL REQUIREMENTS,
5 EXCEPT THAT AN AMOUNT NOT TO EXCEED \$3,000,000.00 MAY BE ALLOCATED BY
6 THE DEPARTMENT TO DISTRICTS OR INTERMEDIATE DISTRICTS ON A COMPETITIVE
7 GRANT BASIS FOR PROGRAMS, EQUIPMENT, AND SERVICES THAT THE DEPARTMENT
8 DETERMINES TO BE DESIGNED TO BENEFIT OR IMPROVE SPECIAL EDUCATION ON A
9 STATEWIDE SCALE.

10 (4) FROM THE AMOUNT ALLOCATED IN SUBSECTION (1), THERE IS ALLOCATED
11 AN AMOUNT NOT TO EXCEED \$3,100,000.00 FOR 1996-97 TO REIMBURSE 100% OF
12 THE NET INCREASE IN NECESSARY COSTS INCURRED BY A DISTRICT OR
13 INTERMEDIATE DISTRICT IN IMPLEMENTING THE REVISIONS IN THE
14 ADMINISTRATIVE RULES FOR SPECIAL EDUCATION THAT BECAME EFFECTIVE ON
15 JULY 1, 1987. AS USED IN THIS SUBSECTION, "NET INCREASE IN NECESSARY
16 COSTS" MEANS THE NECESSARY ADDITIONAL COSTS INCURRED SOLELY BECAUSE OF
17 NEW OR REVISED REQUIREMENTS IN THE ADMINISTRATIVE RULES MINUS COST
18 SAVINGS PERMITTED IN IMPLEMENTING THE REVISED RULES. NET INCREASE IN
19 NECESSARY COSTS SHALL BE DETERMINED IN A MANNER SPECIFIED BY THE
20 DEPARTMENT.

21 (5) FOR PURPOSES OF THIS ARTICLE, ALL OF THE FOLLOWING APPLY:

22 (A) "TOTAL APPROVED COSTS OF SPECIAL EDUCATION" SHALL BE DETERMINED
23 IN A MANNER SPECIFIED BY THE DEPARTMENT AND MAY INCLUDE INDIRECT COSTS,
24 BUT SHALL NOT EXCEED 115% OF APPROVED DIRECT COSTS FOR SECTION 52 AND
25 SECTION 53 PROGRAMS. THE TOTAL APPROVED COSTS INCLUDE SALARY AND OTHER
26 COMPENSATION FOR ALL APPROVED SPECIAL EDUCATION PERSONNEL FOR THE
27 PROGRAM, INCLUDING PAYMENTS FOR SOCIAL SECURITY AND MEDICARE AND PUBLIC
28 SCHOOL EMPLOYEE RETIREMENT SYSTEM CONTRIBUTIONS. THE TOTAL APPROVED
29 COSTS DO NOT INCLUDE SALARIES OR OTHER COMPENSATION PAID TO
30 ADMINISTRATIVE PERSONNEL WHO ARE NOT SPECIAL EDUCATION PERSONNEL AS

1 DEFINED IN SECTION 6(6) OF THE REVISED SCHOOL CODE. COSTS REIMBURSED
2 BY FEDERAL FUNDS, OTHER THAN THOSE FEDERAL FUNDS INCLUDED IN THE
3 ALLOCATION MADE UNDER THIS ARTICLE, ARE NOT INCLUDED. SPECIAL
4 EDUCATION APPROVED PERSONNEL NOT UTILIZED FULL TIME IN THE EVALUATION
5 OF STUDENTS OR IN THE DELIVERY OF SPECIAL EDUCATION PROGRAMS,
6 ANCILLARY, AND OTHER RELATED SERVICES SHALL BE REIMBURSED UNDER THIS
7 SECTION ONLY FOR THAT PORTION OF TIME ACTUALLY SPENT PROVIDING THESE
8 PROGRAMS AND SERVICES, WITH THE EXCEPTION OF SPECIAL EDUCATION PROGRAMS
9 AND SERVICES PROVIDED TO YOUTH PLACED IN CHILD CARING INSTITUTIONS OR
10 JUVENILE DETENTION PROGRAMS APPROVED BY THE DEPARTMENT TO PROVIDE AN
11 ON-GROUNDS EDUCATION PROGRAM.

12 (B) REIMBURSEMENT FOR ANCILLARY AND OTHER RELATED SERVICES, AS
13 DEFINED BY R 340.1701 OF THE MICHIGAN ADMINISTRATIVE CODE, SHALL NOT BE
14 PROVIDED WHEN THOSE SERVICES ARE COVERED BY AND AVAILABLE THROUGH
15 PRIVATE GROUP HEALTH INSURANCE CARRIERS OR FEDERAL REIMBURSED PROGRAM
16 SOURCES UNLESS THE DEPARTMENT AND DISTRICT OR INTERMEDIATE DISTRICT
17 AGREE OTHERWISE AND THAT AGREEMENT IS APPROVED BY THE DEPARTMENT OF
18 MANAGEMENT AND BUDGET. EXPENSES, OTHER THAN THE INCIDENTAL EXPENSE OF
19 FILING, SHALL NOT BE BORNE BY THE PARENT. IN ADDITION, THE FILING OF
20 CLAIMS SHALL NOT DELAY THE EDUCATION OF A PUPIL. A DISTRICT OR
21 INTERMEDIATE DISTRICT SHALL BE RESPONSIBLE FOR PAYMENT OF A DEDUCTIBLE
22 AMOUNT AND FOR AN ADVANCE PAYMENT REQUIRED UNTIL THE TIME A CLAIM IS
23 PAID.

24 (6) FROM THE APPROPRIATION IN SUBSECTION (1), THERE IS ALLOCATED FOR
25 1996-97 AN AMOUNT NOT TO EXCEED \$79,218,100.00 FOR FUNDING PAYMENTS
26 UNDER THIS SUBSECTION FOR PUPILS COUNTED IN MEMBERSHIP UNDER THIS
27 SUBSECTION. A PUPIL WHO IS ENROLLED IN A FULL-TIME SPECIAL EDUCATION
28 PROGRAM CONDUCTED OR ADMINISTERED BY AN INTERMEDIATE DISTRICT OR A
29 PUPIL WHO IS ENROLLED IN THE MICHIGAN SCHOOL FOR THE DEAF AND BLIND
30 SHALL NOT BE INCLUDED IN THE MEMBERSHIP COUNT OF A DISTRICT, BUT SHALL

1 BE COUNTED IN MEMBERSHIP IN THE INTERMEDIATE DISTRICT OF RESIDENCE.
2 FOR EACH PUPIL, THE INTERMEDIATE DISTRICT SHALL RECEIVE THE
3 INTERMEDIATE DISTRICT WEIGHTED AVERAGE FOUNDATION ALLOWANCE. HOWEVER,
4 IF THE TOTAL PAYMENT UNDER THIS SUBSECTION TO AN INTERMEDIATE DISTRICT
5 IS NOT WITHIN THE PARAMETERS SPECIFIED IN SUBSECTION (7), THE
6 DEPARTMENT SHALL ADJUST THE PAYMENT TO THE INTERMEDIATE DISTRICT TO
7 ENSURE THAT THE TOTAL IS WITHIN THOSE PARAMETERS. A DISTRICT OPERATING
8 A CENTER PROGRAM FOR PUPILS FROM SEVERAL DISTRICTS PURSUANT TO AN
9 APPROVED INTERMEDIATE DISTRICT PLAN THAT HAD THE PUPILS COUNTED IN
10 MEMBERSHIP IN THE INTERMEDIATE DISTRICT IN 1995-96 SHALL HAVE THE
11 PUPILS COUNTED IN MEMBERSHIP IN THE INTERMEDIATE DISTRICT IN 1996-97.

