

**HB 4371, As Passed Senate, July 11, 2001**

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4371**

A bill to amend 1979 PA 94, entitled

"The state school aid act of 1979."An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to prescribe penalties; and to repeal acts and parts of acts, by amending sections 6, 11, 11f, 11g, 20, 20j, 22a, 22b, 22c, 24, 25b,

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, 98, 99, 107, 108, and 147 (MCL 388.1606, 388.1611, 388.1611f,

388.1611g, 388.1620, 388.1620j, 388.1622a, 388.1622b, 388.1622c,

388.1624, 388.1625b, 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,

388.1698, 388.1699, 388.1707, 388.1708, and 388.1747),

sections 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

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H02115 '01 (S-1)

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147 as amended and sections 22a, 22b, 22c, 32a, 32b, 32c, 32d, 32e, 32g, 32h, 51c, 94a, 96, 98, and 108 as added by 2000 PA 297 and section 32f as amended by 2000 PA 388. and by adding sections 18d and 25c; and to repeal acts and parts of acts.

### THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

(4) "Membership", except as otherwise provided in this act, means for ~~1999-2000 for a district, public school academy, university school, or intermediate district the sum of the product of .75 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year, plus the product of .25 times the final audited count from the supplemental count day for the immediately preceding school year. Beginning in 2000-2001, membership means for a district, public school academy, university school, or intermediate district the sum of the product of .8 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year, plus the product of .2 times the final audited count from the supplemental count day for the immediately preceding school year. All pupil counts used in this subsection are as determined by the department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit. The amount of the foundation allowance for a pupil in membership is determined under section 20. In making the calculation of membership, all of the following, as applicable, apply to determining the membership of a district, public school academy, university school, or intermediate district:~~

(a) Except as otherwise provided in this subsection, and pursuant to subsection (6), a pupil shall be counted in membership

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in the pupil's educating district or districts. An individual pupil

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shall not be counted for more than a total of 1.0 full-time equated membership.

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

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

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

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

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

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

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

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

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

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

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

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

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shall be counted.

(1) Pupils to be counted in membership shall be not less than 5 years of age on December 1 and less than 20 years of age on

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

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

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

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

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

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

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

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

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

(s) For a district, university school, or public school academy that has pupils enrolled in a grade level that was not offered by the district, university school, or public school academy in the

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immediately preceding school year. the number of pupils enrolled in that grade level to be counted in membership is the average of the number of those pupils enrolled and in regular daily attendance on

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the pupil membership count day and the supplemental count day of the current school year, as determined by the department. Membership shall be calculated by adding the number of pupils registered for attendance in that grade level on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

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

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

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

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

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

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

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

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

~~(x) For 1999-2000, for a public school academy that has been in operation for at least 2 years and that suspended operations for at least 1 semester and is resuming operations, membership is the sum of the product of .75 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the first pupil membership count day or supplemental count day, whichever is first, occurring after operations resume, plus the product of .25 times the final audited count from the most recent pupil membership count day or supplemental count day that occurred before suspending operations, as determined by the superintendent. Beginning in 2000-2001, for~~ FOR a public school academy that has been in operation for at least 2 years and that suspended operations for at least 1 semester and is resuming operations, membership is the sum of the product of .8 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the first pupil membership count day or supplemental count day, whichever is first, occurring after operations resume, plus the product of .2 times the final audited count from the most recent pupil membership count day or supplemental count day that occurred before suspending operations, as determined by the superintendent.

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(v) For 2000-2001 only, if a district's membership for ~~a~~  
~~particular~~ THAT fiscal year, as otherwise calculated under this

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subsection. would be less than 1,550 pupils. the district's membership for that fiscal year shall be considered to be THE MEMBERSHIP FIGURE CALCULATED UNDER THIS SUBDIVISION. FOR 2001-2002 ONLY. IF A DISTRICT'S MEMBERSHIP FOR THAT FISCAL YEAR. AS OTHERWISE CALCULATED UNDER THIS SUBSECTION. WOULD BE LESS THAN 1,550 PUPILS AND THE DISTRICT HAS 4.5 OR FEWER PUPILS PER SQUARE MILE. AS DETERMINED BY THE DEPARTMENT. THE DISTRICT'S MEMBERSHIP SHALL BE CONSIDERED TO BE THE MEMBERSHIP FIGURE CALCULATED UNDER THIS SUBSECTION. THE MEMBERSHIP FIGURE CALCULATED UNDER THIS SUBSECTION IS the greater of the following:

(i) The average of the district's membership for the 3-fiscal-year period ending with that fiscal year. calculated by adding the district's actual membership for that fiscal year. as otherwise calculated under this subsection. plus the district's membership AS CALCULATED UNDER THIS SUBDIVISION for each of the 2 immediately preceding fiscal years, and dividing the sum of those 3 membership figures by 3.

(ii) The district's actual membership as otherwise calculated under this subsection.

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

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

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

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

(c) A pupil enrolled in a public school academy or university school.

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

(e) A pupil enrolled in a district other than the pupil's district of residence but within the same intermediate district if the educating district enrolls nonresident pupils in accordance with section 105.

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

(g) A ~~nonresident~~ pupil who has made an official written complaint or whose parent or legal guardian has made an official written complaint to law enforcement officials and to school officials of the pupil's district of residence that the pupil has been the victim of a criminal sexual assault or other serious assault. if the official complaint either indicates that the assault occurred at school or that the assault was committed by 1 or more other pupils enrolled in the school the ~~nonresident~~ pupil would otherwise attend in the district of residence or by an employee of the district of residence. A person who intentionally makes a false report of a crime to law enforcement officials for the purposes of this subdivision is subject to section 411a of the Michigan penal code. 1931 PA 328. MCL 750.411a. which provides criminal penalties for that conduct. As used in this subdivision:

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

(ii) "Serious assault" means an act that constitutes a felony violation of chapter XI of the Michigan penal code, 1931 PA 328, MCL

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750.81 to 750.90α. or that constitutes an assault and infliction of serious or aggravated injury under section 81a of the Michigan penal

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code, 1931 PA 328, MCL 750.81a.

(h) A pupil enrolled in a district located in a contiguous intermediate district, as described in section 105c, if the educating district enrolls those nonresident pupils in accordance with section 105c.

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

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

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

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

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

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

(k) A pupil enrolled in the Michigan virtual high school, for the pupil's enrollment in the Michigan virtual high school. However, if a district that is not a first class district educates pupils who reside in a first class district and if the primary instructional site for those pupils is located within the boundaries of the first class district, the educating district must have the approval of the first class district to count those pupils in membership. As used in this subsection, "first class district" means a district organized as a school district of the first class under the revised school code.

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

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

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

(i) Fourth Wednesday in July.

(ii) Fourth Wednesday in September.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

(8) "Pupils in grades K to 12 actually enrolled and in regular daily attendance" means pupils in grades K to 12 in attendance and receiving instruction in all classes for which they are enrolled on the pupil membership count day or the supplemental count day, as applicable. A pupil who is absent from any of the classes in which the pupil is enrolled on the pupil membership count day or supplemental count day and who does not attend each of those classes during the 10 consecutive school days immediately following the pupil membership count day or supplemental count day, except for a pupil who has been excused by the district, shall not be counted as 1.0 full-time equated membership. In addition, a pupil who is excused from attendance on the pupil membership count day or supplemental count day and who fails to attend each of the classes in which the pupil is enrolled within 30 calendar days after the pupil membership count day or supplemental count day shall not be counted as 1.0 full-time equated membership. Pupils not counted as 1.0 full-time equated membership due to an absence from a class shall be counted as a prorated membership for the classes the pupil attended. For purposes of this subsection, "class" means a period of time in 1 day when pupils and a certificated teacher or legally qualified substitute teacher are together and instruction is taking place.

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

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

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380.1852.

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

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

(13) "Superintendent", unless the context clearly refers to a district or intermediate district superintendent, means the superintendent of public instruction described in section 3 of article VIII of the state constitution of 1963.

