

**SUBSTITUTE FOR  
HOUSE BILL NO. 4371**

[A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 6, 11, 11f, 11g, 20, 20j, 22a, 22b, 24, 26a,  
31a, 31d, 32a, 32b, 32c, 32d, 32e, 32f, 32g, 32h, 33, 41, 51a, 51c,  
53a, 54, 56, 57, 61a, 62, 63, 67, 68, 74, 81, 94, 94a, 96, 97,  
98, 99, 107, 108, and 147 (MCL 388.1606, 388.1611, 388.1611f,  
388.1611g, 388.1620, 388.1620j, 388.1622a, 388.1622b, 388.1624,  
388.1626a, 388.1631a, 388.1631d, 388.1632a, 388.1632b, 388.1632c,  
388.1632d, 388.1632e, 388.1632f, 388.1632g, 388.1632h, 388.1633,  
388.1641, 388.1651a, 388.1651c, 388.1653a, 388.1654, 388.1656,  
388.1657, 388.1661a, 388.1662, 388.1663, 388.1667, 388.1668,  
388.1674, 388.1681, 388.1694, 388.1694a, 388.1696, 388.1697,  
388.1698, 388.1699, 388.1707, 388.1708, and 388.1747), sections 6,  
11, 11f, 11g, 20, 20j, 24, 26a, 31a, 31d, 33, 41, 51a, 53a, 54, 56,  
57, 61a, 62, 63, 67, 68, 74, 81, 94, 99, 107, and 147 as amended and

sections 22a, 22b, 32a, 32b, 32c, 32d, 32e, 32g, 32h, 51c, 94a, 96, 97, 98, and 108 as added by 2000 PA 297 and section 32f as amended by 2000 PA 388; and to repeal acts and parts of acts.]

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 6. (1) "Center program" means a program operated by a  
2 district or intermediate district for special education pupils  
3 from several districts in programs for the autistically impaired,  
4 trainable mentally impaired, severely mentally impaired, severely  
5 multiply impaired, hearing impaired, physically and otherwise  
6 health impaired, and visually impaired. Programs for emotionally  
7 impaired pupils housed in buildings that do not serve regular  
8 education pupils also qualify. Unless otherwise approved by the  
9 department, a center program either shall serve all constituent  
10 districts within an intermediate district or shall serve several  
11 districts with less than 50% of the pupils residing in the oper-  
12 ating district. In addition, special education center program  
13 pupils placed part-time in noncenter programs to comply with the  
14 least restrictive environment provisions of section 612 of part B  
15 of the individuals with disabilities education act, title VI of  
16 Public Law 91-230, 20 U.S.C. 1412, may be considered center pro-  
17 gram pupils for pupil accounting purposes for the time scheduled  
18 in either a center program or a noncenter program.

19       (2) "District pupil retention rate" means the proportion of  
20 pupils who have not dropped out of school in the immediately pre-  
21 ceding school year and is equal to 1 minus the quotient of the  
22 number of pupils unaccounted for in the immediately preceding

1 school year, as determined pursuant to subsection (3), divided by  
2 the pupils of the immediately preceding school year.

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

11       (4) "Membership", except as otherwise provided in this act,  
12 means for ~~1999-2000 for a district, public school academy, uni-~~  
13 ~~versity school, or intermediate district the sum of the product~~  
14 ~~of .75 times the number of full-time equated pupils in grades K~~  
15 ~~to 12 actually enrolled and in regular daily attendance on the~~  
16 ~~pupil membership count day for the current school year, plus the~~  
17 ~~product of .25 times the final audited count from the supplemen-~~  
18 ~~tal count day for the immediately preceding school year.~~  
19 ~~Beginning in 2000-2001, membership means for~~ a district, public  
20 school academy, university school, or intermediate district the  
21 sum of the product of .8 times the number of full-time equated  
22 pupils in grades K to 12 actually enrolled and in regular daily  
23 attendance on the pupil membership count day for the current  
24 school year, plus the product of .2 times the final audited count  
25 from the supplemental count day for the immediately preceding  
26 school year. All pupil counts used in this subsection are as  
27 determined by the department and calculated by adding the number

1 of pupils registered for attendance plus pupils received by  
2 transfer and minus pupils lost as defined by rules promulgated by  
3 the superintendent, and as corrected by a subsequent department  
4 audit. The amount of the foundation allowance for a pupil in  
5 membership is determined under section 20. In making the calcu-  
6 lation of membership, all of the following, as applicable, apply  
7 to determining the membership of a district, public school acade-  
8 my, university school, or intermediate district:

9       (a) Except as otherwise provided in this subsection, and  
10 pursuant to subsection (6), a pupil shall be counted in member-  
11 ship in the pupil's educating district or districts. An individ-  
12 ual pupil shall not be counted for more than a total of 1.0  
13 full-time equated membership.

14       (b) If a pupil is educated in a district other than the  
15 pupil's district of residence, if the pupil is not being educated  
16 as part of a cooperative education program, if the pupil's dis-  
17 trict of residence does not give the educating district its  
18 approval to count the pupil in membership in the educating dis-  
19 trict, and if the pupil is not covered by an exception specified  
20 in subsection (6) to the requirement that the educating district  
21 must have the approval of the pupil's district of residence to  
22 count the pupil in membership, the pupil shall not be counted in  
23 membership in any district.

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

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

7       (e) A pupil enrolled in the Michigan schools for the deaf  
8 and blind shall be counted in membership in the pupil's interme-  
9 diate district of residence.

10       (f) A pupil enrolled in a vocational education program sup-  
11 ported by a millage levied over an area larger than a single dis-  
12 trict or in an area vocational-technical education program estab-  
13 lished pursuant to section 690 of the revised school code,  
14 MCL 380.690, shall be counted only in the pupil's district of  
15 residence.

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

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

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

24       (i) If operations begin before the pupil membership count  
25 day for the fiscal year, membership is the average number of  
26 full-time equated pupils in grades K to 12 actually enrolled and  
27 in regular daily attendance on the pupil membership count day for

1 the current school year and on the supplemental count day for the  
2 current school year, as determined by the department and calcu-  
3 lated by adding the number of pupils registered for attendance on  
4 the pupil membership count day plus pupils received by transfer  
5 and minus pupils lost as defined by rules promulgated by the  
6 superintendent, and as corrected by a subsequent department  
7 audit, plus the final audited count from the supplemental count  
8 day for the current school year, and dividing that sum by 2.

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

15       (j) If a district is the authorizing body for a public  
16 school academy, then, in the first school year in which pupils  
17 are counted in membership on the pupil membership count day in  
18 the public school academy, the determination of the district's  
19 membership shall exclude from the district's pupil count for the  
20 immediately preceding supplemental count day any pupils who are  
21 counted in the public school academy on that first pupil member-  
22 ship count day who were also counted in the district on the imme-  
23 diately preceding supplemental count day.

24       (k) In a district, public school academy, university school,  
25 or intermediate district operating an extended school year pro-  
26 gram approved by the superintendent, a pupil enrolled, but not

1 scheduled to be in regular daily attendance on a pupil membership  
2 count day, shall be counted.

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

10       (m) An individual who has obtained a high school diploma  
11 shall not be counted in membership. An individual who has  
12 obtained a general education development (G.E.D.) certificate  
13 shall not be counted in membership. An individual participating  
14 in a job training program funded under former section 107a or a  
15 jobs program funded under former section 107b, administered by  
16 the Michigan strategic fund or the department of career develop-  
17 ment, or participating in any successor of either of those 2 pro-  
18 grams, shall not be counted in membership.

19       (n) If a pupil counted in membership in a public school  
20 academy is also educated by a district or intermediate district  
21 as part of a cooperative education program, the pupil shall be  
22 counted in membership only in the public school academy, and the  
23 instructional time scheduled for the pupil in the district or  
24 intermediate district shall be included in the full-time equated  
25 membership determination under subdivision (q). However, for  
26 pupils receiving instruction in both a public school academy and

1 in a district or intermediate district but not as a part of a  
2 cooperative education program, the following apply:

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

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

23       (o) An individual less than 16 years of age as of September  
24 1 of the current school year who is being educated in an alterna-  
25 tive education program shall not be counted in membership if  
26 there are also adult education participants being educated in the  
27 same program or classroom.



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

3       (q) The number of class hours used to calculate full-time  
4 equated memberships shall be consistent with section 101(3). In  
5 determining full-time equated memberships for pupils who are  
6 enrolled in a postsecondary institution, a pupil shall not be  
7 considered to be less than a full-time equated pupil solely  
8 because of the effect of his or her postsecondary enrollment,  
9 including necessary travel time, on the number of class hours  
10 provided by the district to the pupil.

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

16       (s) For a district, university school, or public school  
17 academy that has pupils enrolled in a grade level that was not  
18 offered by the district, university school, or public school  
19 academy in the immediately preceding school year, the number of  
20 pupils enrolled in that grade level to be counted in membership  
21 is the average of the number of those pupils enrolled and in reg-  
22 ular daily attendance on the pupil membership count day and the  
23 supplemental count day of the current school year, as determined  
24 by the department. Membership shall be calculated by adding the  
25 number of pupils registered for attendance in that grade level on  
26 the pupil membership count day plus pupils received by transfer  
27 and minus pupils lost as defined by rules promulgated by the

1 superintendent, and as corrected by subsequent department audit,  
2 plus the final audited count from the supplemental count day for  
3 the current school year, and dividing that sum by 2.

4       (t) A pupil enrolled in a cooperative education program may  
5 be counted in membership in the pupil's district of residence  
6 with the written approval of all parties to the cooperative  
7 agreement.

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

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

25       (ii) The district provides instructional materials,  
26 resources, and supplies, except computers, that are comparable to

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1 those otherwise provided in the district's alternative education  
2 program.

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

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

7 (v) A pupil enrolled in an alternative or disciplinary edu-  
8 cation program described in section 25 shall be counted in mem-  
9 bership in the district or public school academy that expelled  
10 the pupil.

11 (w) If a pupil was enrolled in a public school academy on  
12 the pupil membership count day, if the public school academy's  
13 contract with its authorizing body is revoked, and if the pupil  
14 enrolls in a district within 45 days after the pupil membership  
15 count day, the department shall adjust the district's pupil count  
16 for the pupil membership count day to include the pupil in the  
17 count.

18 (x) ~~For 1999-2000, for a public school academy that has~~  
19 ~~been in operation for at least 2 years and that suspended opera-~~  
20 ~~tions for at least 1 semester and is resuming operations, member-~~  
21 ~~ship is the sum of the product of .75 times the number of~~  
22 ~~full-time equated pupils in grades K to 12 actually enrolled and~~  
23 ~~in regular daily attendance on the first pupil membership count~~  
24 ~~day or supplemental count day, whichever is first, occurring~~  
25 ~~after operations resume, plus the product of .25 times the final~~  
26 ~~audited count from the most recent pupil membership count day or~~  
27 ~~supplemental count day that occurred before suspending~~

1 ~~operations, as determined by the superintendent. Beginning in~~  
2 ~~2000-2001, for~~ FOR a public school academy that has been in  
3 operation for at least 2 years and that suspended operations for  
4 at least 1 semester and is resuming operations, membership is the  
5 sum of the product of .8 times the number of full-time equated  
6 pupils in grades K to 12 actually enrolled and in regular daily  
7 attendance on the first pupil membership count day or supplemen-  
8 tal count day, whichever is first, occurring after operations  
9 resume, plus the product of .2 times the final audited count from  
10 the most recent pupil membership count day or supplemental count  
11 day that occurred before suspending operations, as determined by  
12 the superintendent.

13 (y) For 2000-2001 only, if a district's membership for ~~a~~  
14 ~~particular~~ THAT fiscal year, as otherwise calculated under this  
15 subsection, would be less than 1,550 pupils, the district's mem-  
16 bership for that fiscal year shall be considered to be THE MEM-  
17 BERSHIP FIGURE CALCULATED UNDER THIS SUBDIVISION. FOR 2001-2002  
18 ONLY, IF A DISTRICT'S MEMBERSHIP FOR A PARTICULAR FISCAL YEAR, AS  
19 OTHERWISE CALCULATED UNDER THIS SUBSECTION, WOULD BE LESS THAN  
20 1,550 PUPILS AND THE DISTRICT HAS 4.5 OR FEWER PUPILS PER SQUARE  
21 MILE, AS DETERMINED BY THE DEPARTMENT, THE DISTRICT'S MEMBERSHIP  
22 SHALL BE CONSIDERED TO BE THE MEMBERSHIP FIGURE CALCULATED UNDER  
23 THIS SUBSECTION. THE MEMBERSHIP FIGURE CALCULATED UNDER THIS  
24 SUBSECTION IS the greater of the following:

25 (i) The average of the district's membership for the  
26 3-fiscal-year period ending with that fiscal year, calculated by  
27 adding the district's actual membership for that fiscal year, as

1 otherwise calculated under this subsection, plus the district's  
2 membership AS CALCULATED UNDER THIS SUBDIVISION for each of the  
3 2 immediately preceding fiscal years, and dividing the sum of  
4 those 3 membership figures by 3.

5 (ii) The district's actual membership as otherwise calcu-  
6 lated under this subsection.

7 (5) "Public school academy" means a public school academy or  
8 strict discipline academy operating under the revised school  
9 code.

10 (6) "Pupil" means a person in membership in a public  
11 school. A district must have the approval of the pupil's dis-  
12 trict of residence to count the pupil in membership, except  
13 approval by the pupil's district of residence shall not be  
14 required for any of the following:

15 (a) A nonpublic part-time pupil enrolled in grades 1 to 12  
16 in accordance with section 166b.

17 (b) A pupil receiving 1/2 or less of his or her instruction  
18 in a district other than the pupil's district of residence.

19 (c) A pupil enrolled in a public school academy or univer-  
20 sity school.

21 (d) A pupil enrolled in a district other than the pupil's  
22 district of residence under an intermediate district schools of  
23 choice pilot program as described in section 91a or former  
24 section 91 if the intermediate district and its constituent dis-  
25 tricts have been exempted from section 105.

26 (e) A pupil enrolled in a district other than the pupil's  
27 district of residence but within the same intermediate district

1 if the educating district enrolls nonresident pupils in  
2 accordance with section 105.

3 (f) A pupil enrolled in a district other than the pupil's  
4 district of residence if the pupil has been continuously enrolled  
5 in the educating district since a school year in which the pupil  
6 enrolled in the educating district under section 105 or 105c and  
7 in which the educating district enrolled nonresident pupils in  
8 accordance with section 105 or 105c.

9 (g) A ~~nonresident~~ pupil who has made an official written  
10 complaint or whose parent or legal guardian has made an official  
11 written complaint to law enforcement officials and to school  
12 officials of the pupil's district of residence that the pupil has  
13 been the victim of a criminal sexual assault or other serious  
14 assault, if the official complaint either indicates that the  
15 assault occurred at school or that the assault was committed by 1  
16 or more other pupils enrolled in the school the ~~nonresident~~  
17 pupil would otherwise attend in the district of residence or by  
18 an employee of the district of residence. A person who inten-  
19 tionally makes a false report of a crime to law enforcement offi-  
20 cials for the purposes of this subdivision is subject to section  
21 411a of the Michigan penal code, 1931 PA 328, MCL 750.411a, which  
22 provides criminal penalties for that conduct. As used in this  
23 subdivision:

24 (i) "At school" means in a classroom, elsewhere on school  
25 premises, on a school bus or other school-related vehicle, or at  
26 a school-sponsored activity or event whether or not it is held on  
27 school premises.

1       (ii) "Serious assault" means an act that constitutes a  
2 felony violation of chapter XI of the Michigan penal code, 1931  
3 PA 328, MCL 750.81 to 750.90g, or that constitutes an assault and  
4 infliction of serious or aggravated injury under section 81a of  
5 the Michigan penal code, 1931 PA 328, MCL 750.81a.

6       (h) A pupil enrolled in a district located in a contiguous  
7 intermediate district, as described in section 105c, if the edu-  
8 cating district enrolls those nonresident pupils in accordance  
9 with section 105c.

10       (i) A pupil whose district of residence changed after the  
11 pupil membership count day and before the supplemental count day  
12 and who continues to be enrolled on the supplemental count day as  
13 a nonresident in the district in which he or she was enrolled as  
14 a resident on the pupil membership count day of the same school  
15 year.

16       (j) A pupil enrolled in an alternative education program  
17 operated by a district other than his or her district of resi-  
18 dence who meets 1 or more of the following:

19       (i) The pupil has been suspended or expelled from his or her  
20 district of residence for any reason, including, but not limited  
21 to, a suspension or expulsion under section 1310, 1311, or 1311a  
22 of the revised school code, MCL 380.1310, 380.1311, and  
23 380.1311a.

24       (ii) The pupil had previously dropped out of school.

25       (iii) The pupil is pregnant or is a parent.

26       (iv) The pupil has been referred to the program by a court.

1 (k) A pupil enrolled in the Michigan virtual high school,  
2 for the pupil's enrollment in the Michigan virtual high school.

3 However, if a district that is not a first class district  
4 educates pupils who reside in a first class district and if the  
5 primary instructional site for those pupils is located within the  
6 boundaries of the first class district, the educating district  
7 must have the approval of the first class district to count those  
8 pupils in membership. As used in this subsection, "first class  
9 district" means a district organized as a school district of the  
10 first class under the revised school code.

11 (7) "Pupil membership count day" of a district or intermedi-  
12 ate district means:

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

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

17 (i) Fourth Wednesday in July.

18 (ii) Fourth Wednesday in September.

19 (iii) Second Wednesday in February.

20 (iv) Fourth Wednesday in April.

21 (8) "Pupils in grades K to 12 actually enrolled and in regu-  
22 lar daily attendance" means pupils in grades K to 12 in  
23 attendance and receiving instruction in all classes for which  
24 they are enrolled on the pupil membership count day or the sup-  
25 plemental count day, as applicable. A pupil who is absent from  
26 any of the classes in which the pupil is enrolled on the pupil  
27 membership count day or supplemental count day and who does not



1 attend each of those classes during the 10 consecutive school  
2 days immediately following the pupil membership count day or sup-  
3 plemental count day, except for a pupil who has been excused by  
4 the district, shall not be counted as 1.0 full-time equated  
5 membership. In addition, a pupil who is excused from attendance  
6 on the pupil membership count day or supplemental count day and  
7 who fails to attend each of the classes in which the pupil is  
8 enrolled within 30 calendar days after the pupil membership count  
9 day or supplemental count day shall not be counted as 1.0  
10 full-time equated membership. Pupils not counted as 1.0  
11 full-time equated membership due to an absence from a class shall  
12 be counted as a prorated membership for the classes the pupil  
13 attended. For purposes of this subsection, "class" means a  
14 period of time in 1 day when pupils and a certificated teacher or  
15 legally qualified substitute teacher are together and instruction  
16 is taking place.

17 (9) "Rule" means a rule promulgated pursuant to the adminis-  
18 trative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
19 24.328.

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

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

24 (12) "State board" means the state board of education.

25 (13) "Superintendent", unless the context clearly refers to  
26 a district or intermediate district superintendent, means the

1 superintendent of public instruction described in section 3 of  
2 article VIII of the state constitution of 1963.

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

5 (15) "Tuition pupil" means a pupil of school age attending  
6 school in a district other than the pupil's district of residence  
7 for whom tuition may be charged. Tuition pupil does not include  
8 a pupil who is a special education pupil or a pupil described in  
9 subsection (6)(d) to (k). A pupil's district of residence shall  
10 not require a high school tuition pupil, as provided under sec-  
11 tion 111, to attend another school district after the pupil has  
12 been assigned to a school district.

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

16 (17) "Taxable value" means the taxable value of property as  
17 determined under section 27a of the general property tax act,  
18 1893 PA 206, MCL 211.27a.

19 (18) "Total state aid" or "total state school aid" means the  
20 total combined amount of all funds due to a district, intermedi-  
21 ate district, or other entity under all of the provisions of this  
22 act.

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

26 Sec. 11. (1) ~~For the fiscal year ending September 30,~~  
27 ~~2000, there is appropriated for the public schools of this state~~

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~~1 and certain other state purposes relating to education the sum of~~  
~~2 \$9,623,215,800.00 from the state school aid fund established by~~  
~~3 section 11 of article IX of the state constitution of 1963 and~~  
~~4 the sum of \$420,613,500.00 from the general fund.~~ For the fiscal  
5 year ending September 30, 2001, there is appropriated for the  
6 public schools of this state and certain other state purposes  
7 relating to education the sum of ~~-\$10,402,821,500.00~~  
8 [\$10,293,221,500.00] from the state school aid fund established by  
9 section 11 of article IX of the state constitution of 1963 and  
10 the sum of \$385,613,500.00 from the general fund. For the fiscal  
11 year ending September 30, 2002, there is appropriated for the  
12 public schools of this state and certain other state purposes  
13 relating to education the sum of ~~-\$11,192,489,800.00~~  
14 [\$10,956,699,800.00] from the state school aid fund established by  
15 section 11 of article IX of the state constitution of 1963 and  
16 the sum of \$205,613,500.00 from the general fund. For the fiscal  
17 year ending September 30, 2003, there is appropriated for the  
18 public schools of this state and certain other state purposes  
19 relating to education the sum of ~~-\$11,339,360,300.00~~  
20 [\$11,021,620,100.00] from the state school aid fund established by  
21 section 11 of article IX of the state constitution of 1963 and  
22 the sum of \$420,613,500.00 from the general fund. In addition,  
23 available federal funds are appropriated for each of those fiscal  
24 years.

25 (2) The appropriations under this section shall be allocated  
26 as provided in this act. Money appropriated under this section  
27 from the general fund and from available federal funds shall be

1 expended to fund the purposes of this act before the expenditure  
2 of money appropriated under this section from the state school  
3 aid fund. If the maximum amount appropriated under this section  
4 from the state school aid fund for a fiscal year exceeds the  
5 amount necessary to fully fund allocations under this act from  
6 the state school aid fund, that excess amount shall not be  
7 expended in that state fiscal year and shall not lapse to the  
8 general fund, but instead shall remain in the state school aid  
9 fund.

10       (3) If the maximum amount appropriated under this section  
11 and section 11f from the state school aid fund for a fiscal year  
12 exceeds the amount available for expenditure from the state  
13 school aid fund for that fiscal year, payments under sections  
14 11f, 11g, 22a, 31d, 51a(2), and 51c shall be made in full and  
15 payments under each of the other sections of this act shall be  
16 prorated on an equal percentage basis as necessary to reflect the  
17 amount available for expenditure from the state school aid fund  
18 for that fiscal year. However, if the department of treasury  
19 determines that proration will be required under this subsection,  
20 the department of treasury shall notify the state budget direc-  
21 tor, and the state budget director shall notify the legislature  
22 at least 30 calendar days or 6 legislative session days, which-  
23 ever is more, before the department reduces any payments under  
24 this act because of the proration. During the 30 calendar day or  
25 6 legislative session day period after that notification by the  
26 state budget director, the department shall not reduce any  
27 payments under this act because of proration under this

1 subsection. The legislature may prevent proration from occurring  
2 by, within the 30 calendar day or 6 legislative session day  
3 period after that notification by the state budget director,  
4 enacting legislation appropriating additional funds from the gen-  
5 eral fund, countercyclical budget and economic stabilization  
6 fund, state school aid fund balance, or another source to fund  
7 the amount of the projected shortfall.

8 (4) Except for the allocation under section 26a, any general  
9 fund allocations under this act that are not expended by the end  
10 of the state fiscal year are transferred to the state school aid  
11 fund.

12 Sec. 11f. (1) In addition to any other money appropriated  
13 under this act, there is appropriated from the state school aid  
14 fund an amount not to exceed \$32,000,000.00 each fiscal year ~~for~~  
15 ~~the fiscal year ending September 30, 2000,~~ for the fiscal year  
16 ending September 30, 2001, for the fiscal year ending September  
17 30, 2002, for the fiscal year ending September 30, 2003, and for  
18 each succeeding fiscal year through the fiscal year ending  
19 September 30, 2008. Payments under this section will cease after  
20 September 30, 2008. These appropriations are for paying the  
21 amounts described in subsection (4) to districts and intermediate  
22 districts, other than those receiving a lump sum payment under  
23 subsection (2), that were not plaintiffs in the consolidated  
24 cases known as Durant v State of Michigan, Michigan supreme court  
25 docket no. 104458-104492 and that, on or before March 2, 1998,  
26 submitted to the state treasurer a board resolution waiving any  
27 right or interest the district or intermediate district has or

1 may have in any claim or litigation based on or arising out of  
2 any claim or potential claim through September 30, 1997 that is  
3 or was similar to the claims asserted by the plaintiffs in the  
4 consolidated cases known as Durant v State of Michigan. The  
5 waiver resolution shall be in form and substance as required  
6 under subsection (8). The state treasurer is authorized to  
7 accept such a waiver resolution on behalf of this state. The  
8 amounts described in this subsection represent offers of settle-  
9 ment and compromise of any claim or claims that were or could  
10 have been asserted by these districts and intermediate districts,  
11 as described in this subsection.

12       (2) In addition to any other money appropriated under this  
13 act, there ~~is~~ WAS appropriated from the state school aid fund  
14 an amount not to exceed \$1,700,000.00 for the fiscal year ending  
15 September 30, 1999. This appropriation ~~is~~ WAS for paying the  
16 amounts described in this subsection to districts and intermedi-  
17 ate districts that were not plaintiffs in the consolidated cases  
18 known as Durant v State of Michigan; that, on or before March 2,  
19 1998, submitted to the state treasurer a board resolution waiving  
20 any right or interest the district or intermediate district ~~has~~  
21 HAD or may have HAD in any claim or litigation based on or aris-  
22 ing out of any claim or potential claim through September 30,  
23 1997 that is or was similar to the claims asserted by the plain-  
24 tiffs in the consolidated cases known as Durant v State of  
25 Michigan; and for which the total amount listed in section 11h  
26 and paid under this section ~~is~~ WAS less than \$75,000.00. ~~The~~  
27 ~~waiver resolution shall be in form and substance as required~~

1 ~~under subsection (8). The state treasurer is authorized to~~  
2 ~~accept such a waiver resolution on behalf of this state.~~ For a  
3 district or intermediate district qualifying for a payment under  
4 this subsection, the entire amount listed for the district or  
5 intermediate district in section 11h ~~shall be~~ WAS paid in a  
6 lump sum on November 15, 1998 or on the next business day follow-  
7 ing that date. The amounts paid under this subsection represent  
8 offers of settlement and compromise of any claim or claims that  
9 were or could have been asserted by these districts and interme-  
10 diate districts, as described in this subsection.