12 (7) THE TOTAL PAYMENT TO AN INTERMEDIATE DISTRICT UNDER SUBSECTION
13 (6) SHALL BE AT LEAST EQUAL TO THE AMOUNT RECEIVED BY THE INTERMEDIATE
14 DISTRICT IN THE IMMEDIATELY PRECEDING FISCAL YEAR.

15 (8) SPECIAL EDUCATION PERSONNEL TRANSFERRED FROM 1 DISTRICT TO
16 ANOTHER TO IMPLEMENT THE REVISED SCHOOL CODE SHALL BE ENTITLED TO THE
17 RIGHTS, BENEFITS, AND TENURE TO WHICH THE PERSON WOULD OTHERWISE BE
18 ENTITLED HAD THAT PERSON BEEN EMPLOYED BY THE RECEIVING DISTRICT
19 ORIGINALLY.

20 (9) IF A DISTRICT OR INTERMEDIATE DISTRICT USES MONEY RECEIVED UNDER
21 THIS SECTION FOR A PURPOSE OTHER THAN THE PURPOSE OR PURPOSES FOR WHICH
22 THE MONEY IS ALLOCATED, THE DEPARTMENT MAY REQUIRE THE DISTRICT OR
23 INTERMEDIATE DISTRICT TO REFUND THE AMOUNT OF MONEY RECEIVED. MONEY
24 THAT IS REFUNDED SHALL BE DEPOSITED IN THE STATE TREASURY TO THE CREDIT
25 OF THE STATE SCHOOL AID FUND.

26 SEC. 51B. AS A CONDITION FOR RECEIVING FUNDS UNDER THIS ARTICLE, A
27 DISTRICT OR INTERMEDIATE DISTRICT MUST COMPLY WITH RULES ADOPTED
28 PURSUANT TO ARTICLE 3 OF THE REVISED SCHOOL CODE, BEING SECTIONS
29 380.1701 TO 380.1766 OF THE MICHIGAN COMPILED LAWS.

30 Sec. 52. (1) Reimbursement for the necessary costs of special

1 education programs and services shall be a portion determined by the
2 amount allocated under section 51(1), but not to exceed 75% of the
3 total approved costs of operating special education programs and
4 services approved by the department and included OR APPLYING FOR
5 INCLUSION in the intermediate district plan adopted pursuant to article
6 3 of the REVISED school code of ~~1976~~, being sections 380.1701 to
7 380.1766 of the Michigan Compiled Laws, for special education pupils
8 other than those programs funded under section 53, and of the costs of
9 summer programs and services and the costs of providing room and board
10 for special education pupils, as approved by the department. If the
11 state financed proportion of reimbursement of the necessary costs of a
12 special education activity or service required by article 3 of the
13 REVISED school code of ~~1976~~, which is in addition to or different from
14 the special education activities or services required under sections
15 611 to 620 of part B of the individuals with disabilities education
16 act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1420, is less
17 than the state financed proportion of the necessary costs of that
18 activity or service in 1978-79, the portion of the amount appropriated
19 shall be increased to reimburse that activity or service accordingly.

20 (2) The costs of transportation for special education pupils shall
21 not be funded under this section but shall be reimbursed under section
22 58.

23 Sec. 53. (1) Reimbursement shall be 100% of the total approved
24 costs of operating special education programs and services approved by
25 the department and included OR APPLYING FOR INCLUSION in the
26 intermediate district plan adopted pursuant to article 3 of the REVISED
27 school code of ~~1976~~, being sections 380.1701 to 380.1766 of the
28 Michigan Compiled Laws, minus the foundation allowance calculated under
29 section 20 OR, FOR AN INTERMEDIATE DISTRICT, THE TOTAL APPROVED COSTS
30 MINUS THE QUOTIENT OF THE SECTION 51(6) ALLOCATION DIVIDED BY THE

1 INTERMEDIATE DISTRICT MEMBERSHIP, for the following special education
2 pupils:

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

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

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

12 (d) Pupils who are residents of special placement homes approved by
13 the department.

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

16 (f) Pupils enrolled in a department-approved on-grounds educational
17 program longer than 180 days, but not longer than 233 days, at a
18 residential child care institution, if the child care institution
19 offered in 1991-92 an on-grounds educational program longer than 180
20 days but not longer than 233 days.

21 (2) Only those costs that are clearly and directly attributable to
22 educational programs for pupils described in subsection (1), and that
23 would not have been incurred if the pupils were not being educated in a
24 district or intermediate district, are reimbursable under this section.

25 (3) The costs of transportation shall be funded under this section
26 but shall not be reimbursed under section 58.

27 (4) Not more than \$24,000,000.00 for ~~1995-96~~ 1996-97 of the
28 allocation in section 51(1) shall be allocated under this section.

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

1 in attendance at the Michigan school ~~for the blind or the Michigan~~
2 ~~school~~ for the deaf AND BLIND. The amount shall be proportionate to
3 the total instructional cost at each school. Not more than
4 \$1,688,000.00 for ~~1995-96~~ 1996-97 of the allocation in section 51(1)
5 shall be allocated under this section.

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

7 (a) "Membership" means the total membership in ~~1994-95~~ 1995-96 of
8 the intermediate district and the districts constituent to the
9 intermediate district.

10 (b) "Millage levied" means the millage levied for special education
11 pursuant to part 30 of the REVISED school code ~~of 1976~~, being sections
12 380.1711 to 380.1743 of the Michigan Compiled Laws, including a levy
13 for debt service obligations.

14 (c) "Taxable value" means the total taxable value of the districts
15 constituent to an intermediate district, except that if a district has
16 elected not to come under part 30 of the REVISED school code ~~of 1976~~,
17 membership and taxable value of the district shall not be included in
18 the membership and taxable value of the intermediate district.

19 (2) From the appropriation in section 11, there is allocated an
20 amount not to exceed \$30,650,000.00 for ~~1995-96~~ 1996-97 to reimburse
21 intermediate districts levying millages for special education pursuant
22 to part 30 of the REVISED school code ~~of 1976~~. The purpose, use, and
23 expenditure of the reimbursement shall be limited as if the funds were
24 generated by these millages and governed by the intermediate district
25 plan adopted pursuant to article 3 of the REVISED school code ~~of 1976~~,
26 being sections 380.1701 to 380.1766 of the Michigan Compiled Laws. As
27 a condition of receiving funds under this section, an intermediate
28 district distributing any portion of special education millage funds to
29 its constituent districts shall submit for departmental approval and
30 implement a distribution plan that utilizes at least a district's

1 foundation allowance, as calculated under section 20, as a required
2 local contribution.

3 (3) Reimbursement for those millages levied in ~~1994-95~~ 1995-96 shall
4 be made in ~~1995-96~~ 1996-97 at an amount per ~~1994-95~~ 1995-96 membership
5 pupil computed by subtracting from ~~\$93,500.00~~ \$95,800.00 the ~~1994-95~~
6 1995-96 taxable value behind each membership pupil, and multiplying the
7 resulting difference by the ~~1994-95~~ 1995-96 millage levied.

8 Sec. 57. (1) From the appropriation in section 11, there is
9 allocated an amount not to exceed \$600,000.00 for ~~1995-96~~ 1996-97 to
10 applicant intermediate districts that provide support services for the
11 education of gifted and talented pupils. An intermediate district is
12 entitled to 75% of the actual salary, but not to exceed \$25,000.00
13 reimbursement for an individual salary, of a support services teacher
14 approved by the department, and not to exceed \$4,000.00 reimbursement
15 for expenditures to support program costs, excluding in-county travel
16 and salary, as approved by the department.

17 (2) From the appropriation in section 11, there is allocated an
18 amount not to exceed \$400,000.00 for ~~1995-96~~ 1996-97 to support part of
19 the cost of summer institutes for gifted and talented students. This
20 amount shall be contracted to applicant intermediate districts in
21 cooperation with a local institution of higher education and shall be
22 coordinated by the department.