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

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

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

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

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

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

1       Sec. 11. (1) ~~For the fiscal year ending September 30,~~  
2 ~~2000, there is appropriated for the public schools of this state~~  
3 ~~and certain other state purposes relating to education the sum of~~  
4 ~~\$9,623,215,800.00 from the state school aid fund established by~~  
5 ~~section 11 of article IX of the state constitution of 1963 and~~  
6 ~~the sum of \$420,613,500.00 from the general fund. For the fiscal~~  
7 ~~year ending September 30, 2001, there is appropriated for the~~  
8 ~~public schools of this state and certain other state purposes~~  
9 ~~relating to education the sum of -\$10,402,821,500.00~~  
10 ~~\$10,304,721,500.00 from the state school aid fund established by~~  
11 ~~section 11 of article IX of the state constitution of 1963 and~~  
12 ~~the sum of \$385,613,500.00 from the general fund. For the fiscal~~  
13 ~~year ending September 30, 2002, there is appropriated for the~~  
14 ~~public schools of this state and certain other state purposes~~  
15 ~~relating to education the sum of -\$11,192,489,800.00~~  
16 ~~\$10,945,049,800.00 from the state school aid fund established by~~  
17 ~~section 11 of article IX of the state constitution of 1963 and~~  
18 ~~the sum of \$205,613,500.00 from the general fund. For the fiscal~~  
19 ~~year ending September 30, 2003, there is appropriated for the~~  
20 ~~public schools of this state and certain other state purposes~~

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**21** relating to education the sum of ~~-\$11,339,360,300.00-~~  
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1 \$11,048,310,300.00 from the state school aid fund established by  
2 section 11 of article IX of the state constitution of 1963 and  
3 the sum of \$420,613,500.00 from the general fund. In addition,  
4 available federal funds are appropriated for each of those fiscal  
5 years.

6 (2) The appropriations under this section shall be allocated  
7 as provided in this act. Money appropriated under this section  
8 from the general fund and from available federal funds shall be  
9 expended to fund the purposes of this act before the expenditure  
10 of money appropriated under this section from the state school  
11 aid fund. IN ORDER TO ENSURE THAT FEDERAL FUNDS ARE EXPENDED IN A  
COLLABORATIVE MANNER THAT MAXIMIZES THE USE OF STATE MONIES FOR THE  
PURPOSES SPECIFIED IN THIS ACT. THE STATE BUDGET DIRECTOR SHALL  
REVIEW AND APPROVE ALL FEDERAL GRANT AND AWARDS APPLICATIONS PRIOR  
TO THEIR SUBMISSION BY THE DEPARTMENT TO THE FEDERAL GOVERNMENT. If  
12 the maximum amount appropriated under this section  
from the state school aid fund for a fiscal year exceeds the  
13 amount necessary to fully fund allocations under this act from  
14 the state school aid fund, that excess amount shall not be  
15 expended in that state fiscal year and shall not lapse to the  
16 general fund, but instead shall remain in the state school aid  
17 fund.

18 (3) If the maximum amount appropriated under this section  
19 and section 11f from the state school aid fund for a fiscal year  
20 exceeds the amount available for expenditure from the state  
21 school aid fund for that fiscal year, payments under sections  
22 11f, 11g, 22a, 31d, 51a(2), and 51c shall be made in full and  
23 payments under each of the other sections of this act shall be  
24 prorated on an equal percentage basis as necessary to reflect the  
25 amount available for expenditure from the state school aid fund  
26 for that fiscal year. However, if the department of treasury  
27 determines that proration will be required under this subsection,

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1 the department of treasury shall notify the state budget  
2 director, and the state budget director shall notify the legisla-  
3 ture at least 30 calendar days or 6 legislative session days,  
4 whichever is more, before the department reduces any payments  
5 under this act because of the proration. During the 30 calendar  
6 day or 6 legislative session day period after that notification  
7 by the state budget director, the department shall not reduce any  
8 payments under this act because of proration under this  
9 subsection. The legislature may prevent proration from occurring  
10 by, within the 30 calendar day or 6 legislative session day  
11 period after that notification by the state budget director,  
12 enacting legislation appropriating additional funds from the gen-  
13 eral fund, countercyclical budget and economic stabilization  
14 fund, state school aid fund balance, or another source to fund  
15 the amount of the projected shortfall.

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

20 Sec. 11f. (1) In addition to any other money appropriated  
21 under this act, there is appropriated from the state school aid  
22 fund an amount not to exceed \$32,000,000.00 each fiscal year ~~for~~  
23 ~~the fiscal year ending September 30, 2000,~~ for the fiscal year  
24 ending September 30, 2001, for the fiscal year ending September  
25 30, 2002, for the fiscal year ending September 30, 2003, and for  
26 each succeeding fiscal year through the fiscal year ending  
27 September 30, 2008. Payments under this section will cease after

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1 September 30, 2008. These appropriations are for paying the  
2 amounts described in subsection (4) to districts and intermediate  
3 districts, other than those receiving a lump sum payment under  
4 subsection (2), that were not plaintiffs in the consolidated  
5 cases known as Durant v State of Michigan, Michigan supreme court  
6 docket no. 104458-104492 and that, on or before March 2, 1998,  
7 submitted to the state treasurer a board resolution waiving any  
8 right or interest the district or intermediate district has or  
9 may have in any claim or litigation based on or arising out of  
10 any claim or potential claim through September 30, 1997 that is  
11 or was similar to the claims asserted by the plaintiffs in the  
12 consolidated cases known as Durant v State of Michigan. The  
13 waiver resolution shall be in form and substance as required  
14 under subsection (8). The state treasurer is authorized to  
15 accept such a waiver resolution on behalf of this state. The  
16 amounts described in this subsection represent offers of settle-  
17 ment and compromise of any claim or claims that were or could  
18 have been asserted by these districts and intermediate districts,  
19 as described in this subsection.

20 (2) In addition to any other money appropriated under this  
21 act, there ~~is~~ WAS appropriated from the state school aid fund  
22 an amount not to exceed \$1,700,000.00 for the fiscal year ending  
23 September 30, 1999. This appropriation ~~is~~ WAS for paying the  
24 amounts described in this subsection to districts and intermedi-  
25 ate districts that were not plaintiffs in the consolidated cases  
26 known as Durant v State of Michigan; that, on or before March 2,  
27 1998, submitted to the state treasurer a board resolution waiving

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1 any right or interest the district or intermediate district ~~has~~  
2 HAD or may have HAD in any claim or litigation based on or aris-  
3 ing out of any claim or potential claim through September 30,  
4 1997 that is or was similar to the claims asserted by the plain-  
5 tiffs in the consolidated cases known as Durant v State of  
6 Michigan; and for which the total amount listed in section 11h  
7 and paid under this section ~~is~~ WAS less than \$75,000.00. ~~The~~  
8 ~~waiver resolution shall be in form and substance as required~~  
9 ~~under subsection (8). The state treasurer is authorized to~~  
10 ~~accept such a waiver resolution on behalf of this state.~~ For a  
11 district or intermediate district qualifying for a payment under  
12 this subsection, the entire amount listed for the district or  
13 intermediate district in section 11h ~~shall be~~ WAS paid in a  
14 lump sum on November 15, 1998 or on the next business day follow-  
15 ing that date. The amounts paid under this subsection represent  
16 offers of settlement and compromise of any claim or claims that  
17 were or could have been asserted by these districts and interme-  
18 diate districts, as described in this subsection.

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

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1       (4) The amount paid each fiscal year to each district or  
2 intermediate district under subsection (1) shall be 1/20 of the  
3 total amount listed in section 11h for each listed district or  
4 intermediate district that qualifies for a payment under subsec-  
5 tion (1). The amounts listed in section 11h and paid in part  
6 under this subsection and in a lump sum under subsection (2) are  
7 offers of settlement and compromise to each of these districts or  
8 intermediate districts to resolve, in their entirety, any claim  
9 or claims that these districts or intermediate districts may have  
10 asserted for violations of section 29 of article IX of the state  
11 constitution of 1963 through September 30, 1997, which claims are  
12 or were similar to the claims asserted by the plaintiffs in the  
13 consolidated cases known as Durant v State of Michigan. This  
14 section, any other provision of this act, and section 353e of the  
15 management and budget act, 1984 PA 431, MCL 18.1353e, shall not  
16 be construed to constitute an admission of liability to the dis-  
17 tricts or intermediate districts listed in section 11h or a  
18 waiver of any defense that is or would have been available to the  
19 state or its agencies, employees, or agents in any litigation or  
20 future litigation with a district or intermediate district.

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

24       (6) Funds paid to a district or intermediate district under  
25 this section shall be used only for textbooks, electronic  
26 instructional material, software, technology, infrastructure or  
27 infrastructure improvements, school buses, school security,

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1 training for technology, or to pay debt service on voter-approved  
2 bonds issued by the district or intermediate district before the  
3 effective date of this section. For intermediate districts only,  
4 funds paid under this section may also be used for other nonre-  
5 curring instructional expenditures including, but not limited to,  
6 nonrecurring instructional expenditures for vocational education,  
7 or for debt service for acquisition of technology for academic  
8 support services. Funds received by an intermediate district  
9 under this section may be used for projects conducted for the  
10 benefit of its constituent districts at the discretion of the  
11 intermediate board. To the extent payments under this section  
12 are used by a district or intermediate district to pay debt serv-  
13 ice on debt payable from millage revenues, and to the extent per-  
14 mitted by law, the district or intermediate district may make a  
15 corresponding reduction in the number of mills levied for that  
16 debt service.