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

20 (4) The amount paid each fiscal year to each district or  
21 intermediate district under subsection (1) shall be 1/20 of the  
22 total amount listed in section 11h for each listed district or  
23 intermediate district that qualifies for a payment under subsec-  
24 tion (1). The amounts listed in section 11h and paid in part  
25 under this subsection and in a lump sum under subsection (2) are  
26 offers of settlement and compromise to each of these districts or  
27 intermediate districts to resolve, in their entirety, any claim

1 or claims that these districts or intermediate districts may have  
2 asserted for violations of section 29 of article IX of the state  
3 constitution of 1963 through September 30, 1997, which claims are  
4 or were similar to the claims asserted by the plaintiffs in the  
5 consolidated cases known as Durant v State of Michigan. This  
6 section, any other provision of this act, and section 353e of the  
7 management and budget act, 1984 PA 431, MCL 18.1353e, shall not  
8 be construed to constitute an admission of liability to the dis-  
9 tricts or intermediate districts listed in section 11h or a  
10 waiver of any defense that is or would have been available to the  
11 state or its agencies, employees, or agents in any litigation or  
12 future litigation with a district or intermediate district.

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

16       (6) Funds paid to a district or intermediate district under  
17 this section shall be used only for textbooks, electronic  
18 instructional material, software, technology, infrastructure or  
19 infrastructure improvements, school buses, school security,  
20 training for technology, or to pay debt service on voter-approved  
21 bonds issued by the district or intermediate district before the  
22 effective date of this section. For intermediate districts only,  
23 funds paid under this section may also be used for other nonre-  
24 curring instructional expenditures including, but not limited to,  
25 nonrecurring instructional expenditures for vocational education,  
26 or for debt service for acquisition of technology for academic  
27 support services. Funds received by an intermediate district



1 under this section may be used for projects conducted for the  
2 benefit of its constituent districts at the discretion of the  
3 intermediate board. To the extent payments under this section  
4 are used by a district or intermediate district to pay debt serv-  
5 ice on debt payable from millage revenues, and to the extent per-  
6 mitted by law, the district or intermediate district may make a  
7 corresponding reduction in the number of mills levied for that  
8 debt service.

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

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

17 "Whereas, the board of \_\_\_\_\_ (name of dis-  
18 trict or intermediate district) desires to settle and compromise,  
19 in their entirety, any claim or claims that the district (or  
20 intermediate district) has or had for violations of section 29 of  
21 article IX of the state constitution of 1963, which claim or  
22 claims are or were similar to the claims asserted by the plain-  
23 tiffs in the consolidated cases known as Durant v State of  
24 Michigan, Michigan supreme court docket no. 104458-104492.

25 Whereas, the district (or intermediate district) agrees to  
26 settle and compromise these claims for the consideration  
27 described in sections 11f and 11g of the state school aid act of

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1 1979, 1979 PA 94, MCL 388.1611f and 388.1611g, and in the amount  
2 specified for the district (or intermediate district) in  
3 section 11h of the state school aid act of 1979, 1979 PA 94,  
4 MCL 388.1611h.

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

7       Now, therefore, be it resolved as follows:

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

20       2. The board of \_\_\_\_\_ (name of district or  
21 intermediate district) directs its secretary to submit a certi-  
22 fied copy of this resolution to the state treasurer no later than  
23 5 p.m. eastern standard time on March 2, 1998, and agrees that it  
24 will not take any action to amend or rescind this resolution.

25       3. The board of \_\_\_\_\_ (name of district or  
26 intermediate district) expressly agrees and understands that, if  
27 it takes any action to amend or rescind this resolution, the

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1 state, its agencies, employees, and agents shall have available  
2 to them any privilege, immunity, and/or defense that would other-  
3 wise have been available had the claims or potential claims been  
4 actually litigated in any forum.

5       4. This resolution is contingent on continued payments by  
6 the state each fiscal year as determined under sections 11f and  
7 11g of the state school aid act of 1979, 1979 PA 94,  
8 MCL 388.1611f and 388.1611g. However, this resolution shall be  
9 an irrevocable waiver of any claim to amounts actually received  
10 by the school district or intermediate school district under sec-  
11 tions 11f and 11g of the state school aid act of 1979.".

12       Sec. 11g. (1) From the general fund money appropriated in  
13 section 11, there is allocated an amount not to exceed  
14 \$40,000,000.00 ~~for the fiscal year ending September 30, 2000,~~  
15 for the fiscal year ending September 30, 2001, for the fiscal  
16 year ending September 30, 2002, for the fiscal year ending  
17 September 30, 2003, and for each succeeding fiscal year through  
18 the fiscal year ending September 30, 2013. Payments under this  
19 section will cease after September 30, 2013. These appropria-  
20 tions are for paying the amounts described in subsection (3) to  
21 districts and intermediate districts, other than those receiving  
22 a lump sum payment under section 11f(2), that were not plaintiffs  
23 in the consolidated cases known as Durant v State of Michigan,  
24 Michigan supreme court docket no. 104458-104492 and that, on or  
25 before March 2, 1998, submitted to the state treasurer a waiver  
26 resolution described in section 11f. The amounts paid under this  
27 section represent offers of settlement and compromise of any

1 claim or claims that were or could have been asserted by these  
2 districts and intermediate districts, as described in this  
3 section.

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

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

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

18       (b) If the district or intermediate district borrows money  
19 and issues bonds under section 11i, an additional amount in each  
20 fiscal year calculated by the department of treasury that, when  
21 added to the amount described in subdivision (a), will cause the  
22 net present value as of November 15, 1998 of the total of the 15  
23 annual payments made to the district or intermediate district  
24 under this section, discounted at a rate as determined by the  
25 state treasurer, to equal the amount of the bonds issued by that  
26 district or intermediate district under section 11i and that will  
27 result in the total payments made to all districts and

1 intermediate districts in each fiscal year under this section  
2 being no more than the amount appropriated under this section in  
3 each fiscal year.

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

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

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

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

23       (5) To the extent payments under this section are used by a  
24 district or intermediate district to pay debt service on debt  
25 payable from millage revenues, and to the extent permitted by  
26 law, the district or intermediate district may make a

1 corresponding reduction in the number of mills levied for debt  
2 service.

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

7       Sec. 20. (1) ~~For 1999-2000, the basic foundation allowance~~  
8 ~~is \$5,700.00 per membership pupil.~~ For 2000-2001, the basic  
9 foundation allowance is \$6,000.00 per membership pupil. For  
10 2001-2002, the basic foundation allowance is \$6,300.00 per mem-  
11 bership pupil. For 2002-2003, the basic foundation allowance is  
12 \$6,700.00 per membership pupil.

13       (2) ~~From the appropriation in section 11, there is allo-~~  
14 ~~cated for 1999-2000 an amount not to exceed \$8,418,600,000.00 to~~  
15 ~~guarantee each district a foundation allowance per membership~~  
16 ~~pupil other than special education pupils and to make payments~~  
17 ~~under this section to public school academies and university~~  
18 ~~schools for membership pupils other than special education~~  
19 ~~pupils.~~ The amount of each district's foundation allowance shall  
20 be calculated as provided in this section, using a basic founda-  
21 tion allowance in the amount specified in subsection (1). ~~If~~  
22 ~~the maximum amount allocated under this section is not sufficient~~  
23 ~~to fully fund payments under this section, and before any prora-~~  
24 ~~tion required under section 11, the amount of the payment to each~~  
25 ~~district, university school, and public school academy shall be~~  
26 ~~prorated by reducing by an equal percentage the total payment~~  
27 ~~under this section to each district, university school, and~~

~~1 public school academy. However, if the department determines  
2 that proration will be required under this section, the superin-  
3 tendent shall notify the state budget director, and the state  
4 budget director shall notify the legislature at least 30 calendar  
5 days or 6 legislative session days, whichever is more, before the  
6 department reduces any payments under this section because of the  
7 proration. During the 30 calendar day or 6 legislative session  
8 day period after that notification by the state budget director,  
9 the department shall not reduce any payments under this section  
10 because of proration. The legislature may prevent proration  
11 under this section from occurring by, within the 30 calendar day  
12 or 6 legislative session day period after that notification by  
13 the director, enacting legislation appropriating additional funds  
14 from the general fund, countercyclical budget and economic stabi-  
15 lization fund, state school aid fund balance, or another source  
16 to ensure full foundation allowance funding for each district,  
17 university school, and public school academy.~~

18       (3) Except as otherwise provided in this section, the amount  
19 of a district's foundation allowance shall be calculated as fol-  
20 lows, using in all calculations the total amount of the  
21 district's foundation allowance as calculated before any  
22 proration:

23       ~~-(a) For a district that in the immediately preceding state  
24 fiscal year had a foundation allowance at least equal to the sum  
25 of \$4,200.00 plus the total dollar amount of all adjustments made  
26 from 1994-95 to the immediately preceding state fiscal year in  
27 the lowest foundation allowance among all districts, but less~~

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

~~24~~ (A) ~~—(b)—~~ Except as otherwise provided in this subsection,  
25 for a district that in the immediately preceding state fiscal  
26 year had a foundation allowance in an amount at least equal to  
27 the amount of the basic foundation allowance for the immediately



1 preceding state fiscal year, the district shall receive a  
2 foundation allowance in an amount equal to the sum of the  
3 district's foundation allowance for the immediately preceding  
4 state fiscal year plus the dollar amount of the adjustment from  
5 the immediately preceding state fiscal year to the current state  
6 fiscal year in the basic foundation allowance.

7       (B) ~~-(c) Beginning in 1999-2000, for~~ FOR a district that in  
8 the 1994-95 state fiscal year had a foundation allowance greater  
9 than \$6,500.00, the district's foundation allowance is an amount  
10 equal to the sum of the district's foundation allowance for the  
11 immediately preceding state fiscal year plus the lesser of the  
12 increase in the basic foundation allowance for the current state  
13 fiscal year, as compared to the immediately preceding state  
14 fiscal year, or the product of the district's foundation allow-  
15 ance for the immediately preceding state fiscal year times the  
16 percentage increase in the United States consumer price index in  
17 the calendar year ending in the immediately preceding fiscal year  
18 as reported by the May revenue estimating conference conducted  
19 under section 367b of the management and budget act, 1984 PA 431,  
20 MCL 18.1367b. HOWEVER, BEGINNING IN 2001-2002, A DISTRICT'S  
21 FOUNDATION ALLOWANCE SHALL BE AN AMOUNT EQUAL TO THE GREATER OF  
22 THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE FOR THE IMMEDI-  
23 ATELY PRECEDING FISCAL YEAR PLUS THE DOLLAR INCREASE IN THE BASIC  
24 FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR AS COM-  
25 PARED TO THE PRECEDING STATE FISCAL YEAR, OR AN AMOUNT EQUAL TO  
26 THE DISTRICT'S FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING

1 FISCAL YEAR TIMES 1 PLUS THE PERCENTAGE INCREASE IN THE STATE  
2 MAXIMUM FOUNDATION ALLOWANCE.

3 ~~(d) For 1999-2000, each district's foundation allowance~~  
4 ~~shall be at least \$5,700.00.~~

5 (C) ~~(e) Beginning in 2000-2001, for~~ FOR a district that  
6 has a foundation allowance that is not a whole dollar amount, the  
7 district's foundation allowance shall be rounded up to the near-  
8 est whole dollar.

9 (D) ~~(f) Beginning in 2002-2003, for a district that~~  
10 receives a payment under section 22c for 2001-2002, the  
11 district's 2001-2002 foundation allowance shall be considered to  
12 have been an amount equal to the sum of the district's actual  
13 2001-2002 foundation allowance as otherwise calculated under this  
14 section plus the per pupil amount of the district's equity pay-  
15 ment for 2001-2002 under section 22c.

16 (4) ~~To ensure that a district receives the district's foun-~~  
17 ~~dation allowance, there is allocated to each district a state~~  
18 ~~portion of the district's foundation allowance in an amount cal-~~  
19 ~~culated under this subsection.~~ Except as otherwise provided in  
20 this subsection, the state portion of a district's foundation  
21 allowance is an amount equal to the district's foundation allow-  
22 ance or \$6,500.00, whichever is less, minus the difference  
23 between the product of the taxable value per membership pupil of  
24 all property in the district that is not a homestead or qualified  
25 agricultural property times the lesser of 18 mills or the number  
26 of mills of school operating taxes levied by the district in  
27 1993-94 and the quotient of the ad valorem property tax revenue

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1 of the district captured under 1975 PA 197, MCL 125.1651 to  
2 125.1681, the tax increment finance authority act, 1980 PA 450,  
3 MCL 125.1801 to 125.1830, the local development financing act,  
4 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelop-  
5 opment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
6 divided by the district's membership excluding special education  
7 pupils. ~~Beginning in 1999-2000, for~~ FOR a district described  
8 in subsection ~~(3)(c)~~ (3)(B), the state portion of the  
9 district's foundation allowance is an amount equal to \$6,962.00  
10 plus the difference between the district's foundation allowance  
11 for the current state fiscal year and the district's foundation  
12 allowance for 1998-99, minus the difference between the product  
13 of the taxable value per membership pupil of all property in the  
14 district that is not a homestead or qualified agricultural prop-  
15 erty times the lesser of 18 mills or the number of mills of  
16 school operating taxes levied by the district in 1993-94 and the  
17 quotient of the ad valorem property tax revenue of the district  
18 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax  
19 increment finance authority act, 1980 PA 450, MCL 125.1801 to  
20 125.1830, the local development financing act, 1986 PA 281,  
21 MCL 125.2151 to 125.2174, or the brownfield redevelopment financ-  
22 ing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the  
23 district's membership excluding special education pupils. For a  
24 district that has a millage reduction required under section 31  
25 of article IX of the state constitution of 1963, the state por-  
26 tion of the district's foundation allowance shall be calculated  
27 as if that reduction did not occur. The \$6,500.00 amount

1 prescribed in this subsection shall be adjusted each year by an  
2 amount equal to the dollar amount of the difference between the  
3 basic foundation allowance for the current state fiscal year and  
4 \$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount  
5 prescribed in this subsection shall be adjusted each year by an  
6 amount equal to the dollar amount of the difference between the  
7 basic foundation allowance for the current state fiscal year and  
8 \$5,000.00, minus \$200.00.

9       (5) The allocation CALCULATED under this section for a pupil  
10 shall be based on the foundation allowance of the pupil's dis-  
11 trict of residence. However, for a pupil enrolled pursuant to  
12 section 105 or 105c in a district other than the pupil's district  
13 of residence, the allocation CALCULATED under this section shall  
14 be based on the lesser of the foundation allowance of the pupil's  
15 district of residence or the foundation allowance of the educat-  
16 ing district. For a pupil in membership in a K-5, K-6, or K-8  
17 district who is enrolled in another district in a grade not  
18 offered by the pupil's district of residence, the allocation  
19 CALCULATED under this section shall be based on the foundation  
20 allowance of the educating district if the educating district's  
21 foundation allowance is greater than the foundation allowance of  
22 the pupil's district of residence. ~~Beginning in 1999-2000, the~~  
23 THE calculation under this subsection shall take into account a  
24 district's per pupil allocation under section 20j(2).

25       (6) Subject to subsection (7) and except as otherwise pro-  
26 vided in this subsection, for pupils in membership, other than  
27 special education pupils, in a public school academy or a

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1 university school, ~~there is allocated under this section each~~  
2 ~~fiscal year for 1999-2000, for 2000-2001, for 2001-2002, and for~~  
3 ~~2002-2003 to the authorizing body that is the fiscal agent for~~  
4 ~~the public school academy for forwarding to the public school~~  
5 ~~academy, or to the board of the public university operating the~~  
6 ~~university school,~~ THE ALLOCATION CALCULATED UNDER THIS SECTION  
7 IS an amount per membership pupil other than special education  
8 pupils in the public school academy or university school equal to  
9 the sum of the local school operating revenue per membership  
10 pupil other than special education pupils for the district in  
11 which the public school academy or university school is located  
12 and the state portion of that district's foundation allowance, or  
13 the sum of the basic foundation allowance under subsection (1)  
14 plus \$500.00, whichever is less. However, beginning in  
15 2002-2003, this \$500.00 amount shall instead be \$300.00.  
16 Notwithstanding section 101(2), for a public school academy that  
17 begins operations in ~~1999-2000,~~ 2000-2001, 2001-2002, or  
18 2002-2003, as applicable, after the pupil membership count day,  
19 the amount per membership pupil calculated under this subsection  
20 shall be adjusted by multiplying that amount per membership pupil  
21 by the number of hours of pupil instruction provided by the  
22 public school academy after it begins operations, as determined  
23 by the department, divided by the minimum number of hours of  
24 pupil instruction required under section 1284 of the revised  
25 school code, MCL 380.1284. The result of this calculation shall  
26 not exceed the amount per membership pupil otherwise calculated  
27 under this subsection.

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1       (7) If more than 25% of the pupils residing within a  
2 district are in membership in 1 or more public school academies  
3 located in the district, then the amount per membership pupil  
4 ~~allocated~~ CALCULATED under this section ~~to the authorizing~~  
5 ~~body that is the fiscal agent~~ for a public school academy  
6 located in the district ~~for forwarding to the public school~~  
7 ~~academy~~ shall be reduced by an amount equal to the difference  
8 between the product of the taxable value per membership pupil of  
9 all property in the district that is not a homestead or qualified  
10 agricultural property times the lesser of 18 mills or the number  
11 of mills of school operating taxes levied by the district in  
12 1993-94 and the quotient of the ad valorem property tax revenue  
13 of the district captured under 1975 PA 197, MCL 125.1651 to  
14 125.1681, the tax increment finance authority act, 1980 PA 450,  
15 MCL 125.1801 to 125.1830, the local development financing act,  
16 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevel-  
17 opment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
18 divided by the district's membership excluding special education  
19 pupils, in the school fiscal year ending in the current state  
20 fiscal year, calculated as if the resident pupils in membership  
21 in 1 or more public school academies located in the district were  
22 in membership in the district. In order to receive state school  
23 aid under this act, a district described in this subsection shall  
24 pay to the authorizing body that is the fiscal agent for a public  
25 school academy located in the district for forwarding to the  
26 public school academy an amount equal to that local school  
27 operating revenue per membership pupil for each resident pupil in

1 membership other than special education pupils in the public  
2 school academy, as determined by the department.

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

19       (9) For a district that had combined state and local revenue  
20 per membership pupil in the 1993-94 state fiscal year of more  
21 than \$6,500.00 and that had fewer than 350 pupils in membership,  
22 if the district elects not to reduce the number of mills from  
23 which a homestead and qualified agricultural property are exempt  
24 and not to levy school operating taxes on a homestead and quali-  
25 fied agricultural property as provided in section 1211(1) of the  
26 revised school code, MCL 380.1211, and not to levy school  
27 operating taxes on all property as provided in section 1211(2) of

1 the revised school code, MCL 380.1211, there is ~~allocated~~  
2 CALCULATED under this subsection for 1994-95 and each succeeding  
3 fiscal year a separate supplemental ~~payment~~ AMOUNT in an amount  
4 equal to the amount the district would have received per member-  
5 ship pupil had it levied school operating taxes on a homestead  
6 and qualified agricultural property at the rate authorized for  
7 the district under section 1211(1) of the revised school code,  
8 MCL 380.1211, and levied school operating taxes on all property  
9 at the rate authorized for the district under section 1211(2) of  
10 the revised school code, MCL 380.1211, as determined by the  
11 department of treasury. If in the calendar year ending in the  
12 fiscal year a district does not levy 18 mills or the number of  
13 mills of school operating taxes levied by the district in 1993,  
14 whichever is less, on property that is not a homestead or quali-  
15 fied agricultural property, the ~~payment~~ AMOUNT CALCULATED under  
16 this subsection will be reduced by the same percentage as the  
17 millage actually levied compares to the 18 mills or the number of  
18 mills levied in 1993, whichever is less.

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

23 (10) ~~-(11)~~ For a district that is formed or reconfigured  
24 after June 1, 1994 by consolidation of 2 or more districts or by  
25 annexation, the resulting district's foundation allowance under  
26 this section beginning after the effective date of the  
27 consolidation or annexation shall be the average of the



1 foundation allowances of each of the original or affected  
2 districts, calculated as provided in this section, weighted as to  
3 the percentage of pupils in total membership in the resulting  
4 district who reside in the geographic area of each of the origi-  
5 nal districts. If an affected district's foundation allowance is  
6 less than the basic foundation allowance, the amount of that  
7 district's foundation allowance shall be considered for the pur-  
8 pose of calculations under this subsection to be equal to the  
9 amount of the basic foundation allowance.

10 (11) ~~(12)~~ Each fraction used in making calculations under  
11 this section shall be rounded to the fourth decimal place and the  
12 dollar amount of an increase in the basic foundation allowance  
13 shall be rounded to the nearest whole dollar.

14 (12) ~~(13)~~ State payments related to payment of the founda-  
15 tion allowance for a special education pupil are not funded under  
16 this section but are instead ~~funded~~ CALCULATED under  
17 section 51a.

18 (13) ~~(14)~~ To assist the legislature in determining the  
19 basic foundation allowance for the subsequent state fiscal year,  
20 each revenue estimating conference conducted under section 367b  
21 of the management and budget act, 1984 PA 431, MCL 18.1367b,  
22 shall calculate a pupil membership factor, a revenue adjustment  
23 factor, and an index as follows:

24 (a) The pupil membership factor shall be computed by divid-  
25 ing the estimated membership in the school year ending in the  
26 current state fiscal year, excluding intermediate district  
27 membership, by the estimated membership for the school year

1 ending in the subsequent state fiscal year, excluding  
2 intermediate district membership. If a consensus membership  
3 factor is not determined at the revenue estimating conference,  
4 the principals of the revenue estimating conference shall report  
5 their estimates to the house and senate subcommittees responsible  
6 for school aid appropriations not later than 7 days after the  
7 conclusion of the revenue conference.

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

1 (c) The index shall be calculated by multiplying the pupil  
2 membership factor by the revenue adjustment factor. If a  
3 consensus index is not determined at the revenue estimating con-  
4 ference, the principals of the revenue estimating conference  
5 shall report their estimates to the house and senate subcommit-  
6 tees responsible for school aid appropriations not later than 7  
7 days after the conclusion of the revenue conference.

8 (14) ~~(15)~~ If the principals at the revenue estimating con-  
9 ference reach a consensus on the index described in subsection  
10 ~~(14)(c)~~ (13)(C), the basic foundation allowance for the subse-  
11 quent state fiscal year shall be at least the amount of that con-  
12 sensus index multiplied by the basic foundation allowance speci-  
13 fied in subsection (1).

14 (15) ~~(16)~~ If at the January revenue estimating conference  
15 it is estimated that pupil membership, excluding intermediate  
16 district membership, for the subsequent state fiscal year will be  
17 greater than 101% of the pupil membership, excluding intermediate  
18 district membership, for the current state fiscal year, then it  
19 is the intent of the legislature that the executive budget pro-  
20 posal for the school aid budget for the subsequent state fiscal  
21 year include a general fund/general purpose allocation sufficient  
22 to support the membership in excess of 101% of the current year  
23 pupil membership.

24 (16) ~~(17) Beginning in 1999-2000, for~~ FOR a district that  
25 had combined state and local revenue per membership pupil in the  
26 1993-94 state fiscal year of more than \$6,500.00, that had fewer  
27 than 7 pupils in membership in the 1993-94 state fiscal year,

1 that has at least 1 child educated in the district in the current  
2 state fiscal year, and that levies the number of mills of school  
3 operating taxes authorized for the district under section 1211 of  
4 the revised school code, MCL 380.1211, ~~the district shall be~~  
5 ~~allocated~~ a minimum amount of combined state and local revenue  
6 SHALL BE CALCULATED FOR THE DISTRICT as provided under this  
7 subsection. The minimum amount of combined state and local reve-  
8 nue for 1999-2000 shall be \$67,000.00 plus the district's addi-  
9 tional expenses to educate pupils in grades 9 to 12 educated in  
10 other districts as determined and allowed by the department.  
11 ~~Beginning in 2000-2001, the~~ THE minimum amount of combined  
12 state and local revenue under this subsection, before adding the  
13 additional expenses, shall increase each fiscal year by the same  
14 percentage increase as the percentage increase in the basic foun-  
15 dation allowance from the immediately preceding fiscal year to  
16 the current fiscal year. The state portion of the minimum amount  
17 of combined state and local revenue under this subsection shall  
18 be calculated by subtracting from the minimum amount of combined  
19 state and local revenue under this subsection the sum of the  
20 district's local school operating revenue and AN AMOUNT EQUAL TO  
21 the product of the SUM OF THE state portion of the district's  
22 foundation allowance PLUS THE AMOUNT CALCULATED UNDER SECTION 20J  
23 times the district's membership. As used in this subsection,  
24 "additional expenses" means the district's expenses for tuition  
25 or fees, not to exceed \$6,500.00 as adjusted each year by an  
26 amount equal to the dollar amount of the difference between the  
27 basic foundation allowance for the current state fiscal year and

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1 \$5,000.00, plus a room and board stipend not to exceed \$10.00 per  
2 school day for each pupil in grades 9 to 12 educated in another  
3 district, as approved by the department. However, beginning in  
4 2002-2003, the \$6,500.00 amount prescribed in this subsection  
5 shall be adjusted each year by an amount equal to the dollar  
6 amount of the difference between the basic foundation allowance  
7 for the current state fiscal year and \$5,000.00, minus \$200.00.

8       (17) ~~-(18)-~~ For a district in which 7.75 mills levied in  
9 1992 for school operating purposes in the 1992-93 school year  
10 were not renewed in 1993 for school operating purposes in the  
11 1993-94 school year, the district's combined state and local rev-  
12 enue per membership pupil shall be recalculated as if that mill-  
13 age reduction did not occur and ~~-, beginning in 2000-2001,~~ the  
14 district's foundation allowance shall be calculated as if its  
15 1994-95 foundation allowance had been calculated using that  
16 recalculated 1993-94 combined state and local revenue per member-  
17 ship pupil as a base. A district is not entitled to any retroac-  
18 tive payments for fiscal years before 2000-2001 due to this  
19 subsection.