23 (3) From the appropriation in section 11, there is allocated an
24 amount not to exceed \$4,000,000.00 for ~~1995-96~~ 1996-97 for the
25 development and operation of comprehensive programs for gifted and
26 talented pupils. An eligible district or consortium of districts shall
27 receive an amount not to exceed \$50.00 per K-12 pupil for up to 5% of
28 the district's or consortium's K-12 membership COUNT OF THE IMMEDIATELY
29 PRECEDING FISCAL YEAR with a minimum total grant of \$3,000.00. Funding
30 shall be provided in the following order: the per pupil allotment, and

1 then the minimum total grant of \$3,000.00 to individual districts. An
2 intermediate district may act as the fiscal agent for a consortium of
3 districts. In order to be eligible for funding under this subsection,
4 the district or consortium of districts shall submit each year a
5 current 3-year plan for operating a comprehensive program for gifted
6 and talented pupils and the district or consortium shall demonstrate to
7 the department that the district or consortium will contribute matching
8 funds of at least \$50.00 per K-12 pupil. The plan or revised plan
9 shall be developed in accordance with criteria established by the
10 department and shall be submitted to the department for approval.
11 Within the criteria, the department shall encourage the development of
12 consortia among districts of less than 5,000 memberships.

13 Sec. 58. (1) From the appropriation in section 11, there is
14 allocated an amount not to exceed \$25,405,000.00 for ~~1995-96~~ 1996-97 to
15 fund districts and intermediate districts for providing specialized
16 transportation services, as determined by the department, for pupils in
17 special education programs and services as defined in section 6(7) of
18 the REVISED school code of ~~1976~~, being section 380.6 of the Michigan
19 Compiled Laws, for which the district or intermediate district receives
20 reimbursement under section 52. Allocations to districts and
21 intermediate districts under this section shall be based on data
22 reported by the districts and intermediate districts for the current
23 school year.

24 (2) Transportation aid under subsection (1) is based upon an
25 allowance for each vehicle used for transportation and calculated for
26 each district and intermediate district by the department on the basis
27 of all of the following factors:

28 (a) An overhead allowance of \$200.00 per special education pupil
29 transported.

30 (b) A regional allowance of between \$9,500.00 and \$15,000.00 per

1 vehicle, depending on the region, based upon the following:

2 (i) Transportation staff salary.

3 (ii) Regional cost variation.

4 (c) An amortization cost per pupil of 100% of cost for pupil
5 transportation fleet vehicles.

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

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

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

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

18 Sec. 61a. (1) From the appropriation in section 11, there is
19 allocated an amount not to exceed ~~\$28,560,000.00~~ \$29,010,000.00 for
20 ~~1995-96~~ 1996-97 to reimburse on an added cost basis districts, except
21 for a district that served as the fiscal agent for a vocational
22 education consortium in the 1993-94 school year, and secondary area
23 vocational-technical education centers for secondary level vocational-
24 technical education programs, including parenthood education programs,
25 according to state board rules. Applications for participation in the
26 programs shall be submitted in the form prescribed by the department.
27 The department shall determine the added cost for each vocational-
28 technical program area. The allocation of added cost funds shall be
29 based on the type of vocational-technical programs provided, the number
30 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 APPROPRIATION 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 AND SERVED AS A FISCAL AGENT FOR A VOCATIONAL EDUCATION CONSORTIUM 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 ~~1994-95~~ 1995-96 of the intermediate district and the districts constituent to the intermediate district or the total membership in ~~1994-95~~ 1995-96 of the area vocational-technical education program.

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

8 (c) "Taxable value" means the total taxable value of the districts
9 constituent to an intermediate district or area vocational-technical
10 education program, except that if a district has elected not to come
11 under sections 681 to 690 of the REVISED school code of ~~1976~~, the
12 membership and taxable value of that district shall not be included in
13 the membership and taxable value of the intermediate district.

14 (2) From the appropriation in section 11, there is allocated an
15 amount not to exceed \$7,200,000.00 for ~~1995-96~~ 1996-97 to reimburse
16 intermediate districts and area vocational-technical education programs
17 established under section 690(3) of the REVISED school code of ~~1976~~,
18 levying millages for area vocational-technical education pursuant to
19 sections 681 to 690 of the REVISED school code of ~~1976~~. The purpose,
20 use, and expenditure of the reimbursement shall be limited as if the
21 funds were generated by those millages.

22 (3) Reimbursement for the millages levied in ~~1994-95~~ 1995-96 shall
23 be made in ~~1995-96~~ 1996-97 at an amount per ~~1994-95~~ 1995-96 membership
24 pupil computed by subtracting from ~~\$93,500.00~~ \$95,050.00 the ~~1994-95~~
25 1995-96 taxable value behind each membership pupil, and multiplying the
26 resulting difference by the ~~1994-95~~ 1995-96 millage levied. ~~However,~~
27 ~~the department shall prorate the allocations as necessary.~~

28 Sec. 74. (1) From the amount appropriated in section 11, there is
29 allocated an amount not to exceed \$1,625,000.00 for ~~1995-96~~ 1996-97 for
30 the purposes of subsections (2) and (3).

1 (2) From the allocation in subsection (1), there is allocated the
2 amount necessary for payments to state supported colleges or
3 universities and intermediate districts providing school bus driver
4 safety instruction or driver skills road tests pursuant to section 51
5 of the pupil transportation act, Act No. 187 of the Public Acts of
6 1990, being section 257.1851 of the Michigan Compiled Laws. The
7 payments shall be in an amount determined by the department not to
8 exceed 75% of the actual cost of instruction and driver compensation
9 for each public or nonpublic school bus driver attending a course of
10 instruction. For the purpose of computing compensation, the hourly
11 rate allowed each school bus driver shall not exceed the hourly rate
12 received for driving a school bus. Reimbursement compensating the
13 driver during the course of instruction or driver skills road tests
14 shall be made by the department to the college or university or
15 intermediate ~~school~~ district providing the course of instruction.

16 (3) From the allocation in subsection (1), there is allocated the
17 amount necessary to pay the reasonable costs of nonspecial education
18 auxiliary services transportation provided pursuant to section 1323 of
19 the REVISED school code of ~~1976~~, being section 380.1323 of the Michigan
20 Compiled Laws. Districts funded under this subsection shall not
21 receive funding under any other section of this act for nonspecial
22 education auxiliary services transportation.

23 Sec. 76. If a district received money in 1993-94 attributable to
24 nonspecial education transportation under former section 71 and that
25 money was included in calculating the district's combined state and
26 local revenue per membership pupil in 1993-94 under section 20(21), as
27 that section was in effect for 1994-95, then the district shall use
28 money received under section 20 as the funding for transporting
29 nonpublic school students as required under section 1321 of the REVISED
30 school code of ~~1976~~, being section 380.1321 of the Michigan Compiled

1 Laws.

2 Sec. 81. (1) Except as otherwise provided in this section, from the
3 appropriation in section 11, there is allocated for ~~1995-96~~ 1996-97 to
4 the intermediate districts the sum necessary, but not to exceed
5 ~~\$76,676,300.00 for 1995-96~~ \$78,209,800.00, to provide state aid to
6 intermediate districts under this subsection and subsections (2) and
7 (3). Except as otherwise provided in this section, there shall be
8 allocated to each intermediate district an amount obtained by
9 multiplying the ~~sum of the~~ amount of funding actually received by each
10 intermediate district in ~~1994-95 under subsections (4) and (7), as in~~
11 ~~effect for 1994-95, plus 90% of the funding actually received by or~~
12 ~~paid on behalf of each intermediate district in 1994-95 1995-96 under~~
13 ~~sections 146a(1) and 147(1), as in effect for 1994-95 1995-96, times~~
14 ~~103.05%~~ BY 102.0%. Funding provided under this section shall be used
15 to comply with requirements of this act and the REVISED school code of
16 ~~1976~~ that are applicable to intermediate districts, and for which
17 funding is not provided elsewhere in this act, and to provide technical
18 assistance to districts as authorized by the intermediate school board.