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

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

25 "Whereas, the board of \_\_\_\_\_ (name of dis-  
26 trict or intermediate district) desires to settle and compromise,  
27 in their entirety, any claim or claims that the district (or

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1 intermediate district) has or had for violations of section 29 of  
2 article IX of the state constitution of 1963, which claim or  
3 claims are or were similar to the claims asserted by the plain-  
4 tiffs in the consolidated cases known as Durant v State of  
5 Michigan, Michigan supreme court docket no. 104458-104492.

6       Whereas, the district (or intermediate district) agrees to  
7 settle and compromise these claims for the consideration  
8 described in sections 11f and 11g of the state school aid act of  
9 1979, 1979 PA 94, MCL 388.1611f and 388.1611g, and in the amount  
10 specified for the district (or intermediate district) in  
11 section 11h of the state school aid act of 1979, 1979 PA 94,  
12 MCL 388.1611h.

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

15       Now, therefore, be it resolved as follows:

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

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1        2. The board of \_\_\_\_\_ (name of district or  
2 intermediate district) directs its secretary to submit a certi-  
3 fied copy of this resolution to the state treasurer no later than  
4 5 p.m. eastern standard time on March 2, 1998, and agrees that it  
5 will not take any action to amend or rescind this resolution.

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

13        4. This resolution is contingent on continued payments by  
14 the state each fiscal year as determined under sections 11f and  
15 11g of the state school aid act of 1979, 1979 PA 94,  
16 MCL 388.1611f and 388.1611g. However, this resolution shall be  
17 an irrevocable waiver of any claim to amounts actually received  
18 by the school district or intermediate school district under sec-  
19 tions 11f and 11g of the state school aid act of 1979.".

20        Sec. 11g. (1) From the general fund money appropriated in  
21 section 11, there is allocated an amount not to exceed  
22 \$40,000,000.00 ~~for the fiscal year ending September 30, 2000,~~  
23 for the fiscal year ending September 30, 2001, for the fiscal  
24 year ending September 30, 2002, for the fiscal year ending  
25 September 30, 2003, and for each succeeding fiscal year through  
26 the fiscal year ending September 30, 2013. Payments under this  
27 section will cease after September 30, 2013. These

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1 appropriations are for paying the amounts described in  
2 subsection (3) to districts and intermediate districts, other  
3 than those receiving a lump sum payment under section 11f(2),  
4 that were not plaintiffs in the consolidated cases known as  
5 Durant v State of Michigan, Michigan supreme court docket  
6 no. 104458-104492 and that, on or before March 2, 1998, submitted  
7 to the state treasurer a waiver resolution described in section  
8 11f. The amounts paid under this section represent offers of  
9 settlement and compromise of any claim or claims that were or  
10 could have been asserted by these districts and intermediate dis-  
11 tricts, as described in this section.

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

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

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

26 (b) If the district or intermediate district borrows money  
27 and issues bonds under section 11i, an additional amount in each

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1 fiscal year calculated by the department of treasury that, when  
2 added to the amount described in subdivision (a), will cause the  
3 net present value as of November 15, 1998 of the total of the 15  
4 annual payments made to the district or intermediate district  
5 under this section, discounted at a rate as determined by the  
6 state treasurer, to equal the amount of the bonds issued by that  
7 district or intermediate district under section 11i and that will  
8 result in the total payments made to all districts and intermedi-  
9 ate districts in each fiscal year under this section being no  
10 more than the amount appropriated under this section in each  
11 fiscal year.

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

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

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

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

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

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

SEC. 18D. ANY CLAIM OF A DEBT OR FINANCIAL OBLIGATION OWED TO  
THE STATE AND MADE AGAINST A DISTRICT ARISING OUT OF A MEMBERSHIP  
COUNT DISPUTE OCCURRING ON OR BEFORE MARCH 1, 1997 SHALL BE  
CONSIDERED SATISFIED AND DISCHARGED IF NOT ASSERTED IN WRITING  
AGAINST THE DISTRICT BY AN EXECUTIVE AGENCY OR DEPARTMENT OF THE  
STATE ON OR BEFORE JULY 1, 2001.

13 Sec. 20. (1) ~~For 1999-2000, the basic foundation allowance~~  
14 ~~is \$5,700.00 per membership pupil.~~ For 2000-2001, the basic  
15 foundation allowance is \$6,000.00 per membership pupil. For  
16 2001-2002, the basic foundation allowance is \$6,300.00 per mem-  
17 bership pupil. For 2002-2003, the basic foundation allowance is  
18 \$6,700.00 per membership pupil.

19 (2) ~~From the appropriation in section 11, there is allo-~~  
20 ~~cated for 1999-2000 an amount not to exceed \$8,418,600,000.00 to~~  
21 ~~guarantee each district a foundation allowance per membership~~  
22 ~~pupil other than special education pupils and to make payments~~  
23 ~~under this section to public school academies and university~~  
24 ~~schools for membership pupils other than special education~~  
25 ~~pupils.~~ The amount of each district's foundation allowance shall  
26 be calculated as provided in this section, using a basic  
27 foundation allowance in the amount specified in subsection (1).

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~~1 If the maximum amount allocated under this section is not  
2 sufficient to fully fund payments under this section, and before  
3 any proration required under section 11, the amount of the pay-  
4 ment to each district, university school, and public school acad-  
5 emy shall be prorated by reducing by an equal percentage the  
6 total payment under this section to each district, university  
7 school, and public school academy. However, if the department  
8 determines that proration will be required under this section,  
9 the superintendent shall notify the state budget director, and  
10 the state budget director shall notify the legislature at least  
11 30 calendar days or 6 legislative session days, whichever is  
12 more, before the department reduces any payments under this sec-  
13 tion because of the proration. During the 30 calendar day or 6  
14 legislative session day period after that notification by the  
15 state budget director, the department shall not reduce any pay-  
16 ments under this section because of proration. The legislature  
17 may prevent proration under this section from occurring by,  
18 within the 30 calendar day or 6 legislative session day period  
19 after that notification by the director, enacting legislation  
20 appropriating additional funds from the general fund, countercyc-  
21 lical budget and economic stabilization fund, state school aid  
22 fund balance, or another source to ensure full foundation allow-  
23 ance funding for each district, university school, and public  
24 school academy.~~

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

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1 district's foundation allowance as calculated before any  
2 proration:

3       ~~-(a) For a district that in the immediately preceding state~~  
4 ~~fiscal year had a foundation allowance at least equal to the sum~~  
5 ~~of \$4,200.00 plus the total dollar amount of all adjustments made~~  
6 ~~from 1994-95 to the immediately preceding state fiscal year in~~  
7 ~~the lowest foundation allowance among all districts, but less~~  
8 ~~than the basic foundation allowance in the immediately preceding~~  
9 ~~state fiscal year, the district shall receive a foundation allow-~~  
10 ~~ance in an amount equal to the sum of the district's foundation~~  
11 ~~allowance for the immediately preceding state fiscal year plus~~  
12 ~~the difference between twice the dollar amount of the adjustment~~  
13 ~~from the immediately preceding state fiscal year to the current~~  
14 ~~state fiscal year made in the basic foundation allowance and~~  
15 ~~{(the dollar amount of the adjustment from the immediately pre-~~  
16 ~~ceding state fiscal year to the current state fiscal year made in~~  
17 ~~the basic foundation allowance minus \$50.00) times (the differ-~~  
18 ~~ence between the district's foundation allowance for the immedi-~~  
19 ~~ately preceding state fiscal year and the sum of \$4,200.00 plus~~  
20 ~~the total dollar amount of all adjustments made from 1994-95 to~~  
21 ~~the immediately preceding state fiscal year in the lowest founda-~~  
22 ~~tion allowance among all districts) divided by the difference~~  
23 ~~between the basic foundation allowance for the current state~~  
24 ~~fiscal year and the sum of \$4,200.00 plus the total dollar amount~~  
25 ~~of all adjustments made from 1994-95 to the immediately preceding~~  
26 ~~state fiscal year in the lowest foundation allowance among all~~  
27 ~~districts}]. However, the foundation allowance for a district~~

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1 ~~that had less than the basic foundation allowance in the~~  
2 ~~immediately preceding state fiscal year shall not exceed the~~  
3 ~~basic foundation allowance for the current state fiscal year.~~

4       (A) ~~-(b)-~~ Except as otherwise provided in this subsection,  
5 for a district that in the immediately preceding state fiscal  
6 year had a foundation allowance in an amount at least equal to  
7 the amount of the basic foundation allowance for the immediately  
8 preceding state fiscal year, the district shall receive a founda-  
9 tion allowance in an amount equal to the sum of the district's  
10 foundation allowance for the immediately preceding state fiscal  
11 year plus the dollar amount of the adjustment from the immedi-  
12 ately preceding state fiscal year to the current state fiscal  
13 year in the basic foundation allowance.

