

Act No. 142  
Public Acts of 1997  
Approved by the Governor  
November 19, 1997  
Filed with the Secretary of State  
November 19, 1997  
EFFECTIVE DATE: November 19, 1997

STATE OF MICHIGAN  
89TH LEGISLATURE  
REGULAR SESSION OF 1997

**Introduced by Senators DeGrow, Schwarz, Conroy, McManus, Cherry, A. Smith, Young, DeBeaussaert, Hart, North, V. Smith, Vaughn, Miller, Byrum, Emmons, Stallings, Gougeon, Bennett, Steil, Stille, Bouchard, Rogers, Shugars and Schuette**

## **ENROLLED SENATE BILL No. 178**

AN ACT to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to prescribe penalties; and to repeal certain acts and parts of acts," by amending the title and sections 6, 8, 11, 17b, 20, 24, 26a, 31a, 36, 39, 41, 51a, 53a, 54, 56, 57, 61a, 62, 67, 68, 74, 81, 94, 99, 101, 107, and 147 (MCL 388.1606, 388.1608, 388.1611, 388.1617b, 388.1620, 388.1624, 388.1626a, 388.1631a, 388.1636, 388.1639, 388.1641, 388.1651a, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1667, 388.1668, 388.1674, 388.1681, 388.1694, 388.1699, 388.1701, 388.1707, and 388.1747), the title as amended by 1991 PA 118, sections 6, 11, 17b, 20, 24, 36, 39, 41, 51a, 53a, 54, 56, 57, 61a, 62, 74, 81, 94, 99, 101, 107, and 147 as amended and sections 26a, 67, and 68 as added by 1997 PA 93, section 8 as amended by 1993 PA 175, and section 31a as amended by 1997 PA 24, and by adding sections 8a, 10, 11e, 11f, 11g, 11h, 11i, 31c, and 36a; and to repeal acts and parts of acts.

*The People of the State of Michigan enact:*

### TITLE

An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to prescribe penalties; and to repeal acts and parts of acts.

Sec. 6. (1) "Center program" means a program operated by a district or intermediate district for special education pupils from several districts in programs for the autistically impaired, trainable mentally impaired, severely mentally impaired, severely multiply impaired, hearing impaired, physically and otherwise health impaired, and visually impaired. Programs for emotionally impaired pupils housed in buildings that do not serve regular education pupils also qualify. Unless otherwise approved by the department, a center program either shall serve all constituent districts within an intermediate district or shall serve several districts with less than 50% of the pupils residing in the operating district. In addition, special education center program pupils placed part-time in noncenter programs to comply with the

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

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

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

(4) "Membership", except as otherwise provided in this act, means for a district, public school academy, university school, or intermediate district the sum of the product of .6 times 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, plus the product of .4 times the final audited count from the supplemental count day for the immediately preceding school year, as determined by the department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the state board, and as corrected by a subsequent department audit. The amount of the foundation allowance for a pupil in membership is determined under section 20. In making the calculation of membership, all of the following, as applicable, apply to determining the membership of a district, public school academy, university school, or intermediate district:

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

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

(c) A special education pupil educated by the intermediate district shall be counted in membership in the intermediate district.

(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 53a, shall be counted in membership in the district or intermediate district approved by the department to operate the program.

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

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

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

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

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

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

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

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

day any pupils who are counted in the public school academy on that first pupil membership count day who were also counted in the district on the immediately preceding supplemental count day.

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

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

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

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

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

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

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

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

(q) The number of class hours used to calculate full-time equated memberships shall be consistent with section 1284 of the revised school code, MCL 380.1284. In determining full-time equated memberships for pupils who are enrolled in a postsecondary institution under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, a pupil shall not be considered to be less than a full-time equated pupil solely because of the effect of his or her postsecondary enrollment, including necessary travel time, on the number of class hours provided by the district to the pupil.

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

(s) For a district that has qualified currently migrant pupils enrolled in the district as of the pupil membership count day who were not counted in membership in the district on the supplemental count day for the immediately preceding school year, as determined by the department using the criteria used for eligibility for the migrant education program under the improving America's schools act of 1994, Public Law 103-382, 108 Stat. 3518, the number of those pupils counted in the district's membership is 3/4 of the number of those pupils counted on the pupil membership count day only.

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

as defined by rules promulgated by the state board, and as corrected by subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

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

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

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

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

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

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

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

(x) For 1997-98 only, if a pupil was enrolled in a public school academy on the pupil membership count day, if the public school academy's contract with its authorizing body is revoked, and if the pupil enrolls in a district within 45 days after the pupil membership count day, the department shall adjust the district's pupil count for the pupil membership count day to include the pupil in the count.

(5) "Public school academy" means a public school academy operating under the revised school code.

(6) "Pupil" means a person in membership in a public school. A district must have the approval of the pupil's district of residence to count the pupil in membership, except approval by the pupil's district of residence shall not be required for nonpublic part-time pupils, for pupils receiving 1/2 or less of their instruction in a district other than their district of residence, for pupils enrolled in a public school academy or university school, for pupils enrolled in a district other than their district of residence under an intermediate district schools of choice pilot program as described in section 91a or former section 91 if the intermediate district and its constituent districts have been exempted from section 105, for pupils enrolled in a district other than their district of residence but within the same intermediate district if the educating district enrolls nonresident pupils in accordance with section 105, or for pupils enrolled in a district other than their district of residence if the pupils have been continuously enrolled in the educating district since a school year in which the pupils enrolled in the educating district under section 105 and in which the educating district enrolled nonresident pupils in accordance with section 105. However, if a district that is not a first class district educates pupils who reside in a first class district and if the primary instructional site for those pupils is located within the boundaries of the first class district, the educating district must have the approval of the first class district to count those pupils in membership. As used in this subsection, "first class district" means a district organized as a school district of the first class under the revised school code.

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

(a) Except as provided in subdivision (b), the fourth Wednesday in September each school year.

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

(i) Fourth Wednesday in July.

(ii) Fourth Wednesday in September.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

(8) "Rule" means a rule promulgated pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(9) "The revised school code" means 1976 PA 451, MCL 380.1 to 380.1852.

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

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

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

(13) "Tuition pupil" means a pupil of school age attending school in a district other than the pupil's district of residence for whom tuition may be charged. Tuition pupil does not include a pupil who is a special education pupil; a pupil enrolled in a district other than the pupil's district of residence but within the same intermediate district if the

educating district enrolls nonresident pupils in accordance with section 105; a pupil enrolled in a district other than the pupil's district of residence if the pupil has been continuously enrolled in the educating district since a school year in which the pupil enrolled in the educating district under section 105 and in which the educating district enrolled nonresident pupils in accordance with section 105; or a pupil served by an intermediate district schools of choice pilot program as described in section 91a or former section 91 if the intermediate district and its constituent districts have been exempted from section 105. A pupil's district of residence shall not require a high school tuition pupil, as provided under section 111, to attend another school district after the pupil has been assigned to a school district.

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

(15) "Taxable value" means the taxable value of property as determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

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

(2) On the basis of a district's pupil retention report as defined in section 6(3), the department shall calculate an annual pupil dropout rate for each district. In addition, the department shall calculate an annual pupil dropout rate for the state in the same manner as that used to calculate the pupil dropout rate for a district. The department shall report all pupil dropout rates to the senate and house education committees and appropriations committees and the department of management and budget not later than September 15 each year.

Sec. 8a. For each of the district's school buildings that operate some or all of grades K-3, a district shall report to the department not later than November 1 of each school year the average number of pupils per class in grades K-3 in the school building.

Sec. 10. Money deposited in the state school aid fund under the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.216, shall be deposited into a separate account in the state school aid fund. Money in this separate account shall not be expended unless it is specifically appropriated by the legislature from this separate account. An appropriation from the state school aid fund that does not specifically identify that it is being made from this separate account shall not be considered to be an appropriation of money in this separate account.

Sec. 11. (1) For the fiscal year ending September 30, 1998, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$8,717,471,600.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$377,935,400.00 from the general fund. For the fiscal year ending September 30, 1999, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$9,036,198,400.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$420,613,500.00 from the general fund. In addition, available federal funds are appropriated for 1997-98 and for 1998-99.

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

(3) If the maximum amount appropriated under this section and sections 11f and 11g from the state school aid fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, payments under sections 11f, 11g, and 51a(2) shall be made in full and payments under each of the other sections of this act shall be prorated on an equal percentage basis as necessary to reflect the amount available for expenditure from the state school aid fund for that fiscal year. However, if the department of treasury determines that proration will be required under this subsection, the department of treasury shall notify the director of the department of management and budget, and the director of the department of management and budget shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the director of the department of management and budget, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30

calendar day or 6 legislative session day period after that notification by the department of management and budget, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall.

Sec. 11e. (1) In addition to any other money appropriated under this act, there is appropriated from the state school aid fund an amount not to exceed \$212,000,000.00 for the fiscal year ending September 30, 1998 for paying money damages to districts and intermediate districts who were plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492, and for making other payments required in those consolidated cases. The amount paid to each district or intermediate district under this section shall be the total amount of the damages awarded to the district or intermediate district, as calculated by the department in accordance with the Michigan supreme court's July 31, 1997 opinion in those consolidated cases. The entire amount of this payment shall be paid on April 15, 1998. This appropriation is from the money appropriated and transferred to the state school aid fund from the countercyclical budget and economic stabilization fund under section 353e(1) of the management and budget act, 1984 PA 431, MCL 18.1353e.

(2) In order for the democratic process to inform and shape distribution of the money paid under this section, as referenced in the Michigan supreme court's July 31, 1997 opinion in the consolidated cases known as Durant v State of Michigan, not later than 90 days after receipt of funds under this section, and before expending any of those funds, the board of a district or intermediate district that receives funds under this section shall hold a public hearing of the board to discuss how the board will use those funds. The board may hold this hearing as part of a regularly scheduled board meeting if the public notice of that regular meeting clearly indicates that the issue of use of funds received under this section will be on the agenda at the regular meeting.

Sec. 11f. (1) In addition to any other money appropriated under this act, there is appropriated from the state school aid fund an amount not to exceed \$32,000,000.00 each fiscal year for the fiscal year ending September 30, 1999 and for each succeeding fiscal year through the fiscal year ending September 30, 2008. Payments under this section will cease after September 30, 2008. These appropriations are for paying the amounts described in subsection (4) to districts and intermediate districts, other than those receiving a lump sum payment under subsection (2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, have submitted to the state treasurer a board resolution waiving any right or interest the district or intermediate district has or may have in any claim or litigation based on or arising out of any claim or potential claim through September 30, 1997 that is or was similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan. The waiver resolution shall be in form and substance as required under subsection (8). The state treasurer is authorized to accept such a waiver resolution on behalf of this state. The amounts described in this subsection represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this subsection.

(2) In addition to any other money appropriated under this act, there is appropriated from the state school aid fund an amount not to exceed \$1,700,000.00 for the fiscal year ending September 30, 1999. This appropriation is for paying the amounts described in this subsection to districts and intermediate districts that were not plaintiffs in the consolidated cases known as Durant v State of Michigan; that, on or before March 2, 1998, have submitted to the state treasurer a board resolution waiving any right or interest the district or intermediate district has or may have in any claim or litigation based on or arising out of any claim or potential claim through September 30, 1997 that is or was similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan; and for which the total amount listed in section 11h and paid under this section is less than \$75,000.00. The waiver resolution shall be in form and substance as required under subsection (8). The state treasurer is authorized to accept such a waiver resolution on behalf of this state. For a district or intermediate district qualifying for a payment under this subsection, the entire amount listed for the district or intermediate district in section 11h shall be paid in a lump sum on November 15, 1998 or on the next business day following that date. The amounts paid under this subsection represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this subsection.

(3) This section does not create any obligation or liability of this state to any district or intermediate district that does not submit a waiver resolution described in subsection (1) or (2). This section, any other provision of this act, and section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, are not intended to admit liability or waive any defense that is or would be available to this state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district.

(4) The amount paid each fiscal year to each district or intermediate district under subsection (1) shall be 1/20 of the total amount listed in section 11h for each listed district or intermediate district that qualifies for a payment under subsection (1). The amounts listed in section 11h and paid in part under this subsection and in a lump sum under subsection (2) are offers of settlement and compromise to each of these districts or intermediate districts to resolve, in their entirety, any claim or claims that these districts or intermediate districts may have asserted for violations of section 29 of article IX of the state constitution of 1963 through September 30, 1997, which claims are or were similar

to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan. This section, any other provision of this act, and section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, shall not be construed to constitute an admission of liability to the districts or intermediate districts listed in section 11h or a waiver of any defense that is or would have been available to the state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district.

(5) The entire amount of each payment under subsection (1) each fiscal year shall be paid on November 15 of the applicable fiscal year or on the next business day following that date.

(6) Funds paid to a district or intermediate district under this section shall be used only for textbooks, electronic instructional material, software, technology, infrastructure or infrastructure improvements, school buses, school security, training for technology, or to pay debt service on voter-approved bonds issued by the district or intermediate district before the effective date of this section. For intermediate districts only, funds paid under this section may also be used for other nonrecurring instructional expenditures including, but not limited to, nonrecurring instructional expenditures for vocational education, or for debt service for acquisition of technology for academic support services. Funds received by an intermediate district under this section may be used for projects conducted for the benefit of its constituent districts at the discretion of the intermediate board. To the extent payments under this section are used by a district or intermediate district to pay debt service on debt payable from millage revenues, and to the extent permitted by law, the district or intermediate district may make a corresponding reduction in the number of mills levied for that debt service.