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

28 (3) If an intermediate district participated in 1993-94 in a
29 consortium operating a regional educational media center under section
30 671 of the REVISED school code of ~~1976~~, 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, ~~1995~~ 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 ~~1995-96~~ 1996-97 for each pupil in membership in the intermediate district or a constituent district an amount equal to the quotient of ~~103.05%~~ 102.0% of the ~~1993-94~~ 1995-96 allocation to the fiscal agent for that consortium ~~under former section 83~~ divided by the combined total ~~1995-96~~ 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 ~~1995-96~~ 1996-97 shall be deducted from the total allocation for ~~1995-96~~ 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.

(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.

1 ~~(6) The department shall prorate payments under this section as~~
2 ~~necessary.~~

3 Sec. 94. From the general fund money appropriated in section 11,
4 there is allocated to the department for ~~1995-96~~ 1996-97 an amount not
5 to exceed \$1,500,000.00 to provide technical assistance to districts
6 for school accreditation purposes as described in section 1280(9) of
7 the REVISED school code ~~of 1976~~, being section 380.1280 of the Michigan
8 Compiled Laws.

9 Sec. 99. (1) From the general fund/general purpose appropriation in
10 section 11, there is allocated an amount not to exceed \$7,614,000.00
11 for ~~1995-96~~ 1996-97 for implementing the comprehensive master plan for
12 mathematics and science centers developed by the department and
13 approved by the state board on February 17, 1993.

14 (2) Within a service area designated locally, approved by the
15 department, and consistent with the master plan described in subsection
16 (1), an established mathematics and science center shall address 2 or
17 more of the following 6 basic services, as described in the master
18 plan, to constituent districts and communities: leadership, pupil
19 services, curriculum support, community involvement, professional
20 development, and resource clearinghouse services.

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

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

30 (5) Allocations under this section to support the activities and

1 programs of mathematics and science centers shall be continuing support
2 grants to all 25 established mathematics and science centers and the 8
3 satellite extensions that were funded in 1994-95. Each established
4 mathematics and science center that was funded in 1994-95 shall receive
5 an amount equal to 110% of the amount it received under this section in
6 1994-95 1996-97. The balance of the allocation under this section for
7 1995-96 shall be distributed as determined by the department., subject
8 to approval by the house and senate appropriations sub-committees that
9 have responsibility for this act. EQUAL TO THE AMOUNT OF FUNDING EACH
10 ENTITY RECEIVED IN 1995-96.

11 (6) An established mathematics and science center shall submit to
12 the department and the department of management and budget by May 20 of
13 the fiscal year a signed assurance that the mathematics and science
14 center has addressed 2 or more of the 6 basic service areas as
15 described in the master plan. If a mathematics and science center does
16 not comply with this subsection, the department shall withhold an
17 amount equal to the June payment due under this section until the
18 mathematics and science center complies with this subsection. If the
19 mathematics and science center does not comply with this subsection by
20 the end of the state fiscal year, the withheld funds shall be forfeited
21 to the school aid fund.

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

27 Sec. 101. (1) To be eligible to receive state aid under this act,
28 not later than the fifth Friday after the pupil membership count day
29 and not later than the fifth Friday after the supplemental count day,
30 each district superintendent through the secretary of the district's

1 board shall file with the intermediate superintendent a certified and
2 sworn copy of the number of pupils enrolled and in regular daily
3 attendance in the district as of the pupil membership count day and as
4 of the supplemental count day, as applicable, for the current school
5 year. In addition, a district maintaining school during the entire
6 year, as provided under section 1561 of the REVISED school code of
7 1976, being section 380.1561 of the Michigan Compiled Laws, shall file
8 with the intermediate superintendent a certified and sworn copy of the
9 number of pupils enrolled and in regular daily attendance in the
10 district for the current school year pursuant to rules promulgated by
11 the state board. Not later than the seventh Friday after the pupil
12 membership count day and not later than the seventh Friday after the
13 supplemental count day, the intermediate district shall transmit to the
14 department the data filed by each of its constituent districts. If a
15 district fails to file the sworn and certified copy with the
16 intermediate superintendent in a timely manner, as required under this
17 subsection, the intermediate district shall notify the department and
18 state aid due to be distributed under this act shall be withheld from
19 the defaulting district immediately, beginning with the next payment
20 after the failure and continuing with each payment until the district
21 complies with this subsection. If an intermediate district fails to
22 transmit the data in its possession in a timely and accurate manner to
23 the department, as required under this subsection, state aid due to be
24 distributed under this act shall be withheld from the defaulting
25 intermediate district immediately, beginning with the next payment
26 after the failure and continuing with each payment until the
27 intermediate district complies with this subsection. If a district or
28 intermediate district does not comply with this subsection by the end
29 of the fiscal year, the district or intermediate district forfeits the
30 amount withheld. A person who willfully falsifies a figure or

1 statement in the certified and sworn copy of enrollment shall be
2 punished in the manner prescribed by section 161.

3 (2) TO BE ELIGIBLE TO RECEIVE STATE AID UNDER THIS ACT, not later
4 than the twenty-fourth Friday after the pupil membership count day and
5 not later than the twenty-fourth Friday after the supplemental count
6 day, an intermediate district shall submit to the department, in a form
7 and manner prescribed by the department, the audited enrollment and
8 attendance data for the pupils of its constituent districts and of the
9 intermediate district. ~~For 1995-96 only, if an intermediate district~~
10 ~~cannot submit the audited data as described in this subsection in a~~
11 ~~timely manner, the intermediate district may request an extension in~~
12 ~~writing from the department. If an intermediate district fails to~~
13 ~~transmit the audited data as required under this subsection and does~~
14 ~~not request a waiver from the department in writing, state aid due to~~
15 ~~be distributed under this act shall be withheld from the defaulting~~
16 ~~intermediate district immediately, beginning with the next payment~~
17 ~~after the failure and continuing with each payment until the~~
18 ~~intermediate district complies with this subsection. If an~~
19 ~~intermediate district does not comply with this subsection by the end~~
20 ~~of the fiscal year, the intermediate district forfeits the amount~~
21 ~~withheld.~~

22 (3) Each district shall provide a THE minimum NUMBER of ~~180~~ days and
23 the required minimum number of hours of pupil instruction PURSUANT TO
24 THE PROVISIONS OF SECTION 1284 OF THE REVISED SCHOOL CODE, BEING
25 SECTION 380.1284 OF THE MICHIGAN COMPILED LAWS. ~~The required minimum~~
26 ~~number of hours of pupil instruction is as follows: in 1994-95, each~~
27 ~~district shall provide a minimum of 900 hours of pupil instruction; in~~
28 ~~1996-97 and 1996-97, each district shall provide a minimum of 990 hours~~
29 ~~of pupil instruction; in 1997-98 and 1998-99, each district shall~~
30 ~~provide a minimum of 1,035 hours of pupil instruction; and, beginning~~

1 ~~in 1999-2000, each district shall provide a minimum of 1,080 hours of~~
2 ~~pupil instruction.~~ Except as otherwise provided in this act, a
3 district failing to hold 180 days of pupil instruction shall forfeit
4 1/180 of its total state aid appropriation for each day of failure.
5 Except as otherwise provided in this act, a district failing to comply
6 with the required minimum hours of pupil instruction shall forfeit from
7 its total state aid allocation an amount determined by applying a ratio
8 of the time duration the district was in noncompliance in relation to
9 the required minimum number of hours. A district failing to meet both
10 the minimum 180 days of pupil instruction requirement and the minimum
11 number of hours requirement of pupil instruction requirement shall be
12 penalized only the higher of the 2 amounts calculated under the
13 forfeiture provisions of this subsection. Not later than August 1, the
14 board of each district shall certify to the department the number of
15 days and hours of pupil instruction in the previous school year. If
16 the district did not hold at least 180 days and the required minimum
17 number of hours of pupil instruction, the deduction of state aid shall
18 be made in the following fiscal year from the first payment of state
19 school aid. A district is not subject to forfeiture of funds under
20 this subsection for a fiscal year in which a forfeiture was already
21 imposed under subsection ~~(8)~~ (7). Days lost because of strikes or
22 teachers' conferences shall not be counted as days of pupil
23 instruction. A district not having 75% of the district's membership
24 CURRENT ENROLLMENT ON THE IMMEDIATELY PRECEDING PUPIL COUNT DAY OR
25 SUPPLEMENTAL COUNT DAY in attendance on any day shall receive state aid
26 in that proportion of 1/180 that the actual percent of attendance bears
27 to the specified percentage. The state board shall promulgate rules
28 for the implementation of this subsection.