14       (B) ~~-(c)- Beginning in 1999-2000, for~~ FOR a district that in  
15 the 1994-95 state fiscal year had a foundation allowance greater  
16 than \$6,500.00, the district's foundation allowance is an amount  
17 equal to the sum of the district's foundation allowance for the  
18 immediately preceding state fiscal year plus the lesser of the  
19 increase in the basic foundation allowance for the current state  
20 fiscal year, as compared to the immediately preceding state  
21 fiscal year, or the product of the district's foundation allow-  
22 ance for the immediately preceding state fiscal year times the  
23 percentage increase in the United States consumer price index in  
24 the calendar year ending in the immediately preceding fiscal year  
25 as reported by the May revenue estimating conference conducted  
26 under section 367b of the management and budget act, 1984 PA 431,  
27 MCL 18.1367b.

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

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

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

14 (4) ~~To ensure that a district receives the district's foun-~~  
15 ~~dation allowance, there is allocated to each district a state~~  
16 ~~portion of the district's foundation allowance in an amount cal-~~  
17 ~~culated under this subsection.~~ Except as otherwise provided in  
18 this subsection, the state portion of a district's foundation  
19 allowance is an amount equal to the district's foundation allow-  
20 ance or \$6,500.00, whichever is less, minus the difference  
21 between the product of the taxable value per membership pupil of  
22 all property in the district that is not a homestead or qualified  
23 agricultural property times the lesser of 18 mills or the number  
24 of mills of school operating taxes levied by the district in  
25 1993-94 and the quotient of the ad valorem property tax revenue  
26 of the district captured under 1975 PA 197, MCL 125.1651 to  
27 125.1681, the tax increment finance authority act, 1980 PA 450,

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

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

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

23       (6) Subject to subsection (7) and except as otherwise pro-  
24 vided in this subsection, for pupils in membership, other than  
25 special education pupils, in a public school academy or a univer-  
26 sity school, ~~there is allocated under this section each fiscal~~  
27 ~~year for 1999-2000, for 2000-2001, for 2001-2002, and for~~

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

26 (7) If more than 25% of the pupils residing within a  
27 district are in membership in 1 or more public school academies

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

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

17       (9) For a district that had combined state and local revenue  
18 per membership pupil in the 1993-94 state fiscal year of more  
19 than \$6,500.00 and that had fewer than 350 pupils in membership,  
20 if the district elects not to reduce the number of mills from  
21 which a homestead and qualified agricultural property are exempt  
22 and not to levy school operating taxes on a homestead and quali-  
23 fied agricultural property as provided in section 1211(1) of the  
24 revised school code, MCL 380.1211, and not to levy school operat-  
25 ing taxes on all property as provided in section 1211(2) of the  
26 revised school code, MCL 380.1211, there is ~~allocated~~  
27 CALCULATED under this subsection for 1994-95 and each succeeding

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

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

21 (10) ~~(11)~~ For a district that is formed or reconfigured  
22 after June 1, 1994 by consolidation of 2 or more districts or by  
23 annexation, the resulting district's foundation allowance under  
24 this section beginning after the effective date of the consolida-  
25 tion or annexation shall be the average of the foundation allow-  
26 ances of each of the original or affected districts, calculated  
27 as provided in this section, weighted as to the percentage of

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1 pupils in total membership in the resulting district who reside  
2 in the geographic area of each of the original districts. If an  
3 affected district's foundation allowance is less than the basic  
4 foundation allowance, the amount of that district's foundation  
5 allowance shall be considered for the purpose of calculations  
6 under this subsection to be equal to the amount of the basic  
7 foundation allowance.

8       (11) ~~-(12)-~~ Each fraction used in making calculations under  
9 this section shall be rounded to the fourth decimal place and the  
10 dollar amount of an increase in the basic foundation allowance  
11 shall be rounded to the nearest whole dollar.

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

16       (13) ~~-(14)-~~ To assist the legislature in determining the  
17 basic foundation allowance for the subsequent state fiscal year,  
18 each revenue estimating conference conducted under section 367b  
19 of the management and budget act, 1984 PA 431, MCL 18.1367b,  
20 shall calculate a pupil membership factor, a revenue adjustment  
21 factor, and an index as follows:

22       (a) The pupil membership factor shall be computed by divid-  
23 ing the estimated membership in the school year ending in the  
24 current state fiscal year, excluding intermediate district mem-  
25 bership, by the estimated membership for the school year ending  
26 in the subsequent state fiscal year, excluding intermediate  
27 district membership. If a consensus membership factor is not

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1 determined at the revenue estimating conference, the principals  
2 of the revenue estimating conference shall report their estimates  
3 to the house and senate subcommittees responsible for school aid  
4 appropriations not later than 7 days after the conclusion of the  
5 revenue conference.

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

25       (c) The index shall be calculated by multiplying the pupil  
26 membership factor by the revenue adjustment factor. If a  
27 consensus index is not determined at the revenue estimating

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1 conference, the principals of the revenue estimating conference  
2 shall report their estimates to the house and senate subcommit-  
3 tees responsible for school aid appropriations not later than 7  
4 days after the conclusion of the revenue conference.

5       (14) ~~-(15)-~~ If the principals at the revenue estimating con-  
6 ference reach a consensus on the index described in subsection  
7 ~~-(14)(c)-~~ (13)(C), the basic foundation allowance for the subse-  
8 quent state fiscal year shall be at least the amount of that con-  
9 sensus index multiplied by the basic foundation allowance speci-  
10 fied in subsection (1).

11       (15) ~~-(16)-~~ If at the January revenue estimating conference  
12 it is estimated that pupil membership, excluding intermediate  
13 district membership, for the subsequent state fiscal year will be  
14 greater than 101% of the pupil membership, excluding intermediate  
15 district membership, for the current state fiscal year, then it  
16 is the intent of the legislature that the executive budget pro-  
17 posal for the school aid budget for the subsequent state fiscal  
18 year include a general fund/general purpose allocation sufficient  
19 to support the membership in excess of 101% of the current year  
20 pupil membership.

21       (16) ~~-(17) Beginning in 1999-2000, for-~~ FOR a district that  
22 had combined state and local revenue per membership pupil in the  
23 1993-94 state fiscal year of more than \$6,500.00, that had fewer  
24 than 7 pupils in membership in the 1993-94 state fiscal year,  
25 that has at least 1 child educated in the district in the current  
26 state fiscal year, and that levies the number of mills of school  
27 operating taxes authorized for the district under section 1211 of

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1 the revised school code, MCL 380.1211, ~~the district shall be~~  
2 ~~allocated~~ a minimum amount of combined state and local revenue  
3 SHALL BE CALCULATED FOR THE DISTRICT as provided under this  
4 subsection. The minimum amount of combined state and local reve-  
5 nue for 1999-2000 shall be \$67,000.00 plus the district's addi-  
6 tional expenses to educate pupils in grades 9 to 12 educated in  
7 other districts as determined and allowed by the department.  
8 ~~Beginning in 2000-2001, the~~ THE minimum amount of combined  
9 state and local revenue under this subsection, before adding the  
10 additional expenses, shall increase each fiscal year by the same  
11 percentage increase as the percentage increase in the basic foun-  
12 dation allowance from the immediately preceding fiscal year to  
13 the current fiscal year. The state portion of the minimum amount  
14 of combined state and local revenue under this subsection shall  
15 be calculated by subtracting from the minimum amount of combined  
16 state and local revenue under this subsection the sum of the  
17 district's local school operating revenue and AN AMOUNT EQUAL TO  
18 the product of the SUM OF THE state portion of the district's  
19 foundation allowance PLUS THE AMOUNT CALCULATED UNDER SECTION 20J  
20 times the district's membership. As used in this subsection,  
21 "additional expenses" means the district's expenses for tuition  
22 or fees, not to exceed \$6,500.00 as adjusted each year by an  
23 amount equal to the dollar amount of the difference between the  
24 basic foundation allowance for the current state fiscal year and  
25 \$5,000.00, plus a room and board stipend not to exceed \$10.00 per  
26 school day for each pupil in grades 9 to 12 educated in another  
27 district, as approved by the department. However, beginning in

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

5 (17) ~~(18)~~ For a district in which 7.75 mills levied in  
6 1992 for school operating purposes in the 1992-93 school year  
7 were not renewed in 1993 for school operating purposes in the  
8 1993-94 school year, the district's combined state and local rev-  
9 enue per membership pupil shall be recalculated as if that mill-  
10 age reduction did not occur and ~~, beginning in 2000-2001,~~ the  
11 district's foundation allowance shall be calculated as if its  
12 1994-95 foundation allowance had been calculated using that  
13 recalculated 1993-94 combined state and local revenue per member-  
14 ship pupil as a base. A district is not entitled to any retroac-  
15 tive payments for fiscal years before 2000-2001 due to this  
16 subsection.