(7) The appropriations under this section are from the money appropriated and transferred to the state school aid fund from the countercyclical budget and economic stabilization fund under section 353e(2) and (3) of the management and budget act, 1984 PA 431, MCL 18.1353e.

(8) The resolution to be adopted and submitted by a district or intermediate district under this section and section 11g shall read as follows:

“Whereas, the board of \_\_\_\_\_ (name of district or intermediate district) desires to settle and compromise, in their entirety, any claim or claims that the district (or intermediate district) has or had for violations of section 29 of article IX of the state constitution of 1963, which claim or claims are or were similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492.

Whereas, the district (or intermediate district) agrees to settle and compromise these claims for the consideration described in sections 11f and 11g of the state school aid act of 1979, 1979 PA 94, MCL 388.1611f and 388.1611g, and in the amount specified for the district (or intermediate district) in section 11h of the state school aid act of 1979, 1979 PA 94, MCL 388.1611h.

Whereas, the board of \_\_\_\_\_ (name of district or intermediate district) is authorized to adopt this resolution.

Now, therefore, be it resolved as follows:

1. The board of \_\_\_\_\_ (name of district or intermediate district) waives any right or interest it may have in any claim or potential claim through September 30, 1997 relating to the amount of funding the district or intermediate district is, or may have been, entitled to receive under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, or any other source of state funding, by reason of the application of section 29 of article IX of the state constitution of 1963, which claims or potential claims are or were similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492.

2. The board of \_\_\_\_\_ (name of district or intermediate district) directs its secretary to submit a certified copy of this resolution to the state treasurer no later than 5 p.m. eastern standard time on March 2, 1998, and agrees that it will not take any action to amend or rescind this resolution.

3. The board of \_\_\_\_\_ (name of district or intermediate district) expressly agrees and understands that, if it takes any action to amend or rescind this resolution, the state, its agencies, employees, and agents shall have available to them any privilege, immunity, and/or defense that would otherwise have been available had the claims or potential claims been actually litigated in any forum.

4. This resolution is contingent on continued payments by the state each fiscal year as determined under sections 11f and 11g of the state school aid act of 1979, 1979 PA 94, MCL 388.1611f and 388.1611g. However, this resolution shall be an irrevocable waiver of any claim to amounts actually received by the school district or intermediate school district under sections 11f and 11g of the state school aid act of 1979.”

(9) In order for the democratic process to inform and shape distribution of the money paid under this section and section 11g, as referenced in the Michigan supreme court’s July 31, 1997 opinion in the consolidated cases known as Durant v State of Michigan, before June 30, 1998, the board of a district or intermediate district that qualifies to receive funds under this section or section 11g shall hold a public hearing of the board to discuss how the board will use those funds and, if applicable, any proceeds from bonds that may be issued under section 11i. The board may hold this hearing

as part of a regularly scheduled board meeting if the public notice of that regular meeting clearly indicates that the issue of use of funds received under this section and section 11g will be on the agenda at the regular meeting.

Sec. 11g. (1) In addition to the appropriations under section 11f and any other money appropriated under this act, there is appropriated from the state school aid fund an amount not to exceed \$40,000,000.00 for the fiscal year ending September 30, 1999 and there is appropriated from the general fund an amount not to exceed \$40,000,000.00 for the fiscal year ending September 30, 2000 and for each succeeding fiscal year through the fiscal year ending September 30, 2013. Payments under this section will cease after September 30, 2013. These appropriations are for paying the amounts described in subsection (3) to districts and intermediate districts, other than those receiving a lump sum payment under section 11f(2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, have submitted to the state treasurer a waiver resolution described in section 11f. The amounts paid under this section represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this section.

(2) This section does not create any obligation or liability of this state to any district or intermediate district that does not submit a waiver resolution described in section 11f. This section, any other provision of this act, and section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, are not intended to admit liability or waive any defense that is or would be available to this state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district regarding these claims or potential claims.

(3) The amount paid each fiscal year to each district or intermediate district under this section shall be the sum of the following:

(a) 1/30 of the total amount listed in section 11h for the district or intermediate district.

(b) If the district or intermediate district borrows money and issues bonds under section 11i, an additional amount in each fiscal year calculated by the department of treasury that, when added to the amount described in subdivision (a), will cause the net present value as of November 15, 1998 of the total of the 15 annual payments made to the district or intermediate district under this section, discounted at a rate as determined by the state treasurer, to equal the amount of the bonds issued by that district or intermediate district under section 11i and that will result in the total payments made to all districts and intermediate districts in each fiscal year under this section being no more than the amount appropriated under this section in each fiscal year.

(4) The entire amount of each payment under this section each fiscal year shall be paid on May 15 of the applicable fiscal year or on the next business day following that date. If a district or intermediate district borrows money and issues bonds under section 11i, the district or intermediate district shall use funds received under this section to pay debt service on bonds issued under section 11i. If a district or intermediate district does not borrow money and issue bonds under section 11i, the district or intermediate district shall use funds received under this section only for the following purposes, in the following order of priority:

(a) First, to pay debt service on voter-approved bonds issued by the district or intermediate district before the effective date of this section.

(b) Second, to pay debt service on other limited tax obligations.

(c) Third, for deposit into a sinking fund established by the district or intermediate district under the revised school code.

(5) To the extent payments under this section are used by a district or intermediate district to pay debt service on debt payable from millage revenues, and to the extent permitted by law, the district or intermediate district may make a corresponding reduction in the number of mills levied for debt service.

(6) A district or intermediate district may pledge or assign payments under this section as security for bonds issued under section 11i, but shall not otherwise pledge or assign payments under this section.

(7) The state school aid fund appropriation under this section for 1998-99 is from the money appropriated and transferred to the state school aid fund from the countercyclical budget and economic stabilization fund under section 353e(2) of the management and budget act, 1984 PA 431, MCL 18.1353e.

Sec. 11h. (1) For the purposes of sections 11f and 11g, the following amounts are offered to each district or intermediate district to settle, compromise, and resolve, in their entirety, any claim or claims that those districts or intermediate districts may have asserted for violations of section 29 of article IX of the state constitution of 1963 through September 30, 1997, which claims are or were similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492:

CODE	NAME	AMOUNT
02010	Autrain-Onota Public Schools.....	\$ 14,622
02020	Burt Township School District.....	\$ 6,744

02070	Munising Public Schools .....	\$	185,461
02080	Superior Central School District.....	\$	96,734
03000	Allegan Intermediate District .....	\$	648,801
03010	Plainwell Community Schools.....	\$	741,425
03020	Otsego Public Schools .....	\$	540,058
03030	Allegan Public Schools.....	\$	926,426
03040	Wayland Union Schools .....	\$	731,677
03050	Fennville Public Schools.....	\$	579,056
03060	Martin Public Schools.....	\$	139,670
03070	Hopkins Public Schools.....	\$	255,685
03100	Hamilton Community Schools .....	\$	401,023
03440	Ganges School District 4.....	\$	2,201
04000	Alpena-Montmorency-Alcona Intermediate.....	\$	726,402
04010	Alpena Public Schools .....	\$	1,042,911
05010	Alba Public Schools .....	\$	42,367
05035	Central Lake Public Schools.....	\$	69,082
05040	Bellaire Public Schools.....	\$	167,614
05060	Elk Rapids Schools .....	\$	357,615
05065	Ellsworth Community Schools .....	\$	21,150
05070	Mancelona Public Schools.....	\$	285,764
06010	Arenac Eastern School District .....	\$	79,078
06050	Standish Sterling School District.....	\$	317,341
07020	Baraga Township School District.....	\$	216,490
07040	L'Anse Area Schools .....	\$	263,107
08000	Barry Intermediate District .....	\$	390,738
08010	Delton-Kellogg School District.....	\$	254,518
08030	Hastings Area School District.....	\$	615,970
08050	Thornapple-Kellogg School District .....	\$	794,355
09000	Bay Arenac Intermediate District.....	\$	3,690,121
09010	Bay City School District.....	\$	2,957,596
09030	Bangor Township Schools.....	\$	690,490
09090	Pinconning Area Schools .....	\$	437,504
10015	Benzie County Central Schools.....	\$	469,507
10025	Frankfort-Elberta Area Schools .....	\$	74,090
11000	Berrien Intermediate District .....	\$	4,488,648
11010	Benton Harbor Area Schools.....	\$	1,588,343
11030	Lakeshore School District .....	\$	505,985
11160	Galien Township School District .....	\$	148,305
11200	New Buffalo Area School District .....	\$	295,255
11210	Brandywine Public School District.....	\$	430,713
11240	Berrien Springs Public School District.....	\$	1,020,853
11250	Eau Claire Public Schools .....	\$	295,326
11300	Niles Community School District.....	\$	1,886,362
11310	Buchanan Community School District .....	\$	415,327
11320	Watervliet School District.....	\$	333,411
11330	Coloma Community Schools.....	\$	518,321
11670	Hagar Township School District 6.....	\$	3,558
12000	Branch Intermediate District.....	\$	1,591,244
12010	Coldwater Community Schools .....	\$	533,753
12020	Bronson Community School District .....	\$	100,766
12040	Quincy Community School District .....	\$	118,640
13000	Calhoun Intermediate District .....	\$	2,099,031
13010	Albion Public Schools .....	\$	682,812
13020	Battle Creek Public Schools.....	\$	4,924,981
13050	Athens Area Schools .....	\$	239,614
13070	Harper Creek Community Schools.....	\$	737,397
13080	Homer Community Schools.....	\$	243,747
13090	Lakeview School District .....	\$	672,056
13095	Mar Lee School District.....	\$	22,341
13110	Marshall Public Schools .....	\$	499,126
13120	Pennfield School District .....	\$	295,615

13130	Tekonsha Community Schools .....	\$	84,152
13135	Union City Community School District .....	\$	261,232
14000	Lewis Cass Intermediate District .....	\$	1,156,252
14010	Cassopolis Public Schools .....	\$	359,167
14020	Dowagiac Union Schools.....	\$	886,692
14030	Edwardsburg Public Schools .....	\$	278,671
14050	Marcellus Community Schools.....	\$	133,119
15000	Charlevoix Emmet Intermediate District.....	\$	2,656,494
15010	Beaver Island Community Schools.....	\$	5,291
15020	Boyne City Public School District .....	\$	340,838
15030	Boyne Falls Public School District .....	\$	46,285
15060	East Jordan Public School District.....	\$	124,290
16000	Cheboygan Otsego Presque Isle ISD.....	\$	484,651
16015	Cheboygan Area Schools .....	\$	600,684
16050	Inland Lakes School District .....	\$	121,570
16070	Mackinaw City Public Schools.....	\$	10,133
16100	Wolverine Community School District .....	\$	36,114
17000	Eastern Upper Peninsula ISD .....	\$	686,688
17010	Sault Ste Marie Area Schools.....	\$	1,375,408
17050	Detour Area Schools .....	\$	91,341
17090	Pickford Public Schools.....	\$	50,020
17110	Rudyard Area Schools .....	\$	167,700
17140	Brimley Area Schools.....	\$	339,116
17160	Whitefish Schools.....	\$	7,565
18000	Clare Gladwin Intermediate District .....	\$	824,976
18010	Clare Public Schools .....	\$	283,169
18020	Farwell Area Schools .....	\$	435,856
18060	Harrison Community Schools .....	\$	548,716
19000	Clinton Intermediate District.....	\$	1,408,672
19010	Dewitt Public Schools .....	\$	460,423
19070	Fowler Public Schools.....	\$	73,794
19100	Bath Community Schools .....	\$	207,492
19120	Ovid Elsie Area Schools .....	\$	421,074
19125	Pewamo Westphalia Community Schools.....	\$	123,323
19140	St. Johns Public Schools .....	\$	916,394
20015	Crawford Ausable Schools .....	\$	400,397
21000	Delta Schoolcraft Intermediate District.....	\$	751,556
21010	Escanaba Area Public Schools.....	\$	970,743
21025	Gladstone Area Schools .....	\$	394,007
21060	Rapid River Public Schools.....	\$	95,894
21065	Big Bay De Noc School District.....	\$	76,026
21090	Bark River Harris School District.....	\$	157,932
21135	Mid Peninsula School District.....	\$	70,668
22000	Dickinson-Iron Intermediate District .....	\$	886,487
22010	Iron Mountain City School District .....	\$	235,977
22025	Norway Vulcan Area Schools.....	\$	106,885
22030	Breitung Township School District .....	\$	373,341
22045	North Dickinson County School District.....	\$	108,610
23000	Eaton Intermediate District .....	\$	1,122,375
23010	Bellevue Community School District .....	\$	259,295
23030	Charlotte Public Schools.....	\$	931,778
23050	Eaton Rapids Public Schools .....	\$	933,405
23060	Grand Ledge Public Schools .....	\$	1,871,628
23065	Maple Valley School District .....	\$	406,606
23080	Olivet Community Schools .....	\$	273,708
23090	Potterville Public Schools.....	\$	223,936
24020	Harbor Springs School District.....	\$	129,569
24030	Littlefield Public School District.....	\$	79,810
24040	Pellston Public School District .....	\$	87,279
24070	Petoskey Public Schools .....	\$	324,563
25000	Genesee Intermediate District .....	\$	6,300,676