20       (18) FOR A DISTRICT IN WHICH AN INDUSTRIAL FACILITIES EXEMP-  
21 TION CERTIFICATE THAT ABATED TAXES ON PROPERTY WITH A STATE  
22 EQUALIZED VALUATION GREATER THAN THE TOTAL STATE EQUALIZED VALUA-  
23 TION OF THE DISTRICT AT THE TIME THE CERTIFICATE WAS ISSUED OR  
24 \$700,000,000.00, WHICHEVER IS GREATER, WAS ISSUED UNDER 1974 PA  
25 198, MCL 207.551 TO 207.572, BEFORE THE CALCULATION OF THE  
26 DISTRICT'S 1994-1995 FOUNDATION ALLOWANCE, THE DISTRICT'S  
27 FOUNDATION ALLOWANCE FOR 2002-2003 IS AN AMOUNT EQUAL TO THE SUM

1 OF THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2002-2003, AS  
2 OTHERWISE CALCULATED UNDER THIS SECTION, PLUS \$180.00.

3       (19) ~~Beginning in 2000-2001, payments~~ PAYMENTS to dis-  
4 tricts, university schools, or public school academies shall not  
5 be made under this section. Rather, the calculations under this  
6 section shall be used to determine the amount of state payments  
7 under section 22b.

8       ~~(20) From the allocation in subsection (2), the department~~  
9 ~~may expend funds to pay for necessary costs associated with~~  
10 ~~resolving matters pending in federal court impacting payments to~~  
11 ~~districts.~~

12       (20) ~~(21)~~ If an amendment to section 2 of article VIII of  
13 the state constitution of 1963 allowing state aid to some or all  
14 nonpublic schools is approved by the voters of this state, each  
15 foundation allowance or per pupil payment calculation under this  
16 section may be reduced.

17       (21) ~~(22)~~ As used in this section:

18       (a) "Combined state and local revenue" means the aggregate  
19 of the district's state school aid received by or paid on behalf  
20 of the district under this section and the district's local  
21 school operating revenue.

22       (b) "Combined state and local revenue per membership pupil"  
23 means the district's combined state and local revenue divided by  
24 the district's membership excluding special education pupils.

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

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

3 (e) "Immediately preceding state fiscal year" means the  
4 state fiscal year immediately preceding the current state fiscal  
5 year.

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

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

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

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

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

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

24 (l) "Taxable value per membership pupil" means taxable  
25 value, as certified by the department of treasury, for the calen-  
26 dar year ending in the current state fiscal year divided by the

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1 district's membership excluding special education pupils for the  
2 school year ending in the current state fiscal year.

3 (M) "STATE MAXIMUM FOUNDATION ALLOWANCE" MEANS THE SUM OF  
4 THE BASIC FOUNDATION ALLOWANCE UNDER SUBSECTION (1) PLUS  
5 \$1,500.00. HOWEVER, BEGINNING IN 2002-2003, THE \$1,500.00 AMOUNT  
6 IN THIS SUBDIVISION SHALL INSTEAD BE AN AMOUNT EQUAL TO \$1,500.00  
7 MINUS \$200.00.

8 Sec. 20j. (1) ~~From the appropriation in section 11, there~~  
9 ~~is allocated for 1999-2000 an amount not to exceed \$23,400,000.00~~  
10 ~~for foundation~~ FOUNDATION allowance supplemental payments to  
11 districts that in the 1994-95 state fiscal year had a foundation  
12 allowance greater than \$6,500.00 SHALL BE CALCULATED UNDER THIS  
13 SECTION.

14 (2) The per pupil allocation to each district under this  
15 section shall be the difference between the dollar amount of the  
16 adjustment from the 1998-99 state fiscal year to the current  
17 state fiscal year in the basic foundation allowance minus the  
18 dollar amount of the adjustment from the 1998-99 state fiscal  
19 year to the current state fiscal year in the district's founda-  
20 tion allowance.

21 (3) ~~The~~ IF A DISTRICT'S LOCAL REVENUE PER PUPIL DOES NOT  
22 EXCEED THE SUM OF ITS FOUNDATION ALLOWANCE UNDER SECTION 20 PLUS  
23 THE PER PUPIL ALLOCATION UNDER SUBSECTION (2), THE total payment  
24 to ~~each~~ THE district CALCULATED under this section shall be the  
25 product of the per pupil allocation under subsection (2) multi-  
26 plied by the district's membership excluding special education  
27 pupils. IF A DISTRICT'S LOCAL REVENUE PER PUPIL EXCEEDS THE



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1 FOUNDATION ALLOWANCE UNDER SECTION 20 BUT DOES NOT EXCEED THE SUM  
2 OF THE FOUNDATION ALLOWANCE UNDER SECTION 20 PLUS THE PER PUPIL  
3 ALLOCATION UNDER SUBSECTION (2), THE TOTAL PAYMENT TO THE DIS-  
4 TRICT CALCULATED UNDER THIS SECTION SHALL BE THE PRODUCT OF THE  
5 DIFFERENCE BETWEEN THE SUM OF THE FOUNDATION ALLOWANCE UNDER  
6 SECTION 20 PLUS THE PER PUPIL ALLOCATION UNDER SUBSECTION (2)  
7 MINUS THE LOCAL REVENUE PER PUPIL MULTIPLIED BY THE DISTRICT'S  
8 MEMBERSHIP EXCLUDING SPECIAL EDUCATION PUPILS. IF A DISTRICT'S  
9 LOCAL REVENUE PER PUPIL EXCEEDS THE SUM OF THE FOUNDATION ALLOW-  
10 ANCE UNDER SECTION 20 PLUS THE PER PUPIL ALLOCATION UNDER  
11 SUBSECTION (2), THERE IS NO PAYMENT CALCULATED UNDER THIS SECTION  
12 FOR THE DISTRICT.

13 (4) ~~Beginning in 2000-2001, payments~~ PAYMENTS to districts  
14 shall not be made under this section. Rather, the calculations  
15 under this section shall be made and used to determine the amount  
16 of state payments under section 22b.

17 Sec. 22a. (1) From the appropriation in section 11, there  
18 is allocated an amount not to exceed ~~\$7,181,000,000.00~~  
19 \$7,151,000,000.00 for 2000-2001, an amount not to exceed  
20 ~~\$7,088,000,000.00~~ \$7,039,000,000.00 for 2001-2002, and an  
21 amount not to exceed ~~\$7,004,000,000.00~~ \$6,956,500,000.00 for  
22 2002-2003 for payments to districts, qualifying university  
23 schools, and qualifying public school academies to guarantee each  
24 district, qualifying university school, and qualifying public  
25 school academy an amount equal to its 1994-95 total state and  
26 local per pupil revenue for school operating purposes under  
27 section 11 of article IX of the state constitution of 1963.

1 Pursuant to section 11 of article IX of the state constitution of  
2 1963, this guarantee does not apply to a district in a year in  
3 which the district levies a millage rate for school district  
4 operating purposes less than it levied in 1994. However,  
5 subsection (2) applies to calculating the payments under this  
6 section. FUNDS ALLOCATED UNDER THIS SECTION THAT ARE NOT  
7 EXPENDED IN THE STATE FISCAL YEAR FOR WHICH THEY WERE ALLOCATED,  
8 AS DETERMINED BY THE DEPARTMENT, MAY BE USED TO SUPPLEMENT THE  
9 ALLOCATIONS UNDER SECTIONS 22B AND 51C IN ORDER TO FULLY FUND  
10 THOSE CALCULATED ALLOCATIONS FOR THE SAME FISCAL YEAR.

11 (2) To ensure that a district receives an amount equal to  
12 the district's 1994-95 total state and local per pupil revenue  
13 for school operating purposes, there is allocated to each dis-  
14 trict a state portion of the district's 1994-95 foundation allow-  
15 ance in an amount calculated as follows:

16 (a) Except as otherwise provided in this subsection, the  
17 state portion of a district's 1994-95 foundation allowance is an  
18 amount equal to the district's 1994-95 foundation allowance or  
19 \$6,500.00, whichever is less, minus the difference between the  
20 product of the taxable value per membership pupil of all property  
21 in the district that is not a homestead or qualified agricultural  
22 property times the lesser of 18 mills or the number of mills of  
23 school operating taxes levied by the district in 1993-94 and the  
24 quotient of the ad valorem property tax revenue of the district  
25 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax  
26 increment finance authority act, 1980 PA 450, MCL 125.1801 to  
27 125.1830, the local development financing act, 1986 PA 281,

1 MCL 125.2151 to 125.2174, or the brownfield redevelopment  
2 financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by  
3 the district's membership. For a district that has a millage  
4 reduction required under section 31 of article IX of the state  
5 constitution of 1963, the state portion of the district's founda-  
6 tion allowance shall be calculated as if that reduction did not  
7 occur.

8 (b) For a district that had a 1994-95 foundation allowance  
9 greater than \$6,500.00, the state payment under this subsection  
10 shall be the sum of the amount calculated under subdivision (a)  
11 plus the amount calculated under this subdivision. The amount  
12 calculated under this subdivision shall be equal to the differ-  
13 ence between the district's 1994-95 foundation allowance minus  
14 \$6,500.00 and the current year hold harmless school operating  
15 taxes per pupil. If the result of the calculation under  
16 subdivision (a) is negative, the negative amount shall be an  
17 offset against any state payment calculated under this  
18 subdivision. If the result of a calculation under this subdivi-  
19 sion is negative, there shall not be a state payment or a deduc-  
20 tion under this subdivision. The taxable values per membership  
21 pupil used in the calculations under this subdivision are as  
22 adjusted by ad valorem property tax revenue captured under 1975  
23 PA 197, MCL 125.1651 to 125.1681, the tax increment finance  
24 authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local  
25 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,  
26 or the brownfield redevelopment financing act, 1996 PA 381,  
27 MCL 125.2651 to 125.2672, divided by the district's membership.

1       (3) For pupils in membership in a qualifying public school  
2 academy or qualifying university school, there is allocated under  
3 this section each fiscal year for 2000-2001, for 2001-2002, and  
4 for 2002-2003 to the authorizing body that is the fiscal agent  
5 for the qualifying public school academy for forwarding to the  
6 qualifying public school academy, or to the board of the public  
7 university operating the qualifying university school, an amount  
8 equal to the 1994-95 per pupil payment to the qualifying public  
9 school academy or qualifying university school under section 20.

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

15       (5) For a district that is formed or reconfigured after  
16 June 1, 2000 by consolidation of 2 or more districts or by annex-  
17 ation, the resulting district's 1994-95 foundation allowance  
18 under this section beginning after the effective date of the con-  
19 solidation or annexation shall be the average of the 1994-95  
20 foundation allowances of each of the original or affected dis-  
21 tricts, calculated as provided in this section, weighted as to  
22 the percentage of pupils in total membership in the resulting  
23 district in the state fiscal year in which the consolidation  
24 takes place who reside in the geographic area of each of the  
25 original districts. If an affected district's 1994-95 foundation  
26 allowance is less than the 1994-95 basic foundation allowance,  
27 the amount of that district's 1994-95 foundation allowance shall

1 be considered for the purpose of calculations under this  
2 subsection to be equal to the amount of the 1994-95 basic founda-  
3 tion allowance.

4 (6) As used in this section:

5 (a) "1994-95 foundation allowance" means a district's  
6 1994-95 foundation allowance calculated and certified by the  
7 department of treasury or the superintendent under former  
8 section 20a as enacted in 1993 PA 336 and as amended by 1994  
9 PA 283.

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

12 (c) "Current year hold harmless school operating taxes per  
13 pupil" means the per pupil revenue generated by multiplying a  
14 district's 1994-95 hold harmless millage by the district's cur-  
15 rent year taxable value per membership pupil.

16 (d) "Hold harmless millage" means, for a district with a  
17 1994-95 foundation allowance greater than \$6,500.00, the number  
18 of mills by which the exemption from the levy of school operating  
19 taxes on a homestead and qualified agricultural property could be  
20 reduced as provided in section 1211(1) of the revised school  
21 code, MCL 380.1211, and the number of mills of school operating  
22 taxes that could be levied on all property as provided in section  
23 1211(2) of the revised school code, MCL 380.1211, as certified by  
24 the department of treasury for the 1994 tax year.

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

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

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

7       (h) "Qualifying public school academy" means a public school  
8 academy that was in operation in the 1994-95 school year and is  
9 in operation in the current state fiscal year.

10       (i) "Qualifying university school" means a university school  
11 that was in operation in the 1994-95 school year and is in opera-  
12 tion in the current fiscal year.

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

16       (k) "Taxable value per membership pupil" means each of the  
17 following divided by the district's membership:

18       (i) For the number of mills by which the exemption from the  
19 levy of school operating taxes on a homestead and qualified agri-  
20 cultural property may be reduced as provided in section 1211(1)  
21 of the revised school code, MCL 380.1211, the taxable value of  
22 homestead and qualified agricultural property for the calendar  
23 year ending in the current state fiscal year.

24       (ii) For the number of mills of school operating taxes that  
25 may be levied on all property as provided in section 1211(2) of  
26 the revised school code, MCL 380.1211, the taxable value of all

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1 property for the calendar year ending in the current state fiscal  
2 year.

3       Sec. 22b. (1) From the appropriation in section 11, there  
4 is allocated an amount not to exceed ~~-\$1,811,000,000.00-~~  
5 \$1,864,000,000.00 for 2000-2001, an amount not to exceed  
6 ~~-\$2,324,000,000.00-~~ \$2,380,300,000.00 for 2001-2002, and an  
7 amount not to exceed ~~-\$2,805,000,000.00-~~ \$2,845,000,000.00 for  
8 2002-2003 for discretionary payments to districts under this  
9 section. FUNDS ALLOCATED UNDER THIS SECTION THAT ARE NOT  
10 EXPENDED IN THE STATE FISCAL YEAR FOR WHICH THEY WERE ALLOCATED,  
11 AS DETERMINED BY THE DEPARTMENT, MAY BE USED TO SUPPLEMENT THE  
12 ALLOCATIONS UNDER SECTIONS 22A AND 51C IN ORDER TO FULLY FUND  
13 THOSE CALCULATED ALLOCATIONS FOR THE SAME FISCAL YEAR.

14       (2) Subject to subsection ~~-(4)-~~ (3), beginning in 2000-2001,  
15 the allocation to a district under this section shall be an  
16 amount equal to the sum of the amounts calculated under  
17 sections 20, 20j, 51a(2), 51a(3), and 51a(12), minus the sum of  
18 the allocations to the district under sections 22a and 51c.

19       ~~-(3) The allocations under this section are not considered~~  
20 ~~to be per pupil revenue for school operating purposes under~~  
21 ~~section 11 of article IX of the state constitution of 1963.-~~

22       (3) ~~-(4)-~~ In order to receive an allocation under this sec-  
23 tion, each district shall administer in each grade level that it  
24 operates in grades 1 to 5 a standardized assessment approved by  
25 the department of grade-appropriate basic educational skills. A  
26 district may use the Michigan literacy progress profile to  
27 satisfy this requirement for grades 1 to 3.

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1 (4) FROM THE ALLOCATION IN SUBSECTION (1), THE DEPARTMENT  
2 MAY EXPEND FUNDS TO PAY FOR NECESSARY COSTS ASSOCIATED WITH  
3 RESOLVING MATTERS PENDING IN FEDERAL COURT IMPACTING PAYMENTS TO  
4 DISTRICTS, INCLUDING, BUT NOT LIMITED TO, EXPERT WITNESS FEES.

5 Sec. 24. (1) Subject to subsection (2), from the appropria-  
6 tion in section 11, there is allocated ~~for 1999-2000,~~ for  
7 2000-2001, for 2001-2002, and for 2002-2003 to the educating dis-  
8 trict or intermediate district an amount equal to 100% of the  
9 added cost each fiscal year for educating all pupils assigned by  
10 a court or the family independence agency to reside in or to  
11 attend a juvenile detention facility or child caring institution  
12 licensed by the family independence agency or the department of  
13 consumer and industry services and approved by the department to  
14 provide an on-grounds education program. The total amount to be  
15 paid under this section for added cost shall not exceed  
16 \$7,900,000.00 ~~for 1999-2000, and an amount not to exceed~~  
17 ~~\$8,000,000.00 each fiscal year~~ for 2000-2001, \$8,400,000.00 for  
18 2001-2002, and \$8,900,000.00 for 2002-2003. For the purposes of  
19 this section, "added cost" shall be computed by deducting all  
20 other revenue received under this act for pupils described in  
21 this section from total costs, as approved by the department, for  
22 educating those pupils in the on-grounds education program or in  
23 a program approved by the department that is located on property  
24 adjacent to a juvenile detention facility or child caring  
25 institution. Costs reimbursed by federal funds are not  
26 included.



1       (2) A district or intermediate district educating pupils  
2 described in this section at a residential child caring  
3 institution may operate, and receive funding under this section  
4 for, a department-approved on-grounds educational program for  
5 those pupils that is longer than 181 days, but not longer than  
6 233 days, if the child caring institution was licensed as a child  
7 caring institution and offered in 1991-92 an on-grounds educa-  
8 tional program that was longer than 181 days but not longer than  
9 233 days and that was operated by a district or intermediate  
10 district.

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

13       Sec. 26a. From the general fund appropriation in section  
14 11, there is allocated each fiscal year for ~~1999-2000,~~  
15 2000-2001, 2001-2002, and 2002-2003 an amount not to exceed  
16 \$7,000,000.00 to reimburse districts, intermediate districts, and  
17 the state school aid fund pursuant to section 12 of the Michigan  
18 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied  
19 in ~~1999,~~ 2000, 2001, and 2002, respectively. This reimburse-  
20 ment shall be made by adjusting payments under section ~~20 or~~  
21 22a to eligible districts, adjusting payments under section 56,  
22 62, or 81 to eligible intermediate districts, and adjusting the  
23 state school aid fund. The adjustments shall be made not later  
24 than 60 days after the department of treasury certifies to the  
25 department and to the state budget director that the department  
26 of treasury has received all necessary information to properly  
27 determine the amounts due to each eligible recipient.

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1       Sec. 31a. (1) From the state school aid fund money  
2 appropriated in section 11, there is allocated ~~for 1999-2000 an~~  
3 ~~amount not to exceed \$270,920,000.00,~~ for 2000-2001 an amount  
4 not to exceed \$304,000,000.00, for 2001-2002 an amount not to  
5 exceed ~~\$319,200,000.00~~ [\$316,550,000.00], and for 2002-2003 an  
6 amount not to exceed ~~\$329,095,200.00~~ [\$321,505,000.00] for pay-  
7 ments to eligible districts and eligible public school academies  
8 under this section. Subject to subsection (10), the amount of  
9 the additional allowance under this section shall be based on the  
10 number of actual pupils in membership in the district or public  
11 school academy who met the income eligibility criteria for free  
12 breakfast, lunch, or milk in the immediately preceding state  
13 fiscal year, as determined under the Richard B. Russell national  
14 school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to  
15 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c,  
16 and 1769f to 1769h, and reported to the department by October 31  
17 of the immediately preceding fiscal year and adjusted not later  
18 than December 31 of the immediately preceding fiscal year.  
19 However, for a public school academy that began operations as a  
20 public school academy after the pupil membership count day of the  
21 immediately preceding school year, the basis for the additional  
22 allowance under this section shall be the number of actual pupils  
23 in membership in the public school academy who met the income  
24 eligibility criteria for free breakfast, lunch, or milk in the  
25 current state fiscal year, as determined under the Richard  
26 B. Russell national school lunch act.

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

6       (a) The sum of the district's or public school academy's  
7 combined state and local revenue per membership pupil in the cur-  
8 rent state fiscal year, as calculated under section 20, plus the  
9 amount of the district's per pupil allocation under section  
10 20j(2), is less than or equal to \$6,500.00 adjusted by the dollar  
11 amount of the difference between the basic foundation allowance  
12 under section 20 for the current state fiscal year and  
13 \$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount  
14 prescribed in this subdivision shall be adjusted each year by an  
15 amount equal to the dollar amount of the difference between the  
16 basic foundation allowance for the current state fiscal year and  
17 \$5,000.00, minus \$200.00.

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

22       (3) Except as otherwise provided in this subsection, an eli-  
23 gible district or eligible public school academy shall receive  
24 under this section for each membership pupil in the district or  
25 public school academy who met the income eligibility criteria for  
26 free breakfast, lunch, or milk, as determined under the Richard  
27 B. Russell national school lunch act and as reported to the

1 department by October 31 of the immediately preceding fiscal year  
2 and adjusted not later than December 31 of the immediately pre-  
3 ceding fiscal year, an amount per pupil equal to 11.5% of the sum  
4 of the district's foundation allowance or public school academy's  
5 per pupil allocation under section 20, plus the amount of the  
6 district's per pupil allocation under section 20j(2), not to  
7 exceed \$6,500.00 adjusted by the dollar amount of the difference  
8 between the basic foundation allowance under section 20 for the  
9 current state fiscal year and \$5,000.00, or of the public school  
10 academy's per membership pupil allocation under section 20 for  
11 the current state fiscal year. However, beginning in 2002-2003,  
12 the \$6,500.00 amount prescribed in this subsection shall be  
13 adjusted each year by an amount equal to the dollar amount of the  
14 difference between the basic foundation allowance for the current  
15 state fiscal year and \$5,000.00, minus \$200.00. A public school  
16 academy that began operations as a public school academy after  
17 the pupil membership count day of the immediately preceding  
18 school year shall receive under this section for each membership  
19 pupil in the public school academy who met the income eligibility  
20 criteria for free breakfast, lunch, or milk, as determined under  
21 the Richard B. Russell national school lunch act and as reported  
22 to the department by October 31 of the current fiscal year and  
23 adjusted not later than December 31 of the current fiscal year,  
24 an amount per pupil equal to 11.5% of the public school academy's  
25 per membership pupil allocation under section 20 for the current  
26 state fiscal year.

1       (4) Except as otherwise provided in this section, a district  
2 or public school academy receiving funding under this section  
3 shall use that money only to provide instructional programs and  
4 direct noninstructional services, including, but not limited to,  
5 medical or counseling services, for at-risk pupils and for the  
6 purposes of subsection (5) or section ~~31c~~ 32E and shall not use  
7 any of that money for administrative costs or to supplant another  
8 program or other funds, except for funds allocated to the dis-  
9 trict or public school academy under this section in the immedi-  
10 ately preceding year and already being used by the district or  
11 public school academy for at-risk pupils. The instruction or  
12 direct noninstructional services provided under this section may  
13 be conducted before or after regular school hours or by adding  
14 extra school days to the school year and may be conducted using a  
15 tutorial method, with paraprofessionals working under the super-  
16 vision of a certificated teacher. The ratio of pupils to para-  
17 professionals shall be between 10:1 and 15:1. Only 1 certifi-  
18 cated teacher is required to supervise instruction using a tuto-  
19 rial method. As used in this subsection, "to supplant another  
20 program" means to take the place of a previously existing  
21 instructional program or direct noninstructional services funded  
22 from a funding source other than funding under this section.

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

1 school academy receives funds under this section, necessary to  
2 operate the school breakfast program. ~~For 1999-2000 only, a~~  
3 ~~district or public school academy that receives funds under this~~  
4 ~~section and that operates a school lunch program under~~  
5 ~~section 1272a of the revised school code, MCL 380.1272a, shall~~  
6 ~~use from the funds received under this section an amount, not to~~  
7 ~~exceed \$10.00 per pupil for whom the district or public school~~  
8 ~~academy receives funds under this section, necessary to operate~~  
9 ~~the school lunch program.~~

10       (6) Each district or public school academy receiving funds  
11 under this section shall submit to the department by July 15 of  
12 each fiscal year a report, not to exceed 10 pages, on the usage  
13 by the district or public school academy of funds under this sec-  
14 tion, which report shall include at least a brief description of  
15 each program conducted by the district or public school academy  
16 using funds under this section, the amount of funds under this  
17 section allocated to each of those programs, the number of  
18 at-risk pupils eligible for free or reduced price school lunch  
19 who were served by each of those programs, and the total number  
20 of at-risk pupils served by each of those programs. If a dis-  
21 trict or public school academy does not comply with this subsec-  
22 tion, the department shall withhold an amount equal to the August  
23 payment due under this section until the district or public  
24 school academy complies with this subsection. If the district or  
25 public school academy does not comply with this subsection by the  
26 end of the state fiscal year, the withheld funds shall be  
27 forfeited to the school aid fund.

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

7       (8) Subject to subsection (5), any district may use up to  
8 100% of the funds it receives under this section to reduce the  
9 ratio of pupils to teachers in grades K-6, or any combination of  
10 those grades, in school buildings in which the percentage of  
11 pupils described in subsection (1) exceeds the district's aggre-  
12 gate percentage of those pupils. Subject to subsection (5), if a  
13 district obtains a waiver from the department, the district may  
14 use up to 100% of the funds it receives under this section to  
15 reduce the ratio of pupils to teachers in grades K-6, or any com-  
16 bination of those grades, in school buildings in which the per-  
17 centage of pupils described in subsection (1) is at least 60% of  
18 the district's aggregate percentage of those pupils and at least  
19 30% of the total number of pupils enrolled in the school  
20 building. To obtain a waiver, a district must apply to the  
21 department and demonstrate to the satisfaction of the department  
22 that the class size reductions would be in the best interests of  
23 the district's at-risk pupils.

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

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

11       (11) If a district is formed by consolidation after June 1,  
12 1995, and if 1 or more of the original districts was not eligible  
13 before the consolidation for an additional allowance under this  
14 section, the amount of the additional allowance under this sec-  
15 tion for the consolidated district shall be based on the number  
16 of pupils described in subsection (1) enrolled in the consoli-  
17 dated district who reside in the territory of an original dis-  
18 trict that was eligible before the consolidation for an addi-  
19 tional allowance under this section.