(18) FOR 2001-2002. THE FOUNDATION ALLOWANCE OF A DISTRICT THAT IS A SCHOOL DISTRICT OF THE FIRST CLASS UNDER THE REVISED SCHOOL CODE SHALL BE AN AMOUNT EQUAL TO THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE AS OTHERWISE CALCULATED UNDER THIS SECTION AND THE QUOTIENT OF \$15,000,000.00 DIVIDED BY THE DISTRICT'S MEMBERSHIP FOR 2001-2002. EXCLUDING SPECIAL EDUCATION PUPILS.

(19) FOR A DISTRICT IN WHICH AN INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE THAT ABATED TAXES ON PROPERTY WITH A STATE EQUALIZED VALUATION GREATER THAN THE TOTAL STATE EQUALIZED VALUATION OF THE DISTRICT AT THE TIME THE CERTIFICATE WAS ISSUED OR \$700,000,000.00, WHICHEVER IS GREATER, WAS ISSUED UNDER 1974 PA 198, MCL 207.551 TO 207.572, BEFORE THE CALCULATION OF THE DISTRICT'S 1994-1995 FOUNDATION ALLOWANCE. THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2001-2002 IS AN AMOUNT EQUAL TO THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2001-2002, AS OTHERWISE CALCULATED UNDER THIS SECTION, PLUS \$200.00.

17 (20) ~~(18)~~ ~~(19)~~ Beginning in 2000-2001, payments PAYMENTS to  
18 districts, university schools, or public school academies shall  
19 not be made under this section. Rather, the calculations under  
20 this section shall be used to determine the amount of state pay-  
21 ments under section 22b.

22 ~~(20) From the allocation in subsection (2), the department~~  
23 ~~may expend funds to pay for necessary costs associated with~~  
24 ~~resolving matters pending in federal court impacting payments to~~  
25 ~~districts.~~

26 (21) ~~(19)~~ ~~(21)~~ If an amendment to section 2 of article VIII of  
27 the state constitution of 1963 allowing state aid to some or all

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1 nonpublic schools is approved by the voters of this state, each  
2 foundation allowance or per pupil payment calculation under this  
3 section may be reduced.

4       (22) As used in this section:

5       (a) "Combined state and local revenue" means the aggregate  
6 of the district's state school aid received by or paid on behalf  
7 of the district under this section and the district's local  
8 school operating revenue.

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

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

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

16       (e) "Immediately preceding state fiscal year" means the  
17 state fiscal year immediately preceding the current state fiscal  
18 year.

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

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

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

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

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

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

10 (l) "Taxable value per membership pupil" means taxable  
11 value, as certified by the department of treasury, for the calen-  
12 dar year ending in the current state fiscal year divided by the  
13 district's membership excluding special education pupils for the  
14 school year ending in the current state fiscal year.

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

21 (2) The per pupil allocation to each district under this  
22 section shall be the difference between the dollar amount of the  
23 adjustment from the 1998-99 state fiscal year to the current  
24 state fiscal year in the basic foundation allowance minus the  
25 dollar amount of the adjustment from the 1998-99 state fiscal  
26 year to the current state fiscal year in the district's  
27 foundation allowance.

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1       (3) ~~The~~ IF A DISTRICT'S LOCAL REVENUE PER PUPIL DOES NOT  
2 EXCEED THE SUM OF ITS FOUNDATION ALLOWANCE UNDER SECTION 20 PLUS  
3 THE PER PUPIL ALLOCATION UNDER SUBSECTION (2), THE total payment  
4 to ~~each~~ THE district CALCULATED under this section shall be the  
5 product of the per pupil allocation under subsection (2) multi-  
6 plied by the district's membership excluding special education  
7 pupils. IF A DISTRICT'S LOCAL REVENUE PER PUPIL EXCEEDS THE  
8 FOUNDATION ALLOWANCE UNDER SECTION 20 BUT DOES NOT EXCEED THE SUM  
9 OF THE FOUNDATION ALLOWANCE UNDER SECTION 20 PLUS THE PER PUPIL  
10 ALLOCATION UNDER SUBSECTION (2), THE TOTAL PAYMENT TO THE DIS-  
11 TRICT CALCULATED UNDER THIS SECTION SHALL BE THE PRODUCT OF THE  
12 DIFFERENCE BETWEEN THE SUM OF THE FOUNDATION ALLOWANCE UNDER  
13 SECTION 20 PLUS THE PER PUPIL ALLOCATION UNDER SUBSECTION (2)  
14 MINUS THE LOCAL REVENUE PER PUPIL MULTIPLIED BY THE DISTRICT'S  
15 MEMBERSHIP EXCLUDING SPECIAL EDUCATION PUPILS. IF A DISTRICT'S  
16 LOCAL REVENUE PER PUPIL EXCEEDS THE SUM OF THE FOUNDATION ALLOW-  
17 ANCE UNDER SECTION 20 PLUS THE PER PUPIL ALLOCATION UNDER  
18 SUBSECTION (2), THERE IS NO PAYMENT CALCULATED UNDER THIS SECTION  
19 FOR THE DISTRICT.

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

24       Sec. 22a. (1) From the appropriation in section 11, there  
25 is allocated an amount not to exceed ~~\$7,181,000,000.00~~  
26 \$7,151,000,000.00 for 2000-2001, an amount not to exceed  
27 ~~\$7,088,000,000.00~~ \$7,042,100,000.00 for 2001-2002, and an

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1 amount not to exceed ~~\$7,004,000,000.00~~ \$6,956,000,000.00 for  
2 2002-2003 for payments to districts, qualifying university  
3 schools, and qualifying public school academies to guarantee each  
4 district, qualifying university school, and qualifying public  
5 school academy an amount equal to its 1994-95 total state and  
6 local per pupil revenue for school operating purposes under  
7 section 11 of article IX of the state constitution of 1963.  
8 Pursuant to section 11 of article IX of the state constitution of  
9 1963, this guarantee does not apply to a district in a year in  
10 which the district levies a millage rate for school district  
11 operating purposes less than it levied in 1994. However,  
12 subsection (2) applies to calculating the payments under this  
13 section. FUNDS ALLOCATED UNDER THIS SECTION THAT ARE NOT  
14 EXPENDED IN THE STATE FISCAL YEAR FOR WHICH THEY WERE ALLOCATED,  
15 AS DETERMINED BY THE DEPARTMENT, MAY BE USED TO SUPPLEMENT THE  
16 ALLOCATIONS UNDER SECTIONS 22B AND 51C IN ORDER TO FULLY FUND  
17 THOSE CALCULATED ALLOCATIONS FOR THE SAME FISCAL YEAR.

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

23 (a) Except as otherwise provided in this subsection, the  
24 state portion of a district's 1994-95 foundation allowance is an  
25 amount equal to the district's 1994-95 foundation allowance or  
26 \$6,500.00, whichever is less, minus the difference between the  
27 product of the taxable value per membership pupil of all property

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1 in the district that is not a homestead or qualified agricultural  
2 property times the lesser of 18 mills or the number of mills of  
3 school operating taxes levied by the district in 1993-94 and the  
4 quotient of the ad valorem property tax revenue of the district  
5 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax  
6 increment finance authority act, 1980 PA 450, MCL 125.1801 to  
7 125.1830, the local development financing act, 1986 PA 281,  
8 MCL 125.2151 to 125.2174, or the brownfield redevelopment financ-  
9 ing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the  
10 district's membership. For a district that has a millage reduc-  
11 tion required under section 31 of article IX of the state consti-  
12 tution of 1963, the state portion of the district's foundation  
13 allowance shall be calculated as if that reduction did not  
14 occur.

15 (b) For a district that had a 1994-95 foundation allowance  
16 greater than \$6,500.00, the state payment under this subsection  
17 shall be the sum of the amount calculated under subdivision (a)  
18 plus the amount calculated under this subdivision. The amount  
19 calculated under this subdivision shall be equal to the differ-  
20 ence between the district's 1994-95 foundation allowance minus  
21 \$6,500.00 and the current year hold harmless school operating  
22 taxes per pupil. If the result of the calculation under  
23 subdivision (a) is negative, the negative amount shall be an  
24 offset against any state payment calculated under this  
25 subdivision. If the result of a calculation under this subdivi-  
26 sion is negative, there shall not be a state payment or a  
27 deduction under this subdivision. The taxable values per

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1 membership pupil used in the calculations under this subdivision  
2 are as adjusted by ad valorem property tax revenue captured under  
3 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance  
4 authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local  
5 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,  
6 or the brownfield redevelopment financing act, 1996 PA 381,  
7 MCL 125.2651 to 125.2672, divided by the district's membership.