25010	Flint City School District .....	\$	18,747,097
25040	Mt. Morris Consolidated Schools.....	\$	1,121,625
25060	Bendle Public Schools .....	\$	404,192
25070	Genesee School District .....	\$	231,806
25100	Fenton Area Public Schools.....	\$	1,111,528
25110	Kearsley Community Schools.....	\$	947,009
25120	Flushing Community Schools.....	\$	973,174
25130	Atherton Community School District .....	\$	299,766
25140	Davison Community Schools.....	\$	1,194,861
25150	Clio Area School District.....	\$	861,180
25180	Swartz Creek Community Schools .....	\$	1,281,780
25200	Lake Fenton Schools.....	\$	459,138
25210	Westwood Heights School District.....	\$	433,487
25230	Bentley Community School District.....	\$	416,919
25240	Beecher Community School District .....	\$	1,684,881
25250	Linden Community School District .....	\$	693,553
25260	Montrose Community Schools .....	\$	803,839
25280	Lakeville Community School District .....	\$	821,048
26010	Beaverton Rural Schools.....	\$	401,648
26040	Gladwin Community Schools .....	\$	427,002
27000	Gogebic Ontonagon Intermediate District .....	\$	558,679
27010	Bessemer City School District .....	\$	93,392
27020	Ironwood Area Schools.....	\$	358,358
27060	Marenisco School District.....	\$	13,053
27070	Wakefield Township School District .....	\$	76,782
27080	Watersmeet Township School District .....	\$	49,036
28000	Traverse Bay Intermediate District .....	\$	4,179,332
28010	Traverse City School District.....	\$	2,902,639
28035	Buckley Community School District .....	\$	85,755
28090	Kingsley Area School.....	\$	233,898
29000	Gratiot-Isabella RESD.....	\$	470,134
29010	Alma Public Schools .....	\$	694,386
29020	Ashley Community Schools.....	\$	74,662
29040	Breckenridge Community Schools.....	\$	304,118
29050	Fulton Schools .....	\$	149,274
29060	Ithaca Public Schools.....	\$	471,693
29100	St. Louis Public Schools.....	\$	421,142
30000	Hillsdale Intermediate District .....	\$	1,766,059
30010	Camden Frontier Schools.....	\$	87,548
30020	Hillsdale Community Public Schools.....	\$	391,242
30030	Jonesville Community Schools.....	\$	109,455
30040	Litchfield Community Schools.....	\$	167,255
30050	North Adams-Jerome Public Schools.....	\$	61,387
30060	Pittsford Area Schools .....	\$	202,030
30070	Reading Community Schools .....	\$	128,460
30080	Waldron Area Schools.....	\$	98,856
31000	Copper Country Intermediate District.....	\$	874,467
31010	Hancock Public Schools.....	\$	177,175
31020	Adams Township School District .....	\$	20,756
31030	Calumet Public Schools.....	\$	314,749
31050	Chassell Township School District.....	\$	627
31100	Osceola Township School District.....	\$	3,877
31110	Houghton-Portage Township Schools .....	\$	176,454
31130	Lake Linden Hubbell School District.....	\$	98,547
32000	Huron Intermediate District .....	\$	1,188,316
32010	Bad Axe Public Schools .....	\$	163,568
32030	Caseville Public Schools.....	\$	29,891
32060	Harbor Beach Community Schools.....	\$	129,415
32090	Owendale Gagetown Area School District .....	\$	49,577
32130	Port Hope Community Schools .....	\$	373
32170	Ubyly Community Schools .....	\$	103,432

33000	Ingham Intermediate District .....	\$	9,528,160
33020	Lansing Public School District .....	\$	13,878,055
33040	Dansville Agricultural School .....	\$	231,154
33060	Haslett Public Schools.....	\$	533,512
33070	Holt Public Schools.....	\$	1,436,837
33100	Leslie Public Schools.....	\$	487,249
33130	Mason Public Schools .....	\$	1,242,161
33200	Stockbridge Community Schools.....	\$	538,077
33220	Webberville Community Schools .....	\$	160,090
33230	Williamston Community Schools.....	\$	286,724
34000	Ionia Intermediate District.....	\$	889,225
34010	Ionia Public Schools.....	\$	1,442,559
34040	Palo Community School District .....	\$	22,056
34080	Belding Area School District .....	\$	590,288
34090	Lakewood Public Schools .....	\$	621,134
34110	Portland Public School District.....	\$	512,174
34120	Saranac Community Schools.....	\$	222,518
35000	Iosco Intermediate District.....	\$	746,867
35010	Oscoda Area Schools .....	\$	586,953
35020	Hale Area Schools.....	\$	117,632
35040	Whittemore Prescott Area School District .....	\$	327,352
36015	Forest Park School District.....	\$	104,179
36025	West Iron County School District .....	\$	291,224
37010	Mt. Pleasant City School District .....	\$	1,661,159
37040	Beal City School.....	\$	94,455
37060	Shepherd Public School District.....	\$	537,492
38000	Jackson Intermediate District .....	\$	5,867,626
38010	Western School District.....	\$	368,913
38020	Vandercook Lake Public Schools .....	\$	182,732
38040	Columbia School District .....	\$	272,872
38050	Grass Lake Community Schools.....	\$	112,948
38080	Concord Community Schools .....	\$	136,334
38090	East Jackson Public Schools .....	\$	262,531
38100	Hanover Horton Schools.....	\$	210,862
38120	Michigan Center School District .....	\$	254,956
38130	Napoleon Community Schools .....	\$	162,981
38140	Northwest School District.....	\$	557,439
38150	Springport Public Schools .....	\$	112,368
38170	Jackson Public Schools.....	\$	4,007,741
39000	Kalamazoo Valley Intermediate District.....	\$	2,294,305
39010	Kalamazoo City School District.....	\$	4,620,814
39020	Climax Scotts Community Schools .....	\$	141,525
39050	Galesburg Augusta Community Schools.....	\$	491,658
39065	Gull Lake Community Schools .....	\$	664,438
39130	Parchment School District .....	\$	413,278
39160	Schoolcraft Community Schools.....	\$	278,974
39170	Vicksburg Community Schools.....	\$	606,035
40020	Forest Area Community School District.....	\$	249,638
40040	Kalkaska Public Schools .....	\$	536,507
41000	Kent Intermediate District.....	\$	1,018,499
41010	Grand Rapids City School District .....	\$	30,052,399
41020	Godwin Heights Public Schools.....	\$	776,787
41025	Northview Public School District .....	\$	1,463,294
41026	Wyoming Public Schools.....	\$	3,510,038
41070	Cedar Springs Public Schools.....	\$	1,194,520
41080	Comstock Park Public Schools .....	\$	735,314
41120	Godfrey Lee Public School District .....	\$	625,281
41130	Grandville Public Schools .....	\$	2,285,726
41140	Kelloggsville Public Schools.....	\$	457,811
41150	Kent City Community Schools .....	\$	634,852
41170	Lowell Area School District.....	\$	1,191,193

41210	Rockford Public Schools .....	\$	1,800,045
41240	Sparta Area Schools .....	\$	1,572,479
43040	Baldwin Community Schools .....	\$	301,981
44000	Lapeer Intermediate District .....	\$	1,257,237
44010	Lapeer Community Schools .....	\$	1,606,732
44020	Almont Community Schools .....	\$	195,065
44050	Dryden Community Schools .....	\$	123,137
44060	Imlay City Community Schools .....	\$	650,688
44090	North Branch Area Schools .....	\$	361,607
45010	Glen Lake Community School District .....	\$	147,578
45020	Leland Public School District .....	\$	74,798
45040	Northport Public School District .....	\$	103,011
46000	Lenawee Intermediate District .....	\$	3,474,431
46010	Adrian City School District .....	\$	1,749,075
46020	Addison Community Schools .....	\$	228,919
46040	Blissfield Community Schools .....	\$	216,378
46050	Britton Macon Area School District .....	\$	48,992
46060	Clinton Community Schools .....	\$	156,385
46070	Deerfield Public Schools .....	\$	63,324
46080	Hudson Area Schools .....	\$	206,641
46090	Madison School District .....	\$	254,199
46100	Morenci Area Schools .....	\$	175,792
46110	Onsted Community Schools .....	\$	204,754
46130	Sand Creek Community Schools .....	\$	180,402
46140	Tecumseh Public Schools .....	\$	564,716
47000	Livingston Intermediate District .....	\$	3,740,653
47010	Brighton Area Schools .....	\$	1,608,320
47030	Fowlerville Community Schools .....	\$	458,044
47060	Hartland Consolidated Schools .....	\$	638,713
47070	Howell Public Schools .....	\$	1,500,542
47080	Pinckney Community Schools .....	\$	585,950
48040	Tahquamenon Area Schools .....	\$	267,875
49010	St. Ignace City School District .....	\$	199,400
49040	Les Cheneaux Community School District .....	\$	79,470
49055	Engadine Consolidated Schools .....	\$	48,728
49070	Moran Township School District .....	\$	1,018
49110	Mackinac Island Public Schools .....	\$	19,763
50000	Macomb Intermediate School .....	\$	20,272,402
50030	Roseville Community Schools .....	\$	2,720,948
50040	Anchor Bay School District .....	\$	1,402,309
50050	Armada Area Schools .....	\$	511,195
50070	Clintondale Community Schools .....	\$	1,493,807
50080	Chippewa Valley Schools .....	\$	2,743,571
50130	Lakeview Public Schools .....	\$	1,303,122
50170	New Haven Community Schools .....	\$	443,394
50180	Richmond Community Schools .....	\$	714,909
50190	Romeo Community Schools .....	\$	1,416,793
51000	Manistee Intermediate District .....	\$	805,187
51020	Bear Lake School District .....	\$	68,270
51045	Kaleva Norman - Dickson Schools .....	\$	143,635
51060	Onkama Consolidated Schools .....	\$	10,726
51070	Manistee Area Public Schools .....	\$	309,900
52000	Marquette Alger Intermediate District .....	\$	931,342
52015	N.I.C.E. Community Schools .....	\$	487,900
52040	Gwinn Area Community Schools .....	\$	686,265
52090	Negaunee Public Schools .....	\$	360,838
52100	Powell Township School District .....	\$	26,655
52110	Republic Michigamme Schools .....	\$	111,822
52160	Wells Township School District .....	\$	4,936
52170	Marquette City School District .....	\$	1,176,918
52180	Ishpeming Public School District .....	\$	369,755

53000	Mason Lake Intermediate District .....	\$	1,418,466
53010	Mason County Central School District .....	\$	270,895
53020	Mason County Eastern School District .....	\$	100,000
53030	Freesoil Community School District .....	\$	28,616
53040	Ludington Area School District .....	\$	553,370
54000	Mecosta Osceola Intermediate District.....	\$	1,144,797
54010	Big Rapids Public Schools.....	\$	301,222
54025	Chippewa Hills School District.....	\$	603,473
54040	Morley Stanwood Community Schools.....	\$	298,110
55000	Menominee Intermediate District.....	\$	596,813
55010	Carney Nadeau Public Schools.....	\$	36,825
55100	Menominee Area Public Schools .....	\$	410,849
55115	North Central Area Schools .....	\$	79,050
55120	Stephenson Area Public Schools .....	\$	146,858
56000	Midland Intermediate District.....	\$	778,082
56020	Bullock Creek School District.....	\$	815,270
56030	Coleman Community School District .....	\$	405,291
56050	Meridian Public Schools.....	\$	847,821
57010	Falmouth Elementary School District .....	\$	11,423
57020	Lake City Area School District.....	\$	144,279
57030	McBain Agricultural School District .....	\$	148,767
58000	Monroe Intermediate District .....	\$	5,938,669
58020	Airport Community School District .....	\$	968,294
58030	Bedford Public School District .....	\$	814,625
58050	Dundee Community Schools .....	\$	290,343
58070	Ida Public School District.....	\$	904,674
58080	Jefferson Schools-Monroe County.....	\$	1,122,705
58090	Mason Consolidated School District .....	\$	404,108
58100	Summerfield School District .....	\$	196,514
58110	Whiteford Agricultural School District.....	\$	171,481
59000	Montcalm Area Intermediate District .....	\$	2,405,905
59020	Carson City Crystal Area School District.....	\$	248,985
59045	Montabella Community School District .....	\$	235,193
59070	Greenville Public Schools .....	\$	937,756
59080	Tri County Area Schools .....	\$	309,365
59090	Lakeview Community Schools.....	\$	317,348
59125	Central Montcalm Public Schools.....	\$	488,104
59150	Vestaburg Community Schools .....	\$	142,375
60010	Atlanta Community Schools.....	\$	102,771
60020	Hillman Community Schools.....	\$	89,566
61000	Muskegon Intermediate District.....	\$	1,704,192
61010	Muskegon City School District.....	\$	7,333,232
61020	Muskegon Heights School District .....	\$	1,665,615
61060	Mona Shores School District.....	\$	924,108
61065	Oakridge Public Schools .....	\$	516,766
61080	Fruitport Community Schools.....	\$	1,340,081
61120	Holton Public Schools.....	\$	404,703
61180	Montague Area Public Schools.....	\$	353,974
61190	Orchard View Schools.....	\$	835,211
61210	Ravenna Public Schools .....	\$	289,731
61220	Reeths Puffer Schools .....	\$	1,362,629
61230	North Muskegon Public Schools.....	\$	104,428
61240	Whitehall School District.....	\$	566,527
62000	Newaygo Intermediate District .....	\$	2,002,463
62040	Fremont Public School District.....	\$	413,415
62050	Grant Public School District .....	\$	408,836
62060	Hesperia Community School District.....	\$	258,339
62070	Newaygo Public School District.....	\$	808,680
62080	Pineview School District.....	\$	6,754
62090	White Cloud Public Schools .....	\$	326,623
62470	Big Jackson School District.....	\$	4,683