20       (12) ~~Beginning in 1999-2000, a~~ A district or public school  
21 academy that does not meet the eligibility requirement under sub-  
22 section (2)(a) is eligible for funding under this section if at  
23 least 1/4 of the pupils in membership in the district or public  
24 school academy met the income eligibility criteria for free  
25 breakfast, lunch, or milk in the immediately preceding state  
26 fiscal year, as determined and reported as described in  
27 subsection (1), and at least 4,500 of the pupils in membership in



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1 the district or public school academy met the income eligibility  
2 criteria for free breakfast, lunch, or milk in the immediately  
3 preceding state fiscal year, as determined and reported as  
4 described in subsection (1). A district or public school academy  
5 that is eligible for funding under this section because the dis-  
6 trict meets the requirements of this subsection shall receive  
7 under this section for each membership pupil in the district or  
8 public school academy who met the income eligibility criteria for  
9 free breakfast, lunch, or milk in the immediately preceding  
10 fiscal year, as determined and reported as described in subsec-  
11 tion (1), an amount per pupil equal to 5.75% [OR, IF THE DEPARTMENT  
DETERMINES THAT MORE THAN 35% OF THE DISTRICT'S PUPILS ARE PUPILS OF  
LIMITED ENGLISH-SPEAKING ABILITY UNDER SECTION 1153 OF THE REVISED  
SCHOOL CODE, MCL 380.1153, 11.5%] of the sum of the  
12 district's foundation allowance or public school academy's per  
13 pupil allocation under section 20, plus the amount of the  
14 district's per pupil allocation under section 20j(2), not to  
15 exceed \$6,500.00 adjusted by the dollar amount of the difference  
16 between the basic foundation allowance under section 20 for the  
17 current state fiscal year and \$5,000.00. However, beginning in  
18 2002-2003, the \$6,500.00 amount prescribed in this subsection  
19 shall be adjusted each year by an amount equal to the dollar  
20 amount of the difference between the basic foundation allowance  
21 for the current state fiscal year and \$5,000.00, minus \$200.00.  
22 ~~-(13) Beginning in 2001-2002, the total amount allocated~~  
23 ~~under this section for a fiscal year shall be increased from the~~  
24 ~~total amount allocated under this section for the immediately~~  
25 ~~preceding fiscal year by the same percentage as the percentage~~  
26 ~~increase in the amount of the basic foundation allowance under~~  
27 ~~section 20 for that fiscal year from the amount of the basic~~

1 ~~foundation allowance under section 20 for the immediately~~  
2 ~~preceding fiscal year.~~

3       (13) ~~-(14)-~~ As used in this section, "at-risk pupil" means a  
4 pupil for whom the district has documentation that the pupil  
5 meets at least 2 of the following criteria: is a victim of child  
6 abuse or neglect; is below grade level in English language and  
7 communication skills or mathematics; is a pregnant teenager or  
8 teenage parent; is eligible for a federal free or reduced-price  
9 lunch subsidy; has atypical behavior or attendance patterns; or  
10 has a family history of school failure, incarceration, or sub-  
11 stance abuse. For pupils for whom the results of at least the  
12 applicable Michigan education assessment program (MEAP) test have  
13 been received, at-risk pupil also includes a pupil who does not  
14 meet the other criteria under this subsection but who did not  
15 achieve at least a score of moderate on the most recent MEAP  
16 reading test for which results for the pupil have been received,  
17 did not achieve at least a score of moderate on the most recent  
18 MEAP mathematics test for which results for the pupil have been  
19 received, or did not achieve at least a score of novice on the  
20 most recent MEAP science test for which results for the pupil  
21 have been received. For pupils in grades K-3, at-risk pupil also  
22 includes a pupil who is at risk of not meeting the district's  
23 core academic curricular objectives in English language, communi-  
24 cation skills, or mathematics.

25       Sec. 31d. (1) From the state school aid fund appropriation  
26 in section 11, there is allocated ~~an amount not to exceed~~  
27 ~~\$6,454,500.00 for 1999-2000,~~ an amount not to exceed

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1 ~~-\$13,669,500.00~~ \$14,149,400.00 for 2000-2001, an amount not to  
2 exceed ~~-\$14,079,600.00~~ \$15,039,400.00 for 2001-2002, and an  
3 amount not to exceed ~~-\$14,502,000.00~~ \$15,941,700.00 for  
4 2002-2003, and from the general fund appropriation in section 11,  
5 there is allocated an amount not to exceed ~~-\$662,200.00~~  
6 \$682,300.00 for 2000-2001, an amount not to exceed ~~-\$682,100.00~~  
7 \$722,300.00 for 2001-2002, and an amount not to exceed  
8 ~~-\$702,500.00~~ \$762,800.00 for 2002-2003 for the purpose of making  
9 payments to districts, intermediate districts, and other eligible  
10 entities under this section.

11 (2) The amounts allocated under this section shall be used  
12 to pay the amount necessary to reimburse districts for 6.0127% of  
13 the necessary costs of the state mandated portion of the school  
14 lunch programs provided by those districts. The amount due to  
15 each district under this section shall be computed by the depart-  
16 ment using the methods of calculation adopted by the Michigan  
17 supreme court in the consolidated cases known as Durant v State  
18 of Michigan, Michigan supreme court docket no. 104458-104492.

19 (3) ~~For 1999-2000, the payments made under this section are~~  
20 ~~in addition to the state payments made to districts under the~~  
21 ~~department of education appropriations act for 1999-2000 and~~  
22 ~~under section 31a(5), so that each district receives from all of~~  
23 ~~these sources combined at least 6.0127% of the necessary costs of~~  
24 ~~operating the state mandated portion of the school lunch program~~  
25 ~~in a fiscal year. Beginning in 2000-2001, the~~ THE payments made  
26 under this section include all state payments made to districts  
27 so that each district receives at least 6.0127% of the necessary

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1 costs of operating the state mandated portion of the school lunch  
2 program in a fiscal year.

3 (4) ~~Beginning in 2000-2001, notwithstanding~~

4 NOTWITHSTANDING section 17b, payments to intermediate districts  
5 and other eligible entities under this section shall be paid on a  
6 schedule determined by the department.

7 Sec. 32a. (1) From the state school aid fund appropriation  
8 in section 11, there is allocated an amount not to exceed  
9 ~~-\$267,850,000.00~~ \$231,350,000.00 for 2000-2001, an amount not to  
10 exceed ~~-\$267,850,000.00~~ \$159,250,000.00 for 2001-2002, and an  
11 amount not to exceed ~~-\$279,850,000.00~~ \$129,250,000.00 for  
12 2002-2003 to fund the all students achieve program (ASAP) as pro-  
13 vided under sections 32b to 32h. In addition, from the general  
14 fund appropriations in section 11, there is allocated an amount  
15 not to exceed ~~-\$25,200,000.00~~ \$19,250,000.00 for 2000-2001, an  
16 amount not to exceed ~~-\$30,200,000.00~~ [\$6,950,000.00] for  
17 2001-2002, and an amount not to exceed ~~-\$35,200,000.00~~  
18 \$1,950,000.00 for 2002-2003 for the purposes of sections 32b to  
19 32h. The programs funded through this section are for the pur-  
20 poses of improving parenting skills, improving school readiness,  
21 reducing the number of pupils retained in grade, and reducing the  
22 number of pupils requiring special education services.

23 (2) Each grant recipient approved by the department shall  
24 implement department-approved data collection methods and evalu-  
25 ation or assessment tools to measure the impact of the proposed  
26 program.

1       (3) A district shall not use funds received under sections  
2 32b to 32h to supplant any local or federal funds it currently  
3 receives. A district may use these funds in combination with  
4 other federal, local, public, or private funds to enhance exist-  
5 ing programs with similar purposes.

6       Sec. 32b. (1) From the state school aid fund allocation in  
7 section 32a(1), there is allocated an amount not to exceed  
8 \$45,000,000.00 ~~each fiscal year~~ for 2000-2001, AN AMOUNT NOT TO  
9 EXCEED \$27,000,000.00 for 2001-2002, and AN AMOUNT NOT TO EXCEED  
10 \$15,000,000.00 for 2002-2003 for grants to intermediate districts  
11 and districts for programs for preschool children and their  
12 parents. The purpose of these programs is to improve school  
13 readiness and foster the maintenance of stable families by  
14 encouraging positive parenting skills; enhancing parent-child  
15 interaction; providing learning opportunities to promote intel-  
16 lectual, physical, and social growth; and promoting access to  
17 needed community services through a community-school-home part-  
18 nership that provides parents with information on child develop-  
19 ment from birth to age 5.

20       (2) THE FOLLOWING IS THE INTENT OF THE LEGISLATURE WITH  
21 REGARD TO POSSIBLE FURTHER ALLOCATIONS UNDER THIS SECTION:

22       (A) IF FEDERAL FUNDS ARE ALLOCATED TO THIS STATE FOR  
23 2001-2002 UNDER EITHER THE FEDERAL "READING EXCELLENCE PROGRAM"  
24 OR THE FEDERAL "READING FIRST" PLAN, OR BOTH, IN AN AMOUNT THAT,  
25 WHEN ADDED TO THE 2001-2002 ALLOCATION UNDER SECTION 32F(7),  
26 EXCEEDS THE 2000-2001 ALLOCATION UNDER SECTION 32F(7), THEN AN  
27 AMOUNT EQUAL TO THAT EXCESS SHALL NOT BE ALLOCATED UNDER SECTION

1 32F(7) FOR 2001-2002 BUT SHALL INSTEAD BE ALLOCATED FOR THE  
2 PURPOSES OF THIS SECTION FOR 2001-2002.

3 (B) IF FEDERAL FUNDS ARE ALLOCATED TO THIS STATE FOR  
4 2002-2003 UNDER EITHER THE FEDERAL "READING EXCELLENCE PROGRAM"  
5 OR THE FEDERAL "READING FIRST" PLAN, OR BOTH, IN AN AMOUNT THAT,  
6 WHEN ADDED TO THE 2002-2003 ALLOCATION UNDER SECTION 32F(7),  
7 EXCEEDS THE 2001-2002 ALLOCATION UNDER SECTION 32F(7), THEN AN  
8 AMOUNT EQUAL TO THAT EXCESS SHALL NOT BE ALLOCATED UNDER SECTION  
9 32F(7) FOR 2002-2003 BUT SHALL INSTEAD BE ALLOCATED FOR THE PUR-  
10 POSES OF THIS SECTION FOR 2002-2003.

11 (3) ~~-(2)-~~ To qualify for funding under this section, a pro-  
12 gram shall meet all of the following:

13 (a) The program must provide services to all families with  
14 children age 5 or younger residing within the intermediate dis-  
15 trict or district who choose to participate, including at least  
16 all of the following services:

17 (i) Home visits by parent educators trained in child devel-  
18 opment to help parents understand appropriate expectations for  
19 each stage of their child's development, to encourage learning  
20 opportunities, and to promote strong parent-child relationships.

21 (ii) Group meetings of participating families.

22 (iii) Periodic developmental screening of the child's over-  
23 all development, health, hearing, and vision.

24 (iv) A community resource network that provides referrals to  
25 other state, local, and private agencies as appropriate to assist  
26 parents in preparing their children for academic success and to  
27 foster the maintenance of stable families.

1 (v) Connection with quality preschool programs.

2 (b) The program must be a collaborative community effort  
3 that includes at least the intermediate district or district,  
4 local multipurpose collaborative bodies, local health and welfare  
5 agencies, and private nonprofit agencies involved in programs and  
6 services for preschool children and their parents.

7 (4) ~~-(3)-~~ To compete for a grant under this section, an  
8 intermediate district or district shall apply to the superinten-  
9 dent not later than December 1, 2000 in the form and manner pre-  
10 scribed by the superintendent. To be considered for a grant  
11 under this section, a grant application must provide all of the  
12 following in a manner prescribed by the department:

13 (a) Provide a plan for the delivery of the program compo-  
14 nents described in subsection ~~-(2)-~~ (3).

15 (b) Demonstrate an adequate collaboration of local entities  
16 involved in providing programs and services for preschool chil-  
17 dren and their parents.

18 (c) Provide evidence of a review and approval by the local  
19 multipurpose collaborative body of the program plan.

20 (d) Provide a projected budget for the program to be  
21 funded. The intermediate district shall provide at least a 20%  
22 local match from local public or private resources for the funds  
23 received under this section. Not more than 1/2 of this matching  
24 requirement, up to a total of 10% of the total project budget,  
25 may be satisfied through in-kind services provided by participat-  
26 ing providers of programs or services. In addition, not more  
27 than 10% of the grant may be used for program administration.

1       (5) ~~—(4)—~~ Each successful grant recipient shall agree to  
2 include a data collection system and an evaluation tool approved  
3 by the department to measure the impact of the program on improv-  
4 ing school readiness, reducing the number of children needing  
5 special education programs and services, and fostering the main-  
6 tenance of stable families. The data collection system shall  
7 provide a report by October 15 of each year on the number of  
8 children in families with income below 200% of the federal pov-  
9 erty level that received services under this program and the  
10 total number of children who received services under this  
11 program.

12       (6) ~~—(5)—~~ From the general fund allocation under section  
13 32a(1), there is allocated an amount not to exceed \$250,000.00  
14 each fiscal year for 2000-2001, for 2001-2002, and for 2002-2003  
15 to the department, including the office for safe schools, for  
16 implementation and evaluation of activities under this section.  
17 Further, ~~beginning in 2000-2001,~~ upon receipt of the federal  
18 drug-free schools grant, the department shall allocate  
19 \$200,000.00 of that grant to the office for safe schools within  
20 the department.

21       (7) ~~—(6)—~~ The department and superintendent shall do all of  
22 the following:

23       (a) The department shall make applications available for the  
24 purposes of this section not later than October 15, 2000.

25       (b) The superintendent shall approve or disapprove applica-  
26 tions and notify the applying intermediate district or district  
27 of that decision not later than February 1, 2001. Priority in



1 awarding grants shall be given to programs that focus on reducing  
2 the percentage of children needing special education programs and  
3 services when they enter school. The superintendent shall ensure  
4 that the intermediate districts and districts receiving grants  
5 under this section are geographically and economically diverse  
6 and that not more than 10% of the total allocation under this  
7 section is paid to any 1 particular intermediate district or  
8 district.

9 (c) The department shall ensure that all programs funded  
10 under this section utilize the most current validated  
11 research-based methods and curriculum for providing the program  
12 components described in subsection ~~-(2)-~~ (3).

13 (d) The department shall submit a report to the legislature,  
14 the state budget director, and the senate and house fiscal agen-  
15 cies detailing the evaluations described in subsection ~~-(4)-~~ (5)  
16 by December 1 of each year.

17 (8) ~~-(7)-~~ An intermediate district or district receiving  
18 funds under this section shall use the funds only for the program  
19 funded under this section. Grants awarded by February 1, 2001  
20 may be used for the following school year.

21 Sec. 32c. (1) From the general fund allocation in  
22 section 32a(1), there is allocated an amount not to exceed  
23 ~~-\$2,000,000.00-~~ \$1,000,000.00 each fiscal year ~~for 2000-2001,~~  
24 for 2001-2002 ~~—~~, and for 2002-2003 to the department for grants  
25 for community-based collaborative prevention services designed to  
26 foster positive parenting skills; improve parent/child  
27 interaction, especially for children 0-3 years of age; promote

1 access to needed community services; increase local capacity to  
2 serve families at risk; improve school readiness; and support  
3 healthy family environments that discourage alcohol, tobacco, and  
4 other drug use. This allocation is to fund secondary prevention  
5 programs as defined by the children's trust fund for the preven-  
6 tion of child abuse and neglect.

7       (2) The funds allocated under subsection (1) shall be dis-  
8 tributed through a joint request for proposals process estab-  
9 lished by the department in conjunction with the children's trust  
10 fund and the state's interagency systems reform workgroup.  
11 Projects funded with grants awarded under this section shall meet  
12 all of the following:

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

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

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

23       (3) Notwithstanding section 17b, payments under this section  
24 may be made pursuant to an agreement with the department.

25       Sec. 32d. (1) From the state school aid fund allocation  
26 under section 32a(1), there is allocated an amount not to exceed  
27 \$72,600,000.00 each fiscal year for 2000-2001, 2001-2002, and

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1 2002-2003 for school readiness grants to enable eligible  
2 districts, as determined under section 37, to develop or expand,  
3 in conjunction with whatever federal funds may be available,  
4 including, but not limited to, federal funds under title I of the  
5 elementary and secondary education act of 1965, Public Law 89-10,  
6 108 Stat. 3519, chapter 1 of title I of the Hawkins-Stafford ele-  
7 mentary and secondary school improvement amendments of 1988,  
8 Public Law 89-10, 102 Stat. 140, and the head start act, subchap-  
9 ter B of chapter 8 of subtitle A of title VI of the omnibus  
10 budget reconciliation act of 1981, Public Law 97-35, comprehen-  
11 sive compensatory programs designed to improve the readiness and  
12 subsequent achievement of educationally disadvantaged children as  
13 defined by the department who will be at least 4, but less than 5  
14 years of age, as of December 1 of the school year in which the  
15 programs are offered, and who show evidence of 2 or more risk  
16 factors as defined in the state board report entitled "children  
17 at risk" that was adopted by the state board on April 5, 1988. A  
18 comprehensive compensatory program funded under this section  
19 shall include an age-appropriate educational curriculum, nutri-  
20 tional services, health screening for participating children, a  
21 plan for parent and legal guardian involvement, and provision of  
22 referral services for families eligible for community social  
23 services. In addition, from the general fund allocations under  
24 section 32a(1), there is allocated an amount not to exceed  
25 ~~\$20,200,000.00~~ \$16,250,000.00 for 2000-2001 [, AND AN AMOUNT NOT  
TO EXCEED \$5,200,000.00 FOR 2001-2002] FOR THE PUR-  
26 POSES OF SUBSECTIONS (2) AND (3) AND an amount not to exceed  
27 ~~\$25,200,000.00~~ \$200,000.00 [ ~~for 2001-2002~~ ,

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1 and] ~~an amount not to exceed \$30,200,000.00~~ for 2002-2003 for  
2 the purposes of ~~subsections (2) and (3)~~ SUBSECTION (2).

3 (2) From the general fund allocation in subsection (1),  
4 there is allocated each fiscal year for 2000-2001, 2001-2002, and  
5 2002-2003 an amount not to exceed \$200,000.00 for a competitive  
6 grant to continue a longitudinal evaluation of children who have  
7 participated in the Michigan school readiness program.

8 (3) From the general fund allocation in subsection (1),  
9 there is allocated an amount not to exceed ~~\$20,000,000.00~~  
10 \$16,050,000.00 for 2000-2001 [AND AN AMOUNT NOT TO EXCEED  
\$5,000,000.00 FOR 2001-2002] ~~, an amount not to exceed~~  
11 ~~\$25,000,000.00 for 2001-2002, and an amount not to exceed~~  
12 ~~\$30,000,000.00 for 2002-2003~~ under this subsection to operate  
13 new or expanded full-day school readiness or head start  
14 programs. The funds shall be allocated through a competitive  
15 grant process to eligible districts that receive funding under  
16 subsection (1), to eligible public or nonprofit entities or agen-  
17 cies that receive funding for school readiness programs under the  
18 department appropriations act, or to eligible head start funded  
19 programs. The department shall determine the competitive grant  
20 criteria. The department may accept available federal funds from  
21 the family independence agency to support the program under this  
22 subsection. These federal funds include, but are not limited to,  
23 federal temporary assistance to needy families funds. IT IS THE  
24 INTENT OF THE LEGISLATURE TO RESTORE FUNDING FOR THE PURPOSES OF  
25 THIS SUBSECTION FOR 2001-2002 AND 2002-2003 IF ADDITIONAL REVENUE  
26 BECOMES AVAILABLE.

1       (4) A district, entity, or agency receiving funding under  
2 subsection (3) that offers head start or school readiness  
3 programs may use the funds to expand the program to operate a  
4 full day.

5       (5) A district, entity, or agency receiving funding under  
6 subsection (3) shall contribute a local match, which may consist  
7 of local, private, or federal funds or in-kind services, totaling  
8 at least 50% of the allocation under subsection (3).

9       (6) An application for a grant under subsection (3) shall be  
10 in the form and manner prescribed by the department. The depart-  
11 ment shall make the application form available to districts by  
12 December 15 of the school year. The application shall include a  
13 program budget that states all sources of funding to be used for  
14 the program. Applications shall be submitted to the department  
15 not later than February 1 of the school year. The department  
16 shall approve or disapprove the application and notify the apply-  
17 ing district, entity, or agency of that decision by April 1 of  
18 the school year. Funds allocated under subsection (3) for the  
19 current fiscal year may be expended through the end of the fol-  
20 lowing fiscal year.

21       (7) A district receiving a grant under this section may con-  
22 tract for the provision of the comprehensive compensatory program  
23 or full day school readiness program and retain for administra-  
24 tive services an amount equal to not more than 5% of the grant  
25 amount.

26       (8) As used in this section, "full day" means a program that  
27 offers supplementary day care and therefore offers full-day

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1 programming of at least 10 hours per day as part of its school  
2 readiness program.

3       (9) Not more than 10% of the grant funding in this section  
4 may be used for start-up, equipment, or other costs not directly  
5 related to the costs of the program. This does not prohibit any  
6 applicant from receiving other available state assistance for  
7 these purposes.

8       (10) A grant recipient receiving funds under this section  
9 shall report to the department no later than October 15 of each  
10 year the number of children participating in the program who meet  
11 the income or other eligibility criteria specified under section  
12 37(3)(g) and the total number of children participating in the  
13 program. For children participating in the program who meet the  
14 income or other eligibility criteria specified under section  
15 37(3)(g), grant recipients shall also report whether or not a  
16 parent is available to provide care based on employment status.  
17 For the purposes of this subsection, "employment status" shall be  
18 defined by the family independence agency in a manner consistent  
19 with maximizing the amount of spending that may be claimed for  
20 temporary assistance for needy families maintenance of effort  
21 purposes.

22       Sec. 32e. (1) From the state school aid fund allocations  
23 under section 32a(1), there is allocated an amount not to exceed  
24 ~~\$29,750,000.00~~ \$26,650,000.00 each fiscal year for 2000-2001,  
25 for 2001-2002, and for 2002-2003 for grants to eligible districts  
26 for programs to maintain or establish small classes in grades K  
27 to 3 in eligible school buildings in the district.

1       (2) For a school building to be eligible for funding under  
2 this section, the school building must operate at least 1 of  
3 grades K to 3; the school building must be operated by a district  
4 that operates all of grades K to 12 and that receives funds under  
5 section 31a; and at least 50% of the actual pupils enrolled in  
6 the school building in the immediately preceding fiscal year must  
7 have been eligible for free lunch, as determined under the  
8 Richard B. Russell national school lunch act, chapter 281, 60  
9 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to  
10 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, and reported to  
11 the department not later than October 31 of the immediately pre-  
12 ceding fiscal year and adjusted not later than December 31 of the  
13 immediately preceding fiscal year.

14       (3) Not more than 25% of the total allocation under subsec-  
15 tion (1) may be paid to any 1 particular district. The depart-  
16 ment shall make allocations under subsection (1) to at least 12  
17 districts, and the districts shall be geographically diverse.

18       (4) A district receiving funds under subsection (1) shall  
19 use the funds to maintain or establish small classes in grades K  
20 to 3 in school buildings of the district for which funds are  
21 received under this section. The average class size shall be not  
22 more than 17 pupils per class, with not more than 19 pupils in  
23 any particular class. Each fiscal year, a district receiving  
24 funds under subsection (1) shall use at least \$2,000,000.00 or  
25 25% of the funds the district receives for the fiscal year under  
26 section 31a, whichever is less, for the purposes of this  
27 section.

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1 (5) Except as otherwise provided in this section, funding to  
2 districts under this section for 2000-2001 is intended to be for  
3 the third of 5 years of funding under this section and former  
4 section 31c, funding to districts under this section for  
5 2001-2002 is intended to be for the fourth of 5 years of funding  
6 under this section and former section 31c, and funding under this  
7 section for 2002-2003 is intended to be for the fifth of 5 years  
8 of funding under this section and former section 31c. For dis-  
9 tricts receiving funding under this section for the first time  
10 from the additional ~~-\$10,000,000.00~~ \$6,900,000.00 allocated  
11 under this section for 2000-2001, as compared to the funding  
12 under former section 31c, funding to those districts under this  
13 section for 2000-2001 is intended to be for the first of 3 years  
14 of funding, funding to those districts under this section for  
15 2001-2002 is intended to be for the second of 3 years of funding,  
16 and funding to those districts under this section for 2002-2003  
17 is intended to be for the third of 3 years of funding.

18 (6) The funds allocated under this section for a fiscal year  
19 may be expended after the fiscal year through the end of either  
20 the fifth fiscal year of funding under this section and former  
21 section 31c or the final fiscal year of funding under this sec-  
22 tion and former section 31c, whichever occurs earlier.

23 Sec. 32f. (1) From the state school aid fund allocation  
24 under section 32a(1), there is allocated for 2000-2001 an amount  
25 not to exceed \$57,500,000.00, ~~and~~ there is allocated ~~each~~  
26 ~~fiscal year~~ for 2001-2002 ~~and 2002-2003~~ an amount not to  
27 exceed ~~-\$55,000,000.00,~~ [\$33,000,000.00], AND THERE IS ALLOCATED



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1 FOR 2002-2003 AN AMOUNT NOT TO EXCEED \$15,000,000.00 for grants  
2 under this section. From the general fund allocation under sec-  
3 tion 32a(1), there is allocated ~~each fiscal year~~ for 2000-2001  
4 ~~, for 2001-2002, and for 2002-2003~~ an amount not to exceed  
5 \$2,750,000.00 for the purposes of subsections (4) and (5) AND  
6 THERE IS ALLOCATED FOR 2001-2002 AND FOR 2002-2003 AN AMOUNT NOT  
7 TO EXCEED [\$500,000.00 ] EACH FISCAL YEAR FOR THE PURPOSES OF  
8 SUBSECTION (4).

9 (2) From the allocation in subsection (1), there is allo-  
10 cated ~~each fiscal year~~ for 2000-2001 ~~, for 2001-2002, and for~~  
11 ~~2002-2003~~ an amount not to exceed \$5,000,000.00 AND THERE IS  
12 ALLOCATED FOR 2001-2002 AN AMOUNT NOT TO EXCEED \$3,000,000.00 for  
13 providing grants to the 8 regional literacy centers for the pur-  
14 poses of expanding training programs for trainers and teachers in  
15 the use of strategies for reading instruction and assessment,  
16 including the Michigan literacy progress profile.

17 (3) From the allocation in subsection (1), there is allo-  
18 cated for 2000-2001 an amount not to exceed \$2,500,000.00 for  
19 competitive grants to higher education institutions for the  
20 development or enhancement of programs to meet the needs of  
21 autism impaired pupils. These programs may include, but are not  
22 limited to, student intervention centers on campus.

23 (4) From the general fund allocation in subsection (1),  
24 there is allocated to the department ~~each fiscal year for~~  
25 ~~2000-2001, for 2001-2002, and for 2002-2003~~ an amount not to  
26 exceed \$2,500,000.00 FOR 2000-2001 AND AN AMOUNT NOT TO EXCEED  
27 \$500,000.00 EACH FISCAL YEAR FOR 2001-2002 AND FOR 2002-2003 for

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1 the development and dissemination of read, educate, and develop  
2 youth (READY) kits to parents of preschool and kindergarten chil-  
3 dren to provide these parents with information about how they can  
4 prepare their children for reading success.