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

17       (4) A district, qualifying university school, or qualifying  
18 public school academy may use funds allocated under this section  
19 in conjunction with any federal funds for which the district,  
20 qualifying university school, or qualifying public school academy  
21 otherwise would be eligible.

22       (5) For a district that is formed or reconfigured after  
23 June 1, 2000 by consolidation of 2 or more districts or by annex-  
24 ation, the resulting district's 1994-95 foundation allowance  
25 under this section beginning after the effective date of the con-  
26 solidation or annexation shall be the average of the 1994-95  
27 foundation allowances of each of the original or affected

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1 districts, calculated as provided in this section, weighted as to  
2 the percentage of pupils in total membership in the resulting  
3 district in the state fiscal year in which the consolidation  
4 takes place who reside in the geographic area of each of the  
5 original districts. If an affected district's 1994-95 foundation  
6 allowance is less than the 1994-95 basic foundation allowance,  
7 the amount of that district's 1994-95 foundation allowance shall  
8 be considered for the purpose of calculations under this subsec-  
9 tion to be equal to the amount of the 1994-95 basic foundation  
10 allowance.

11 (6) As used in this section:

12 (a) "1994-95 foundation allowance" means a district's  
13 1994-95 foundation allowance calculated and certified by the  
14 department of treasury or the superintendent under former  
15 section 20a as enacted in 1993 PA 336 and as amended by 1994  
16 PA 283.

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

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

23 (d) "Hold harmless millage" means, for a district with a  
24 1994-95 foundation allowance greater than \$6,500.00, the number  
25 of mills by which the exemption from the levy of school operating  
26 taxes on a homestead and qualified agricultural property could be  
27 reduced as provided in section 1211(1) of the revised school

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1 code, MCL 380.1211, and the number of mills of school operating  
2 taxes that could be levied on all property as provided in section  
3 1211(2) of the revised school code, MCL 380.1211, as certified by  
4 the department of treasury for the 1994 tax year.

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

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

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

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

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

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

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

24 (i) For the number of mills by which the exemption from the  
25 levy of school operating taxes on a homestead and qualified agri-  
26 cultural property may be reduced as provided in section 1211(1)  
27 of the revised school code, MCL 380.1211, the taxable value of

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1 homestead and qualified agricultural property for the calendar  
2 year ending in the current state fiscal year.

3 (ii) For the number of mills of school operating taxes that  
4 may be levied on all property as provided in section 1211(2) of  
5 the revised school code, MCL 380.1211, the taxable value of all  
6 property for the calendar year ending in the current state fiscal  
7 year.

8 Sec. 22b. (1) From the appropriation in section 11, there  
9 is allocated an amount not to exceed ~~\$1,811,000,000.00~~  
10 \$1,864,000,000.00 for 2000-2001, an amount not to exceed  
11 ~~\$2,324,000,000.00~~ \$2,392,800,000.00 for 2001-2002, and an  
12 amount not to exceed ~~\$2,805,000,000.00~~ \$2,860,600,000.00 for  
13 2002-2003 for discretionary payments to districts under this  
14 section. FUNDS ALLOCATED UNDER THIS SECTION THAT ARE NOT  
15 EXPENDED IN THE STATE FISCAL YEAR FOR WHICH THEY WERE ALLOCATED,  
16 AS DETERMINED BY THE DEPARTMENT, MAY BE USED TO SUPPLEMENT THE  
17 ALLOCATIONS UNDER SECTIONS 22A AND 51C IN ORDER TO FULLY FUND  
18 THOSE CALCULATED ALLOCATIONS FOR THE SAME FISCAL YEAR.

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

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

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1       (3) ~~-(4)-~~ In order to receive an allocation under this  
2 section, each district shall administer in each grade level that  
3 it operates in grades 1 to 5 a standardized assessment approved  
4 by the department of grade-appropriate basic educational skills.  
5 A district may use the Michigan literacy progress profile to sat-  
6 isfy this requirement for grades 1 to 3.

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

11       Sec. 22c. From the appropriation in section 11, there is  
12 allocated FOR 2001-2002 an amount not to exceed \$129,000,000.00  
13 ~~for 2001-2002~~ to make equity payments to districts that have a  
14 foundation allowance or per pupil payment calculated under  
15 section 20 for 2001-2002 of less than \$6,500.00. The equity pay-  
16 ment for a district shall be an amount calculated by subtracting  
17 the district's 2001-2002 foundation allowance or per pupil pay-  
18 ment from \$6,500.00 and multiplying the result by the district's  
19 membership.

20       Sec. 24. (1) Subject to subsection (2), from the appropria-  
21 tion in section 11, there is allocated ~~for 1999-2000,~~ for  
22 2000-2001, for 2001-2002, and for 2002-2003 to the educating dis-  
23 trict or intermediate district an amount equal to 100% of the  
24 added cost each fiscal year for educating all pupils assigned by  
25 a court or the family independence agency to reside in or to  
26 attend a juvenile detention facility or child caring institution  
27 licensed by the family independence agency or the department of

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1 consumer and industry services and approved by the department to  
2 provide an on-grounds education program. The total amount to be  
3 paid under this section for added cost shall not exceed  
4 \$7,900,000.00 ~~for 1999-2000, and an amount not to exceed~~  
5 ~~\$8,000,000.00 each fiscal year~~ for 2000-2001, \$8,400,000.00 for  
6 2001-2002, and \$8,900,000.00 for 2002-2003. For the purposes of  
7 this section, "added cost" shall be computed by deducting all  
8 other revenue received under this act for pupils described in  
9 this section from total costs, as approved by the department, for  
10 educating those pupils in the on-grounds education program or in  
11 a program approved by the department that is located on property  
12 adjacent to a juvenile detention facility or child caring  
13 institution. Costs reimbursed by federal funds are not  
14 included.

15 (2) A district or intermediate district educating pupils  
16 described in this section at a residential child caring institu-  
17 tion may operate, and receive funding under this section for, a  
18 department-approved on-grounds educational program for those  
19 pupils that is longer than 181 days, but not longer than 233  
20 days, if the child caring institution was licensed as a child  
21 caring institution and offered in 1991-92 an on-grounds educa-  
22 tional program that was longer than 181 days but not longer than  
23 233 days and that was operated by a district or intermediate  
24 district.

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

Sec. 25b. (1) This section applies to ~~a~~ AN EDUCATING district's enrollment of a pupil IF THE EDUCATING DISTRICT IS NOT A SCHOOL DISTRICT OF THE FIRST CLASS UNDER THE REVISED SCHOOL CODE AND if all of the following apply:

(a) The pupil transfers from 1 of 3 other districts specified by the educating district and enrolls in the EDUCATING district after the pupil membership count day.

(b) Due to the pupil's enrollment status as of the pupil membership count day, the pupil was counted in membership in the district from which he or she transfers.

(c) The total number of pupils enrolled in the district who are described in subdivisions (a) and (b) and who transfer from 1 of the 3 other districts specified by the educating district is at least equal to the greater of 25 or 1% of the educating district's membership.

(2) If the conditions specified in subsection (1) are met, and a pupil transfers from 1 of the 3 other specified districts

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described in subsection (1)(c) and enrolls during a school year in  
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the educating district. the educating district shall report the enrollment information to the department and to the district in which the pupil is counted in membership. and the district in which the pupil is counted in membership shall pay to the educating district an amount equal to the amount of the foundation allowance or per pupil payment as calculated under section 20 for the district in which the pupil is counted in membership. prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the educating district compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4). If a district does not make the payment required under this section within 30 days after receipt of the report, the department shall calculate the amount owed. shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act. and shall pay that amount to the educating district. The district in which the pupil is counted in membership and the educating district shall provide to the department all information the department requires to enforce this section.

(3) As used in this section. "educating district" means the district in which a pupil enrolls after the pupil membership count day as described in subsection (1).

SEC. 25C. (1) THIS SECTION APPLIES TO AN EDUCATING DISTRICT'S ENROLLMENT OF A PUPIL IF THE EDUCATING DISTRICT IS A SCHOOL DISTRICT OF THE FIRST CLASS UNDER THE REVISED SCHOOL CODE AND IF ALL OF THE FOLLOWING APPLY:

(A) THE PUPIL TRANSFERS FROM ANOTHER DISTRICT AND ENROLLS IN THE EDUCATING DISTRICT AFTER THE PUPIL MEMBERSHIP COUNT DAY.