63080	Bloomfield Hills School District .....	\$	6,277,282
63090	Clarenceville School District.....	\$	1,050,868
63110	Oxford Area Community School District .....	\$	1,064,497
63130	Hazel Park City School District.....	\$	4,502,785
63180	Brandon School District.....	\$	1,573,574
63190	Clarkston Community School District .....	\$	2,599,329
63210	Holly Area School District.....	\$	1,652,532
63250	Oak Park City School District.....	\$	2,742,617
63300	Waterford School District .....	\$	7,891,782
64000	Oceana Intermediate District .....	\$	459,987
64040	Hart Public School District.....	\$	492,658
64070	Pentwater Public School District.....	\$	50,550
64080	Shelby Public Schools.....	\$	308,687
64090	Walkerville Rural Community Schools.....	\$	178,928
65045	West Branch-Rose City Area Schools .....	\$	597,592
66045	Ewen-Trout Creek Consolidated Schools.....	\$	125,613
66050	Ontonagon Area Schools.....	\$	117,972
66070	White Pine School District.....	\$	38,434
67020	Ewart Public Schools .....	\$	222,644
67050	Marion Public Schools .....	\$	120,994
67055	Pine River Area Schools.....	\$	210,897
67060	Reed City Area Public Schools .....	\$	225,449
68010	Mio Au Sable Schools.....	\$	188,436
68030	Fairview Area School District.....	\$	53,298
69020	Gaylord Community Schools.....	\$	361,967
69030	Johannesburg-Lewiston Schools .....	\$	302,444
69040	Vanderbilt Area School.....	\$	78,924
70000	Ottawa Intermediate District.....	\$	3,134,623
70040	Allendale Public School District.....	\$	304,155
70120	Coopersville Public School District .....	\$	547,307
70175	Jenison Public Schools.....	\$	1,174,903
70190	Hudsonville Public School District .....	\$	642,115
70300	Spring Lake Public School District .....	\$	654,764
71050	Onaway Area Community School District .....	\$	62,371
71060	Posen Cons School District .....	\$	89,023
71080	Rogers City Area Schools .....	\$	98,801
72000	C O O R Intermediate District .....	\$	1,535,012
72010	Gerrish Higgins School District .....	\$	315,748
73000	Saginaw Intermediate District.....	\$	3,752,177
73010	Saginaw City School District.....	\$	9,709,110
73030	Carrollton School District.....	\$	757,628
73080	Buena Vista School District.....	\$	774,237
73110	Chesaning Union Schools .....	\$	586,935
73170	Birch Run Area School District .....	\$	442,083
73180	Bridgeport-Saulding Community Schools .....	\$	947,910
73200	Freeland Community School District.....	\$	245,297
73210	Hemlock Public School District.....	\$	463,950
73230	Merrill Community School District .....	\$	313,949
73240	St. Charles Community Schools.....	\$	217,281
73255	Swan Valley School District .....	\$	404,732
74000	St. Clair Intermediate District.....	\$	2,495,753
74010	Port Huron Area School District .....	\$	5,768,925
74030	Algonac Community School District .....	\$	683,103
74040	Capac Community School District.....	\$	637,134
74100	Marysville Public School District.....	\$	541,674
74120	Memphis Community Schools.....	\$	236,433
74130	Yale Public Schools.....	\$	364,744
75000	St. Joseph Intermediate District.....	\$	1,557,997
75010	Sturgis Public School District.....	\$	667,172
75020	Burr Oak Community School District.....	\$	31,806
75030	Centreville Public Schools.....	\$	239,843

75040	Colon Community School District.....	\$	136,247
75050	Constantine Public School District .....	\$	295,041
75060	Mendon Community School District.....	\$	220,774
75070	White Pigeon Community School District.....	\$	166,233
75080	Three Rivers Community Schools .....	\$	903,838
75100	Nottawa Community School .....	\$	30,147
76000	Sanilac Intermediate District .....	\$	694,073
76060	Brown City Community School District.....	\$	174,912
76070	Carsonville-Port Sanilac School District.....	\$	93,165
76080	Croswell Lexington Community Schools.....	\$	410,871
76090	Deckerville Community School District .....	\$	118,766
76140	Marlette Community Schools.....	\$	284,291
76180	Peck Community School District .....	\$	35,198
76210	Sandusky Community School District.....	\$	308,221
77010	Manistique Area Schools .....	\$	310,466
78000	Shiawassee RESD .....	\$	3,184,986
78020	Byron Area Schools.....	\$	191,551
78030	Durand Area Schools.....	\$	540,453
78040	Laingsburg Community School District .....	\$	114,818
78060	Morrice Area Schools .....	\$	85,394
78070	New Lothrop Area Public School District .....	\$	105,582
78080	Perry Public School District .....	\$	273,749
78100	Corunna Public School District .....	\$	454,571
78110	Owosso Public Schools .....	\$	885,887
79000	Tuscola Intermediate District .....	\$	1,095,027
79010	Akron Fairgrove Schools.....	\$	76,917
79020	Caro Community Schools .....	\$	476,124
79030	Cass City Public Schools .....	\$	250,135
79080	Kingston Community School District.....	\$	27,113
79090	Mayville Community School District.....	\$	267,475
79100	Millington Community Schools.....	\$	258,045
79110	Reese Public Schools.....	\$	164,035
79145	Unionville Sebewaing Area Schools .....	\$	98,025
79150	Vassar Public Schools .....	\$	271,839
80000	Van Buren Intermediate District .....	\$	3,864,085
80010	South Haven Public Schools .....	\$	619,864
80020	Bangor Public Schools.....	\$	246,071
80040	Covert Public Schools .....	\$	179,845
80050	Decatur Public Schools .....	\$	214,070
80090	Bloomington Public School District .....	\$	303,179
80110	Gobles Public School District.....	\$	145,320
80120	Hartford Public School District.....	\$	475,713
80130	Lawrence Public School District.....	\$	94,596
80140	Lawton Community School District .....	\$	190,087
80150	Mattawan Consolidated School District.....	\$	312,724
80160	Paw Paw Public School District.....	\$	301,501
81000	Washtenaw Intermediate District .....	\$	2,724,063
81040	Chelsea School District .....	\$	518,995
81050	Dexter Community School District .....	\$	962,834
81070	Lincoln Consolidated School District .....	\$	1,492,337
81080	Manchester Community School District .....	\$	472,632
81100	Milan Area Schools .....	\$	572,621
81120	Saline Area School District.....	\$	1,624,108
81140	Whitmore Lake Public School District .....	\$	496,133
81150	Willow Run Community Schools.....	\$	2,071,518
82000	Wayne Intermediate District.....	\$	8,287,172
82010	Detroit City School District .....	\$	118,608,866
82040	Dearborn Heights School District 7 .....	\$	849,305
82045	Melvindale Allen Park Schools.....	\$	836,448
82050	Garden City School District.....	\$	5,839,085
82060	Hamtramck Public Schools.....	\$	1,734,517

82070	Highland Park City Schools.....	\$	1,875,555
82080	Inkster City School District.....	\$	1,252,453
82090	Lincoln Park Public Schools.....	\$	2,194,776
82110	Redford Union School District .....	\$	5,630,439
82120	River Rouge City Schools .....	\$	885,742
82130	Romulus Community Schools .....	\$	2,366,586
82150	Taylor School District .....	\$	6,396,657
82160	Wayne-Westland Community School District .....	\$	14,003,645
82170	Wyandotte City School District .....	\$	3,732,656
82180	Flat Rock Community Schools .....	\$	549,211
82240	Westwood Community Schools .....	\$	1,762,599
82250	Ecorse Public School District .....	\$	656,734
82340	Huron School District .....	\$	1,302,779
82405	Southgate Community School District.....	\$	1,037,284
82430	Van Buren Public Schools .....	\$	3,312,445
83000	Wexford Missaukee Intermediate District.....	\$	1,625,243
83010	Cadillac Area Public Schools.....	\$	468,432
83060	Manton Consolidated Schools .....	\$	118,182
83070	Mesick Consolidated School District .....	\$	88,208

(2) This section, any other provision of this act, or section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, shall not be construed to constitute an admission of liability to the districts designated in this section in any litigation or future litigation with a district or intermediate district. In addition, this section, any other provision of this act, or section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, shall not be construed to constitute a waiver of any defense that is or would have been available to this state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district.

Sec. 11i. (1) In addition to any other authority granted under law, an eligible district or intermediate district may borrow from the Michigan municipal bond authority created under the shared credit rating act, 1985 PA 227, MCL 141.1051 to 141.1077, an amount equal to 1/2 of the amount listed for the district or intermediate district in section 11h, in anticipation of the receipt of the payments appropriated under section 11g, and may authorize by resolution of its governing body and issue its bonds to evidence its obligations to the Michigan municipal bond authority on the terms and with those provisions as are provided by resolution of the board of the district or intermediate district and as are acceptable to the Michigan municipal bond authority if the bonds are accompanied by an opinion of bond counsel acceptable to the Michigan municipal bond authority to the effect that the interest on the bonds is excluded from gross income for federal income tax purposes. For the purposes of this section, an eligible district or intermediate district is a district or intermediate district, other than a district or intermediate district that receives a lump sum payment under section 11f(2), that qualifies to receive funds under sections 11f and 11g and that notifies the department of treasury not later than 5 p.m. eastern daylight time on June 30, 1998, in the form and manner prescribed by the department of treasury, that the district or intermediate district will borrow money and issue bonds under this section. A district or intermediate district may pledge and assign to the Michigan municipal bond authority, as security for the bonds, all of the payments appropriated to it under section 11g but may not otherwise pledge or assign those payments. Bonds issued under this section are not subject to the municipal finance act, 1943 PA 202, MCL 131.1 to 139.3.

(2) Proceeds of bonds issued under this section shall be made available to districts and intermediate districts on or after November 15, 1998. Each district and intermediate district shall use proceeds of bonds issued by it under this section only for a purpose for which bonds may be issued under section 1351a of the revised school code, MCL 380.1351a.

(3) Bonds issued under this section do not constitute a general obligation or debt of a district or intermediate district within the meaning of any constitutional or statutory debt limitation.

(4) This section shall be construed as cumulative authority for the exercise of the powers granted in this section and shall not be construed to repeal any existing law. The purpose of this section is to create full and complete additional and alternate methods for the exercise of existing powers, and the powers conferred by this section are not affected or limited by any other statute or by any charter or incorporating document.

(5) A pledge made by a district or intermediate district under this section is valid and binding from the time the pledge is made. The revenue or other money pledged under this section and thereafter received by a district or intermediate district is immediately subject to the lien of the pledge without physical delivery of the revenue or money or any further act. The lien of such a pledge is valid and binding against a party having a claim of any kind in tort, contract, or otherwise against the district or intermediate district, irrespective of whether that party has notice of the pledge. The resolution or any other instrument by which a pledge is created is not required to be filed or recorded in order to establish and perfect a lien or security interest in the property pledged.

(6) Bonds issued under this section are not in any way a debt or liability of this state; do not create or constitute any indebtedness, liability, or obligation of this state; are not and do not constitute a pledge of the faith and credit of this state; and shall contain on their face a statement to that effect.

Sec. 17b. (1) Not later than October 20, November 20, December 20, January 20, February 20, March 20, April 20, May 20, June 20, July 20, and August 20, the department shall prepare a statement of the amount to be distributed under this act in the installment to the districts and intermediate districts and deliver the statement to the state treasurer, and the state treasurer shall pay the installments on each of those dates or on the next business day following each of those dates. Except as otherwise provided in this act, the portion of the district's or intermediate district's state fiscal year entitlement to be included in each installment during 1998-99 shall be 1/11. However, for 1997-98 only, there shall not be an installment paid on August 20, and the portion to be included in each installment shall be 11.11% for the October and November payments; 9.72% for the December, January, February, March, April, May, and June payments; and 9.74% for the July payment. The payments due to a district in 1997-98 on April 20, May 20, June 20, and July 20 pursuant to this section each shall be reduced by an amount equal to 1/4 of the district's total additional payments in 1996-97 under former section 20c. A district or intermediate district shall accrue the payments received in July and August to the school fiscal year ending the immediately preceding June 30.

(2) The state treasurer shall make payment under this section by drawing a warrant in favor of the treasurer of each district or intermediate district for the amount payable to the district or intermediate district according to the statement and delivering the warrant to the treasurer of each district or intermediate district, or if the state treasurer receives a written request by the treasurer of the district or intermediate district specifying an account, by electronic funds transfer to that account of the amount payable to the district or intermediate district according to the statement. The department may make adjustments in payments made under this section through additional payments when changes in law or errors in computation cause the regularly scheduled payment to be less than the amount to which the district or intermediate district is entitled pursuant to this act.

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

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

Sec. 20. (1) For 1997-98 and 1998-99, the basic foundation allowance is \$5,462.00 per membership pupil.

(2) From the appropriation in section 11, there is allocated for 1997-98 an amount not to exceed \$8,022,595,100.00, and for 1998-99 an amount not to exceed \$8,091,250,000.00, to guarantee each district a foundation allowance per membership pupil other than special education pupils and to make payments under this section to public school academies and university schools for membership pupils other than special education pupils. The amount of each district's foundation allowance shall be calculated as provided in this section, using a basic foundation allowance in the amount specified in subsection (1). If the maximum amount allocated under this section is not sufficient to fully fund payments under this section, and before any proration required under section 11, the amount of the payment to each district, university school, and public school academy shall be prorated by reducing by an equal percentage the total payment under this section to each district, university school, and public school academy. However, if the department determines that proration will be required under this section, the superintendent of public instruction shall notify the department of management and budget, and the department of management and budget shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this section because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the department of management and budget, the department shall not reduce any payments under this section because of proration. The legislature may prevent proration under this section from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to ensure full foundation allowance funding for each district, university school, and public school academy.