29 (4) The first 2 days for which pupil instruction is not provided
30 because of conditions not within the control of school authorities,

1 such as severe storms, fires, epidemics, or health conditions as
2 defined by the city, county, or state health authorities, shall be
3 counted as days of pupil instruction. Subsequent such days shall not
4 be counted as days of pupil instruction.

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

12 (6) (5) A district shall not forfeit part of its state aid
13 appropriation if it adopts or has in existence an alternative
14 scheduling program for pupils in kindergarten, which program is
15 approved by the state board.

16 (7) (6) Upon application by the district for a particular fiscal
17 year, the state board may waive the 180-day requirement of subsection
18 (3) for a district if the district has adopted an experimental school
19 year schedule in 1 or more buildings in the district if the
20 experimental school year schedule provides the required minimum number
21 or more hours of pupil instruction and is consistent with all state
22 board policies on school improvement and restructuring. If a district
23 applies for and receives a waiver under this subsection and complies
24 with the terms of the waiver, for the fiscal year covered by the waiver
25 the district is not subject to forfeiture under this section of part of
26 its state aid allocation for the specific building or program covered
27 by the waiver.

28 (8) (7) Not later than January 31 of each fiscal year, the board of
29 each district shall certify to the department the planned number of
30 days and hours of pupil instruction in the district for the school year

1 ending in the fiscal year. In addition to any other penalty or
2 forfeiture under this section, if at any time the department determines
3 that 1 or more of the following has occurred in a district, the
4 district shall forfeit in the current fiscal year beginning in the next
5 payment to be calculated by the department a proportion of the funds
6 due to the district under this act that is equal to the proportion
7 below 180 days and the required minimum number of hours, as specified
8 in the following:

9 (a) The district fails to operate its schools for a minimum of 180
10 days and the required minimum number of hours of pupil instruction in a
11 school year, including days counted under subsection (4).

12 (b) The board of the district takes formal action not to operate its
13 schools for a minimum of 180 days and the required minimum number of
14 hours of pupil instruction in a school year, including days counted
15 under subsection (4).

16 ~~(9)~~ (8) In providing 990 hours of instruction for ~~1995-96~~ 1996-97, a
17 district shall use the following guidelines, and a district shall
18 maintain records to substantiate its compliance with the following
19 guidelines:

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

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

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

30 (d) If a pupil in grades 9 to 12 who is enrolled in a cooperative

1 education program or a special education pupil cannot receive 990 hours
2 of pupil instruction solely because of travel time between
3 instructional sites during the school day, that travel time, up to a
4 maximum of 2 1/2 hours per school week, shall be considered to be pupil
5 instruction time for the purpose of determining whether the pupil is
6 receiving 990 hours of pupil instruction. However, if a district
7 demonstrates to the satisfaction of the department that the travel time
8 limitation under this subdivision would create undue costs or hardship
9 to the district, the department may consider more travel time to be
10 pupil instruction time for this purpose.

11 ~~(10)~~ (9) The department shall apply the guidelines under
12 subsection(8) in calculating the full-time equivalency of pupils.

13 ~~(11)~~ (10) Upon application by the district for a particular fiscal
14 year, the state board may waive for a district the 180-day requirement
15 of subsection (3) for a department-approved alternative education
16 program. If a district applies for and receives a waiver under this
17 subsection and complies with the terms of the waiver, for the fiscal
18 year covered by the waiver the district is not subject to forfeiture
19 under this section for the specific program covered by the waiver.

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

1 deficit reduction plan and ensures that the budget for the current
2 school fiscal year is balanced.

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

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

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

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

29 (6) For the purposes of this section, a district or intermediate
30 district is considered to have incurred an operating deficit if the

1 district or intermediate district incurs any withholding of or
2 financial penalty, other than a temporary delay, against any portion of
3 its total state school aid allocation under this act.

4 Sec. 104a. (1) In order to receive state aid under this act, a
5 district shall ~~comply with this section and shall~~ award a state-
6 endorsed high school diploma to an eligible graduate as provided in
7 ~~this section~~ SECTION 1279 OF THE REVISED SCHOOL CODE, BEING SECTION
8 380.1279 OF THE MICHIGAN COMPILED LAWS. ~~For a pupil scheduled to~~
9 ~~graduate in 1994, 1995, or 1996 to be eligible for a state-endorsement~~
10 ~~in 1 or more of the subject areas of communication arts, mathematics,~~
11 ~~or science, the pupil must achieve at least 1 of the following:~~

12 ~~(a) A passing score on locally-adopted and state-approved basic~~
13 ~~proficiency tests measuring proficiency in 1 or more of the subject~~
14 ~~areas specified in this subsection.~~

15 ~~(b) If the pupil is eligible to take the general education~~
16 ~~development (G.E.D.) test, a passing score in 1 or more of the subject~~
17 ~~areas specified in this subsection and tested in the G.E.D. test.~~

18 ~~(c) For a state endorsement in communications arts, at least a score~~
19 ~~of moderate on the reading portion of the Michigan educational~~
20 ~~assessment program (MEAP) grade 10 test; for a state endorsement in~~
21 ~~mathematics, at least a score of moderate on the mathematics portion of~~
22 ~~the MEAP grade 10 test; and, for a state endorsement in science, at~~
23 ~~least 50% of the objectives on the science portion of the MEAP grade 11~~
24 ~~test. For pupils scheduled to graduate in 1997, the department may use~~
25 ~~a version of the science assessment instrument developed under~~
26 ~~subsection (8) instead of the science portion of the MEAP grade 11~~
27 ~~test, and, in its discretion, may administer that science assessment~~
28 ~~instrument in the fall of 1995 or the spring of 1996, or both. If the~~
29 ~~department uses that science assessment instrument, as provided under~~
30 ~~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. That level of proficiency shall be comparable to the level of proficiency that pupils scheduled to graduate in 1996 were required to demonstrate on the science portion of the MEAP grade 11 test 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 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 outcomes required by the state board, as measured by an assessment instrument developed under subsection (8), for a state-endorsed high school diploma in 1 or more of the subject areas of communications skills, mathematics, and science, the pupil's district shall award a state endorsement on the pupil's diploma in each of the subject areas in which the pupil demonstrated the required proficiency. A district shall not award a state endorsement to a pupil unless the pupil meets the applicable requirements for the endorsement, as described in this subsection. A school district may award a high school diploma to a pupil who successfully completes local district requirements established in accordance with state law for high school graduation, regardless of whether the pupil is eligible for any state endorsement.~~

~~(3) A district that offers a pupil the opportunity to pass a basic proficiency test described in subsection (1)(a) as 1 means to obtain a~~

1 ~~state-endorsed diploma in 1994, 1995, or 1996 may submit the district's~~
2 ~~own basic proficiency test to the department for approval to be used by~~
3 ~~the district to assess proficiency.~~