5 (5) From the general fund allocation in subsection (1),  
6 there is allocated to the department ~~each fiscal year~~ for  
7 2000-2001 ~~, for 2001-2002, and for 2002-2003~~ an amount not to  
8 exceed \$250,000.00 for the grant review process and grant admin-  
9 istration under this section.

10 (6) Except as otherwise provided in subsection ~~(18)~~ (19),  
11 to be eligible for a grant under this section, a district must  
12 have had at least 1,500 pupils in membership in 1998-99, and the  
13 number of pupils in the district that have been determined to  
14 have a specific learning disability according to R 340.1713 of  
15 the Michigan administrative code, as determined in the December  
16 1, 1998 head count required under the individuals with disabili-  
17 ties education act, title VI of Public Law 91-230, must equal or  
18 exceed 5% of the district's membership. In addition, a district  
19 is eligible for a grant under this section if the district had at  
20 least 1,500 pupils in membership in 1998-99 and if not more than  
21 41% of the district's pupils who took the spring 1999 fourth  
22 grade MEAP reading test achieved a score of at least  
23 satisfactory. Except as otherwise provided in subsection ~~(18)~~  
24 (19), for a public school academy to be eligible for a grant  
25 under this section, the public school academy must be located in  
26 a district that is eligible under this subsection.

1       (7) From the allocation in subsection (1), there is  
2 allocated ~~each fiscal year~~ for 2000-2001 ~~, for 2001-2002, and~~  
3 ~~for 2002-2003~~ an amount not to exceed \$50,000,000.00, THERE IS  
4 ALLOCATED FOR 2001-2002 AN AMOUNT NOT TO EXCEED \$30,000,000.00,  
5 AND THERE IS ALLOCATED FOR 2002-2003 AN AMOUNT NOT TO EXCEED  
6 \$15,000,000.00 for competitive grants to eligible districts, to  
7 intermediate districts, and to public school academies located  
8 within eligible districts for reading improvements programs for  
9 pupils in grades K to 4, reading disorders and reading methods  
10 programs, mentoring programs, language and literacy outreach pro-  
11 grams, or cognitive development programs.

12       (8) THE FOLLOWING IS THE INTENT OF THE LEGISLATURE WITH  
13 REGARD TO ALLOCATIONS UNDER THIS SECTION AND POSSIBLE FEDERAL  
14 FUNDING:

15       (A) IF FEDERAL FUNDS ARE ALLOCATED TO THIS STATE FOR  
16 2001-2002, AND ARE APPROPRIATED IN THE DEPARTMENT OF EDUCATION  
17 APPROPRIATIONS ACT FOR 2001-2002, UNDER EITHER THE FEDERAL  
18 "READING EXCELLENCE PROGRAM" OR THE FEDERAL "READING FIRST" PLAN,  
19 OR BOTH, IN AN AMOUNT THAT, WHEN ADDED TO THE 2001-2002 ALLOCA-  
20 TION UNDER SUBSECTION (7), EXCEEDS THE 2000-2001 ALLOCATION UNDER  
21 SUBSECTION (7), THEN AN AMOUNT EQUAL TO THAT EXCESS SHALL NOT BE  
22 ALLOCATED UNDER SUBSECTION (7) FOR 2001-2002 BUT SHALL INSTEAD BE  
23 ALLOCATED FOR PARENTING GRANTS UNDER SECTION 32B FOR 2001-2002.

24       (B) IF FEDERAL FUNDS ARE ALLOCATED TO THIS STATE FOR  
25 2002-2003, AND ARE APPROPRIATED IN THE DEPARTMENT OF EDUCATION  
26 APPROPRIATIONS ACT FOR 2002-2003, UNDER EITHER THE FEDERAL  
27 "READING EXCELLENCE PROGRAM" OR THE FEDERAL "READING FIRST" PLAN,

1 OR BOTH, IN AN AMOUNT THAT, WHEN ADDED TO THE 2002-2003  
2 ALLOCATION UNDER SUBSECTION (7), EXCEEDS THE 2001-2002 ALLOCATION  
3 UNDER SUBSECTION (7), THEN AN AMOUNT EQUAL TO THAT EXCESS SHALL  
4 NOT BE ALLOCATED UNDER SUBSECTION (7) FOR 2002-2003 BUT SHALL  
5 INSTEAD BE ALLOCATED FOR PARENTING GRANTS UNDER SECTION 32B FOR  
6 2002-2003.

7 (9) ~~-(8)-~~ Except as otherwise provided in subsection ~~-(18)-~~  
8 (19), to qualify for funding under this section, a proposed read-  
9 ing improvement program must meet all of the following:

10 (a) The program shall include assessment of reading skills  
11 of pupils in grades K to 4 to identify those pupils who are read-  
12 ing below grade level and must provide special reading assistance  
13 for these pupils.

14 (b) The program shall be a research-based, validated, struc-  
15 tured reading program.

16 (c) The program shall include continuous assessment of  
17 pupils and individualized education plans for pupils.

18 (d) The program shall align learning resources to state  
19 standards.

20 (e) For each school building receiving funding under this  
21 section for a reading improvement program, the program shall  
22 serve at least 25% of pupils who are identified as at-risk, as  
23 determined by the Michigan literacy progress profile, of reading  
24 failure, and the amount of the grant shall not exceed \$85,000.00  
25 per school building annually.

26 (10) ~~-(9)-~~ Funds allocated for programs described in  
27 subsection ~~-(8)-~~ (9) may be used to reimburse grant recipients

1 for funds paid by districts for up to 1/2 of the salaries and  
2 benefits for each teacher trained and certified to provide a  
3 reading improvement program.

4       (11) ~~-(10)-~~ Except as otherwise provided under subsection  
5 ~~-(18)-~~ (19), to qualify for funding under this section, a pro-  
6 posed mentoring program must be a research-based, validated pro-  
7 gram or a statewide 1-to-1 mentoring program to enhance the inde-  
8 pendence and life quality of pupils who are mentally impaired by  
9 providing opportunities for mentoring and integrated employment.

10       (12) ~~-(11)-~~ Except as otherwise provided under subsection  
11 ~~-(18)-~~ (19), to qualify for funding under this section, a pro-  
12 posed cognitive development program must be a research-based,  
13 validated educational service program, focused on assessing and  
14 building essential cognitive and perceptual learning abilities to  
15 strengthen pupil concentration and learning.

16       (13) ~~-(12)-~~ Except as otherwise provided under subsection  
17 ~~-(18)-~~ (19), to qualify for funding under this section, a pro-  
18 posed structured mentoring-tutorial reading program for preschool  
19 to grade 4 pupils must be a research-based, validated program  
20 that develops individualized instructional plans based on each  
21 pupil's age, assessed needs, reading level, interests, and learn-  
22 ing style.

23       (14) ~~-(13)-~~ A program receiving funding under this section  
24 may be conducted outside of regular school hours or outside the  
25 regular school calendar.

26       (15) ~~-(14)-~~ To compete for a grant under this section, an  
27 applicant shall apply to the superintendent in the form and

1 manner prescribed by the superintendent. The department shall  
2 make applications available for this purpose. An applicant shall  
3 include in its application a projected budget for the programs.  
4 The grant recipient shall provide at least a 20% local match from  
5 local public or private resources for the funds received under  
6 this section. Not more than 1/2 of this matching requirement, up  
7 to a total of 10% of the total project budget, may be satisfied  
8 through in-kind services provided by participating providers of  
9 programs or services. In addition, not more than 10% of the  
10 grant may be used for program administration.

11       (16) ~~—(15)—~~ The superintendent shall approve or disapprove  
12 applications and notify the applicant of that decision. Priority  
13 in awarding grants shall be given to programs that focus on  
14 accelerating student achievement on a cost-effective basis,  
15 reducing the number of pupils requiring special education pro-  
16 grams and services, and improving pupil scores on standardized  
17 tests and assessments.

18       (17) ~~—(16)—~~ A grant recipient receiving funds under this  
19 section shall report to the department, in the form and manner  
20 prescribed by the department, on the results achieved by the  
21 program. At a minimum, the grant recipient shall report to the  
22 department by October 15 regarding the program's impact on reduc-  
23 ing the number of pupils requiring special education programs and  
24 services and on improving pupil scores on standardized tests and  
25 assessments, and information on the costs and benefits per unit  
26 of pupil improvement. In addition, the report shall state the  
27 number of pupils eligible for free or reduced price school lunch

1 who received services under the program and the total number of  
2 pupils who received services under the program. Not later than  
3 November 15 of each fiscal year, the department shall submit a  
4 report to the legislature, the state budget director, and the  
5 senate and house fiscal agencies detailing the results of the  
6 programs. It is the intent of the legislature that further fund-  
7 ing for the programs under this section will reflect the results  
8 achieved in these programs.

9       (18) ~~-(17)-~~ Notwithstanding section 17b, payments under this  
10 section shall be paid on a schedule determined by the  
11 department.

12       (19) ~~-(18)-~~ For a district or public school academy awarded  
13 a grant under former section 32, the determination of whether the  
14 district or public school academy is eligible for a grant under  
15 this section may be made according to the eligibility standards  
16 in effect under former section 32. Further, the district or  
17 public school academy may continue to use the grant proceeds for  
18 any use permissible under this section or former section 32 as in  
19 effect at the time the district or public school academy was  
20 awarded the grant.

21       (20) ~~-(19)-~~ If the maximum amount appropriated under this  
22 section exceeds the amount necessary to fully fund allocations  
23 under this section, that excess amount shall not be expended in  
24 that state fiscal year but shall instead be carried forward to  
25 the succeeding fiscal year and added to any funds appropriated  
26 for that fiscal year for expenditure in that fiscal year.

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1 (21) ~~—(20)—~~ A district that received funding for 1999-2000  
2 under former section 32 shall receive funding under this section  
3 for 2000-2001 [, 2001-2002, and 2002-2003.]

4 Sec. 32g. (1) From the state school aid fund allocation  
5 under section 32a(1), there is allocated an amount not to exceed  
6 ~~—\$38,000,000.00 each fiscal year—~~ \$28,000,000.00 for 2000-2001  
7 ~~and for 2001-2002, and an amount not to exceed \$50,000,000.00~~  
8 ~~for 2002-2003—~~ for payments to districts to provide summer school  
9 instruction in reading and mathematics for pupils in grade 1, 2,  
10 3, or 4.

11 (2) In order to improve elementary school pupil achievement,  
12 districts may provide summer school instruction in reading and  
13 mathematics. The department shall develop a model summer mathe-  
14 matics program for pupils who attended grade 1, 2, 3, or 4 in the  
15 school year that just ended and who have demonstrated the need  
16 for additional mathematics skills training, as evidenced by stan-  
17 dardized test results on tests approved by the department for  
18 this purpose. The model mathematics program shall be in con-  
19 formance with the national education goals and shall also meet  
20 criteria for DED-OESE, title I program funding.

21 (3) To be eligible to participate in summer school instruc-  
22 tion funded under this section during a particular summer, a  
23 pupil shall have been enrolled in grade 1, 2, 3, or 4 in the  
24 school year that just ended and shall meet at least 1 of the fol-  
25 lowing criteria:

26 (a) Achieved less than satisfactory results, as determined  
27 by the district, in the mathematics or reading portion of a



1 department-approved annual standardized assessment of  
2 grade-appropriate basic educational skills.

3 (b) Scored in the low performance category of the mathemat-  
4 ics or reading portion of the grade 4 Michigan education assess-  
5 ment program (MEAP) test.

6 (4) An application for funding under this section shall be  
7 submitted to the department for approval, in a manner and on  
8 forms prescribed by the department, by a date specified by the  
9 department.

10 (5) A district that receives funding under this section  
11 shall, at a minimum, offer summer school instruction under this  
12 section for pupils who were enrolled in grade 3 in the school  
13 year that just ended and met the criteria described in subsection  
14 (3)(a).

15 (6) A district that receives funding under this section  
16 shall provide a minimum of 6 weeks of pupil instruction under  
17 this section in mathematics and reading. In addition, applica-  
18 tions for funding may include the provision of auxiliary services  
19 by the district in a manner determined by the district for such  
20 services as school lunch and transportation as is necessary to  
21 encourage pupil participation.

22 (7) A district applying for funding under this section must  
23 identify money from other sources available to the district that  
24 will be used to support at least 50% of the total costs of the  
25 summer school program.

26 (8) Grant awards under this section shall be distributed in  
27 accordance with the following:

1       (a) Eighty percent of the amount provided to a grant  
2 recipient shall be based on enrollment of eligible participants.

3       (b) Twenty percent of the amount provided to a grant recipi-  
4 ent shall be based on measured improvement in reading or mathe-  
5 matics, as applicable.

6       (9) Funds allocated to a district under this section shall  
7 not be used to supplant other state or federal funds allocated to  
8 the district for similar purposes.

9       (10) Subject to program capacity, a pupil who was enrolled  
10 in grade 1, 2, 3, or 4 in the school year that just ended but who  
11 does not otherwise meet the eligibility criteria under this sec-  
12 tion may receive summer school instruction described in this sec-  
13 tion upon the payment of tuition. The tuition level shall be  
14 determined by the district but shall not exceed actual operating  
15 costs.

16       (11) A district receiving funding under this section shall  
17 report on the results achieved by the summer school program in a  
18 manner prescribed by the department. At a minimum, the grant  
19 recipient shall report to the department by October 15 regarding  
20 the program's impact on reducing the number of pupils requiring  
21 special education programs and services and on improving pupil  
22 scores on standardized tests and assessments, and information on  
23 the costs and benefits per unit of pupil improvement. In addi-  
24 tion, the report shall state the number of pupils eligible for  
25 free or reduced price school lunch who received services under  
26 the program and the total number of pupils who received services  
27 under the program. Not later than November 15 of each fiscal

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1 year, the department shall submit a report to the legislature,  
2 the state budget director, and the senate and house fiscal agen-  
3 cies detailing the results of the programs.

4 (12) ~~Beginning in 2000-2001, notwithstanding~~  
5 NOTWITHSTANDING section 17b, payments under this section shall be  
6 paid on a schedule determined by the department.

7 (13) Districts may form consortia or enter into cooperative  
8 arrangements for operating programs and obtaining funding under  
9 this section.

10 (14) Funds allocated under this section that are not  
11 expended in the state fiscal year for which they were allocated  
12 may be carried forward to a subsequent state fiscal year.

13 Sec. 32h. From the school aid fund allocation under  
14 section 32a(1), there is allocated ~~each fiscal year~~ for  
15 2000-2001 ~~, for 2001-2002, and for 2002-2003~~ an amount not to  
16 exceed ~~\$10,000,000.00~~ \$1,600,000.00 to provide additional  
17 resources for coordinating counseling services or for payments to  
18 districts to make tuition grants for higher education programs  
19 that lead to a degree in school counseling.

20 Sec. 33. ~~(1) From the state school aid fund appropriation~~  
21 ~~in section 11, there is allocated an amount not to exceed~~  
22 ~~\$15,000,000.00 for 1999-2000 only to a district that is a school~~  
23 ~~district of the first class under the revised school code.~~

24 (1) ~~(2)~~ From the state school aid fund appropriation in  
25 section 11, there is allocated an amount not to exceed  
26 ~~\$15,000,000.00~~ \$10,000,000.00 for 2000-2001 only to a district  
27 that is a qualifying school district under part 5a of the revised

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1 school code, MCL 380.371 to 380.376, or that is the subject of  
2 intervention under a substantially similar provision of the  
3 revised school code. If more than 1 district qualifies for fund-  
4 ing under this subsection, the funds shall be allocated on an  
5 equal per-pupil basis.

6 (2) ~~-(3)-~~ Funds allocated under this section are for mea-  
7 sures to improve student performance, including, but not limited  
8 to, enhanced school security and reading readiness programs.

[Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed \$4,212,000.00 each fiscal year ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and for 2002-2003, 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.]

9 Sec. 51a. (1) From the appropriation in section 11, there  
10 is allocated for ~~1999-2000~~ 2000-2001 an amount not to exceed  
11 ~~\$777,631,900.00~~ \$739,021,900.00 from state sources and all  
12 available federal funding under sections 611 to 619 of part B of  
13 the individuals with disabilities education act, title VI of  
14 Public Law 91-230, 20 U.S.C. 1411 to 1419, estimated at  
15 ~~\$125,000,000.00~~ \$160,000,000.00, plus any carryover federal  
16 funds from previous year appropriations; ~~there is allocated for~~  
17 ~~2000-2001 an amount not to exceed \$746,121,900.00 from state~~  
18 ~~sources and all available federal funding, estimated at~~  
19 ~~\$145,000,000.00, plus any carryover federal funds from previous~~  
20 ~~year appropriations;~~ there is allocated for 2001-2002 an amount  
21 not to exceed ~~\$805,861,900.00~~ \$794,821,900.00 from state  
22 sources and all available federal funding, estimated at  
23 ~~\$145,000,000.00~~ \$203,000,000.00, plus any carryover federal  
24 funds from previous year appropriations; and there is allocated  
25 for 2002-2003 an amount not to exceed ~~\$863,811,900.00~~  
26 \$848,661,900.00 from state sources and all available federal  
27 funding, estimated at ~~\$145,000,000.00~~ \$235,000,000.00, plus any

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1 carryover federal funds from previous year appropriations. The  
2 allocations under this subsection are for the purpose of reim-  
3 bursing districts and intermediate districts for special educa-  
4 tion programs, services, and special education personnel as pre-  
5 scribed in article 3 of the revised school code, MCL 380.1701 to  
6 380.1766; net tuition payments made by intermediate districts to  
7 the Michigan schools for the deaf and blind; and special educa-  
8 tion programs and services for pupils who are eligible for spe-  
9 cial education programs and services according to statute or  
10 rule. For meeting the costs of special education programs and  
11 services not reimbursed under this article, a district or inter-  
12 mediate district may use money in general funds or special educa-  
13 tion funds, not otherwise restricted, or contributions from dis-  
14 tricts to intermediate districts, tuition payments, gifts and  
15 contributions from individuals, or federal funds that may be  
16 available for this purpose, as determined by the intermediate  
17 district plan prepared pursuant to article 3 of the revised  
18 school code, MCL 380.1701 to 380.1766.

19 (2) From the funds allocated under subsection (1), there is  
20 allocated ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and for  
21 2002-2003 the amount necessary, estimated at ~~-\$656,000,000.00 for~~  
22 ~~1999-2000,~~ ~~\$126,000,000.00~~ \$128,200,000.00 for 2000-2001,  
23 ~~-\$136,000,000.00~~ \$138,000,000.00 for 2001-2002, and  
24 ~~-\$147,000,000.00~~ \$148,000,000.00 for 2002-2003, for payments  
25 toward reimbursing districts and intermediate districts for  
26 28.6138% of total approved costs of special education, excluding  
27 costs reimbursed under section 53a, and 70.4165% of total

1 approved costs of special education transportation. Allocations  
2 under this subsection shall be made as follows:

3       (a) The initial amount allocated to a district under this  
4 subsection toward fulfilling the specified percentages shall be  
5 calculated by multiplying the district's special education pupil  
6 membership, excluding pupils described in subsection (12), times  
7 the sum of the foundation allowance under section 20 of the  
8 pupil's district of residence plus the amount of the district's  
9 per pupil allocation under section 20j(2), not to exceed  
10 \$6,500.00 adjusted by the dollar amount of the difference between  
11 the basic foundation allowance under section 20 for the current  
12 fiscal year and \$5,000.00, or, for a special education pupil in  
13 membership in a district that is a public school academy or uni-  
14 versity school, times an amount equal to the amount per member-  
15 ship pupil calculated under section 20(6). For an intermediate  
16 district, the amount allocated under this subdivision toward ful-  
17 filling the specified percentages shall be an amount per special  
18 education membership pupil, excluding pupils described in subsec-  
19 tion (12), and shall be calculated in the same manner as for a  
20 district, using the foundation allowance under section 20 of the  
21 pupil's district of residence, not to exceed \$6,500.00 adjusted  
22 by the dollar amount of the difference between the basic founda-  
23 tion allowance under section 20 for the current fiscal year and  
24 \$5,000.00, and that district's per pupil allocation under  
25 section 20j(2). However, beginning in 2002-2003, the \$6,500.00  
26 amount prescribed in this subdivision shall be adjusted each year  
27 by an amount equal to the dollar amount of the difference between

1 the basic foundation allowance for the current state fiscal year  
2 and \$5,000.00, minus \$200.00.

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

8 (3) From the funds allocated under subsection (1), there is  
9 allocated ~~for 1999-2000~~ EACH FISCAL YEAR FOR 2000-2001, FOR  
10 2001-2002, AND FOR 2002-2003 the amount necessary, estimated at  
11 ~~\$38,300,000.00~~ \$3,000,000.00 EACH FISCAL YEAR, to make payments  
12 to districts and intermediate districts under this subsection.  
13 If the amount allocated to a district or intermediate district  
14 for a fiscal year under subsection (2)(b) is less than the sum of  
15 the amounts allocated to the district or intermediate district  
16 for 1996-97 under sections 52 and 58, there is allocated to the  
17 district or intermediate district for the fiscal year an amount  
18 equal to that difference, adjusted by applying the same proration  
19 factor that was used in the distribution of funds under section  
20 52 in 1996-97 as adjusted to the district's or intermediate  
21 district's necessary costs of special education used in calcula-  
22 tions for the fiscal year. This adjustment is to reflect reduc-  
23 tions in special education program operations between 1996-97 and  
24 subsequent fiscal years. Beginning in 2000-2001, adjustments for  
25 reductions in special education program operations shall be made  
26 in a manner determined by the department and shall include  
27 adjustments for program shifts.



1       (4) If the department determines that the sum of the amounts  
2 allocated for a fiscal year to a district or intermediate dis-  
3 trict under subsection (2)(a) and (b) is not sufficient to ful-  
4 fill the specified percentages in subsection (2), then the short-  
5 fall shall be paid to the district or intermediate district  
6 during the fiscal year beginning on the October 1 following the  
7 determination and payments under subsection (3) shall be adjusted  
8 as necessary. If the department determines that the sum of the  
9 amounts allocated for a fiscal year to a district or intermediate  
10 district under subsection (2)(a) and (b) exceeds the sum of the  
11 amount necessary to fulfill the specified percentages in subsec-  
12 tion (2), then the department shall deduct the amount of the  
13 excess from the district's or intermediate district's payments  
14 under this act for the fiscal year beginning on the October 1  
15 following the determination and payments under subsection (3)  
16 shall be adjusted as necessary. However, if the amount allocated  
17 under subsection (2)(a) in itself exceeds the amount necessary to  
18 fulfill the specified percentages in subsection (2), there shall  
19 be no deduction under this subsection.

20       (5) State funds shall be allocated on a total approved cost  
21 basis. Federal funds shall be allocated under applicable federal  
22 requirements, except that an amount not to exceed \$3,500,000.00  
23 each fiscal year may be allocated by the department ~~for~~  
24 ~~1999-2000,~~ for 2000-2001, for 2001-2002, and for 2002-2003 to  
25 districts or intermediate districts on a competitive grant basis  
26 for programs, equipment, and services that the department

1 determines to be designed to benefit or improve special education  
2 on a statewide scale.

3       (6) From the amount allocated in subsection (1), there is  
4 allocated an amount not to exceed \$2,200,000.00 each fiscal year  
5 ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and for 2002-2003  
6 to reimburse 100% of the net increase in necessary costs incurred  
7 by a district or intermediate district in implementing the revi-  
8 sions in the administrative rules for special education that  
9 became effective on July 1, 1987. As used in this subsection,  
10 "net increase in necessary costs" means the necessary additional  
11 costs incurred solely because of new or revised requirements in  
12 the administrative rules minus cost savings permitted in imple-  
13 menting the revised rules. Net increase in necessary costs shall  
14 be determined in a manner specified by the department.

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

17       (a) "Total approved costs of special education" shall be  
18 determined in a manner specified by the department and may  
19 include indirect costs, but shall not exceed 115% of approved  
20 direct costs for section 52 and section 53a programs. The total  
21 approved costs include salary and other compensation for all  
22 approved special education personnel for the program, including  
23 payments for social security and medicare and public school  
24 employee retirement system contributions. The total approved  
25 costs do not include salaries or other compensation paid to  
26 administrative personnel who are not special education personnel  
27 as defined in section 6 of the revised school code, MCL 380.6.

1 Costs reimbursed by federal funds, other than those federal funds  
2 included in the allocation made under this article, are not  
3 included. Special education approved personnel not utilized full  
4 time in the evaluation of students or in the delivery of special  
5 education programs, ancillary, and other related services shall  
6 be reimbursed under this section only for that portion of time  
7 actually spent providing these programs and services, with the  
8 exception of special education programs and services provided to  
9 youth placed in child caring institutions or juvenile detention  
10 programs approved by the department to provide an on-grounds edu-  
11 cation program.

12 (b) Reimbursement for ancillary and other related services,  
13 as defined by R 340.1701 of the Michigan administrative code,  
14 shall not be provided when those services are covered by and  
15 available through private group health insurance carriers or fed-  
16 eral reimbursed program sources unless the department and dis-  
17 trict or intermediate district agree otherwise and that agreement  
18 is approved by the state budget director. Expenses, other than  
19 the incidental expense of filing, shall not be borne by the  
20 parent. In addition, the filing of claims shall not delay the  
21 education of a pupil. A district or intermediate district shall  
22 be responsible for payment of a deductible amount and for an  
23 advance payment required until the time a claim is paid.

24 (8) From the allocation in subsection (1), there is allo-  
25 cated each fiscal year ~~for 1999-2000,~~ for 2000-2001, for  
26 2001-2002, and for 2002-2003 an amount not to exceed  
27 \$15,313,900.00 each fiscal year to intermediate districts. The

1 payment under this subsection to each intermediate district shall  
2 be equal to the amount of the 1996-97 allocation to the interme-  
3 diate district under subsection (6) of this section as in effect  
4 for 1996-97.

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

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

16 (11) If a district or intermediate district uses money  
17 received under this section for a purpose other than the purpose  
18 or purposes for which the money is allocated, the department may  
19 require the district or intermediate district to refund the  
20 amount of money received. Money that is refunded shall be depos-  
21 ited in the state treasury to the credit of the state school aid  
22 fund.