(3) Except as otherwise provided in this section, the amount of a district's foundation allowance shall be calculated as follows, using in all calculations the total amount of the district's foundation allowance as calculated before any proration:

(a) For a district that in the immediately preceding state fiscal year had a foundation allowance at least equal to the sum of \$4,200.00 plus the total dollar amount of all adjustments made from 1994-95 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts, but less than the basic foundation allowance in the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year

made in the basic foundation allowance and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance minus \$50.00) times (the difference between the district's foundation allowance for the immediately preceding state fiscal year and the sum of \$4,200.00 plus the total dollar amount of all adjustments made from 1994-95 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts) divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of \$4,200.00 plus the total dollar amount of all adjustments made from 1994-95 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts]. However, the foundation allowance for a district that had less than the basic foundation allowance in the immediately preceding state fiscal year shall not exceed the basic foundation allowance for the current state fiscal year.

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

(c) For 1998-99, each district's foundation allowance shall be at least \$5,170.00.

(4) To ensure that a district receives the district's foundation allowance, there is allocated to each district a state portion of the district's foundation allowance in an amount calculated under this subsection. The state portion of a district's foundation allowance is an amount equal to the district's foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the Brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, except for a district that was notified of such a millage reduction in 1996 after the last permissible date to schedule an election to override that millage reduction, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur. For each fiscal year after 1994-95, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00.

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

(6) Subject to subsection (7) and except as otherwise provided in this subsection, for pupils in membership, other than special education pupils, in a public school academy or a university school, there is allocated under this section for 1997-98 and for 1998-99 to the authorizing body that is the fiscal agent for the public school academy for forwarding to the public school academy, or to the board of the public university operating the university school, an amount per membership pupil other than special education pupils in the public school academy or university school equal to the sum of the local school operating revenue per membership pupil other than special education pupils for the district in which the public school academy or university school is located and the state portion of that district's foundation allowance, or the sum of the basic foundation allowance under subsection (1) plus \$500.00, whichever is less. Notwithstanding section 101(2), for a public school academy that begins operations in 1997-98 or 1998-99, as applicable, after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 1284 of the revised school code, MCL 380.1284. The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection. Also, a public school academy that begins operations in 1997-98 or 1998-99, as applicable, after the pupil membership count day shall not receive any funds under this section unless the public school academy provides for the school year a number of hours of pupil instruction that is at least in the same proportion to the minimum number of hours of pupil instruction required under section 1284 of the revised school code, MCL 380.1284, as the number of days of pupil instruction provided by the public school academy for the school year is in proportion to the number of days of pupil instruction required under section 1284 of the revised school code, MCL 380.1284.

(7) If more than 25% of the pupils residing within a district are in membership in 1 or more public school academies located in the district, then the amount per membership pupil allocated under this section to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy shall

be reduced by an amount equal to the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the Brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils, in the school fiscal year ending in the current state fiscal year, calculated as if the resident pupils in membership in 1 or more public school academies located in the district were in membership in the district. In order to receive state school aid under this act, a district described in this subsection shall pay to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy an amount equal to that local school operating revenue per membership pupil for each resident pupil in membership other than special education pupils in the public school academy, as determined by the department.

(8) If a district does not receive a payment under subsection (9); if the number of mills the district may levy on a homestead and qualified agricultural property under section 1211(1) of the revised school code, MCL 380.1211, is 0.5 mills or less; and if the district elects not to levy those mills, the district instead shall receive a separate supplemental payment under this subsection in an amount equal to the amount the district would have received had it levied those mills, as determined by the department of treasury. A district shall not receive a separate supplemental payment under this subsection for a fiscal year unless in the calendar year ending in the fiscal year the district levies 18 mills or the number of mills of school operating taxes levied by the district in 1993, whichever is less, on property that is not a homestead or qualified agricultural property.

(9) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00 and that had fewer than 350 pupils in membership, if the district elects not to reduce the number of mills from which a homestead and qualified agricultural property are exempt and not to levy school operating taxes on a homestead and qualified agricultural property as provided in section 1211(1) of the revised school code, MCL 380.1211, and not to levy school operating taxes on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, there is allocated under this subsection for 1994-95 and each succeeding fiscal year a separate supplemental payment in an amount equal to the amount the district would have received per membership pupil had it levied school operating taxes on a homestead and qualified agricultural property at the rate authorized for the district under section 1211(1) of the revised school code, MCL 380.1211, and levied school operating taxes on all property at the rate authorized for the district under section 1211(2) of the revised school code, MCL 380.1211, as determined by the department of treasury. A district shall not receive a separate supplemental payment under this subsection for a fiscal year unless in the calendar year ending in the fiscal year the district levies 18 mills or the number of mills of school operating taxes levied by the district in 1993, whichever is less, on property that is not a homestead or qualified agricultural property.

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

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

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

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

(14) To assist the legislature in determining the basic foundation allowance for the subsequent state fiscal year, except for the January 1998 revenue estimating conference, each revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b, shall calculate a pupil membership factor, a revenue adjustment factor, and an index as follows:

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

(b) The revenue adjustment factor shall be computed by dividing the sum of the estimated total state school aid fund revenue for the subsequent state fiscal year plus the estimated total state school aid fund revenue for the current state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund and excluding money transferred into that fund from the countercyclical budget and economic stabilization fund under section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the estimated total school aid fund revenue for the current state fiscal year plus the estimated total state school aid fund revenue for the immediately preceding state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund. If a consensus revenue factor is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(c) The index shall be calculated by multiplying the pupil membership factor by the revenue adjustment factor. However, for 1998-99 only, the index shall be 1.00. If a consensus index is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

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

(16) If the estimated amount of total state school aid fund revenue available for 1998-99 as estimated at the May 1998 revenue estimating conference is greater than \$9,036,198,400.00, then the revenue estimating conference shall estimate the increase in the basic foundation allowance for 1998-99 and it is the intent of the legislature that the amount of the basic foundation allowance for 1998-99 shall be increased accordingly.

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

(18) As used in this section:

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

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

(c) "Homestead" means that term as defined in section 1211 of the revised school code, MCL 380.1211.

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

(e) "Local school operating revenue" means school operating taxes levied under section 1211 of the revised school code, MCL 380.1211.

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

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

(h) "Qualified agricultural property" means that term as defined in section 1211 of the revised school code, MCL 380.1211.

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

(j) "School operating taxes" means local ad valorem property taxes levied under section 1211 of the revised school code, MCL 380.1211, and retained for school operating purposes.

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

Sec. 24. (1) Subject to subsection (2), from the appropriation in section 11, there is allocated for 1997-98 and for 1998-99 to the educating district or intermediate district an amount equal to 100% of the added cost each fiscal year for educating all pupils assigned by a court or the family independence agency to reside in or to attend a juvenile detention facility or child caring institution licensed by the family independence agency and approved by the department to

provide an on-grounds education program. The total amount to be paid for 1997-98 and for 1998-99 under this section for added cost shall not exceed \$7,000,000.00 each fiscal year. For the purposes of this section, "added cost" shall be computed by deducting all other revenue received under this act for pupils described in this section from total costs, as approved by the department, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution. Costs reimbursed by federal funds are not included.

(2) A district or intermediate district educating pupils described in this section at a residential child caring institution may operate, and receive funding under this section for, a department-approved on-grounds educational program for those pupils that is longer than 181 days, but not longer than 233 days, if the child caring institution offered in 1991-92 an on-grounds educational program longer than 181 days but not longer than 233 days.

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

Sec. 26a. From the general fund appropriation in section 11, there is allocated for 1997-98 and for 1998-99 an amount not to exceed \$6,584,200.00 each fiscal year to reimburse districts, intermediate districts, and the state school aid fund pursuant to section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in 1997 and 1998, respectively. This reimbursement shall be made by adjusting payments under section 20 to eligible districts, adjusting payments under section 56, 62, or 81 to eligible intermediate districts, and adjusting the state school aid fund. The adjustments shall be made not later than 60 days after the department of treasury certifies to the department and to the department of management and budget that the department of treasury has received all necessary information to properly determine the amounts due to each eligible recipient.

Sec. 31a. (1) From the state school aid fund money appropriated in section 11, there is allocated for 1997-98 an amount not to exceed \$250,000,000.00, and for 1998-99 an amount not to exceed \$260,000,000.00, for payments to eligible districts and eligible public school academies under this section. Subject to subsection (11), the amount of the additional allowance under this section shall be based on the number of actual pupils in membership in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined under the national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766b, 1769, 1769b to 1769c, and 1769f to 1769h, and reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year. However, for a public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the national school lunch act.

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

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

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

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

(4) Except as otherwise provided in this section, a district or public school academy receiving funding under this section shall use that money only to provide instructional programs and direct noninstructional services, including, but not limited to, medical or counseling services, for at-risk pupils and for the purposes of subsection (5) or section 31c and shall not use any of that money for administrative costs or to supplant another program or other funds, except for funds

allocated to the district or public school academy under this section in the immediately preceding year and already being used by the district or public school academy for at-risk pupils. The instruction or direct noninstructional services provided under this section may be conducted before or after regular school hours or by adding extra school days to the school year and may be conducted using a tutorial method, with paraprofessionals working under the supervision of a certificated teacher. The ratio of pupils to paraprofessionals shall be between 10:1 and 15:1. Only 1 certificated teacher is required to supervise instruction using a tutorial method. As used in this subsection, "to supplant another program" means to take the place of a previously existing instructional program or direct noninstructional services funded from a funding source other than funding under this section.

(5) A district or public school academy that receives funds under this section and that operates a school breakfast program under section 1272a of the revised school code, MCL 380.1272a, shall use from the funds received under this section an amount, not to exceed \$10.00 per pupil for whom the district or public school academy receives funds under this section, necessary to operate the school breakfast program. A district or public school academy that receives funds under this section and that operates a school lunch program under section 1272a of the revised school code, MCL 380.1272a, shall use from the funds received under this section an amount, not to exceed \$10.00 per pupil for whom the district or public school academy receives funds under this section, necessary to operate the school lunch program.

(6) Each district or public school academy receiving funds under this section shall submit to the department by May 20 of each fiscal year a report, not to exceed 10 pages, on the usage by the district or public school academy of funds under this section, which report shall include at least a brief description of each program conducted by the district or public school academy using funds under this section, the amount of funds under this section allocated to each of those programs, and the number of at-risk pupils served by each of those programs. If a district or public school academy does not comply with this subsection, the department shall withhold an amount equal to the June payment due under this section until the district or public school academy complies with this subsection. If the district or public school academy does not comply with this subsection by the end of the state fiscal year, the withheld funds shall be forfeited to the school aid fund.

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

(8) Subject to subsection (5), any district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) exceeds the district's aggregate percentage of those pupils. Subject to subsection (5), if a district obtains a waiver from the department, the district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) is at least 60% of the district's aggregate percentage of those pupils and at least 30% of the total number of pupils enrolled in the school building. To obtain a waiver, a district must apply to the department and demonstrate to the satisfaction of the department that the class size reductions would be in the best interests of the district's at-risk pupils.

(9) For 1997-98, a district that is located in a county with a population of more than 350,000 and less than 480,000 and that has more than 10,000 pupils in membership shall expend funds received under this section, other than the amount described in subsection (5), attributable to pupils enrolled in grades K-3 for the purpose of reducing class size in grades K-3 in the district to an average of not more than 17 pupils per class, with not more than 19 pupils in any particular class, in each school building in the district in which pupils described in subsection (1) constitute at least 25% of the total number of pupils in the building.

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

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

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

(13) It is the intent of the legislature that, beginning in 1999-2000, a district or public school academy that does not meet the eligibility requirement under subsection (2)(a) may be eligible for funding under this section if at least 1/3 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1),

and at least 5,000 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1). A district or public school academy that is eligible for funding under this section for 1999-2000 because the district meets the requirements of this subsection shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as determined and reported as described in subsection (1), an amount per pupil equal to 5.75% of the district's foundation allowance or public school academy's per pupil allocation under section 20, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00.

(14) It is the intent of the legislature that, beginning in 1999-2000, the total amount allocated under this section for a fiscal year shall be increased from the total amount allocated under this section for the immediately preceding fiscal year by the same percentage as the percentage increase in the amount of the basic foundation allowance under section 20 for that fiscal year from the amount of the basic foundation allowance under section 20 for the immediately preceding fiscal year.

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

Sec. 31c. (1) From the state school aid fund appropriation in section 11, there is allocated for 1997-98 an amount not to exceed \$100,000.00 for planning grants to districts that are awarded pilot program grants under subsections (2) to (8) for 1998-99. An application for a grant under this subsection shall be in the form and manner prescribed by the superintendent of public instruction. The amount of each grant under this subsection shall be in the same proportion to the total allocation under this subsection as the proportion that the amount of the district's grant under subsections (2) to (8) bears to the total allocation under subsection (2). These planning grants shall be distributed not later than April 20, 1998.

(2) From the state school aid fund appropriation in section 11, there is allocated for 1998-99 an amount not to exceed \$19,750,000.00 for grants to eligible districts for pilot programs to maintain or establish small classes in grades K to 3 in eligible school buildings in the district.

(3) To be eligible for a grant under subsection (2), a district must have at least 1 eligible school building and shall apply to the superintendent of public instruction not later than February 1, 1998 in the form and manner prescribed by the superintendent of public instruction. The department shall make applications available for this purpose not later than December 15, 1997. A district shall include in its application a projected budget for maintaining or establishing small classes in grades K to 3 and shall demonstrate in the projected budget that at least \$2,000,000.00 or 25% of the funds received by the district under section 31a, whichever is less, will be used to support small classes under this section. The superintendent of public instruction shall approve or disapprove applications and notify the applying district of that decision not later than April 1, 1998.