4 ~~(4) A pupil who does not achieve at least 1 of the requirements~~
5 ~~listed in subsection (1) or the requirements of subsection (2), as~~
6 ~~applicable, may be reevaluated each school year until the pupil~~
7 ~~achieves an applicable requirement for a state-endorsed diploma. In~~
8 ~~addition, the board of the district in which the pupil is enrolled~~
9 ~~shall provide that there be at least 1 meeting attended by at least the~~
10 ~~pupil and a member of the district's staff or a local or intermediate~~
11 ~~district consultant who is proficient in the measurement and evaluation~~
12 ~~of pupils. The district may provide the meeting as a group meeting for~~
13 ~~pupils in similar circumstances. If the pupil is a minor, the district~~
14 ~~shall invite and encourage the pupil's parent, legal guardian, or~~
15 ~~person in loco parentis to attend the meeting and shall mail a notice~~
16 ~~of the meeting to the pupil's parent, legal guardian, or person in loco~~
17 ~~parentis. The purpose of this meeting and any subsequent meeting under~~
18 ~~this subsection shall be to determine an educational program for the~~
19 ~~pupil designed to have the pupil reach proficiency in each subject or~~
20 ~~skill area in which he or she was assessed by the testing as not~~
21 ~~proficient. In addition, a district may provide for subsequent~~
22 ~~meetings with the pupil conducted by a high school counselor or teacher~~
23 ~~designated by the pupil's high school principal, and shall invite and~~
24 ~~encourage the pupil's parent, legal guardian, or person in loco~~
25 ~~parentis to attend the subsequent meetings. The board may provide~~
26 ~~special programs for the pupil or may develop a program using the~~
27 ~~educational programs regularly provided by the district. A pupil may~~
28 ~~be reevaluated at any time the district administers an applicable~~
29 ~~assessment instrument.~~

30 ~~(5) For a state-endorsed diploma, a pupil must achieve at least 1 of~~

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

8 (6) An individual may repeat any of the tests or assessment
9 instruments specified in subsection (1) or subsection (2), as
10 applicable, at any time the district or department regularly offers the
11 test or assessment and, upon achieving at least 1 of the requirements
12 listed in subsection (1) or the requirements of subsection (2), as
13 applicable, and completing all other applicable requirements for a high
14 school diploma, shall be awarded a state-endorsed diploma.

15 (7) A district shall provide accommodations to a pupil with
16 disabilities for the proficiency testing or assessment required under
17 this section, as provided under section 504 of title V of the
18 rehabilitation act of 1973, Public Law 93-112, 29 U.S.C. 794; subtitle
19 A of title II of the Americans with disabilities act of 1990, Public
20 Law 101-336, 42 U.S.C. 12131 to 12134; and the implementing
21 regulations for those statutes. A special education pupil scheduled to
22 graduate in 1994, 1995, or 1996 who has passed an alternative form of
23 assessment permitted under this section as it was in effect for 1992-93
24 shall receive the applicable endorsement under this section.

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

30 (9) Not later than July 31, 1995, the state board shall develop or

~~select and approve assessment instruments for the purpose of awarding
state endorsements of advanced mastery in specified subject areas.~~

SEC. 105. (1) A DISTRICT SHALL INDICATE BY JUNE 15 WHETHER IT WILL
ACCEPT APPLICATIONS FOR ENROLLMENT BY NONRESIDENT APPLICANTS FROM
WITHIN THE SAME INTERMEDIATE DISTRICT OR A CONTIGUOUS DISTRICT FOR THE
NEXT SCHOOL YEAR. IF IT DETERMINES TO CONSIDER ENROLLMENT OF A NUMBER
OF NONRESIDENTS, BEYOND THOSE ENTITLED TO PREFERENCE UNDER SUBSECTION
(7), THE DISTRICT SHALL PUBLISH THE GRADES, SCHOOLS, AND SPECIAL
PROGRAMS, IF ANY, FOR WHICH ENROLLMENT MAY BE AVAILABLE TO NONRESIDENT
APPLICANTS WITHIN THE SAME INTERMEDIATE DISTRICT OR A CONTIGUOUS
DISTRICT.

(2) A DISTRICT OFFERING TO ENROLL NONRESIDENT APPLICANTS FROM WITHIN
THE SAME INTERMEDIATE DISTRICT OR A CONTIGUOUS DISTRICT MAY LIMIT THE
NUMBER OF NONRESIDENT PUPILS IT ACCEPTS, AT ITS DISCRETION, AND MAY USE
THAT LIMIT AS THE REASON FOR REFUSAL TO ENROLL AN APPLICANT.

(3) A NONRESIDENT APPLICANT FROM WITHIN THE SAME INTERMEDIATE
DISTRICT OR A CONTIGUOUS 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 SPECIALIZED,
MAGNET, OR INTRA-DISTRICT CHOICE SCHOOL OR PROGRAM TO WHICH THE
APPLICANT APPLIES.

(4) A NONRESIDENT APPLICANT FROM WITHIN THE SAME INTERMEDIATE SCHOOL
DISTRICT OR A CONTIGUOUS 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.

1 (5) A NONRESIDENT APPLICANT FROM WITHIN THE SAME INTERMEDIATE
2 DISTRICT OR A CONTIGUOUS DISTRICT SHALL NOT BE GRANTED OR REFUSED
3 ENROLLMENT BASED UPON RELIGION, RACE, COLOR, NATIONAL ORIGIN, SEX,
4 HEIGHT, WEIGHT, MARITAL STATUS, OR ATHLETIC ABILITY, OR, GENERALLY, IN
5 VIOLATION OF ANY STATE OR FEDERAL LAW PROHIBITING DISCRIMINATION.

6 (6) A DISTRICT MAY REFUSE TO ENROLL A NONRESIDENT APPLICANT IF THE
7 APPLICANT IS, OR WAS IN THE IMMEDIATELY PRECEDING 2 YEARS, EXPELLED OR
8 SUSPENDED FROM ANOTHER SCHOOL.

9 (7) A DISTRICT SHALL GIVE PREFERENCE FOR ENROLLMENT OVER ALL OTHER
10 NONRESIDENT APPLICANTS FROM WITHIN THE SAME INTERMEDIATE DISTRICT OR A
11 CONTIGUOUS DISTRICT TO PUPILS WHO WERE ENROLLED IN AND ATTENDED THE
12 DISTRICT IN THE SCHOOL YEAR IMMEDIATELY PRECEDING THE SCHOOL YEAR IN
13 QUESTION AND TO OTHER SCHOOL AGE CHILDREN WHO RESIDE IN THE SAME
14 HOUSEHOLD AS THE PUPIL.

15 (8) IF THE NUMBER OF QUALIFIED NONRESIDENT APPLICANTS FROM WITHIN
16 THE SAME INTERMEDIATE DISTRICT OR A CONTIGUOUS DISTRICT ELIGIBLE FOR
17 ACCEPTANCE EXCEEDS THE POSITIONS AVAILABLE IN A DISTRICT FOR
18 NONRESIDENT PUPILS, THE DISTRICT SHALL USE A RANDOM DRAW SYSTEM,
19 SUBJECT TO THE NEED TO ABIDE BY STATE AND FEDERAL ANTI-DISCRIMINATION
20 LAWS AND COURT ORDERS AND SUBJECT TO PREFERENCES ALLOWED BY SUBSECTION
21 (7).

22 SEC 107G. IF A DISTRICT PROVIDES HIGH SCHOOL COMPLETION PROGRAMS
23 FOR PUPILS WITHOUT DIPLOMAS AND WITHOUT A GED AND WHO ARE LESS THAN 20
24 YEARS OF AGE AS OF SEPTEMBER 1 IN THE CURRENT SCHOOL YEAR, TUITION
25 SHALL NOT BE CHARGED AND THE PUPILS MAY BE COUNTED IN THE PUPIL
26 MEMBERSHIP OF THE DISTRICT AS DEFINED IN SECTION 6(4). IF A DISTRICT
27 PROVIDES HIGH SCHOOL COMPLETION PROGRAMS FOR PARTICIPANTS WITHOUT A
28 DIPLOMA AND WITHOUT A GED AND WHO ARE 20 OR MORE YEARS OF AGE AS OF
29 SEPTEMBER 1 IN THE CURRENT SCHOOL YEAR, THE DISTRICT MAY CHARGE TUITION
30 TO EACH PARTICIPANT BASED ON AN OPERATING COST PER INSTRUCTIONAL

1 CONTACT HOUR. PARTICIPANTS 20 OR MORE YEARS OF AGE AS OF SEPTEMBER 1
2 IN THE CURRENT SCHOOL YEAR SHALL NOT BE COUNTED IN PUPIL MEMBERSHIP AS
3 DEFINED IN SECTION 6(4).