23 (12) From the funds allocated in subsection (1), there is  
24 allocated each fiscal year ~~for 1999-2000,~~ for 2000-2001, for  
25 2001-2002, and for 2002-2003 the amount necessary, estimated at  
26 ~~-\$11,100,000.00 for 1999-2000, \$7,700,000.00~~ \$6,700,000.00 for  
27 2000-2001, ~~-\$8,140,000.00~~ \$7,100,000.00 for 2001-2002, and

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1 ~~-\$8,350,000.00-~~ \$7,300,000.00 for 2002-2003 to pay the foundation  
2 allowances for pupils described in this subsection. The alloca-  
3 tion to a district under this subsection shall be calculated by  
4 multiplying the number of pupils described in this subsection who  
5 are counted in membership in the district times the sum of the  
6 foundation allowance under section 20 of the pupil's district of  
7 residence plus the amount of the district's per pupil allocation  
8 under section 20j(2), not to exceed \$6,500.00 adjusted by the  
9 dollar amount of the difference between the basic foundation  
10 allowance under section 20 for the current fiscal year and  
11 \$5,000.00, or, for a pupil described in this subsection who is  
12 counted in membership in a district that is a public school acad-  
13 emy or university school, times an amount equal to the amount per  
14 membership pupil under section 20(6). The allocation to an  
15 intermediate district under this subsection shall be calculated  
16 in the same manner as for a district, using the foundation allow-  
17 ance under section 20 of the pupil's district of residence, not  
18 to exceed \$6,500.00 adjusted by the dollar amount of the differ-  
19 ence between the basic foundation allowance under section 20 for  
20 the current fiscal year and \$5,000.00, and that district's per  
21 pupil allocation under section 20j(2). However, beginning in  
22 2002-2003, the \$6,500.00 amount prescribed in this subsection  
23 shall be adjusted each year by an amount equal to the dollar  
24 amount of the difference between the basic foundation allowance  
25 for the current state fiscal year and \$5,000.00, minus \$200.00.  
26 This subsection applies to all of the following pupils:

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1 (a) Pupils described in section 53a.

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

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

9 (13) After payments under subsections (2) and (12) and —  
10 ~~beginning in 2000-2001,~~ section 51c, the remaining expenditures  
11 from the allocation in subsection (1) shall be made in the fol-  
12 lowing order:

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

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

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

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

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

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

20 (14) ~~Beginning in 2000-2001, the~~ THE allocations under  
21 subsection (2), subsection (3), and subsection (12) shall be  
22 allocations to intermediate districts only and shall not be allo-  
23 cations to districts, but instead shall be calculations used only  
24 to determine the state payments under section 22b.

25 Sec. 51c. As required by the court in the consolidated  
26 cases known as Durant v ~~the state~~ STATE of Michigan, Michigan  
27 supreme court docket no. 104458-104492, from the allocation under

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1 section 51a(1), there is allocated for 2000-2001, for 2001-2002,  
2 and for 2002-2003 the amount necessary, estimated at  
3 ~~\$540,300,000.00~~ \$529,000,000.00 for 2000-2001,  
4 ~~\$583,000,000.00~~ \$568,000,000.00 for 2001-2002, and  
5 ~~\$629,100,000.00~~ \$611,000,000.00 for 2002-2003, for payments to  
6 reimburse districts for 28.6138% of total approved costs of spe-  
7 cial education excluding costs reimbursed under section 53a, and  
8 70.4165% of total approved costs of special education  
9 transportation. FUNDS ALLOCATED UNDER THIS SECTION THAT ARE NOT  
10 EXPENDED IN THE STATE FISCAL YEAR FOR WHICH THEY WERE ALLOCATED,  
11 AS DETERMINED BY THE DEPARTMENT, MAY BE USED TO SUPPLEMENT THE  
12 ALLOCATIONS UNDER SECTIONS 22A AND 22B IN ORDER TO FULLY FUND  
13 THOSE CALCULATED ALLOCATIONS FOR THE SAME FISCAL YEAR.

14       Sec. 53a. (1) For districts, reimbursement for pupils  
15 described in subsection (2), reimbursement shall be 100% of the  
16 total approved costs of operating special education programs and  
17 services approved by the department and included in the interme-  
18 diate district plan adopted pursuant to article 3 of the revised  
19 school code, MCL 380.1701 to 380.1766, minus the district's foun-  
20 dation allowance calculated under section 20, and minus the  
21 amount of the district's per pupil allocation under  
22 section 20j(2). For intermediate districts, reimbursement for  
23 pupils described in section (2) shall be calculated in the same  
24 manner as for a district, using the foundation allowance under  
25 section 20 of the pupil's district of residence, not to exceed  
26 \$6,500.00 adjusted by the dollar amount of the difference between  
27 the basic foundation allowance under section 20 for the current

1 fiscal year and \$5,000.00, and that district's per pupil  
2 allocation under section 20j(2). However, beginning in  
3 2002-2003, the \$6,500.00 amount prescribed in this subsection  
4 shall be adjusted each year by an amount equal to the dollar  
5 amount of the difference between the basic foundation allowance  
6 for the current state fiscal year and \$5,000.00, minus \$200.00.

7 (2) Reimbursement under subsection (1) is for the following  
8 special education pupils:

9 (a) Pupils assigned to a district or intermediate district  
10 through the community placement program of the courts or a state  
11 agency, if the pupil was a resident of another intermediate dis-  
12 trict at the time the pupil came under the jurisdiction of the  
13 court or a state agency.

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

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

19 (d) Pupils enrolled in a department-approved on-grounds edu-  
20 cational program longer than 180 days, but not longer than 233  
21 days, at a residential child care institution, if the child care  
22 institution offered in 1991-92 an on-grounds educational program  
23 longer than 180 days but not longer than 233 days.

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



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

6 (4) The costs of transportation shall be funded under this  
7 section ~~but~~ AND shall not be reimbursed under section 58.

8 (5) Not more than ~~\$14,500,000.00 for 1999-2000, and not~~  
9 ~~more than~~ \$14,800,000.00 each fiscal year for 2000-2001,  
10 2001-2002, and 2002-2003, of the allocation in section 51a(1)  
11 shall be allocated under this section.

12 (6) From the allocation in subsection (5), there is allo-  
13 cated each fiscal year for 2000-2001, for 2001-2002, and for  
14 2002-2003 an amount not to exceed \$150,000.00 to an intermediate  
15 district that received at least \$1,000,000.00 for 1999-2000 under  
16 subsection (4).

17 Sec. 54. In addition to the aid received under section 52,  
18 each intermediate district shall receive an amount per pupil for  
19 each pupil in attendance at the Michigan schools for the deaf and  
20 blind. The amount shall be proportionate to the total instruc-  
21 tional cost at each school. Not more than \$1,688,000.00 each  
22 fiscal year for ~~1999-2000,~~ 2000-2001, 2001-2002, and 2002-2003  
23 of the allocation in section 51a(1) shall be allocated under this  
24 section.

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

26 (a) "Membership" means for a particular fiscal year the  
27 total membership for the immediately preceding fiscal year of the

1 intermediate district and the districts constituent to the  
2 intermediate district.

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

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

13 (2) From the allocation under section 51a(1), there is allo-  
14 cated an amount not to exceed ~~\$38,530,000.00 for 1999-2000,~~  
15 \$38,120,000.00 for 2000-2001, \$44,720,000.00 for 2001-2002, and  
16 \$45,360,000.00 for 2002-2003 to reimburse intermediate districts  
17 levying millages for special education pursuant to part 30 of the  
18 revised school code, MCL 380.1711 to 380.1743. The purpose, use,  
19 and expenditure of the reimbursement shall be limited as if the  
20 funds were generated by these millages and governed by the inter-  
21 mediate district plan adopted pursuant to article 3 of the  
22 revised school code, MCL 380.1701 to 380.1766. As a condition of  
23 receiving funds under this section, an intermediate district dis-  
24 tributing any portion of special education millage funds to its  
25 constituent districts shall submit for departmental approval and  
26 implement a distribution plan.

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1       (3) ~~Reimbursement for those millages levied in 1998-99~~  
2 ~~shall be made in 1999-2000 at an amount per 1998-99 membership~~  
3 ~~pupil computed by subtracting from \$106,800.00 the 1998-99 tax-~~  
4 ~~able value behind each membership pupil, and multiplying the~~  
5 ~~resulting difference by the 1998-99 millage levied.~~  
6 Reimbursement for those millages levied in 1999-2000 shall be  
7 made in 2000-2001 at an amount per 1999-2000 membership pupil  
8 computed by subtracting from \$111,700.00 the 1999-2000 taxable  
9 value behind each membership pupil, and multiplying the resulting  
10 difference by the 1999-2000 millage levied. Reimbursement for  
11 those millages levied in 2000-2001 shall be made in 2001-2002 at  
12 an amount per 2000-2001 membership pupil computed by subtracting  
13 from \$118,000.00 the 2000-2001 taxable value behind each member-  
14 ship pupil and multiplying the resulting difference by the  
15 2000-2001 millage levied. Reimbursement for those millages  
16 levied in 2001-2002 shall be made in 2002-2003 at an amount per  
17 2001-2002 membership pupil computed by subtracting from  
18 \$123,500.00 the 2001-2002 taxable value behind each membership  
19 pupil and multiplying the resulting difference by the 2001-2002  
20 millage levied.

21       (4) From the allocation in subsection (2), there is allo-  
22 cated an amount not to exceed ~~\$3,300,000.00 for 1999-2000, an~~  
23 ~~amount not to exceed~~ \$2,440,000.00 for 2000-2001, an amount not  
24 to exceed \$6,820,000.00 for 2001-2002, and an amount not to  
25 exceed \$7,240,000.00 for 2002-2003 for payments to intermediate  
26 districts under this subsection that do not qualify for a payment  
27 under subsection (3) for reimbursement for changes as a result of

1 revisions to the personal property tax depreciation tables. ~~The~~  
2 ~~allocation for 1999-2000 includes payments for prior year adjust-~~  
3 ~~ments in taxable value for changes as a result of revisions to~~  
4 ~~the personal property tax depreciation tables.~~ To receive a pay-  
5 ment under this subsection, an intermediate district shall file a  
6 claim by July 1 of the fiscal year to the department, detailing  
7 the loss of revenue to the intermediate district's special educa-  
8 tion millage attributable to those revisions. The amount of the  
9 payment under this subsection to each intermediate district shall  
10 be an amount equal to the same proportion of the total amount of  
11 funding available under this subsection as the intermediate  
12 district's claim under this section bears to the total amount of  
13 claims under this subsection and, notwithstanding section 121,  
14 shall not be adjusted for prior year adjustments more than 2  
15 years after the end of the state fiscal year for which payment  
16 under this subsection was made.

17       Sec. 57. (1) From the appropriation in section 11, there is  
18 allocated an amount not to exceed \$600,000.00 each fiscal year  
19 ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and for 2002-2003  
20 to applicant intermediate districts that provide support services  
21 for the education of gifted and talented pupils. An intermediate  
22 district is entitled to 75% of the actual salary, but not to  
23 exceed \$25,000.00 reimbursement for an individual salary, of a  
24 support services teacher approved by the department, and not to  
25 exceed \$4,000.00 reimbursement for expenditures to support pro-  
26 gram costs, excluding in-county travel and salary, as approved by  
27 the department.

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1 (2) From the appropriation in section 11, there is allocated  
2 an amount not to exceed \$400,000.00 each fiscal year ~~for~~  
3 ~~1999-2000,~~ for 2000-2001, for 2001-2002, and for 2002-2003 to  
4 support part of the cost of summer institutes for gifted and tal-  
5 ented students. This amount shall be contracted to applicant  
6 intermediate districts in cooperation with a local institution of  
7 higher education and shall be coordinated by the department.

8 (3) From the appropriation in section 11, there is allocated  
9 ~~an amount not to exceed \$4,000,000.00 for 1999-2000, and an~~  
10 amount not to exceed \$5,000,000.00 ~~each fiscal year~~ for  
11 2000-2001, AN AMOUNT NOT TO EXCEED \$4,500,000.00 for 2001-2002,  
12 and AN AMOUNT NOT TO EXCEED \$4,000,000.00 for 2002-2003 for the  
13 development and operation of comprehensive programs for gifted  
14 and talented pupils. An eligible district or consortium of dis-  
15 tricts shall receive an amount not to exceed \$100.00 per K-12  
16 pupil for up to 5% of the district's or consortium's K-12 member-  
17 ship for the immediately preceding fiscal year with a minimum  
18 total grant of \$6,000.00. Funding shall be provided in the fol-  
19 lowing order: the per pupil allotment, and then the minimum  
20 total grant of \$6,000.00 to individual districts. An intermedi-  
21 ate district may act as the fiscal agent for a consortium of  
22 districts. In order to be eligible for funding under this sub-  
23 section, the district or consortium of districts shall submit  
24 each year a current 3-year plan for operating a comprehensive  
25 program for gifted and talented pupils and the district or con-  
26 sortium shall demonstrate to the department that the district or  
27 consortium will contribute matching funds of at least \$50.00 per

1 K-12 pupil. The plan or revised plan shall be developed in  
2 accordance with criteria established by the department and shall  
3 be submitted to the department for approval. Within the cri-  
4 teria, the department shall encourage the development of consor-  
5 tia among districts of less than 5,000 memberships.

6 Sec. 61a. (1) From the appropriation in section 11, there  
7 is allocated an amount not to exceed \$31,027,600.00 each fiscal  
8 year ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and for  
9 2002-2003 to reimburse on an added cost basis districts, except  
10 for a district that served as the fiscal agent for a vocational  
11 education consortium in the 1993-94 school year, and secondary  
12 area vocational-technical education centers for secondary-level  
13 vocational-technical education programs, including parenthood  
14 education programs, according to rules approved by the  
15 superintendent. Applications for participation in the programs  
16 shall be submitted in the form prescribed by the department. The  
17 department shall determine the added cost for each  
18 vocational-technical program area. The allocation of added cost  
19 funds shall be based on the type of vocational-technical programs  
20 provided, the number of pupils enrolled, and the length of the  
21 training period provided, and shall not exceed 75% of the added  
22 cost of any program. With the approval of the department, the  
23 board of a district maintaining a secondary vocational-technical  
24 education program may offer the program for the period from the  
25 close of the school year until September 1. The program shall  
26 use existing facilities and shall be operated as prescribed by  
27 rules promulgated by the superintendent.

1       (2) Except for a district that served as the fiscal agent  
2 for a vocational education consortium in the 1993-94 school year,  
3 districts and intermediate districts shall be reimbursed for  
4 local vocational administration, shared time vocational adminis-  
5 tration, and career education planning district  
6 vocational-technical administration. The definition of what con-  
7 stitutes administration and reimbursement shall be pursuant to  
8 guidelines adopted by the superintendent. Not more than  
9 \$800,000.00 of the allocation in subsection (1) shall be distrib-  
10 uted under this subsection.

11       (3) From the allocation in subsection (1), there is allo-  
12 cated an amount not to exceed \$388,700.00 each fiscal year to  
13 intermediate districts with constituent districts that had com-  
14 bined state and local revenue per membership pupil in the 1994-95  
15 state fiscal year of \$6,500.00 or more, served as a fiscal agent  
16 for a state board designated area vocational education center in  
17 the 1993-94 school year, and had an adjustment made to their  
18 1994-95 combined state and local revenue per membership pupil  
19 pursuant to section 20d. The payment under this subsection to  
20 the intermediate district shall equal the amount of the alloca-  
21 tion to the intermediate district for 1996-97 under this  
22 subsection.

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

24       (a) "Membership" means for a particular fiscal year the  
25 total membership for the immediately preceding fiscal year of the  
26 intermediate district and the districts constituent to the

1 intermediate district or the total membership for the immediately  
2 preceding fiscal year of the area vocational-technical program.

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

9       (c) "Taxable value" means the total taxable value of the  
10 districts constituent to an intermediate district or area  
11 vocational-technical education program, except that if a district  
12 has elected not to come under sections 681 to 690 of the revised  
13 school code, MCL 380.681 to 380.690, the membership and taxable  
14 value of that district shall not be included in the membership  
15 and taxable value of the intermediate district. However, the  
16 membership and taxable value of a district that has elected not  
17 to come under sections 681 to 690 of the revised school code,  
18 MCL 380.681 to 380.690, shall be included in the membership and  
19 taxable value of the intermediate district if the district meets  
20 both of the following:

21       (i) The district operates the area vocational-technical edu-  
22 cation program pursuant to a contract with the intermediate  
23 district.

24       (ii) The district contributes an annual amount to the opera-  
25 tion of the program that is commensurate with the revenue that  
26 would have been raised for operation of the program if millage



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1 were levied in the district for the program under sections 681 to  
2 690 of the revised school code, MCL 380.681 to 380.690.

3 (2) From the appropriation in section 11, there is allocated  
4 an amount not to exceed ~~\$9,880,000.00 for 1999-2000, an amount~~  
5 ~~not to exceed~~ \$9,810,000.00 for 2000-2001, an amount not to  
6 exceed \$11,190,000.00 for 2001-2002, and an amount not to exceed  
7 \$11,330,000.00 for 2002-2003 to reimburse intermediate districts  
8 and area vocational-technical education programs established  
9 under section 690(3) of the revised school code, MCL 380.690,  
10 levying millages for area vocational-technical education pursuant  
11 to sections 681 to 690 of the revised school code, MCL 380.681 to  
12 380.690. The purpose, use, and expenditure of the reimbursement  
13 shall be limited as if the funds were generated by those  
14 millages.

15 (3) ~~Reimbursement for the millages levied in 1998-99 shall~~  
16 ~~be made in 1999-2000 at an amount per 1998-99 membership pupil~~  
17 ~~computed by subtracting from \$108,800.00 the 1998-99 taxable~~  
18 ~~value behind each membership pupil, and multiplying the resulting~~  
19 ~~difference by the 1998-99 millage levied.~~ Reimbursement for the  
20 millages levied in 1999-2000 shall be made in 2000-2001 at an  
21 amount per 1999-2000 membership pupil computed by subtracting  
22 from \$114,300.00 the 1999-2000 taxable value behind each member-  
23 ship pupil, and multiplying the resulting difference by the  
24 1999-2000 millage levied. Reimbursement for the millages levied  
25 in 2000-2001 shall be made in 2001-2002 at an amount per  
26 2000-2001 membership pupil computed by subtracting from  
27 \$121,500.00 the 2000-2001 taxable value behind each membership

1 pupil, and multiplying the resulting difference by the 2000-2001  
2 millage levied. Reimbursement for the millages levied in  
3 2001-2002 shall be made in 2002-2003 at an amount per 2001-2002  
4 membership pupil computed by subtracting from \$127,600.00 the  
5 2001-2002 taxable value behind each membership pupil, and multi-  
6 plying the resulting difference by the 2001-2002 millage levied.

7 (4) From the allocation in subsection (2), there is allo-  
8 cated an amount not to exceed ~~\$670,000.00 for 1999-2000, an~~  
9 ~~amount not to exceed~~ \$500,000.00 for 2000-2001, an amount not to  
10 exceed \$1,380,000.00 for 2001-2002, and an amount not to exceed  
11 \$1,470,000.00 for 2002-2003 for payments to intermediate dis-  
12 tricts under this subsection that do not qualify for a payment  
13 under subsection (3) for reimbursement for changes as a result of  
14 revisions to the personal property tax depreciation tables. ~~The~~  
15 ~~allocation for 1999-2000 includes payments for prior year adjust-~~  
16 ~~ments in taxable value for changes as a result of revisions to~~  
17 ~~the personal property tax depreciation tables.~~ To receive a pay-  
18 ment under this subsection, an intermediate district shall file a  
19 claim by July 1 of the fiscal year to the department, detailing  
20 the loss of revenue to the intermediate district's vocational  
21 education millage attributable to those revisions. The amount of  
22 the payment under this subsection to each intermediate district  
23 shall be an amount equal to the same proportion of the total  
24 amount of funding available under this subsection as the interme-  
25 diate district's claim under this section bears to the total  
26 amount of claims under this subsection and, notwithstanding  
27 section 121, shall not be adjusted for prior year adjustments

1 more than 2 years after the end of the state fiscal year for  
2 which payment under this subsection was made.

3       Sec. 63. (1) From the general fund appropriation in section  
4 11, there is allocated an amount not to exceed \$1,800,000.00  
5 ~~each fiscal year for 1999-2000, 2000-2001, 2001-2002, and~~  
6 ~~2002-2003~~ FOR 2000-2001 AND AN AMOUNT NOT TO EXCEED \$900,000.00  
7 FOR 2001-2002 for implementation of the Michigan manufacturing  
8 technology program for the corresponding school years as provided  
9 under this section.

10       (2) From the allocation in subsection (1), there is allo-  
11 cated \$1,800,000.00 ~~each fiscal year~~ to the department, in con-  
12 junction with the department of career development, to award com-  
13 petitive grants for the purpose of improving manufacturing tech-  
14 nology programs offered by public education agencies. The maxi-  
15 mum amount of a grant under this subsection shall not exceed  
16 \$50,000.00 ~~each fiscal year~~ for each public education agency  
17 determined to be eligible for funding.

18       (3) Applications for grants under subsection (2) shall be  
19 submitted in a form and manner determined by the department, in  
20 conjunction with the department of career development. Criteria  
21 for funding shall include all of the following:

22       (a) The public education agency operates a manufacturing  
23 technology program, is a participating agency in a regional  
24 career preparation plan described in section 68, and has the sup-  
25 port of the local workforce development board for submission of  
26 the grant application.

1 (b) The public education agency offers employer-provided  
2 instruction for its pupils as part of its manufacturing  
3 technology curriculum.

4 (c) The public education agency agrees to evaluate the  
5 impact of the grant.

6 (d) Any other criteria determined by the department, in con-  
7 junction with the department of career development.

8 (4) Grants awarded under subsection (2) shall be used by  
9 eligible public education agencies for activities intended to  
10 increase the amount of employer-provided instruction provided to  
11 pupils and to increase pupil awareness of manufacturing technol-  
12 ogy programs.

13 (5) The department, in conjunction with the department of  
14 career development, shall consider the potential for graduates to  
15 be placed in high-wage, high-demand positions upon completion of  
16 the manufacturing technology program in its determination of  
17 grant awards.

18 (6) Grants under subsection (2) shall be awarded by the  
19 department no later than May 31 before the beginning of ~~each~~  
20 THE fiscal year and paid out to the grant recipients in total no  
21 later than October 1 of the fiscal year for which the grant is  
22 awarded. Funds may be used by grant recipients to support allow-  
23 able expenditures in the following school year.

24 Sec. 67. (1) From the general fund appropriation in section  
25 11, there is allocated an amount not to exceed \$350,000.00 each  
26 fiscal year ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and

1 for 2002-2003 for Michigan career preparation system grants under  
2 this section.

3       (2) From the allocation in subsection (1), there is allo-  
4 cated \$150,000.00 each fiscal year ~~for 1999-2000,~~ for  
5 2000-2001, for 2001-2002, and for 2002-2003 to the department to  
6 identify uniform career competency standards and assessments for  
7 career clusters, to establish a statewide information system on  
8 current and anticipated employment opportunities and the required  
9 level of skills and education required for employment.

10       (3) From the allocation in subsection (1), there is allo-  
11 cated \$100,000.00 each fiscal year ~~for 1999-2000,~~ for  
12 2000-2001, for 2001-2002, and for 2002-2003 to the department to  
13 provide information to parents, pupils, school personnel, employ-  
14 ers, and others regarding opportunities to receive integrated  
15 academic and technical preparation in the public schools of this  
16 state.

17       (4) From the allocation in subsection (1), there is allo-  
18 cated \$100,000.00 each fiscal year ~~for 1999-2000,~~ 2000-2001,  
19 2001-2002, and 2002-2003 to the department to provide technical  
20 assistance to eligible education agencies and workforce develop-  
21 ment boards.

22       (5) As used in this section and in section 68:

23       (a) "Advanced career academy" means a career-technical edu-  
24 cation program operated by a district, by an intermediate dis-  
25 trict, or by a public school academy, that applies for and  
26 receives advanced career academy designation from the  
27 department. To receive this designation, a career-technical

1 education program shall meet criteria established by the  
2 department, which criteria shall include at least all of the  
3 following:

4       (i) Operation of programs for those career clusters identi-  
5 fied by the department as being eligible for advanced career  
6 academy status.

7       (ii) Involvement of employers in the design and implementa-  
8 tion of career-technical education programs.

9       (iii) A fully integrated program of academic and technical  
10 education available to pupils.

11       (iv) Demonstration of an established career preparation  
12 system resulting in industry-validated career ladders for gradu-  
13 ates of the program, including, but not limited to, written  
14 articulation agreements with postsecondary institutions to allow  
15 pupils to receive advanced college placement and credit or feder-  
16 ally registered apprenticeships, as applicable.

17       (b) "Career cluster" means a grouping of occupations from 1  
18 or more industries that share common skill requirements.

19       (c) "Career preparation system" is a system of programs and  
20 strategies providing pupils with opportunities to prepare for  
21 success in careers of their choice.

22       (d) "Department" means the department of career  
23 development.

24       (e) "Eligible education agency" means a district, intermedi-  
25 ate district, or advanced career academy that participates in an  
26 approved regional career preparation plan.

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1 (f) "FTE" means full-time equivalent pupil as determined by  
2 the department.

3 (g) "Workforce development board" means a local workforce  
4 development board established pursuant to ~~the job training part-~~  
5 ~~nership act, Public Law 97-300, 96 Stat. 1322, or, beginning July~~  
6 ~~1, 2000,~~ the workforce investment act of 1998, Public Law  
7 105-220, 112 Stat. 936, and the school-to-work opportunities act  
8 of 1994, Public Law 103-239, 108 Stat. 568, or the equivalent.

9 (h) "Strategic plan" means a department-approved comprehen-  
10 sive plan prepared by a workforce development board with input  
11 from local representatives, including the education advisory  
12 group, that includes career preparation system goals and objec-  
13 tives for the region.

14 Sec. 68. (1) From the general fund appropriation in section  
15 11, there is allocated an amount not to exceed ~~-\$23,850,000.00-~~  
16 \$21,850,000.00 each fiscal year ~~for 1999-2000,~~ for 2000-2001,  
17 for 2001-2002, and for 2002-2003 to be used to implement the  
18 Michigan career preparation system in the corresponding school  
19 years as provided under this section. ~~From this allocation, the~~  
20 ~~department may reserve an amount not to exceed \$2,000,000.00 each~~  
21 ~~fiscal year for career-technical education programs that have~~  
22 ~~achieved designation as an advanced career academy.~~ In order to  
23 receive funds under this section, an eligible education agency  
24 shall be part of an approved regional career preparation plan  
25 under subsection (2) and shall agree to expend the funds required  
26 under this section in accordance with the regional career  
27 preparation plan. Funds awarded under this section that are not

1 expended in accordance with this section may be recovered by the  
2 department.