(4) For a school building to be eligible for funding under this section, the school building must operate at least 1 of grades K to 3; the school building must be operated by a district that operates all of grades K to 12 and that receives funds under section 31a; and at least 50% of the actual pupils enrolled in the school building in the immediately preceding fiscal year must have been eligible for free lunch, as determined under the national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766b, 1769, 1769b to 1769c, and 1769f, and reported to the department not later than October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year.

(5) Not more than 25% of the total allocation under subsection (2) may be paid to any 1 particular district. The department shall make allocations under subsection (2) to at least 12 districts, and the districts shall be geographically diverse.

(6) A district receiving funds under subsection (2) shall use the funds to maintain or establish small classes in grades K to 3 in school buildings of the district for which funds are received under this section. The average class size shall be not more than 17 pupils per class, with not more than 19 pupils in any particular class. A district receiving funds under

subsection (2) shall use at least \$2,000,000.00 or 25% of the funds the district receives for 1998-99 under section 31a, whichever is less, for the purposes of this section.

(7) Funding to districts under this section for 1998-99 is intended to be for the first of 4 years of funding.

(8) From the general fund appropriation in section 11, there is allocated to the department for 1998-99 an amount not to exceed \$250,000.00 for a study of the effectiveness of small classes in improving pupil performance.

Sec. 36. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$55,000,000.00 for 1997-98 and an amount not to exceed \$55,000,000.00 for 1998-99 for school readiness grants to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, Public Law 89-10, 108 Stat. 3519, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 89-10, 102 Stat. 140, and the head start act, subchapter B of chapter 8 of subtitle A of title VI of the omnibus budget reconciliation act of 1981, Public Law 97-35, 42 U.S.C. 9831 to 9835, 9836 to 9844, 9846, and 9848 to 9852a, comprehensive compensatory programs designed to improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who show evidence of 2 or more risk factors as defined in the state board report entitled "children at risk" that was adopted by the state board on April 5, 1988. A comprehensive compensatory program funded under this section shall include an age-appropriate educational curriculum, nutritional services, health screening for participating children, a plan for parent and legal guardian involvement, and provision of referral services for families eligible for community social services. In addition, from the general fund money appropriated in section 11, there is allocated for 1997-98 and for 1998-99 an amount not to exceed \$200,000.00 each fiscal year for the purposes of subsection (2).

(2) From the general fund allocation in subsection (1), there is allocated each fiscal year for 1997-98 and 1998-99 an amount not to exceed \$200,000.00 for a competitive grant to continue a longitudinal evaluation of children who have participated in the Michigan school readiness program.

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

Sec. 36a. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$2,000,000.00 for 1998-99 to the department for grants for community based collaborative prevention services designed to foster positive parenting skills; improve parent/child interaction, especially for children 0-3 years of age; promote access to needed community services; increase local capacity to serve families at risk; improve school readiness; and support healthy family environments that discourage alcohol, tobacco, and other drug use. This appropriation is to fund secondary prevention programs as defined by the children's trust fund for the prevention of child abuse and neglect.

(2) The funds allocated under this section shall be distributed through a joint request for proposals process established by the department in conjunction with the children's trust fund and the state's interagency systems reform workgroup. Projects funded with grants awarded under this section must meet all of the following:

(a) Be secondary prevention initiatives and voluntary to consumers. This appropriation is not intended to serve the needs of children for whom and families in which neglect or abuse has been substantiated.

(b) Demonstrate that the planned services are part of a community's integrated comprehensive family support strategy endorsed by the local multi-purpose collaborative body.

(c) Provide a 25% local match, of which not more than 10% may be in-kind services, unless this requirement is waived by the interagency systems reform workgroup.

Sec. 39. (1) The tentative allocation for each fiscal year to each eligible district under section 36 shall be determined by multiplying the number of children determined in section 38 or the number of children the district indicates it will be able to serve under section 37(2)(c), whichever is less, by \$3,100.00 and shall be distributed among districts in decreasing order of concentration of eligible children as determined by section 38 until the money allocated in section 36 is distributed.

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

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

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

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

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

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed \$4,212,000.00 each fiscal year for 1997-98 and for 1998-99 to applicant districts and intermediate districts offering programs of bilingual instruction for pupils of limited English-speaking ability under section 1153 of the revised school code, MCL 380.1153. Reimbursement shall be on a per pupil basis and shall be based on the number of pupils of limited English-speaking ability in membership on the pupil membership count day. Funds allocated under this section shall be used solely for bilingual instruction in speaking, reading, writing, or comprehension of pupils of limited English-speaking ability.

Sec. 51a. (1) From the appropriation in section 11, there is allocated \$818,786,700.00 for 1997-98 to consist of an amount not to exceed \$722,853,300.00 from state sources and \$95,933,400.00 in federal funding under sections 611 to 620 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1420, plus any carryover federal funds from previous year appropriations, and there is allocated for 1998-99 an amount not to exceed \$771,053,300.00 from state sources and all available federal funding, estimated at \$120,000,000.00, plus any carryover federal funds from previous year appropriations, for the purpose of reimbursing districts and intermediate districts for special education programs, services, and special education personnel as prescribed in article 3 of the revised school code, MCL 380.1701 to 380.1766; net tuition payments made by intermediate districts to the Michigan schools for the deaf and blind; and programs for pupils with handicaps as defined by the department. For meeting the costs of special education programs and services not reimbursed under this article, a district or intermediate district may use money in general funds or special education funds, not otherwise restricted, or contributions from districts to intermediate districts, tuition payments, gifts and contributions from individuals, or federal funds that may be available for this purpose, as determined by the intermediate district plan prepared pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766.

(2) From the funds allocated under subsection (1), there is allocated for 1997-98 and for 1998-99 the amount necessary, estimated at \$620,906,100.00 for 1997-98 and \$672,274,000.00 for 1998-99, for payments toward reimbursing districts and intermediate districts for 28.6138% of total approved costs of special education, excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Allocations under this subsection shall be made as follows:

(a) The initial amount allocated to a district under this subsection toward fulfilling the specified percentages shall be calculated by multiplying the district's special education pupil membership, excluding pupils described in subsection (13), times the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the 1997-98 and 1998-99 basic foundation allowance under section 20 and \$5,000.00, or, for a special education pupil in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil calculated under section 20(6). For an intermediate district, the amount allocated under this subdivision toward fulfilling the specified percentages shall be an amount per special education membership pupil, excluding pupils described in subsection (13), and shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the 1997-98 and 1998-99 basic foundation allowance under section 20 and \$5,000.00.

(b) After the allocations under subdivision (a), districts and intermediate districts for which the payments under subdivision (a) do not fulfill the specified percentages shall be paid the amount necessary to achieve the specified percentages for the district or intermediate district.

(3) From the funds allocated under subsection (1), there is allocated for 1997-98 and for 1998-99 the amount necessary, estimated at \$29,224,700.00 for 1997-98 and \$26,056,800.00 for 1998-99, to make payments to districts and intermediate districts under this subsection. If the amount allocated to a district or intermediate district for 1997-98 or 1998-99 under subsection (2)(b) is less than the sum of the amounts allocated to the district or intermediate district for 1996-97 under sections 52 and 58, there is allocated to the district or intermediate district for 1997-98 or for 1998-99, or both as applicable, an amount equal to that difference, adjusted by applying the same proration factor that was used in the distribution of funds under section 52 in 1996-97 as adjusted to the district's or intermediate district's necessary costs of special education used in calculations for 1997-98 or 1998-99. This adjustment is to reflect reductions in special education program operations between 1996-97 and 1997-98 or 1998-99, as applicable.

(4) If the department determines that the sum of the amounts allocated for a fiscal year to a district or intermediate district under subsection (2)(a) and (b) is not sufficient to fulfill the specified percentages in subsection (2), then the shortfall shall be paid to the district or intermediate district during the fiscal year beginning on the October 1 following

the determination and payments under subsection (3) shall be adjusted as necessary. If the department determines that the sum of the amounts allocated for a fiscal year to a district or intermediate district under subsection (2)(a) and (b) exceeds the sum of the amount necessary to fulfill the specified percentages in subsection (2), then the department shall deduct the amount of the excess from the district's or intermediate district's payments under this act for the fiscal year beginning on the October 1 following the determination and payments under subsection (3) shall be adjusted as necessary. However, if the amount allocated under subsection (2)(a) in itself exceeds the amount necessary to fulfill the specified percentages in subsection (2), there shall be no deduction under this subsection.

(5) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$3,100,000.00 may be allocated by the department for 1997-98, and an amount not to exceed \$3,500,000.00 may be allocated by the department for 1998-99, to districts or intermediate districts on a competitive grant basis for programs, equipment, and services that the department determines to be designed to benefit or improve special education on a statewide scale.

(6) From the amount allocated in subsection (1), there is allocated an amount not to exceed \$1,700,000.00 for 1997-98 and an amount not to exceed \$2,200,000.00 for 1998-99 to reimburse 100% of the net increase in necessary costs incurred by a district or intermediate district in implementing the revisions in the administrative rules for special education that became effective on July 1, 1987. As used in this subsection, "net increase in necessary costs" means the necessary additional costs incurred solely because of new or revised requirements in the administrative rules minus cost savings permitted in implementing the revised rules. Net increase in necessary costs shall be determined in a manner specified by the department.

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

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

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

(8) From the allocation in subsection (1), there is allocated for 1997-98 and for 1998-99 an amount not to exceed \$15,313,900.00 each fiscal year to intermediate districts. The payment under this subsection to each intermediate district shall be equal to the amount of the 1996-97 allocation to the intermediate district under this subsection.

(9) A pupil who is enrolled in a full-time special education program conducted or administered by an intermediate district or a pupil who is enrolled in the Michigan schools for the deaf and blind shall not be included in the membership count of a district, but shall be counted in membership in the intermediate district of residence.

(10) Notwithstanding section 6(4), for 1997-98 only, for pupils enrolled in a center program pursuant to an intermediate district plan the department shall use for the February 1997 supplemental count the definition of membership used for the 1997-98 pupil membership count day.

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

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

(13) From the funds allocated in subsection (1), there is allocated each fiscal year for 1997-98 and for 1998-99 the amount necessary, estimated at \$8,370,600.00 for 1997-98 and for 1998-99, to pay the foundation allowances for pupils described in this subsection. The allocation to a district under this subsection shall be calculated by multiplying the

number of pupils described in this subsection who are counted in membership in the district times the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the 1997-98 and 1998-99 basic foundation allowance under section 20 and \$5,000.00, or, for a pupil described in this subsection who is counted in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil under section 20(6). The allocation to an intermediate district under this subsection shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the 1997-98 and 1998-99 basic foundation allowance under section 20 and \$5,000.00. This subsection applies to all of the following pupils:

(a) Pupils described in section 53a.

(b) Pupils counted in membership in an intermediate district who are not special education pupils and are served by the intermediate district in a juvenile detention or child caring facility.

(c) Emotionally impaired pupils counted in membership by an intermediate district and provided educational services by the department of community health.

(14) After payments under subsections (2) and (13), the remaining expenditures from the allocation in subsection (1) shall be made in the following order:

(a) 100% of the reimbursement required under section 53a.

(b) 100% of the reimbursement required under (6).

(c) 100% of the payment required under section 54.

(d) 100% of the payment required under subsection (3).

(e) 100% of the payment required under subsection (8).

(f) 100% of the payments under section 56.

Sec. 53a. (1) Reimbursement shall be 100% of the total approved costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766, minus the foundation allowance calculated under section 20, for the following special education pupils:

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

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

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

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

(e) Pupils enrolled in a department-approved on-grounds educational program longer than 181 days, but not longer than 233 days, at a residential child care institution, if the child care institution offered in 1991-92 an on-grounds educational program longer than 181 days but not longer than 233 days.

(f) Pupils placed in a district by a parent for the purpose of seeking a suitable home, if the parent does not reside in the same intermediate district as the district in which the pupil is placed.

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

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

(4) Not more than \$15,000,000.00 for 1997-98 and not more than \$14,500,000.00 for 1998-99 of the allocation in section 51a(1) shall be allocated under this section.

Sec. 54. In addition to the aid received under section 52, each intermediate district shall receive an amount per pupil for each pupil in attendance at the Michigan schools for the deaf and blind. The amount shall be proportionate to the total instructional cost at each school. Not more than \$1,688,000.00 each fiscal year for 1997-98 and for 1998-99 of the allocation in section 51a(1) shall be allocated under this section.

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

(a) "Membership" means for 1997-98 the total membership in 1996-97 of the intermediate district and the districts constituent to the intermediate district, and means for 1998-99 the total membership in 1997-98 of the intermediate district and the districts constituent to the intermediate district.

(b) "Millage levied" means the millage levied for special education pursuant to part 30 of the revised school code, MCL 380.1711 to 380.1743, including a levy for debt service obligations.

(c) "Taxable value" means the total taxable value of the districts constituent to an intermediate district, except that if a district has elected not to come under part 30 of the revised school code, MCL 380.1711 to 380.1743, membership and taxable value of the district shall not be included in the membership and taxable value of the intermediate district.

(2) From the allocation under section 51a(1), there is allocated an amount not to exceed \$30,650,000.00 each fiscal year for 1997-98 and for 1998-99 to reimburse intermediate districts levying millages for special education pursuant to part 30 of the revised school code, MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan that utilizes at least a district's foundation allowance, as calculated under section 20, as a required local contribution.