4 Sec. 111. A district having tuition pupils enrolled on the pupil
5 membership count day of each year may charge the district in which the
6 tuition pupils reside an amount for tuition that does not exceed the
7 tuition rate computed under section 1401 of the REVISED school code of
8 1976, being section 380.1401 of the Michigan Compiled Laws. The rate
9 charged by a district for tuition shall be uniform within each category
10 of tuition pupils enrolled in the district.

11 Sec. 147. ~~(1)~~ The allocations for ~~1995-96~~ 1996-97 for the public
12 school employees' retirement system pursuant to the public school
13 employees retirement act of 1979, Act No. 300 of the Public Acts of
14 1980, being sections 38.1301 to 38.1408 of the Michigan Compiled Laws,
15 shall be made using the entry age normal cost actuarial method and risk
16 assumptions adopted by the public school employees retirement board and
17 the department of management and budget. The annual level percentage
18 of payroll contribution rate estimated for the ~~1995-96~~ 1996-97 state
19 fiscal year is ~~14.56%~~ 15.52%. The portion of the contribution rate
20 assigned to districts and intermediate districts for the ~~1995-96~~ 1996-
21 97 state fiscal year is all of the total ~~14.56~~ 15.52 percentage points.
22 The public school employees' retirement system board shall notify each
23 district and intermediate district by February 28 of each fiscal year
24 of the estimated contribution rate for the next fiscal year.

25 ~~(2) The health benefits reserve is the account to which~~
26 ~~appropriations of the state for public school employees retirement~~
27 ~~system health benefits and reporting unit payments are credited in~~
28 ~~addition to payments from retirees and interest earnings. Benefits~~
29 ~~payable pursuant to section 91 of Act No. 300 of the Public Acts of~~
30 ~~1980, being section 38.1391 of the Michigan Compiled Laws, shall be~~

~~paid from the health benefits reserve. However, for the 1996-97 fiscal year, if the decision issued April 25, 1995 by the Michigan supreme court in Musselman v Governor (docket nos. 97322, 97915) is over- turned on rehearing so that prefunding of retirement health care benefits for members of the public school employees retirement system is not required, then any payments for health benefits made on behalf of a district that are supported by payments from the balance in the health benefits reserve, not to exceed an aggregate of \$35,000,000.00, shall be credited toward the required payment of each district and shall reduce the amount otherwise due from that district. A payment from the balance in the health benefits reserve made on behalf of a district shall be considered to be payments on behalf of the district for the purposes of calculating payments made under section 20. The credit provided under this subsection for a particular district shall be determined based on the district's percentage of the total statewide nonfederal payroll for all districts for the calendar year ending September 30, 1994.~~

Sec. 151. (1) Annually, the treasurer of each county shall furnish to the department, before August 1 following the receipt of assessment rolls, a statement of the taxable value of each district and fraction of a district within the county, and shall furnish to the department on October 1 or the next business day of each year a statement of the taxable value of ~~each class of~~ HOMESTEAD AND NONHOMESTEAD property of each district and fraction of a district within the county, on forms furnished by the department. THE DEPARTMENT SHALL WITHHOLD 5% OF THE TOTAL FUNDS FOR WHICH A DISTRICT OR INTERMEDIATE DISTRICT QUALIFIES UNDER THIS ACT BEGINNING WITH THE OCTOBER 20 PAYMENT, FOR THOSE DISTRICTS AND INTERMEDIATE DISTRICTS WHOSE COUNTY TREASURERS HAVE NOT REPORTED THE APPROPRIATE TAXABLE VALUE. THE DEPARTMENT SHALL NOT RELEASE THE FUNDS DUE TO THE DISTRICT OR INTERMEDIATE DISTRICT UNTIL

1 THE TAXABLE VALUE INFORMATION IS RECEIVED FROM THE COUNTY TREASURER.

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

9 Sec. 162. A district or intermediate district that fails through
10 the negligence of school officials to file reports pursuant to this act
11 shall forfeit that proportion of funds to which the district or
12 intermediate district otherwise would be entitled under this act as the
13 delay in the reports bears to a school term of 180 days and the
14 required minimum number of hours, as prescribed in section ~~101~~ 1284 OF
15 THE REVISED SCHOOL CODE, BEING SECTION 380.1284 OF THE MICHIGAN
16 COMPILED LAWS, for the district or intermediate district.

17 Sec. 164. PURSUANT TO SECTION 1217A OF THE REVISED SCHOOL CODE,
18 BEING SECTION 380.1217A OF THE MICHIGAN COMPILED LAWS, FOR TRAVEL
19 WITHIN THE BOUNDARIES OF ITS DISTRICT, A BOARD OF A SCHOOL DISTRICT OR
20 INTERMEDIATE SCHOOL DISTRICT SHALL NOT EXPEND FUNDS RECEIVED BY THE
21 DISTRICT FROM ANY SOURCE FOR THE PURCHASE, RENTAL, OR LEASE OF CARS FOR
22 BOARD MEMBERS OR FOR CHAUFFEURS FOR BOARD MEMBERS. A district or
23 intermediate district shall forfeit an amount to which the district or
24 intermediate district otherwise would be entitled under this act equal
25 to the district's or intermediate district's expenditures in the
26 immediately preceding school fiscal year for cars for board members,
27 and for chauffeurs for board members or administrators.

28 Sec. 164b. (1) The board of a district or intermediate district
29 shall not pay an expense incurred by a member of the board unless the
30 payment is in compliance with section 1254 of the REVISED school code

1 of ~~1976~~, being section 380.1254 of the Michigan Compiled Laws.

2 ~~(2) In addition to the requirements of section 1254 of the school~~
3 ~~code of 1976, the board of a district or intermediate district shall~~
4 ~~not approve reimbursement of an expense incurred by a board member~~
5 ~~unless 1 or both of the following conditions is met:~~

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

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

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

16 ~~(4)~~ (2) A violation of this section is punishable under section 161.

17 Sec. 166. A district in which a school official, member of a board,
18 or other person dispenses or otherwise distributes a family planning
19 drug or device in a public school in violation of section 1507 of the
20 REVISED school code of ~~1976~~, being section 380.1507 of the Michigan
21 Compiled Laws, dispenses prescriptions for any family planning drug, or
22 makes referrals for abortions shall forfeit 5% of its total state aid
23 appropriation.

24 Sec. 166a. (1) In order to avoid forfeiture of state aid under
25 subsection (2), the board of a district or intermediate district
26 providing reproductive health or other sex education instruction under
27 section 1169, 1506, or 1507 of the REVISED school code of ~~1976~~, being
28 sections 380.1169, 380.1506, and 380.1507 of the Michigan Compiled
29 Laws, shall ensure that the district or intermediate district does not
30 provide any of that instruction to a pupil who is less than 18 years of

1 age unless the district or intermediate district notifies the pupil's
2 parent or legal guardian in advance of the instruction and the content
3 of the instruction, gives the pupil's parent or legal guardian a prior
4 opportunity to review the materials to be used in the instruction,
5 allows the pupil's parent or legal guardian to observe the instruction,
6 and notifies the pupil's parent or legal guardian in advance of his or
7 her rights to observe the instruction and to have the pupil excused
8 from the instruction. Upon the written request of a pupil's parent or
9 legal guardian or of a pupil if the pupil is at least age 18, the pupil
10 shall be excused, without penalty or loss of academic credit, from
11 attending class sessions in which the instruction is provided.