3       (2) In order to receive funding under this section, an eli-  
4 gible education agency shall be a part of an approved 3-year  
5 regional career preparation plan that is consistent with the  
6 workforce development board's strategic plan and is as described  
7 in this subsection. All of the following apply to a regional  
8 career preparation plan:

9       (a) A 3-year regional career preparation plan shall be  
10 developed under subdivisions (b), (c), and (d) for all public  
11 education agencies participating as part of a regional career  
12 preparation system within the geographical boundaries of a work-  
13 force development board, and revised annually. If an intermedi-  
14 ate district is located within the geographical boundaries of  
15 more than 1 workforce development board, the board of the inter-  
16 mediate district shall choose 1 workforce development board with  
17 which to align and shall notify the department of this choice not  
18 later than October 31, 1997.

19       (b) The regional career preparation plan shall be developed  
20 by representatives of the education advisory group of each work-  
21 force development board in accordance with guidelines developed  
22 under former section 67(5), and in accordance with subdivisions  
23 (d) and (e). All of the following shall be represented on each  
24 education advisory group: workforce development board members,  
25 other employers, labor, districts, intermediate districts, post-  
26 secondary institutions, career/technical educators, parents of  
27 public school pupils, and academic educators. The



1 representatives of districts, intermediate districts, and  
2 postsecondary institutions appointed to the education advisory  
3 group by the workforce development board shall be individuals  
4 designated by the board of the district, intermediate district,  
5 or postsecondary institution.

6       (c) By majority vote, the education advisory group may nomi-  
7 nate 1 education representative, who may or may not be a member  
8 of the education advisory group, for appointment to the workforce  
9 development board. This education representative shall be in  
10 addition to existing education representation on the workforce  
11 development board. This education representative shall meet all  
12 workforce development board membership requirements.

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

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

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

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

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

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

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

4       (e) The education advisory group shall develop a 3-year  
5 regional career preparation plan consistent with the workforce  
6 development board's strategic plan and submit the plan to the  
7 department for final approval. The submission to the department  
8 shall also include statements signed by the chair of the educa-  
9 tion advisory group and the chair of the workforce development  
10 board certifying that the plan has been reviewed by each entity.  
11 Upon department approval, all eligible education agencies desig-  
12 nated in the regional career preparation plan as part of the  
13 career preparation delivery system are eligible for funding under  
14 this section.

15       (3) Funding under this section shall be distributed to eli-  
16 gible education agencies for allowable costs defined in this sub-  
17 section and identified as necessary costs for implementing a  
18 regional career preparation plan, as follows:

19       (a) For ~~1999-2000 and~~ 2000-2001, the department shall rank  
20 all career clusters, including career exploration, guidance, and  
21 counseling. Rank determination will be based on median salary  
22 data in career clusters and employment opportunity data provided  
23 by the council for career preparation standards. In addition,  
24 rank determination shall be based on placement data available for  
25 prior year graduates of the programs in the career clusters  
26 either in related careers or postsecondary education. The

1 procedure for ranking of career clusters shall be determined by  
2 the department.

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

12       (i) Career exploration, guidance, and counseling.

13       (ii) Curriculum development, including integration of aca-  
14 demic and technical content, and professional development for  
15 teachers directly related to career preparation.

16       (iii) Technology and equipment determined to be necessary.

17       (iv) Supplies and materials directly related to career prep-  
18 aration programs.

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

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

23       (vii) Career placement services.

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

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

4       (c) For ~~1999-2000 and~~ 2000-2001, the department shall cal-  
5 culate career preparation costs per FTE for each career cluster,  
6 including career exploration, guidance, and counseling, by divid-  
7 ing the allowable costs for each career cluster by the prior year  
8 FTE enrollment for each career cluster. Distribution to eligible  
9 education agencies shall be the product of 50% of career prepara-  
10 tion costs per FTE times the current year FTE enrollment of each  
11 career cluster. This allocation shall be distributed to eligible  
12 education agencies in decreasing order of the career cluster  
13 ranking described in subdivision (a) until the money allocated  
14 for grant recipients in this section is distributed. Beginning  
15 in 2001-2002, funds shall be distributed to eligible education  
16 agencies according to workforce development board geographic area  
17 consistent with subsection (2)(a) based upon the proportion of  
18 each workforce development board area's K-12 public school mem-  
19 bership to the total state K-12 public school membership.

20       (4) The department shall establish a review procedure for  
21 assessing the career preparation system in each region.

22       (5) An education advisory group is responsible for assuring  
23 the quality of the career preparation system. An education  
24 advisory group shall review the career preparation system in  
25 accordance with evaluation criteria established by the  
26 department.

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1 (6) An education advisory group shall report its findings  
2 and recommendations for changes to the participating eligible  
3 education agencies, the workforce development board, and the  
4 department.

5 (7) The next revision of a regional career preparation plan  
6 shall take into account the findings of the education advisory  
7 group in accordance with evaluation criteria established by the  
8 department in order for the affected education agencies to  
9 receive continued funding under this section.

10 Sec. 74. (1) From the amount appropriated in section 11,  
11 there is allocated an amount not to exceed \$1,625,000.00 each  
12 fiscal year ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and  
13 for 2002-2003 for the purposes of subsections (2) and (3).

14 (2) From the allocation in subsection (1), there is allo-  
15 cated each fiscal year the amount necessary for payments to state  
16 supported colleges or universities and intermediate districts  
17 providing school bus driver safety instruction or driver skills  
18 road tests pursuant to sections 51 and 52 of the pupil transpor-  
19 tation act, 1990 PA 187, MCL 257.1851 and 257.1852. The payments  
20 shall be in an amount determined by the department not to exceed  
21 75% of the actual cost of instruction and driver compensation for  
22 each public or nonpublic school bus driver attending a course of  
23 instruction. For the purpose of computing compensation, the  
24 hourly rate allowed each school bus driver shall not exceed the  
25 hourly rate received for driving a school bus. Reimbursement  
26 compensating the driver during the course of instruction or  
27 driver skills road tests shall be made by the department to the

1 college or university or intermediate district providing the  
2 course of instruction.

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

10 Sec. 81. (1) Except as otherwise provided in this section,  
11 from the appropriation in section 11, there is allocated each  
12 fiscal year ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and  
13 for 2002-2003 to the intermediate districts the sum necessary,  
14 but not to exceed ~~\$83,363,400.00 for 1999-2000, not to exceed~~  
15 \$87,781,700.00 for 2000-2001, not to exceed \$92,170,800.00 for  
16 2001-2002, and not to exceed \$95,028,100.00 for 2002-2003 to pro-  
17 vide state aid to intermediate districts under this section.  
18 ~~Except as otherwise provided in this section, there shall be~~  
19 ~~allocated to each intermediate district for 1999-2000 an amount~~  
20 ~~equal to 104.4% of the amount of funding actually received by the~~  
21 ~~intermediate district under this subsection for 1998-99.~~ Except  
22 as otherwise provided in this section, there shall be allocated  
23 to each intermediate district for 2000-2001 an amount equal to  
24 105.3% of the amount of funding actually received by the interme-  
25 diate district under this subsection for 1999-2000. Except as  
26 otherwise provided in this section, there shall be allocated to  
27 each intermediate district for 2001-2002 an amount equal to 105%

1 of the amount of funding actually received by the intermediate  
2 district under this subsection for 2000-2001. Except as other-  
3 wise provided in this section, there shall be allocated to each  
4 intermediate district for 2002-2003 an amount equal to 103.1% of  
5 the amount of funding actually received by the intermediate dis-  
6 trict under this subsection for 2001-2002. Funding provided  
7 under this section shall be used to comply with requirements of  
8 this act and the revised school code that are applicable to  
9 intermediate districts, and for which funding is not provided  
10 elsewhere in this act, and to provide technical assistance to  
11 districts as authorized by the intermediate school board.

12       (2) From the allocation in subsection (1), there is allo-  
13 cated to an intermediate district, formed by the consolidation or  
14 annexation of 2 or more intermediate districts or the attachment  
15 of a total intermediate district to another intermediate school  
16 district or the annexation of all of the constituent K-12 dis-  
17 tricts of a previously existing intermediate school district  
18 which has disorganized, an additional allotment of \$3,500.00 each  
19 fiscal year for each intermediate district included in the new  
20 intermediate district for 3 years following consolidation, annex-  
21 ation, or attachment.

22       (3) If an intermediate district participated in 1993-94 in a  
23 consortium operating a regional educational media center under  
24 section 671 of the revised school code, MCL 380.671, and rules  
25 promulgated by the superintendent, and if the intermediate dis-  
26 trict obtains written consent from each of the other intermediate  
27 districts that participated in the consortium in 1993-94, the

1 intermediate district may notify the department not later than  
2 December 30 of the current fiscal year that it is electing to  
3 directly receive its payment attributable to participation in  
4 that consortium. An intermediate district making that election,  
5 and that has obtained the necessary consent, shall receive each  
6 fiscal year ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and  
7 for 2002-2003, as applicable, for each pupil in membership in the  
8 intermediate district or a constituent district an amount equal  
9 to the quotient of the 1993-94 allocation to the fiscal agent for  
10 that consortium under former section 83, adjusted as determined  
11 by the department to account for that election, divided by the  
12 combined total membership for the current fiscal year in all of  
13 the intermediate districts that participated in that consortium  
14 and their constituent districts. The amount allocated to an  
15 intermediate district under this subsection for a fiscal year  
16 shall be deducted from the total allocation for that fiscal year  
17 under this section to the intermediate district that was the  
18 1993-94 fiscal agent for the consortium.

19       (4) During a fiscal year, the department shall not increase  
20 an intermediate district's allocation under subsection (1)  
21 because of an adjustment made by the department during the fiscal  
22 year in the intermediate district's taxable value for a prior  
23 year. Instead, the department shall report the adjustment and  
24 the estimated amount of the increase to the house and senate  
25 fiscal agencies and the state budget director not later than  
26 June 1 of the fiscal year, and the legislature shall appropriate  
27 money for the adjustment in the next succeeding fiscal year.



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1 (5) From the appropriation in section 11, there is allocated  
2 an amount not to exceed ~~\$360,000.00 for 1999-2000~~ an amount not  
3 ~~to exceed~~ \$320,000.00 for 2000-2001, an amount not to exceed  
4 \$890,000.00 for 2001-2002, and an amount not to exceed  
5 \$940,000.00 for 2002-2003 for payments to intermediate districts  
6 under this subsection for reimbursement for changes as a result  
7 of revisions to the personal property tax depreciation tables.  
8 To receive a payment under this subsection, an intermediate dis-  
9 trict shall file a claim by July 1 of the fiscal year to the  
10 department, detailing the loss of revenue to the intermediate  
11 district's operational millage attributable to those revisions.  
12 The amount of the payment under this subsection to each interme-  
13 diate district shall be an amount equal to the same proportion of  
14 the total amount of funding available under this subsection as  
15 the intermediate district's claim under this subsection bears to  
16 the total amount of the claims under this subsection and, not-  
17 withstanding section 121, shall not be adjusted for prior year  
18 adjustments more than 2 years after the end of the state fiscal  
19 year for which payment under this subsection was made.

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

25 Sec. 94. From the general fund money appropriated in sec-  
26 tion 11, there is allocated to the department ~~an amount not to~~  
27 ~~exceed \$1,500,000.00 for 1999-2000,~~ an amount not to exceed

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1 ~~-\$3,000,000.00-~~ \$1,500,000.00 for 2000-2001, an amount not to  
2 exceed ~~-\$5,000,000.00-~~ \$1,500,000.00 for 2001-2002, and an amount  
3 not to exceed ~~-\$10,000,000.00-~~ \$1,500,000.00 for 2002-2003 to  
4 provide technical assistance to districts for school accredit-  
5 ation purposes as described in section 1280 of the revised school  
6 code, MCL 380.1280.

7       Sec. 94a. (1) From the general fund appropriation in  
8 section 11, there is allocated ~~an amount not to exceed~~  
9 ~~\$10,000,000.00 for 1999-2000,~~ an amount not to exceed  
10 \$2,160,000.00 for 2000-2001, an amount not to exceed  
11 \$2,332,000.00 for 2002, and an amount not to exceed \$2,519,000.00  
12 for 2002-2003 for payments to the ~~database~~ CENTER for educa-  
13 tional performance and information created pursuant to executive  
14 order.

15       (2) The goals of the ~~database~~ CENTER for educational per-  
16 formance and information shall be to improve the quality and  
17 quantity of educational data available to teachers, school admin-  
18 istrators, parents, taxpayers, and others.

19       (3) A portion of the funds allocated under this section may  
20 be used for funding to districts to cover additional costs  
21 resulting from implementation of the ~~database~~ CENTER for educa-  
22 tional performance and information.

23       (4) Funds allocated under this section that are not expended  
24 in the fiscal year in which they were allocated may be carried  
25 forward to a subsequent fiscal year. FROM THE FUNDS ALLOCATED  
26 FOR 1999-2000 THAT WERE CARRIED FORWARD UNDER THIS SUBSECTION,  
27 DISTRICTS MAY SEEK REIMBURSEMENT FOR NET COSTS INCURRED FROM

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1 1998-1999 THROUGH 2001-2002 DUE TO IMPLEMENTATION OF THE CENTER  
2 FOR EDUCATIONAL PERFORMANCE AND INFORMATION. TO OBTAIN THIS  
3 REIMBURSEMENT, A DISTRICT SHALL PROVIDE WRITTEN JUSTIFICATION OF  
4 THESE NET COSTS TO THE CENTER FOR EDUCATIONAL PERFORMANCE AND  
5 INFORMATION. THIS REIMBURSEMENT SHALL NOT EXCEED \$2.50 PER  
6 PUPIL.

7       Sec. 96. (1) From the state school aid fund money appropri-  
8 ated in section 11, there is allocated an amount not to exceed  
9 ~~-\$8,000,000.00 each fiscal year for 1999-2000, for 2000-2001, for~~  
10 ~~2001-2002, and for 2002-2003 for~~ \$50,000.00 FOR 2000-2001 FOR  
11 ADJUSTING golden apple awards under this section FOR 1999-2000.  
12 The awards shall be based on elementary school achievement on the  
13 fourth grade and fifth grade Michigan education assessment pro-  
14 gram (MEAP) tests, AS DETERMINED BY THE DEPARTMENT OF TREASURY.

15       (2) ~~To~~ SUBJECT TO SUBSECTION (4), TO be eligible for a  
16 golden apple award, an elementary school shall ~~have~~ MEET ALL OF  
17 THE FOLLOWING REQUIREMENTS:

18       (A) THE ELEMENTARY SCHOOL HAS at least 50 pupils in  
19 membership. ~~and shall meet the following requirements:~~

20       ~~(a) For 1999-2000, at least 80% of the fourth and fifth~~  
21 ~~grade pupils enrolled and in regular daily attendance in the~~  
22 ~~school on the pupil membership count day in that school year took~~  
23 ~~the applicable MEAP tests, and 1 or both of the following are~~  
24 ~~met:~~

25       ~~(i) The composite score for the pupils in the school who~~  
26 ~~took the applicable MEAP tests increased by at least 60 points~~

1 ~~over the 2 consecutive school years immediately preceding the~~  
2 ~~state fiscal year in which the award is given.~~

3 ~~(ii) The test scores for the pupils in the school who took~~  
4 ~~the applicable MEAP tests are among the highest elementary school~~  
5 ~~scores statewide, as determined by the department of treasury,~~  
6 ~~for that school year.~~

7 (b) ~~Beginning in 2000-2001, at~~ AT least 90% of the fourth  
8 and fifth grade pupils enrolled and in regular daily attendance  
9 in the ELEMENTARY school on the pupil membership count day in  
10 that school year took the applicable MEAP tests, and 1 or both of  
11 the following are met:

12 (i) The composite score for the pupils in the ELEMENTARY  
13 school who took the applicable MEAP tests increased by at least  
14 60 points over the 2 consecutive school years immediately preced-  
15 ing the state fiscal year in which the award is given.

16 (ii) The test scores for the pupils in the ELEMENTARY school  
17 who took the applicable MEAP tests are among the highest elemen-  
18 tary school scores statewide, as determined by the department of  
19 treasury, for that school year.

20 (3) IN CALCULATING THE PERCENTAGE OF PUPILS THAT TOOK THE  
21 APPLICABLE MEAP TESTS FOR THE PURPOSES OF SUBSECTION (2), THE  
22 DEPARTMENT OF TREASURY SHALL NOT COUNT A SPECIAL EDUCATION PUPIL  
23 AS PART OF THE ELEMENTARY SCHOOL'S ENROLLMENT IF ALL OF THE FOL-  
24 LOWING APPLY:

25 (A) THE PUPIL'S INDIVIDUALIZED EDUCATION PROGRAM PROVIDES  
26 THAT THE PUPIL WILL NOT TAKE ANY OF THE APPLICABLE MEAP TESTS.

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1 (B) AT LEAST 10% OF THE GRADE 4 AND 5 PUPILS ENROLLED IN THE  
2 ELEMENTARY SCHOOL ARE SPECIAL EDUCATION PUPILS, AS DETERMINED BY  
3 THE DEPARTMENT.

4 (4) IF AN ELEMENTARY SCHOOL CONSISTS OF MULTIPLE SCHOOLS,  
5 WITH GRADE 4 OPERATED BY A DIFFERENT SCHOOL OR SCHOOLS THAN GRADE  
6 5, THEN FOR THE ELEMENTARY SCHOOL TO BE ELIGIBLE FOR A GOLDEN  
7 APPLE AWARD, THE ELEMENTARY SCHOOL MUST MEET THE REQUIREMENTS  
8 UNDER SUBSECTION (2) AND SHALL PROVIDE TO THE DEPARTMENT OF TREA-  
9 SURY ANY INFORMATION THE DEPARTMENT OF TREASURY CONSIDERS NECES-  
10 SARY TO MAKE THE DETERMINATION OF WHETHER THAT ELEMENTARY SCHOOL  
11 MEETS THOSE REQUIREMENTS. A DETERMINATION BY THE DEPARTMENT OF  
12 TREASURY UNDER THIS SUBSECTION IS FINAL. IF AN ELEMENTARY SCHOOL  
13 QUALIFIES UNDER THIS SUBSECTION FOR A GOLDEN APPLE AWARD, THE  
14 AWARD TO THE ELEMENTARY SCHOOL SHALL BE PAID TO THE DISTRICT THAT  
15 OPERATES THE ELEMENTARY SCHOOL. THE DISTRICT SHALL DISTRIBUTE  
16 THE AWARD TO THE COMPONENT SCHOOL OPERATING GRADE 4.

17 (5) ~~-(3)-~~ A golden apple award under this section shall be  
18 allocated to and used by a district exclusively for the purpose  
19 of distributing funds to each eligible elementary school. A  
20 golden apple award shall consist of \$1,000.00 per each full-time  
21 employee who works in the ~~-eligible-elementary-~~ school  
22 OPERATING GRADE 4 plus \$10,000.00 to be allocated to the princi-  
23 pal of ~~-the-~~ THAT school for school improvements, but shall not  
24 be less than \$50,000.00 per recipient ELEMENTARY school. All  
25 money allocated under this section per full-time employee shall  
26 be used for school improvements FOCUSED ON GRADES K TO 5, as

1 determined collectively by a majority vote of ~~those~~ THE  
2 FULL-TIME employees WHO WORK AT THE SCHOOL OPERATING GRADE 4.

3 ~~(4) Funds allocated under this section that are not~~  
4 ~~expended in the state fiscal year for which they were allocated~~  
5 ~~may be carried forward to a subsequent state fiscal year.~~

6 (6) AS USED IN THIS SECTION, "ELEMENTARY SCHOOL" MEANS A  
7 SCHOOL OPERATING BOTH GRADES 4 AND 5, OR A COMBINATION OF A  
8 SCHOOL OPERATING GRADE 4 AND 1 OR MORE OTHER SCHOOLS THAT OPERATE  
9 GRADE 5 AND RECEIVE PUPILS FROM THE SCHOOL OPERATING GRADE 4.

10 Sec. 97. (1) From the state school aid fund money appropri-  
11 ated in section 11, there is allocated an amount not to exceed  
12 \$110,000,000.00 for 1999-2000 only for payments to districts for  
13 the teacher technology initiative.

14 (2) From the allocation under subsection (1), there is allo-  
15 cated to each district an amount per eligible teacher not to  
16 exceed \$1,200.00, or the actual cost, whichever is less, to pro-  
17 vide 1 or more of the following:

18 (a) A computer and remote internet access for the use of  
19 each eligible teacher, or a certificate redeemable for a computer  
20 and remote internet access. A district shall acquire computers  
21 and remote internet access for eligible teachers in a manner  
22 approved by the department of management and budget and the  
23 Michigan virtual university in order to qualify for funding under  
24 this section.

25 (b) If agreed to by a majority vote of the school building's  
26 teaching staff who would otherwise receive a computer under this

1 section, with the concurrence of the school building's  
2 administration, 1 or more of the following:

3       (i) Building-level or classroom-level technology  
4 improvements.

5       (ii) Teacher professional development in technology.

6       (3) Funding to a district under this section shall be allo-  
7 cated as follows:

8       (a) A maximum of 10% shall be paid based on the number of  
9 classroom teachers employed by the district, as certified by the  
10 district in a manner prescribed by the department of management  
11 and budget. To be eligible to receive additional payments under  
12 this section and to avoid a deduction of the payment under this  
13 subdivision in a subsequent state school aid payment, a district  
14 must certify that not less than 10% of its teachers are eligible  
15 teachers under subsection (4).

16       (b) The remainder of the allocation shall be paid to a dis-  
17 trict with the next available state school aid payment calculated  
18 after the district certifies to the department of management and  
19 budget the eligibility of its teachers under subsection (4).

20       (4) An eligible teacher is a teacher who is employed  
21 full-time in an elementary or secondary school operated by a dis-  
22 trict, who is providing classroom instruction, and who is certi-  
23 fied by the district as meeting all of the following:

24       (a) Meets the minimum technology competencies identified by  
25 the Michigan virtual university.

26       (b) Has completed an assessment prescribed by the Michigan  
27 virtual university of his or her technology literacy and will

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1 take a follow-up assessment within 1 year after receiving a  
2 computer.

3 (c) Develops a document that briefly describes how he or she  
4 plans to use the computer to enhance his or her own professional  
5 growth and teaching. This document is to be retained within the  
6 teacher's professional file.

7 (d) Agrees in writing to comply with the teacher technology  
8 initiative fair use policy and with a policy concerning teachers  
9 who cease to be eligible teachers, as prescribed by the depart-  
10 ment of management and budget and the Michigan virtual  
11 university.

12 (5) The department of management and budget shall develop a  
13 policy concerning equitable reimbursement by an eligible teacher  
14 who ceases to be eligible after receipt of a computer under this  
15 section.

16 (6) Funds allocated under this section that are not expended  
17 in the state fiscal year for which they were allocated may be  
18 carried forward to the next 2 subsequent state fiscal years.

19 (7) ANY FUNDS PROJECTED AFTER JUNE 30, 2001 TO LAPSE UNDER  
20 THIS SECTION MAY BE USED FOR THE PURPOSES OF SECTION 6(4)(Y) [OR  
SECTION 31A(12)].

21 Sec. 98. (1) From the general fund money appropriated in  
22 section 11, there is allocated an amount not to exceed  
23 [~~\$15,000,000.00~~ \$10,000,000.00] for 2000-2001, and an amount not to  
24 exceed \$1,500,000.00 each fiscal year for 2001-2002 and for 2002-2003 to  
25 the department to provide a grant EACH FISCAL YEAR to the  
26 Michigan virtual university for the development, implementation,  
27 and operation of the Michigan virtual high school.



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1       (2) The Michigan virtual high school shall have the  
2 following goals:

3       (a) Significantly expand curricular offerings for high  
4 schools across this state through agreements with districts or  
5 licenses from other recognized providers.

6       (b) Create statewide instructional models using interactive  
7 multimedia tools delivered by electronic means, including, but  
8 not limited to, the internet, digital broadcast, or satellite  
9 network, for distributed learning at the high school level.

10       (c) Provide pupils with opportunities to develop skills and  
11 competencies through on-line learning.

12       (d) Offer teachers opportunities to learn new skills and  
13 strategies for developing and delivering instructional services.

14       (e) Accelerate this state's ability to respond to current  
15 and emerging educational demands.

16       (f) Grant high school diplomas through a dual enrollment  
17 method with districts.

18       (g) Act as a broker for college level equivalent courses, as  
19 defined in section 1471 of the revised school code, MCL 380.1471,  
20 and dual enrollment courses from postsecondary education  
21 institutions.

22       (3) The Michigan virtual high school course offerings shall  
23 include, but are not limited to, all of the following:

24       (a) Information technology courses.

25       (b) College level equivalent courses, as defined in section  
26 1471 of the revised school code, MCL 380.1471.

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1 (c) Courses and dual enrollment opportunities.

2 (d) Programs and services for at-risk pupils.

3 (e) General education development test preparation courses  
4 for adjudicated youth.

5 (f) Special interest courses.

6 (g) Professional development programs and services for  
7 teachers.

8 (4) Funds allocated under this section that are not expended  
9 in the state fiscal year for which they were allocated may be  
10 carried forward to a subsequent state fiscal year.

11 Sec. 99. (1) From the state school aid fund appropriation  
12 in section 11, there is allocated ~~an amount not to exceed~~  
13 ~~\$7,904,900.00 for 1999-2000,~~ an amount not to exceed  
14 \$9,270,000.00 for 2000-2001, an amount not to exceed  
15 ~~\$10,684,300.00~~ \$9,684,300.00 for 2001-2002, and an amount not  
16 to exceed ~~\$10,984,500.00~~ \$9,784,500.00 for 2002-2003, and from  
17 the general fund appropriation in section 11 there is allocated  
18 ~~an amount not to exceed \$400,000.00 for fiscal year 1999-2000,~~  
19 an amount not to exceed \$475,100.00 for 2000-2001, an amount not  
20 to exceed \$548,000.00 for 2001-2002, and an amount not to exceed  
21 \$596,000.00 for 2002-2003 for implementing the comprehensive  
22 master plan for mathematics and science centers developed by the  
23 department and approved by the state board on February 17, 1993.  
24 (2) Within a service area designated locally, approved by  
25 the department, and consistent with the master plan described in  
26 subsection (1), an established mathematics and science center  
27 shall address 2 or more of the following 6 basic services, as

1 described in the master plan, to constituent districts and  
2 communities: leadership, pupil services, curriculum support,  
3 community involvement, professional development, and resource  
4 clearinghouse services.