(3) Reimbursement for those millages levied in 1996-97 shall be made in 1997-98 at an amount per 1996-97 membership pupil computed by subtracting from \$98,200.00 the 1996-97 taxable value behind each membership pupil, and multiplying the resulting difference by the 1996-97 millage levied. Reimbursement for those millages levied in 1997-98 shall be made in 1998-99 at an amount per 1997-98 membership pupil computed by subtracting from \$100,600.00 the 1997-98 taxable value behind each membership pupil, and multiplying the resulting difference by the 1997-98 millage levied.

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$600,000.00 each fiscal year for 1997-98 and for 1998-99 to applicant intermediate districts that provide support services for the education of gifted and talented pupils. An intermediate district is entitled to 75% of the actual salary, but not to exceed \$25,000.00 reimbursement for an individual salary, of a support services teacher approved by the department, and not to exceed \$4,000.00 reimbursement for expenditures to support program costs, excluding in-county travel and salary, as approved by the department.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$400,000.00 each fiscal year for 1997-98 and for 1998-99 to support part of the cost of summer institutes for gifted and talented students. This amount shall be contracted to applicant intermediate districts in cooperation with a local institution of higher education and shall be coordinated by the department.

(3) From the appropriation in section 11, there is allocated an amount not to exceed \$4,000,000.00 each fiscal year for 1997-98 and for 1998-99 for the development and operation of comprehensive programs for gifted and talented pupils. An eligible district or consortium of districts shall receive an amount not to exceed \$50.00 per K-12 pupil for up to 5% of the district's or consortium's K-12 membership for the immediately preceding fiscal year with a minimum total grant of \$3,000.00. Funding shall be provided in the following order: the per pupil allotment, and then the minimum total grant of \$3,000.00 to individual districts. An intermediate district may act as the fiscal agent for a consortium of districts. In order to be eligible for funding under this subsection, the district or consortium of districts shall submit each year a current 3-year plan for operating a comprehensive program for gifted and talented pupils and the district or consortium shall demonstrate to the department that the district or consortium will contribute matching funds of at least \$50.00 per K-12 pupil. The plan or revised plan shall be developed in accordance with criteria established by the department and shall be submitted to the department for approval. Within the criteria, the department shall encourage the development of consortia among districts of less than 5,000 memberships.

Sec. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$31,027,600.00 each fiscal year for 1997-98 and for 1998-99 to reimburse on an added cost basis districts, except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, and secondary area vocational-technical education centers for secondary-level vocational-technical education programs, including parenthood education programs, according to state board rules. Applications for participation in the programs shall be submitted in the form prescribed by the department. The department shall determine the added cost for each vocational-technical program area. The allocation of added cost funds shall be based on the type of vocational-technical programs provided, the number of pupils enrolled, and the length of the training period provided, and shall not exceed 75% of the added cost of any program. With the approval of the department, the board of a district maintaining a secondary vocational-technical education program may offer the program for the period from the close of the school year until September 1. The program shall use existing facilities and shall be operated as prescribed by rules promulgated by the state board.

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

(3) From the allocation in subsection (1), there is allocated an amount not to exceed \$400,000.00 each fiscal year to intermediate districts with constituent districts that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more, served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, and had an adjustment made to their 1994-95 combined state and local revenue per membership pupil pursuant to section 20d. The payment under this subsection to the intermediate district shall equal the amount of the allocation to the intermediate district for 1996-97 under this subsection.

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

(a) "Membership" means for 1997-98 the total membership in 1996-97 of the intermediate district and the districts constituent to the intermediate district or the total membership in 1996-97 of the area vocational-technical education program, and means for 1998-99 the total membership in 1997-98 of the intermediate district and the districts constituent to the intermediate district or the total membership in 1997-98 of the area vocational-technical program.

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

(c) "Taxable value" means the total taxable value of the districts constituent to an intermediate district or area vocational-technical education program, except that if a district has elected not to come under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690, the membership and taxable value of that district shall not be included in the membership and taxable value of the intermediate district.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$7,200,000.00 each fiscal year for 1997-98 and for 1998-99 to reimburse intermediate districts and area vocational-technical education programs established under section 690(3) of the revised school code, MCL 380.690, levying millages for area vocational-technical education pursuant to sections 681 to 690 of the revised school code, MCL 380.681 to 380.690. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by those millages.

(3) Reimbursement for the millages levied in 1996-97 shall be made in 1997-98 at an amount per 1996-97 membership pupil computed by subtracting from \$98,700.00 the 1996-97 taxable value behind each membership pupil, and multiplying the resulting difference by the 1996-97 millage levied. Reimbursement for the millages levied in 1997-98 shall be made in 1998-99 at an amount per 1997-98 membership pupil computed by subtracting from \$102,400.00 the 1997-98 taxable value behind each membership pupil, and multiplying the resulting difference by the 1997-98 millage levied.

Sec. 67. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$1,300,000.00 for 1997-98 and an amount not to exceed \$350,000.00 for 1998-99 for Michigan career preparation system grants under this section.

(2) From the amount allocated under subsection (1) for 1997-98, \$1,150,000.00 shall be allocated by the department in equal payments on October 20, 1997 and on February 20, 1998, to local workforce development boards solely for the use of their education advisory groups, as described in section 68. Payments under this subsection to local workforce development boards shall be used for the purposes of developing regional career preparation plans described in section 68.

(3) From the allocation in subsection (1), there is allocated \$50,000.00 for 1997-98 and \$150,000.00 for 1998-99 to the council for career preparation standards to identify uniform career competency standards and assessments for career clusters, to establish a statewide information system on current and anticipated employment opportunities and the required level of skills and education required for employment, and for any other council functions.

(4) From the allocation in subsection (1) for 1998-99, there is allocated \$100,000.00 for 1998-99 to the council for career preparation standards to provide information to parents, pupils, school personnel, employers, and others regarding opportunities to receive integrated academic and technical preparation in the public schools of this state.

(5) From the appropriation in subsection (1) for 1997-98, there is allocated \$100,000.00 for 1997-98 to the department to establish guidelines for education advisory groups and regional career preparation plans and to provide technical assistance to local workforce development boards and education advisory groups, in collaboration with the Michigan jobs commission. The department shall distribute the guidelines to education agencies and to all local workforce development boards.

(6) From the allocation in subsection (1) for 1998-99, there is allocated \$100,000.00 for 1998-99 to the department to establish peer review criteria, procedures, and standards and to provide technical assistance to local peer review committees created under section 68(4), in collaboration with the Michigan jobs commission.

(7) As used in this section and in section 68:

(a) "Advanced career academy" means a career preparation program operated by a district, by an intermediate district, or by a public school academy, that applies for and receives advanced career academy designation from the

department. To receive this designation, a career preparation program shall meet criteria established by the department, in collaboration with the Michigan jobs commission, which criteria shall include at least all of the following:

- (i) Satisfactory completion of a peer review process.
  - (ii) Operation of programs for those career clusters identified by the council for career preparation standards as being eligible for advanced career academy status.
  - (iii) Involvement of employers in the design and implementation of career preparation programs.
  - (iv) A fully integrated program of academic and technical education available to pupils.
  - (v) Demonstration of an established career preparation system resulting in industry-validated career ladders for graduates of the program, including, but not limited to, written articulation agreements with postsecondary institutions to allow pupils to receive advanced college placement and credit or federally registered apprenticeships, as applicable.
- (b) "Career cluster" means a grouping of occupations from 1 or more industries that share common skill requirements.
- (c) "Career preparation system" is a system of programs and strategies providing pupils with opportunities to prepare for success in careers of their choice.
- (d) "Eligible education agency" means a district, intermediate district, or advanced career academy that provides career preparation programs either directly or under a contract with a postsecondary institution or an employer as part of an approved regional career preparation plan.
- (e) "FTE" means full-time equivalent pupil as determined by the department.
- (f) "Workforce development board" means a local workforce development board established pursuant to the job training partnership act, Public Law 97-300, 96 Stat. 1322, and the school-to-work opportunities act of 1994, Public Law 103-239, 108 Stat. 568, or the equivalent.

Sec. 68. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$23,850,000.00 for 1998-99 to be used to implement the Michigan career preparation system in the 1998-99 school year as provided under this section. From this allocation, the department may reserve an amount not to exceed \$2,000,000.00 for career preparation programs that have achieved designation as an advanced career academy. In order to receive funds under this section, an eligible education agency shall be part of an approved regional career preparation plan under subsection (2) and shall agree to expend the funds required under this section in accordance with the regional career preparation plan. Funds awarded under this section that are not expended in accordance with this section may be recovered by the department.

(2) In order to receive funding under this section, an eligible education agency shall be a part of an approved 3-year regional career preparation plan as described in this subsection. All of the following apply to a regional career preparation plan:

(a) A 3-year regional career preparation plan shall be developed under subdivisions (b), (c), and (d) for all public education agencies providing career preparation programs as part of a regional career preparation system within the geographical boundaries of a local workforce development board, and revised annually. If an intermediate district is located within the geographical boundaries of more than 1 local workforce development board, the board of the intermediate district shall choose 1 local workforce development board with which to align and shall notify the department of this choice not later than October 31, 1997.

(b) The regional career preparation plan shall be developed by representatives of the education advisory group of each local workforce development board in accordance with guidelines developed under section 67(5), and in accordance with subdivisions (d) and (e). All of the following shall be represented on each education advisory group: workforce development board members, other employers, labor, local school districts, intermediate school districts, postsecondary institutions, career/technical educators, parents of public school pupils, and academic educators. The representatives of local school districts, intermediate school districts, and postsecondary institutions appointed to the education advisory group by the local workforce development board shall be individuals designated by the board of the school district, intermediate school district, or postsecondary institution.

(c) By majority vote, the education advisory group may nominate 1 education representative, who may or may not be a member of the education advisory group, for appointment to the local workforce development board. This education representative shall be in addition to existing education representation on the local workforce development board. This education representative shall meet all local workforce development board membership requirements.

(d) The components of the regional career preparation plan shall include, but are not limited to, all of the following:

(i) The roles of districts, intermediate districts, advanced career academies, postsecondary institutions, employers, labor representatives, and others in the career preparation system.

(ii) Programs to be offered, including at least career exploration activities, for middle school pupils.

(iii) Identification of integrated academic and technical curriculum, including related professional development training for teachers.

(iv) Identification of work-based learning opportunities for pupils and for teachers and other school personnel.

(v) Identification of testing and assessments that will be used to measure pupil achievement.

(vi) Identification of all federal, state, local, and private sources of funding available for career preparation programs in the region.

(e) The education advisory group shall develop a 3-year regional career preparation plan and submit the plan to the department for final approval. The submission to the department shall also include statements signed by the chair of the education advisory group and the chair of the local workforce development board certifying that the plan has been reviewed by each entity. Upon department approval, all eligible education agencies designated in the regional career preparation plan as part of the career preparation delivery system are eligible for funding under this section.

(3) Funding under this section shall be distributed to eligible education agencies by the department for allowable costs defined in this subsection and identified as necessary costs for implementing a regional career preparation plan, as follows:

(a) The department shall rank all career clusters, including career exploration, guidance, and counseling. Rank determination will be based on median salary data in career clusters and employment opportunity data provided by the council for career preparation standards. In addition, rank determination shall be based on placement data available for prior year graduates of the programs in the career clusters either in related careers or postsecondary education. The procedure for ranking of career clusters shall be determined by the department.

(b) Allowable costs to be funded under this section shall be determined by the department. Budgets submitted by eligible education agencies to the department in order to receive funding shall identify funds and in-kind contributions from the regional career education plan, excluding funds or in-kind contributions available as a result of funding received under section 61a, equal to at least 100% of anticipated funding under this section. Eligible categories of allowable costs are the following:

(i) Career exploration, guidance, and counseling.

(ii) Curriculum development, including integration of academic and technical content, and professional development for teachers directly related to career preparation.

(iii) Technology and equipment determined to be necessary.

(iv) Supplies and materials directly related to career preparation programs.

(v) Work-based learning expenses for pupils, teachers, and counselors.

(vi) Evaluation, including career competency testing and peer review.

(vii) Career placement services.

(viii) Student leadership organizations integral to the career preparation system.

(ix) Up to 10% of the allocation to an eligible education agency may be expended for planning, coordination, direct oversight, and accountability for the career preparation system.

(c) The department shall calculate career preparation costs per FTE for each career cluster, including career exploration, guidance, and counseling, by dividing the allowable costs for each career cluster by the prior year FTE enrollment for each career cluster. Distribution to eligible education agencies shall be the product of 50% of career preparation costs per FTE times the current year FTE enrollment of each career cluster. This allocation shall be distributed to eligible education agencies in decreasing order of the career cluster ranking described in subdivision (a) until the money allocated for grant recipients in this section is distributed. However, beginning in 1999-2000, an individual career preparation program shall not be funded under this section, regardless of career cluster ranking, if it does not attain compliance with career competency standards set by the council for career preparation standards for the particular career cluster.

(4) The department, in collaboration with the Michigan jobs commission, shall establish a review procedure for assessing the career preparation system in each region. Each local workforce development board shall establish regional peer review committees that include employers, educators, labor representatives, parents, and representatives of the local workforce development board nominated by the local workforce development board and the education advisory group. All of the following apply to peer review committees:

(a) Peer review committees are responsible for assuring the quality of the career preparation system. A peer review committee shall review career preparation programs to ensure compliance with career competency standards as well as other program evaluation criteria.

(b) A peer review committee shall report its findings and recommendations for changes to the eligible education agency operating the career preparation program, the local workforce development board, the education advisory group responsible for revising the regional career preparation plan, and the department.