(B) DUE TO THE PUPIL'S ENROLLMENT STATUS AS OF THE PUPIL MEMBERSHIP COUNT DAY, THE PUPIL WAS COUNTED IN MEMBERSHIP IN THE DISTRICT FROM WHICH HE OR SHE TRANSFERS.

(C) THE TOTAL NUMBER OF PUPILS ENROLLED IN THE DISTRICT WHO ARE DESCRIBED IN SUBDIVISIONS (A) AND (B) IS AT LEAST EQUAL TO 25.

(2) IF THE CONDITIONS SPECIFIED IN SUBSECTION (1) ARE MET, AND A PUPIL TRANSFERS FROM ANOTHER DISTRICT AND ENROLLS DURING A SCHOOL YEAR IN THE EDUCATING DISTRICT, THE EDUCATING DISTRICT SHALL REPORT THE ENROLLMENT INFORMATION TO THE DEPARTMENT AND TO THE DISTRICT IN WHICH THE PUPIL IS COUNTED IN MEMBERSHIP. AND THE DISTRICT IN WHICH THE PUPIL IS COUNTED IN MEMBERSHIP SHALL PAY TO THE EDUCATING DISTRICT AN AMOUNT EQUAL TO THE AMOUNT OF THE FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 FOR THE DISTRICT IN WHICH THE PUPIL IS COUNTED IN MEMBERSHIP. PRORATED ACCORDING TO THE NUMBER OF DAYS OF THE SCHOOL YEAR ENDING IN THE FISCAL YEAR THE PUPIL IS EDUCATED IN THE EDUCATING DISTRICT COMPARED TO THE NUMBER OF DAYS OF THE SCHOOL YEAR ENDING IN THE FISCAL YEAR THE PUPIL WAS ACTUALLY ENROLLED IN THE DISTRICT IN WHICH THE PUPIL IS COUNTED IN MEMBERSHIP. THE FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT SHALL BE ADJUSTED BY THE PUPIL'S FULL-TIME EQUATED STATUS AS AFFECTED BY THE MEMBERSHIP DEFINITION UNDER SECTION 6(4). IF A DISTRICT DOES NOT MAKE THE PAYMENT REQUIRED UNDER THIS SECTION WITHIN 30 DAYS AFTER RECEIPT OF THE REPORT, THE DEPARTMENT SHALL CALCULATE THE AMOUNT OWED. SHALL DEDUCT THAT AMOUNT FROM THE REMAINING STATE SCHOOL AID PAYMENTS TO THE DISTRICT FOR THAT FISCAL YEAR UNDER THIS ACT, AND SHALL PAY THAT AMOUNT TO THE EDUCATING DISTRICT. THE DISTRICT IN WHICH THE PUPIL IS COUNTED IN MEMBERSHIP AND THE EDUCATING DISTRICT SHALL PROVIDE TO THE DEPARTMENT ALL INFORMATION THE DEPARTMENT REQUIRES TO ENFORCE THIS SECTION.

(3) AS USED IN THIS SECTION, "EDUCATING DISTRICT" MEANS THE DISTRICT IN WHICH A PUPIL ENROLLS AFTER THE PUPIL MEMBERSHIP COUNT DAY AS DESCRIBED IN SUBSECTION (1).

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1       Sec. 26a. From the general fund appropriation in section  
2 11, there is allocated each fiscal year for ~~1999-2000,~~  
3 2000-2001, 2001-2002, and 2002-2003 an amount not to exceed  
4 \$7,000,000.00 to reimburse districts, intermediate districts, and  
5 the state school aid fund pursuant to section 12 of the Michigan  
6 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied  
7 in ~~1999,~~ 2000, 2001, and 2002, respectively. This reimburse-  
8 ment shall be made by adjusting payments under section ~~20 or~~  
9 22a to eligible districts, adjusting payments under section 56,  
10 62, or 81 to eligible intermediate districts, and adjusting the  
11 state school aid fund. The adjustments shall be made not later  
12 than 60 days after the department of treasury certifies to the  
13 department and to the state budget director that the department  
14 of treasury has received all necessary information to properly  
15 determine the amounts due to each eligible recipient.

16       Sec. 31a. (1) From the state school aid fund money appro-  
17 priated in section 11, there is allocated ~~for 1999-2000 an~~  
18 ~~amount not to exceed \$270,920,000.00,~~ for 2000-2001 an amount  
19 not to exceed \$304,000,000.00, for 2001-2002 an amount not to  
20 exceed ~~\$319,200,000.00~~ \$314,200,000.00, and for 2002-2003 an  
21 amount not to exceed ~~\$329,095,200.00~~ \$319,095,200.00 for pay-  
22 ments to eligible districts and eligible public school academies  
23 under this section. Subject to subsection (10), the amount of  
24 the additional allowance under this section shall be based on the  
25 number of actual pupils in membership in the district or public  
26 school academy who met the income eligibility criteria for free  
27 breakfast, lunch, or milk in the immediately preceding state

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1 fiscal year, as determined under the Richard B. Russell national  
2 school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to  
3 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c,  
4 and 1769f to 1769h, and reported to the department by October 31  
5 of the immediately preceding fiscal year and adjusted not later  
6 than December 31 of the immediately preceding fiscal year.  
7 However, for a public school academy that began operations as a  
8 public school academy after the pupil membership count day of the  
9 immediately preceding school year, the basis for the additional  
10 allowance under this section shall be the number of actual pupils  
11 in membership in the public school academy who met the income  
12 eligibility criteria for free breakfast, lunch, or milk in the  
13 current state fiscal year, as determined under the Richard  
14 B. Russell national school lunch act.

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

20       (a) The sum of the district's or public school academy's  
21 combined state and local revenue per membership pupil in the cur-  
22 rent state fiscal year, as calculated under section 20, plus the  
23 amount of the district's per pupil allocation under section  
24 20j(2), is less than or equal to \$6,500.00 adjusted by the dollar  
25 amount of the difference between the basic foundation allowance  
26 under section 20 for the current state fiscal year and  
27 \$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount

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1 prescribed in this subdivision 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, minus \$200.00.

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

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

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1 difference between the basic foundation allowance for the current  
2 state fiscal year and \$5,000.00, minus \$200.00. A public school  
3 academy that began operations as a public school academy after  
4 the pupil membership count day of the immediately preceding  
5 school year shall receive under this section for each membership  
6 pupil in the public school academy who met the income eligibility  
7 criteria for free breakfast, lunch, or milk, as determined under  
8 the Richard B. Russell national school lunch act and as reported  
9 to the department by October 31 of the current fiscal year and  
10 adjusted not later than December 31 of the current fiscal year,  
11 an amount per pupil equal to 11.5% of the public school academy's  
12 per membership pupil allocation under section 20 for the current  
13 state fiscal year.

14       (4) Except as otherwise provided in this section, a district  
15 or public school academy receiving funding under this section  
16 shall use that money only to provide instructional programs and  
17 direct noninstructional services, including, but not limited to,  
18 medical or counseling services, for at-risk pupils and for the  
19 purposes of subsection (5) or section ~~31c~~ 32E and shall not use  
20 any of that money for administrative costs or to supplant another  
21 program or other funds, except for funds allocated to the dis-  
22 trict or public school academy under this section in the immedi-  
23 ately preceding year and already being used by the district or  
24 public school academy for at-risk pupils. The instruction or  
25 direct noninstructional services provided under this section may  
26 be conducted before or after regular school hours or by adding  
27 extra school days to the school year and may be conducted using a

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1 tutorial method, with paraprofessionals working under the  
2 supervision of a certificated teacher. The ratio of pupils to  
3 paraprofessionals shall be between 10:1 and 15:1. Only 1 certif-  
4 icated teacher is required to supervise instruction using a tuto-  
5 rial method. As used in this subsection, "to supplant another  
6 program" means to take the place of a previously existing  
7 instructional program or direct noninstructional services funded  
8 from a funding source other than funding under this section.