12 (2) A district or intermediate district that does not comply with
13 this section shall forfeit 5% of its total state school aid allocation
14 under this act.

15 Sec. 166b. This act does not prohibit a parent or legal guardian of
16 a minor who is enrolled in a nonpublic school or who is being home-
17 schooled from also enrolling the minor in a district or intermediate
18 district in any curricular offering available to pupils in the minor's
19 grade level or age group, subject to compliance with the same
20 requirements that apply to a full-time pupil's participation in the
21 offering. A minor enrolled as described in this section is a part-time
22 pupil for purposes of state school aid under this act. However, state
23 school aid shall be provided under this act for a minor enrolled as
24 described in this section only for curricular offerings that are
25 offered to full-time pupils DURING REGULARLY SCHEDULED SCHOOL HOURS in
26 the minor's grade level or age group.

27 Sec. 167. (1) The department in cooperation with the department of
28 public health shall develop plans to assist districts and intermediate
29 districts and local county health departments to comply with section
30 1177 of the REVISED school code of ~~1976~~, being section 380.1177 of the

1 Michigan Compiled Laws, and section 9209 of the public health code, Act
2 No. 368 of the Public Acts of 1978, being section 333.9209 of the
3 Michigan Compiled Laws, for each school year.

4 (2) In ~~1995-96~~ 1996-97, each district or intermediate district shall
5 report to the local health department in which it is located by
6 November 1, ~~1995~~ 1996, in a manner prescribed by the department of
7 public health, the immunization status of each pupil in grades K
8 through 12 who enrolled in the district or intermediate district for
9 the first time between January 1, ~~1995~~ 1996 and September 30, ~~1995~~
10 1996. Not later than December 31, ~~1995~~ 1996, the department of public
11 health shall notify the department by district or intermediate district
12 of the percentage of entering pupils who do not have a completed,
13 waived, or provisional immunization record in accordance with section
14 1177 of the REVISED school code of ~~1976~~. If a district or intermediate
15 district does not have a completed, waived, or provisional immunization
16 record in accordance with section 1177 of the REVISED school code of
17 ~~1976~~ for at least 90% of the district's or intermediate district's
18 entering pupils as recorded in the November 1 reports required under
19 this subsection, the district or intermediate district is subject to
20 subsection (4) until the district or intermediate district has such an
21 immunization record for at least 90% of its pupils.

22 (3) In ~~1995-96~~ 1996-97, each district or intermediate district shall
23 again report to the local health department in which it is located by
24 February 1, ~~1996~~ 1997, in a manner prescribed by the department of
25 ~~public health~~ COMMUNITY HEALTH, the immunization status of each pupil
26 in grades K through 12 who enrolled in the district or intermediate
27 district for the first time between January 1, ~~1995~~ 1996 and December
28 31, ~~1995~~ 1996. Not later than March 31, 1996, the department of public
29 ~~health~~ COMMUNITY HEALTH shall notify the department by district or
30 intermediate district of the percentage of entering pupils who do not

1 have a completed, waived, or provisional immunization record in
2 accordance with section 1177 of the REVISED school code of ~~1976~~. If a
3 district or intermediate district does not have a completed, waived, or
4 provisional immunization record in accordance with section 1177 of the
5 REVISED school code of ~~1976~~ for at least 95% of the district's or
6 intermediate district's entering pupils as recorded in the February 1,
7 ~~1996~~ 1997 reports required under this subsection, the district or
8 intermediate district is subject to subsection (4) until the district
9 or intermediate district has such an immunization record for at least
10 95% of its pupils. If the department of ~~public health~~ COMMUNITY HEALTH
11 is notable to report to the department by March 31, ~~1996~~ 1997, because
12 a district or intermediate district fails to submit a report as
13 required in this subsection, or submits an incomplete, inaccurate, or
14 late report, the district or intermediate district is subject to
15 subsection (4) until the report is submitted in a complete and accurate
16 form.

17 (4) If a district or intermediate district does not comply with this
18 section, the department shall withhold 5% of the total funds due to the
19 district or intermediate district under this act after the date the
20 department of ~~public health~~ COMMUNITY HEALTH reports a district's or
21 intermediate district's noncompliance with this section to the
22 department until the district or intermediate district complies with
23 this section. If the district or intermediate district does not comply
24 with this section by the end of the fiscal year, the district or
25 intermediate district forfeits the total amount withheld.

26 Section 2. (1) Pursuant to section 30 of article IX of the state
27 constitution of 1963, total state spending from state sources for
28 fiscal year 1996-97 is estimated at \$8,306,064,000.00 in this bill and
29 state spending from state sources paid to local units of government for
30 fiscal year 1996-97 is estimated at \$8,301,735,000.00. 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. This is to comply with section 497(3) of Act No. 431 of the Public Acts of 1984, as amended, being section 18.1497 of the Michigan compiled laws. The itemized statement below identifies appropriations from which spending to units of local government will occur:

Foundation allowance	7,425,334,600.00
Future year advance payments	200,000,000.00
Court-placed children	7,000,000.00
Academically at-risk children	230,000,000.00
Michigan school readiness preschool program . . .	52,730,500.00
Bilingual education	4,212,000.00
Special education, including ISD special ed membership	200,573,100.00
ISD special education millage equalization . . .	30,650,000.00
Gifted & talented	5,000,000.00
Special education transportation	25,405,000.00
Vocational education	29,010,000.00
ISD vocational education millage equalization . .	7,200,000.00
ISD general operations	78,209,800.00
Bus driver safety and auxillary services transportation	1,625,000.00
Mathematics/science centers	4,785,000.00

(2) If it appears to the principal executive officer of a department or branch that state spending to local units of government will be less than the amount that was projected to be expended under subsection (1), the principal executive officer shall immediately give notice of the approximate shortfall to the department of management and budget.

Section 3. The expenditures and funding sources authorized under

1 this bill are subject to the management and budget act, Act No. 431 of
2 the Public Acts of 1984, being sections 18.1101 to 18.1594 of the
3 Michigan Compiled Laws.

4 Section 4. (1) Departments and state agencies that receive funds
5 under this bill may receive and expend federal funds for purposes
6 allowed by the federal government and these funds are appropriated, if
7 the funds are provided as block grants or other similar replacements
8 for or consolidations of prior federal funding sources.

9 (2) Departments and state agencies may use the funds described in
10 subsection (1) to continue existing programs and shall not establish
11 new programs utilizing these funds unless the legislature has enacted
12 modifications to the existing program or enacted a new program.

13 Section 5. As used in appropriations bills:

14 (a) "DED-OSERS" means the DED office of special education and
15 rehabilitative services.

16 (b) "FTE" means full-time equated position.

17 (c) "Fiscal agencies" means the Michigan house fiscal agency and the
18 Michigan senate fiscal agency.

19 (d) "IDG" means interdepartmental grant.

20 Section 6. (1) Sections 6c, 6d, 9, 11c, 11d, 16, 21d, 64, 66, 91a,
21 91b, 91c, 95, 104, 107f, 145, 148, 149, 154, 163, 164c, and 165, of Act
22 No. 94, being sections 388.1606c, 388.1606d, 388.1609, 388.1611c,
23 388.1611d, 388.1616, 388.1621d, 388.1664, 388.1666, 388.1691a,
24 388.1691b, 388.1691c, 388.1695, 388.1704, 388.1707f, 388.1745,
25 388.1748, 388.1749, 388.1754, 388.1763, 388.1764c, and 388.1765 of the
26 Michigan compiled laws, are repealed effective October 1, 1996.

27 Section 7. (1) Except as provided in subsection (2), this amendatory
28 act shall take effect October 1, 1996.

29 (2) Sections 11a, 20d, 20g and 51 of Act No. 94 of the Public Acts
30 of 1979, as amended by this amendatory act, and section 20h of Act No.

1 94 of the Public Acts of 1979, as added by this amendatory act, shall
2 take effect upon enactment of this amendatory act.

Final page.