(c) The next revision of a regional career preparation plan shall take into account the findings of a peer review committee in order for the affected education agencies to receive continued funding under this section.

Sec. 74. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$1,625,000.00 each fiscal year for 1997-98 and for 1998-99 for the purposes of subsections (2) and (3).

(2) From the allocation in subsection (1), there is allocated each fiscal year the amount necessary for payments to state supported colleges or universities and intermediate districts providing school bus driver safety instruction or driver skills road tests pursuant to section 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The payments shall be in an amount determined by the department not to exceed 75% of the actual cost of instruction and driver compensation for each public or nonpublic school bus driver attending a course of instruction. For the purpose of computing compensation, the hourly rate allowed each school bus driver shall not exceed the hourly rate received for driving a school bus. Reimbursement compensating the driver during the course of instruction or driver skills road tests shall be made by the department to the college or university or intermediate district providing the course of instruction.

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

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated each fiscal year for 1997-98 and for 1998-99 to the intermediate districts the sum necessary, but not to exceed \$81,266,700.00 each fiscal year, to provide state aid to intermediate districts under this subsection and subsections (2) and (3). Except as otherwise provided in this section, there shall be allocated to each intermediate district an amount equal to 102.9% of the sum of the amount of funding actually received by the intermediate district under this subsection in 1996-97 and the amount of funding actually received by the intermediate district under section 11b as in effect for 1995-96. Funding provided under this section shall be used to comply with requirements of this act and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board.

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

(3) If an intermediate district participated in 1993-94 in a consortium operating a regional educational media center under section 671 of the revised school code, MCL 380.671, and rules promulgated by the state board, and if the intermediate district obtains written consent from each of the other intermediate districts that participated in the consortium in 1993-94, the intermediate district may notify the department not later than October 1, 1996 that it is electing to directly receive its payment attributable to participation in that consortium. An intermediate district making that election, and that has obtained the necessary consent, shall receive each fiscal year for 1997-98 and for 1998-99 for each pupil in membership in the intermediate district or a constituent district an amount equal to the quotient of the 1993-94 allocation to the fiscal agent for that consortium under former section 83, adjusted as determined by the department to account for that election, divided by the combined total membership for the current fiscal year 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 a fiscal year shall be deducted from the total allocation for that fiscal year 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.

Sec. 94. From the general fund money appropriated in section 11, there is allocated to the department for 1997-98 and for 1998-99 an amount not to exceed \$1,500,000.00 each fiscal year to provide technical assistance to districts for school accreditation purposes as described in section 1280 of the revised school code, MCL 380.1280.

Sec. 99. (1) From the state school aid fund appropriation in section 11, there is allocated an amount not to exceed \$7,293,100.00 each fiscal year for 1997-98 and for 1998-99, and from the general fund appropriation in section 11 there is

allocated an amount not to exceed \$400,000.00 each fiscal year for 1997-98 and for 1998-99, for implementing the comprehensive master plan for mathematics and science centers developed by the department and approved by the state board on February 17, 1993.

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

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

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

(5) Allocations under this section to support the activities and programs of mathematics and science centers shall be continuing support grants to all 25 established mathematics and science centers and the 8 satellite extensions that were funded in 1996-97. Each established mathematics and science center that was funded in 1996-97 shall receive an amount equal to 103% of the amount it received under this section in 1996-97.

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

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

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

(3) Each district shall provide the required minimum number of days and hours of pupil instruction under section 1284 of the revised school code, MCL 380.1284. Except as otherwise provided in this act, a district failing to hold the required minimum number of days of pupil instruction shall forfeit from its total state aid allocation for each day of failure an amount determined by applying a ratio of the number of days the district was in noncompliance in relation to the required minimum number of days. Except as otherwise provided in this act, a district failing to comply with the required minimum hours of pupil instruction shall forfeit from its total state aid allocation an amount determined by applying a ratio of the time duration the district was in noncompliance in relation to the required minimum number of hours. A district failing to meet both the minimum number of days of pupil instruction requirement and the minimum

number of hours of pupil instruction requirement shall be penalized only the higher of the 2 amounts calculated under the forfeiture provisions of this subsection. Not later than August 1, the board of each district shall certify to the department the number of days and hours of pupil instruction in the previous school year. If the district did not hold at least 180 days and the required minimum number of hours of pupil instruction, the deduction of state aid shall be made in the following fiscal year from the first payment of state school aid. A district is not subject to forfeiture of funds under this subsection for a fiscal year in which a forfeiture was already imposed under subsection (7). Days lost because of strikes or teachers' conferences shall not be counted as days of pupil instruction. A district not having at least 75% of the district's membership in attendance on any day of pupil instruction shall receive state aid in that proportion of 1 divided by the required minimum number of days of pupil instruction that the actual percent of attendance bears to the specified percentage. The state board shall promulgate rules for the implementation of this subsection.

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

(5) A district shall not forfeit part of its state aid appropriation because it adopts or has in existence an alternative scheduling program for pupils in kindergarten if the program provides at least the number of hours required for a full-time equated membership for a pupil in kindergarten as provided under section 6(4).

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

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

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

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

(8) In providing the minimum number of hours of pupil instruction required under section 1284 of the revised school code, MCL 380.1284, a district shall use the following guidelines, and a district shall maintain records to substantiate its compliance with the following guidelines:

(a) Except as otherwise provided in this subsection, a pupil must be scheduled for at least the required minimum number of hours of instruction, excluding study halls, or at least the sum of 90 hours plus the required minimum number of hours of instruction, including up to 2 study halls.

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

(c) A pupil in grades 9 to 12 for whom a reduced schedule is determined to be in the individual pupil's best educational interest must be scheduled for a number of hours equal to at least 80% of the required minimum number of hours of pupil instruction to be considered a full-time equivalent pupil.

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

(e) For the 1997-98 school year only, if a district operates an elementary school that is located on an island and provides some pupil instruction for pupils enrolled in that elementary school at 1 or more school buildings operated by the district that are not located on the island, the travel time for travel for those pupils between the elementary school located on the island and the other school building or buildings, up to a maximum of 1 1/2 hours per school week, shall be considered to be pupil instruction time for those pupils for the purpose of determining whether those pupils are receiving the required minimum number of hours of pupil instruction.

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

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

Sec. 107. (1) From the appropriation in section 11, there is allocated for 1997-98 and for 1998-99 an amount not to exceed \$80,000,000.00 each fiscal year for adult education programs authorized under this section.

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

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

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

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

(iii) Is enrolled in an English as a second language program.

(iv) Is enrolled in a high school completion program.

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

(3) The amount allocated under subsection (1) shall be distributed as follows:

(a) For districts and consortia that received payments for 1995-96 under former section 107f and that received payments for 1996-97 under subsection (4) of this section as in effect in 1996-97, the amount allocated to each for 1997-98 and for 1998-99 shall be an amount each fiscal year equal to 36.76% of the amount the district or consortium received for 1995-96 under former section 107f.

(b) For districts and consortia that received payments under subsection (3) of this section as in effect for 1996-97, the amount allocated to each for 1997-98 and for 1998-99 shall be an amount each fiscal year equal to the product of the number of full-time equated participants actually enrolled and in attendance during the 1996-97 school fiscal year in the program funded under subsection (3) of this section as in effect for 1996-97 as reported to the department, audited, and adjusted according to subsection (10) of this section as in effect for 1996-97, multiplied by \$2,750.00.

(c) For districts and consortia that meet the conditions of both subdivisions (a) and (b), the amount allocated each fiscal year for 1997-98 and for 1998-99 shall be the sum of the allocations to the district or consortium under subdivisions (a) and (b).

(d) A district or consortium that received funding in 1996-97 under this section as in effect for 1996-97 may operate independently of a consortium or join or form a consortium for 1997-98 or for 1998-99. The allocation for 1997-98 or for 1998-99 to the district or the newly formed consortium under this subsection shall be determined by the department and shall be based on the proportion of the amounts specified in subdivision (a) or (b), or both, that are attributable to the district or consortium that received funding in 1996-97. A district or consortium described in this subdivision shall notify the department of its intention with regard to 1997-98 or 1998-99 by October 1 of the affected fiscal year.

(4) A district that operated an adult education program in 1996-97 and does not intend to operate a program in 1997-98 or 1998-99 shall notify the department by October 1 of the affected fiscal year of its intention. The funds intended to be allocated under this section to a district that does not operate a program in 1997-98 or 1998-99 and the unspent funds originally allocated under this section to a district or consortium that subsequently operates a program at less than the level of funding allocated under subsection (3) shall instead be proportionately reallocated to the other districts described in subsection (3)(a) that are operating an adult education program in 1997-98 or 1998-99 under this section.

(5) The amount allocated under this section per full-time equated participant is \$2,850.00 for a 450-hour program. The amount shall be proportionately reduced for a program offering less than 450 hours of instruction.

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

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

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

(c) A participant in an adult basic education program is eligible for reimbursement until 1 of the following occurs:

- (i) The participant's reading and mathematics proficiency are assessed at or above the ninth grade level.
- (ii) The participant fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction.

(d) A funding recipient enrolling a participant in an English as a second language program is eligible for funding according to subsection (10) until the participant meets 1 of the following:

- (i) The participant is assessed as having attained basic English proficiency.
- (ii) The participant fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction. The department shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

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

- (a) The program enrolls adults who do not have a high school diploma.
- (b) The program shall administer a G.E.D. pre-test approved by the department before enrolling an individual to determine the individual's potential for success on the G.E.D. test, and shall administer other tests after every 90 hours of attendance to determine a participant's readiness to take the G.E.D. test.

(c) A funding recipient shall receive funding according to subsection (10) for a participant, and a participant may be enrolled in the program until 1 of the following occurs:

- (i) The participant passes the G.E.D. test.
- (ii) The participant fails to show progress on 2 successive tests used to determine readiness to take the G.E.D. test after having completed at least 450 hours of instruction.

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

- (a) The program enrolls adults who do not have a high school diploma.
- (b) A funding recipient shall receive funding according to subsection (10) for a participant in a course offered under this subsection until 1 of the following occurs:
  - (i) The participant passes the course and earns a high school diploma.

- (ii) The participant fails to earn credit in 2 successive semesters or terms in which the participant is enrolled after having completed at least 900 hours of instruction.

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

- (a) The program enrolls adults referred by their employer who are less than 20 years of age, have a high school diploma, are determined to be in need of remedial mathematics or communication arts skills or, for 1997-98 only, vocational skills, and are not attending an institution of higher education.

- (b) An individual may be enrolled in this program and the grant recipient shall receive funding according to subsection (10) until 1 of the following occurs:

- (i) The individual achieves the requisite skills as determined by appropriate assessment instruments administered at least after every 90 hours of attendance.

- (ii) The individual fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction. The department shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

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

- (a) Ninety percent for enrollment of eligible participants.
- (b) Ten percent for completion of the adult basic education objectives by achieving an increase of at least 1 grade level of proficiency in reading or mathematics; for achieving basic English proficiency; for passage of the G.E.D. test; for passage of a course required for a participant to attain a high school diploma; or for completion of the course and demonstrated proficiency in the academic skills to be learned in the course, as applicable.

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

(12) A person who is not eligible to be a participant funded under this section may receive adult education services upon the payment of tuition. In addition, a person who is not eligible to be served in a program under this section due to the program limitations specified in subsection (6), (7), (8), or (9) may continue to receive adult education services in

that program upon the payment of tuition. The tuition level shall be determined by the local or intermediate district conducting the program.

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

(14) A district shall not commingle money received under this section or from another source for adult education purposes with any other funds of the district. A district receiving adult education funds shall establish a separate ledger account for those funds. This subsection does not prohibit a district from using general funds of the district to support an adult education or community education program.

(15) From the general fund appropriation in section 11, there is allocated for 1997-98 only an amount not to exceed \$250,000.00 for a grant to focus: hope for a fast-track adult education program.

Sec. 147. (1) The allocations for 1997-98 and 1998-99 for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1467, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. Effective October 1, 1997, the annual level percentage of payroll contribution rate for the 1997-98 state fiscal year is estimated at 11.12%, and the annual level percentage of payroll contribution rate for the 1998-99 state fiscal year is estimated at 11.12%. The portion of the contribution rate assigned to districts and intermediate districts for 1997-98 and 1998-99 is all of the total percentage points. This contribution rate reflects an amortization period of 39 years for 1997-98 and 38 years for 1998-99. The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

(2) It is the intent of the legislature that the amortization period described in section 41(2) of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341, be reduced to 30 years by the end of the 2005-2006 state fiscal year by reducing the amortization period by not more than 1 year each fiscal year.

Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 1997-98 is estimated at \$9,307,407,000.00 and state appropriations to be paid to local units of government for fiscal year 1997-98 are estimated at \$9,302,460,900.00, and total state spending in this amendatory act from state sources for fiscal year 1998-99 is estimated at \$9,530,511,900.00 and state appropriations to be paid to local units of government for fiscal year 1998-99 are estimated at \$9,524,765,800.00.

Enacting section 2. Section 20c of the state school aid act of 1979, 1979 PA 94, MCL 388.1620c, is repealed.

Enacting section 3. This amendatory act does not take effect unless all of the following bills of the 89th Legislature are enacted into law:

- (a) House Bill No. 5083.
- (b) Senate Bill No. 719.

This act is ordered to take immediate effect.

*Carol Morey Viventi*

Secretary of the Senate.

*Mary B. Ballew*

Clerk of the House of Representatives.

Approved \_\_\_\_\_

\_\_\_\_\_  
Governor.