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

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

15 (5) Allocations under this section to support the activities  
16 and programs of mathematics and science centers shall be continu-  
17 ing support grants to all 25 established mathematics and science  
18 centers and, subject to subsection (9), the 8 satellite exten-  
19 sions that were funded in 1996-97. ~~Each~~ BEGINNING IN  
20 2000-2001, EACH established mathematics and science center that  
21 was funded in 1999-2000 shall receive an amount equal to ~~103%~~  
22 105.3% of the amount it received under this section in  
23 1999-2000.

24 (6) In order to receive funds under this section, a grant  
25 recipient shall allow access for the department or the  
26 department's designee to audit all records related to the program

1 for which it receives such funds. The grant recipient shall  
2 reimburse the state for all disallowances found in the audit.

3 (7) From the state school aid fund allocation under subsec-  
4 tion (1), there is allocated an amount not to exceed \$611,800.00  
5 each fiscal year for ~~1999-2000,~~ 2000-2001, 2001-2002, and  
6 2002-2003 for additional funding under this subsection for mathe-  
7 matics and science centers that have come into compliance with  
8 the comprehensive master plan described in subsection (1). These  
9 amounts are in addition to the funding determined under subsec-  
10 tion (5) and are as follows for each of those fiscal years:

11 (a) \$68,000.00 each to the central Michigan science, mathe-  
12 matics, and technology center; the Hillsdale-Lenawee-Monroe math-  
13 ematics and science center; the St. Clair mathematics, science,  
14 and technology network; the Saginaw valley state university  
15 regional center; the Genesee area mathematics, science, and tech-  
16 nology center; the Grand Traverse area regional mathematics,  
17 science, and technology center; and the Livingston/Washtenaw  
18 mathematics and science center.

19 (b) \$85,000.00 to the Grand valley state university regional  
20 mathematics and science center.

21 (c) \$50,800.00 to the Seaborg center at Northern Michigan  
22 university.

23 (8) Not later than June 30, 2000, the department shall  
24 reevaluate and update the comprehensive master plan described in  
25 subsection (1), including any recommendations for upgrading sat-  
26 ellite extensions to full centers.

1       (9) During the course of the 2000-2001 and 2001-2002 fiscal  
2 years, the department shall facilitate the conversion of the  
3 8 existing satellite extensions to full mathematics and science  
4 centers. To this end, in 2000-2001 the department shall provide  
5 4 satellite extensions, as selected by the department, with  
6 applications for conversion to full centers, and in 2001-2002 the  
7 department shall provide the remaining 4 satellite extensions  
8 with applications for conversion. The department shall provide  
9 the applications not later than October 15 of the applicable  
10 fiscal year; a satellite extension shall submit the application  
11 and a detail plan as prescribed by the department not later than  
12 November 15 of the applicable fiscal year; and the department  
13 shall review the applications and plans and notify the satellite  
14 extensions of their status not later than December 1 of the  
15 applicable fiscal year. The allocations under this section are  
16 sufficient to fund the conversion of the satellite extensions to  
17 full centers and to fund them as full centers.

18       ~~(10) Beginning in 2001-2002, the total amount allocated~~  
19 ~~under this section for a fiscal year shall be increased from the~~  
20 ~~total amount allocated under this section for the immediately~~  
21 ~~preceding fiscal year by the same percentage as the percentage~~  
22 ~~increase in the amount of the basic foundation allowance under~~  
23 ~~section 20 for that fiscal year from the amount of the basic~~  
24 ~~foundation allowance under section 20 for the immediately preced-~~  
25 ~~ing fiscal year.~~

26       Sec. 107. (1) From the appropriation in section 11, there  
27 is allocated ~~for 1999-2000, for 2000-2001, for 2001-2002, and~~

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1 ~~for 2002-2003~~ an amount not to exceed \$80,000,000.00 ~~each~~  
2 ~~fiscal year~~ FOR 2000-2001, AN AMOUNT NOT TO EXCEED  
3 \$80,000,000.00 FOR 2001-2002, AND AN AMOUNT NOT TO EXCEED  
4 \$79,500,000.00 FOR 2002-2003 for adult education programs autho-  
5 rized under this section.

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

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

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

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

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

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

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

4 (3) The amount allocated under subsection (1) shall be dis-  
5 tributed as follows:

6 (a) For districts and consortia that received payments for  
7 1995-96 under former section 107f and that received payments for  
8 1996-97 under subsection (4) of this section as in effect in  
9 1996-97, the amount allocated to each ~~for 1999-2000,~~ for  
10 2000-2001, for 2001-2002, and 2002-2003 shall be an amount each  
11 fiscal year equal to 36.76% of the amount the district or consor-  
12 tium received for 1995-96 under former section 107f.

13 (b) For districts and consortia that received payments under  
14 subsection (3) of this section as in effect for 1996-97, the  
15 amount allocated to each ~~for 1999-2000,~~ for 2000-2001, for  
16 2001-2002, and for 2002-2003 shall be an amount each fiscal year  
17 equal to the product of the number of full-time equated partici-  
18 pants actually enrolled and in attendance during the 1996-97  
19 school fiscal year in the program funded under subsection (3) of  
20 this section as in effect for 1996-97 as reported to the depart-  
21 ment, audited, and adjusted according to subsection (10) of this  
22 section as in effect for 1996-97, multiplied by \$2,750.00.

23 (c) For districts and consortia that meet the conditions of  
24 both subdivisions (a) and (b), the amount allocated each fiscal  
25 year ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and for  
26 2002-2003 shall be the sum of the allocations to the district or  
27 consortium under subdivisions (a) and (b).

1 (d) A district or consortium that received funding in  
2 1996-97 under this section as in effect for 1996-97 may operate  
3 independently of a consortium or join or form a consortium ~~for~~  
4 ~~1999-2000,~~ for 2000-2001, for 2001-2002, or for 2002-2003. The  
5 allocation ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, or for  
6 2002-2003 to the district or the newly formed consortium under  
7 this subsection shall be determined by the department and shall  
8 be based on the proportion of the amounts specified in  
9 subdivision (a) or (b), or both, that are attributable to the  
10 district or consortium that received funding in 1996-97. A dis-  
11 trict or consortium described in this subdivision shall notify  
12 the department of its intention with regard to ~~1999-2000,~~  
13 2000-2001, 2001-2002, or 2002-2003 by October 1 of the affected  
14 fiscal year.

15 (4) A district that operated an adult education program in  
16 1996-97 and does not intend to operate a program in ~~1999-2000,~~  
17 2000-2001, 2001-2002, or 2002-2003 shall notify the department by  
18 October 1 of the affected fiscal year of its intention. The  
19 funds intended to be allocated under this section to a district  
20 that does not operate a program in ~~1999-2000,~~ 2000-2001,  
21 2001-2002, or 2002-2003 and the unspent funds originally allo-  
22 cated under this section to a district or consortium that subse-  
23 quently operates a program at less than the level of funding  
24 allocated under subsection (3) shall instead be proportionately  
25 reallocated to the other districts described in subsection (3)(a)  
26 that are operating an adult education program in ~~1999-2000,~~  
27 2000-2001, 2001-2002, or 2002-2003 under this section.



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

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

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

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

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

18       (i) The participant's reading and mathematics proficiency  
19 are assessed at or above the ninth grade level.

20       (ii) The participant fails to show progress on 2 successive  
21 assessments after having completed at least 450 hours of  
22 instruction.

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

1       (i) The participant is assessed as having attained basic  
2 English proficiency.

3       (ii) The participant fails to show progress on 2 successive  
4 assessments after having completed at least 450 hours of  
5 instruction. The department shall provide information to a fund-  
6 ing recipient regarding appropriate assessment instruments for  
7 this program.

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

11       (a) The program enrolls adults who do not have a high school  
12 diploma.

13       (b) The program shall administer a G.E.D. pre-test approved  
14 by the department before enrolling an individual to determine the  
15 individual's potential for success on the G.E.D. test, and shall  
16 administer other tests after every 90 hours of attendance to  
17 determine a participant's readiness to take the G.E.D. test.

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

21       (i) The participant passes the G.E.D. test.

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

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

1 (a) The program enrolls adults who do not have a high school  
2 diploma.

3 (b) A funding recipient shall receive funding according to  
4 subsection (10) for a participant in a course offered under this  
5 subsection until 1 of the following occurs:

6 (i) The participant passes the course and earns a high  
7 school diploma.

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

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

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

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

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

25 (ii) The individual fails to show progress on 2 successive  
26 assessments after having completed at least 450 hours of  
27 instruction. The department shall provide information to a

1 funding recipient regarding appropriate assessment instruments  
2 for this program.

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

5 (a) Ninety percent for enrollment of eligible participants.

6 (b) Ten percent for completion of the adult basic education  
7 objectives by achieving an increase of at least 1 grade level of  
8 proficiency in reading or mathematics; for achieving basic  
9 English proficiency; for passage of the G.E.D. test; for passage  
10 of a course required for a participant to attain a high school  
11 diploma; or for completion of the course and demonstrated profi-  
12 ciency in the academic skills to be learned in the course, as  
13 applicable.

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

19 (12) A person who is not eligible to be a participant funded  
20 under this section may receive adult education services upon the  
21 payment of tuition. In addition, a person who is not eligible to  
22 be served in a program under this section due to the program lim-  
23 itations specified in subsection (6), (7), (8), or (9) may con-  
24 tinue to receive adult education services in that program upon  
25 the payment of tuition. The tuition level shall be determined by  
26 the local or intermediate district conducting the program.

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

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

11 (15) The department shall work with the department of educa-  
12 tion to ensure that this section is administered in the same  
13 manner as in 1998-99.

14 (16) As used in this section and section 108, "department"  
15 means the department of career development.

16 Sec. 108. (1) From the general fund appropriation in  
17 section 11, there is allocated for 2000-2001 ~~—, 2001-2002, and~~  
18 ~~2002-2003—~~ an amount not to exceed \$20,000,000.00 ~~each fiscal~~  
19 ~~year—~~ for partnership for adult learning programs authorized  
20 under this section. IT IS THE INTENT OF THE LEGISLATURE TO  
21 RESTORE FUNDING FOR THE PURPOSES OF THIS SECTION FOR 2001-2002  
22 AND 2002-2003 IF ADDITIONAL REVENUE BECOMES AVAILABLE.

23 (2) To be eligible to be enrolled as a participant in an  
24 adult learning program funded under this section, a person shall  
25 be at least 16 years of age as of September 1 of the immediately  
26 preceding state fiscal year and shall meet the following, as  
27 applicable:

1 (a) If the individual has obtained a high school diploma or  
2 a general education development (G.E.D.) certificate, the indi-  
3 vidual is determined to have English language proficiency, read-  
4 ing, writing, or math skills below workforce readiness standards  
5 as determined by department-approved tests and is not enrolled in  
6 a postsecondary institution. An individual who has obtained a  
7 high school diploma is not eligible for enrollment in a  
8 G.E.D. test preparation program funded under this section.

9 (b) If the individual has not obtained a high school diploma  
10 or a G.E.D. certificate, the individual has not attended a sec-  
11 ondary institution for at least 6 months before enrollment in an  
12 adult learning program funded under this section and is not  
13 enrolled in a postsecondary institution.

14 (3) From the allocation under subsection (1), an amount not  
15 to exceed \$19,800,000.00 is allocated ~~each fiscal year~~ for  
16 2000-2001 ~~, for 2001-2002, and for 2002-2003~~ to local workforce  
17 development boards for the purpose of providing regional adult  
18 learning programs. An application for a grant under this subsec-  
19 tion shall be in the form and manner prescribed by the  
20 department. Subject to subsections (4), (5), and (6), the amount  
21 allocated to each local workforce development board shall be as  
22 provided in this subsection, except that an eligible local work-  
23 force development board shall not receive an initial allocation  
24 under this section that is less than \$70,000.00. The maximum  
25 amount of a grant awarded to an eligible local workforce develop-  
26 ment board shall be the sum of the following components:

1       (a) Thirty-four percent of the allocation under this  
2 subsection multiplied by the proportion of the family  
3 independence agency caseload in the local workforce development  
4 board region to the statewide family independence agency  
5 caseload.

6       (b) Thirty-three percent of the allocation under this sub-  
7 section multiplied by the proportion of the number of persons in  
8 the local workforce development board region over age 17 who have  
9 not received a high school diploma compared to the statewide  
10 total of persons over age 17 who have not received a high school  
11 diploma.

12       (c) Thirty-three percent of the allocation under this sub-  
13 section multiplied by the proportion of the number of persons in  
14 the local workforce development board region over age 17 for whom  
15 English is not a primary language compared to the statewide total  
16 of persons over age 17 for whom English is not a primary  
17 language.

18       (4) The amount of a grant to a local workforce development  
19 board under subsection (3) shall not exceed the cost for adult  
20 learning programs needed in the local workforce development board  
21 region, as documented in a manner approved by the department.

22       (5) Not more than 9% of a grant awarded to a local workforce  
23 development board may be used for program administration, includ-  
24 ing contracting for the provision of career and educational  
25 information, counseling services, and assessment services.

1       (6) In order to receive funds under this section, a local  
2 workforce development board shall comply with the following  
3 requirements in a manner approved by the department:

4       (a) The local workforce development board shall document the  
5 need for adult learning programs in the local workforce develop-  
6 ment region.

7       (b) The local workforce development board shall report par-  
8 ticipant outcomes and other measurements of program performance.

9       (c) The local workforce development board shall develop a  
10 strategic plan that incorporates adult learning programs in the  
11 region. ~~Beginning in 2001-2002, a local workforce development~~  
12 ~~board is not eligible for state funds under this section without~~  
13 ~~a department-approved strategic plan.~~

14       (d) The local workforce development board shall furnish to  
15 the department, in a form and manner determined by the depart-  
16 ment, the information the department determines is necessary to  
17 administer this section.

18       (e) The local workforce development board shall allow access  
19 for the department or the department's designee to audit all  
20 records related to adult learning programs for which it receives  
21 funds. The local workforce development board shall reimburse  
22 this state for all disallowances found in the audit in a manner  
23 determined by the department.

24       (7) Local workforce development boards shall distribute  
25 funds to eligible adult learning providers as follows:

26       (a) Not less than 85% of a grant award shall be used to  
27 support programs that improve reading, writing, and math skills



1 to workforce readiness standards; English as a second language  
2 programs; G.E.D. preparation programs; high school completion  
3 programs; or workforce readiness programs in the local workforce  
4 development board region. These programs may include the provi-  
5 sion of career and educational information, counseling services,  
6 and assessment services.

7 (b) Up to 15% of a grant award may be used to support work-  
8 force readiness programs for employers in the local workforce  
9 development board region as approved by the department.

10 Employers or consortia of employers whose employees participate  
11 in these programs must provide matching funds in a ratio of at  
12 least \$1.00 of private funds for each \$1.00 of state funds.

13 (8) Local workforce development boards shall award competi-  
14 tive grants to eligible adult learning providers for the purpose  
15 of providing adult learning programs in the local workforce  
16 development board region. Applications shall be in a form and  
17 manner prescribed by the department. In awarding grants, local  
18 workforce development boards shall consider all of the  
19 following:

20 (a) The ability of the provider to assess individuals before  
21 enrollment using department-approved assessment tools and to  
22 develop individual adult learner plans from those assessments for  
23 each participant.

24 (b) The ability of the provider to conduct continuing  
25 assessments in a manner approved by the department to determine  
26 participant progress toward achieving the goals established in  
27 individual adult learner plans.

1       (c) The past effectiveness of an eligible provider in  
2 improving adult literacy skills and, beginning in 2001-2002, the  
3 success of an eligible provider in meeting or exceeding  
4 department-approved performance measures.

5       (d) Whether the program is of sufficient intensity and dura-  
6 tion for participants to achieve substantial learning gains.

7       (e) Whether the program uses research-based instructional  
8 practices that have proven to be effective in teaching adult  
9 learners.

10       (f) Whether the program uses advances in technology, as  
11 appropriate, including computers.

12       (g) Whether the programs are staffed by well-trained teach-  
13 ers, counselors, and administrators.

14       (h) Whether the activities coordinate with other available  
15 resources in the community, such as schools, postsecondary insti-  
16 tutions, job training programs, and social service agencies.

17       (i) Whether the provider offers flexible schedules and sup-  
18 port services, such as child care and transportation, that enable  
19 participants, including individuals with disabilities or other  
20 special needs, to attend and complete programs.

21       (j) Whether the provider offers adequate job and postsecond-  
22 ary education counseling services.

23       (k) Whether the provider can maintain an information manage-  
24 ment system that has the capacity to report participant outcomes  
25 and monitor program performance against department-approved per-  
26 formance measures.

1       (l) Whether the provider will allow access for the local  
2 workforce development board or its designee to audit all records  
3 related to adult learning programs for which it receives funds.  
4 The adult learning provider shall reimburse the local workforce  
5 development board for all disallowances found in the audit.

6       (m) The cost per participant contact hour or unit of measur-  
7 able outcome for each type of adult learning program for which  
8 the provider is applying.

9       ~~(9) Beginning in 2001-2002, contracts awarded by local~~  
10 ~~workforce development boards to adult learning providers shall~~  
11 ~~comply with the priorities established in a department-approved~~  
12 ~~strategic plan.~~

13       (9) ~~(10)~~ Adult learning providers that do not agree with  
14 the decisions of the local workforce development board in issuing  
15 or administering competitive grants may use the grievance proce-  
16 dure established by the department.

17       (10) ~~(11)~~ Local workforce development boards shall reim-  
18 burse eligible adult learning providers under this section as  
19 follows:

20       (a) For a first-time provider, as follows:

21       (i) Fifty percent of the contract amount shall be allocated  
22 to eligible adult learning providers based upon enrollment of  
23 participants in adult learning programs. "Enrollment" means a  
24 participant enrolled in the program who received a preenrollment  
25 assessment using department-approved assessment tools and for  
26 whom an individual adult learner plan has been developed.

1       (ii) Fifty percent of the contract amount shall be allocated  
2 to eligible adult learning providers based upon the following  
3 performance standards as measured in a department-approved  
4 manner:

5       (A) The percentage of participants taking both a pretest and  
6 a posttest in English language proficiency, reading, writing, and  
7 math.

8       (B) The percentage of participants showing improvement  
9 toward goals identified in their individual adult learner plan.

10       (C) The percentage of participants achieving their terminal  
11 goals as identified in their individual adult learner plan.

12       ~~(b) Beginning in 2001-2002, eligible providers that have~~  
13 ~~provided adult learning programs previously under this section~~  
14 ~~shall be reimbursed 100% of the contract amount based upon the~~  
15 ~~performance standards in subdivision (a)(ii) as measured in a~~  
16 ~~manner determined by the department.~~

17       (B) ~~(c)~~ A provider is eligible for reimbursement for a  
18 participant in an adult learning program until the participant's  
19 reading, writing, or math proficiency, as applicable, is assessed  
20 at workforce readiness levels or the participant fails to show  
21 progress on 2 successive assessments as determined by the  
22 department.

23       (C) ~~(d)~~ A provider is eligible for reimbursement for a  
24 participant in an English as a second language program until the  
25 participant is assessed as having attained basic English profi-  
26 ciency or the participant fails to show progress on 2 successive  
27 assessments as determined by the department.

1       (D) ~~-(e)-~~ A provider is eligible for reimbursement for a  
2 participant in a G.E.D. test preparation program until the par-  
3 ticipant passes the G.E.D. test or the participant fails to show  
4 progress on 2 successive assessments as determined by the  
5 department.

6       (E) ~~-(f)-~~ A provider is eligible for reimbursement for a  
7 participant in a high school completion program until the partic-  
8 ipant earns a high school diploma or the participant fails to  
9 show progress as determined by the department.

10       (11) ~~-(12)-~~ A person who is not eligible to be a participant  
11 funded under this section may receive adult learning services  
12 upon the payment of tuition or fees for service. The tuition or  
13 fee level shall be determined by the adult learning provider and  
14 approved by the local workforce development board.

15       (12) ~~-(13)-~~ Adult learning providers may collect refundable  
16 deposits from participants for the use of reusable equipment and  
17 supplies and may provide incentives for program completion.

18       (13) ~~-(14)-~~ A provider shall not be reimbursed under this  
19 section for an individual who is an inmate in a state correc-  
20 tional facility.

21       (14) ~~-(15)-~~ In order to administer the partnership for adult  
22 learning system under this section, the department shall do all  
23 of the following:

24       (a) Develop and provide guidelines to local workforce devel-  
25 opment boards for the development of strategic plans that incor-  
26 porate adult learning.

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1 (b) Develop and provide adult learning minimum program  
2 performance standards to be implemented by local workforce  
3 development boards.

4 (c) Identify approved assessment tools for assessing a  
5 participant's English language proficiency, reading, math, and  
6 writing skills.

7 (d) Approve workforce readiness standards for English lan-  
8 guage proficiency, reading, math, and writing skills that can be  
9 measured by department-approved, nationally recognized assessment  
10 tools.

11 (15) ~~-(16)-~~ Of the amount allocated in subsection (1), up to  
12 \$200,000.00 is allocated to the department for the development  
13 and administration of a standardized data collection system.  
14 ~~Beginning in 2001-2002, local workforce development boards and~~  
15 ~~adult learning providers receiving funding under this section~~  
16 ~~shall use the standardized data collection system for enrolling~~  
17 ~~participants in adult learning programs, tracking participant~~  
18 ~~progress, reporting participant outcomes, and reporting other~~  
19 ~~performance measures.~~

20 (16) ~~-(17)-~~ A provider is not required to use certificated  
21 teachers or certificated counselors to provide instructional and  
22 counseling services in a program funded under this section.

23 (17) ~~-(18)-~~ As used in this section:

24 (a) "Adult education", for the purposes of complying with  
25 section 3 of article VIII of the state constitution of 1963,  
26 means a high school pupil receiving educational services in a

1 nontraditional setting from a district or intermediate district  
2 in order to receive a high school diploma.

3       (b) "Adult learning program" means a department-approved  
4 program that improves reading, writing, and math skills to work-  
5 force readiness standards; an English as a second language pro-  
6 gram; a G.E.D. preparation program; a high school completion pro-  
7 gram; or a workforce readiness program that enhances employment  
8 opportunities.

9       (c) "Department" means the department of career  
10 development.

11       (d) "Eligible adult learning provider" means a district,  
12 public school academy, intermediate district, community college,  
13 university, community-based organization, or other organization  
14 approved by the department that provides adult learning programs  
15 under a contract with a local workforce development board.

16       (e) "Participant" means an individual enrolled in an adult  
17 learning program and receiving services from an eligible adult  
18 learning provider.

19       (f) "Strategic plan" means a department-approved document  
20 that incorporates adult learning goals and objectives for the  
21 local workforce development board region and is developed jointly  
22 by the local workforce development board and the education  
23 advisory groups.

24       (g) "Workforce development board" means a local workforce  
25 development board established pursuant to the workforce invest-  
26 ment act of 1998, Public Law 105-220, 112 Stat. 936, and the

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1 school-to-work opportunities act of 1994, Public Law 103-239, 108  
2 Stat. 568, or the equivalent.

3 (h) "Workforce readiness standard" means a  
4 department-approved level of English language, reading, writing,  
5 or mathematics proficiency, or any and all of these, as deter-  
6 mined by results from assessments approved for use by the  
7 department.

8 Sec. 147. (1) The allocations for ~~1999-2000,~~ 2000-2001,  
9 2001-2002, and 2002-2003 for the public school employees' retire-  
10 ment system pursuant to the public school employees retirement  
11 act of 1979, 1980 PA 300, MCL 38.1301 to ~~38.1467~~ 38.1408, shall  
12 be made using the entry age normal cost actuarial method and risk  
13 assumptions adopted by the public school employees retirement  
14 board and the department of management and budget. The ~~annual~~  
15 ~~level percentage of payroll contribution rate for the 1999-2000~~  
16 ~~state fiscal year is estimated at 11.66% and the~~ annual level  
17 percentage of payroll contribution rate for the 2000-2001 state  
18 fiscal year is estimated at 12.16% AND THE ANNUAL LEVEL PERCEN-  
19 TAGE OF PAYROLL CONTRIBUTION RATE FOR THE 2001-2002 STATE FISCAL  
20 YEAR IS ESTIMATED AT 12.17%. The portion of the contribution  
21 rate assigned to districts and intermediate districts for each  
22 fiscal year is all of the total percentage points. This contri-  
23 bution rate reflects an amortization period of ~~37 years for~~  
24 ~~1999-2000 and~~ 36 years for 2000-2001 AND 35 YEARS FOR  
25 2001-2002. The public school employees' retirement system board  
26 shall notify each district and intermediate district by February



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1 28 of each fiscal year of the estimated contribution rate for the  
2 next fiscal year.

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

9 Enacting section 1. In accordance with section 30 of arti-  
10 cle IX of the state constitution of 1963, total state spending in  
11 this amendatory act and in 1999 PA 119 and 2000 PA 297 from state  
12 sources for fiscal year 2000-2001 is estimated at  
13 [\$10,710,835,000.00] and state appropriations to be paid to local  
14 units of government for fiscal year 2000-2001 are estimated at  
15 \$10,656,875,300.00; total state spending in this amendatory act  
16 and 2000 PA 297 from state sources for fiscal year 2001-2002 is  
17 estimated at [\$11,194,313,300.00] and state appropriations to be  
18 paid to local units of government for fiscal year 2001-2002 are  
19 estimated at [\$11,176,736,600.00]; and total state spending in this  
20 amendatory act and 2000 PA 297 from state sources for fiscal year  
21 2002-2003 is estimated at [\$11,474,233,600.00] and state appropria-  
22 tions to be paid to local units of government for fiscal year  
23 2002-2003 are estimated at [\$11,461,969,900.00.]

24 Enacting section 2. (1) Sections 11k, 35, and 95 of the  
25 state school aid act of 1979, 1979 PA 94, MCL 388.1611k,  
26 388.1635, and 388.1695, are repealed.

H02115'01 (H-1)

**HB4371, As Passed House, June 28, 2001**

Senate Bill 4371

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1       (2) Sections 20k and 98a of the state school aid act of  
2 1979, 1979 PA 94, MCL 388.1620k and 388.1698a, are repealed  
3 effective October 1, 2001.

4       (3) Sections 1282a and 1475 of the revised school code, 1976  
5 PA 451, MCL 380.1282a and 380.1475, are repealed.