9       (5) A district or public school academy that receives funds  
10 under this section and that operates a school breakfast program  
11 under section 1272a of the revised school code, MCL 380.1272a,  
12 shall use from the funds received under this section an amount,  
13 not to exceed \$10.00 per pupil for whom the district or public  
14 school academy receives funds under this section, necessary to  
15 operate the school breakfast program. ~~For 1999-2000 only, a~~  
16 ~~district or public school academy that receives funds under this~~  
17 ~~section and that operates a school lunch program under~~  
18 ~~section 1272a of the revised school code, MCL 380.1272a, shall~~  
19 ~~use from the funds received under this section an amount, not to~~  
20 ~~exceed \$10.00 per pupil for whom the district or public school~~  
21 ~~academy receives funds under this section, necessary to operate~~  
22 ~~the school lunch program.~~

23       (6) Each district or public school academy receiving funds  
24 under this section shall submit to the department by July 15 of  
25 each fiscal year a report, not to exceed 10 pages, on the usage  
26 by the district or public school academy of funds under this  
27 section, which report shall include at least a brief description

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1 of each program conducted by the district or public school  
2 academy using funds under this section, the amount of funds under  
3 this section allocated to each of those programs, the number of  
4 at-risk pupils eligible for free or reduced price school lunch  
5 who were served by each of those programs, and the total number  
6 of at-risk pupils served by each of those programs. If a dis-  
7 trict or public school academy does not comply with this subsec-  
8 tion, the department shall withhold an amount equal to the August  
9 payment due under this section until the district or public  
10 school academy complies with this subsection. If the district or  
11 public school academy does not comply with this subsection by the  
12 end of the state fiscal year, the withheld funds shall be for-  
13 feited to the school aid fund.

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

20 (8) Subject to subsection (5), any district may use up to  
21 100% of the funds it receives under this section to reduce the  
22 ratio of pupils to teachers in grades K-6, or any combination of  
23 those grades, in school buildings in which the percentage of  
24 pupils described in subsection (1) exceeds the district's aggre-  
25 gate percentage of those pupils. Subject to subsection (5), if a  
26 district obtains a waiver from the department, the district may  
27 use up to 100% of the funds it receives under this section to

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1 reduce the ratio of pupils to teachers in grades K-6, or any  
2 combination of those grades, in school buildings in which the  
3 percentage of pupils described in subsection (1) is at least 60%  
4 of the district's aggregate percentage of those pupils and at  
5 least 30% of the total number of pupils enrolled in the school  
6 building. To obtain a waiver, a district must apply to the  
7 department and demonstrate to the satisfaction of the department  
8 that the class size reductions would be in the best interests of  
9 the district's at-risk pupils.

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

14 (10) If necessary, and before any proration required under  
15 section 11, the department shall prorate payments under this sec-  
16 tion by reducing the amount of the per pupil payment under this  
17 section by a dollar amount calculated by determining the amount  
18 by which the amount necessary to fully fund the requirements of  
19 this section exceeds the maximum amount allocated under this sec-  
20 tion and then dividing that amount by the total statewide number  
21 of pupils who met the income eligibility criteria for free break-  
22 fast, lunch, or milk in the immediately preceding fiscal year, as  
23 described in subsection (1).

24 (11) If a district is formed by consolidation after June 1,  
25 1995, and if 1 or more of the original districts was not eligible  
26 before the consolidation for an additional allowance under this  
27 section, the amount of the additional allowance under this

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1 section for the consolidated district shall be based on the  
2 number of pupils described in subsection (1) enrolled in the con-  
3 solidated district who reside in the territory of an original  
4 district that was eligible before the consolidation for an addi-  
5 tional allowance under this section.

6       (12) ~~Beginning in 1999-2000, a~~ A district or public school  
7 academy that does not meet the eligibility requirement under sub-  
8 section (2)(a) is eligible for funding under this section if at  
9 least 1/4 of the pupils in membership in the district or public  
10 school academy met the income eligibility criteria for free  
11 breakfast, lunch, or milk in the immediately preceding state  
12 fiscal year, as determined and reported as described in  
13 subsection (1), and at least 4,500 of the pupils in membership in  
14 the district or public school academy met the income eligibility  
15 criteria for free breakfast, lunch, or milk in the immediately  
16 preceding state fiscal year, as determined and reported as  
17 described in subsection (1). A district or public school academy  
18 that is eligible for funding under this section because the dis-  
19 trict meets the requirements of this subsection shall receive  
20 under this section for each membership pupil in the district or  
21 public school academy who met the income eligibility criteria for  
22 free breakfast, lunch, or milk in the immediately preceding  
23 fiscal year, as determined and reported as described in subsec-  
24 tion (1), an amount per pupil equal to 5.75% of the sum of the  
25 district's foundation allowance or public school academy's per  
26 pupil allocation under section 20, plus the amount of the  
27 district's per pupil allocation under section 20j(2), not to

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1 exceed \$6,500.00 adjusted by the dollar amount of the difference  
2 between the basic foundation allowance under section 20 for the  
3 current state fiscal year and \$5,000.00. 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 ~~-(13) Beginning in 2001-2002, the total amount allocated~~  
9 ~~under this section for a fiscal year shall be increased from the~~  
10 ~~total amount allocated under this section for the immediately~~  
11 ~~preceding fiscal year by the same percentage as the percentage~~  
12 ~~increase in the amount of the basic foundation allowance under~~  
13 ~~section 20 for that fiscal year from the amount of the basic~~  
14 ~~foundation allowance under section 20 for the immediately preced-~~  
15 ~~ing fiscal year.~~

16 (13) ~~-(14)~~ As used in this section, "at-risk pupil" means a  
17 pupil for whom the district has documentation that the pupil  
18 meets at least 2 of the following criteria: is a victim of child  
19 abuse or neglect; is below grade level in English language and  
20 communication skills or mathematics; is a pregnant teenager or  
21 teenage parent; is eligible for a federal free or reduced-price  
22 lunch subsidy; has atypical behavior or attendance patterns; or  
23 has a family history of school failure, incarceration, or sub-  
24 stance abuse. For pupils for whom the results of at least the  
25 applicable Michigan education assessment program (MEAP) test have  
26 been received, at-risk pupil also includes a pupil who does not  
27 meet the other criteria under this subsection but who did not

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1 achieve at least a score of moderate on the most recent MEAP  
2 reading test for which results for the pupil have been received,  
3 did not achieve at least a score of moderate on the most recent  
4 MEAP mathematics test for which results for the pupil have been  
5 received, or did not achieve at least a score of novice on the  
6 most recent MEAP science test for which results for the pupil  
7 have been received. For pupils in grades K-3, at-risk pupil also  
8 includes a pupil who is at risk of not meeting the district's  
9 core academic curricular objectives in English language, communi-  
10 cation skills, or mathematics.

11       Sec. 31d. (1) From the state school aid fund appropriation  
12 in section 11, there is allocated ~~an amount not to exceed~~  
13 ~~\$6,454,500.00 for 1999-2000,~~ an amount not to exceed  
14 ~~\$13,669,500.00~~ \$14,149,400.00 for 2000-2001, an amount not to  
15 exceed ~~\$14,079,600.00~~ \$15,039,400.00 for 2001-2002, and an  
16 amount not to exceed ~~\$14,502,000.00~~ \$15,941,700.00 for  
17 2002-2003, and from the general fund appropriation in section 11,  
18 there is allocated an amount not to exceed ~~\$662,200.00~~  
19 \$682,300.00 for 2000-2001, an amount not to exceed ~~\$682,100.00~~  
20 \$722,300.00 for 2001-2002, and an amount not to exceed  
21 ~~\$702,500.00~~ \$762,800.00 for 2002-2003 for the purpose of making  
22 payments to districts, intermediate districts, and other eligible  
23 entities under this section.

24       (2) The amounts allocated under this section shall be used  
25 to pay the amount necessary to reimburse districts for 6.0127% of  
26 the necessary costs of the state mandated portion of the school  
27 lunch programs provided by those districts. The amount due to

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1 each district under this section shall be computed by the  
2 department using the methods of calculation adopted by the  
3 Michigan supreme court in the consolidated cases known as Durant  
4 v State of Michigan, Michigan supreme court docket  
5 no. 104458-104492.

6       (3) ~~For 1999-2000, the payments made under this section are~~  
7 ~~in addition to the state payments made to districts under the~~  
8 ~~department of education appropriations act for 1999-2000 and~~  
9 ~~under section 31a(5), so that each district receives from all of~~  
10 ~~these sources combined at least 6.0127% of the necessary costs of~~  
11 ~~operating the state mandated portion of the school lunch program~~  
12 ~~in a fiscal year. Beginning in 2000-2001, the~~ THE payments made  
13 under this section include all state payments made to districts  
14 so that each district receives at least 6.0127% of the necessary  
15 costs of operating the state mandated portion of the school lunch  
16 program in a fiscal year.

17       (4) ~~Beginning in 2000-2001, notwithstanding~~  
18 NOTWITHSTANDING section 17b, payments to intermediate districts  
19 and other eligible entities under this section shall be paid on a  
20 schedule determined by the department.

21       Sec. 32a. (1) From the state school aid fund appropriation  
22 in section 11, there is allocated an amount not to exceed  
23 ~~\$267,850,000.00~~ \$231,350,000.00 for 2000-2001, an amount not to  
24 exceed ~~\$267,850,000.00~~ \$144,250,000.00 for 2001-2002, and an  
25 amount not to exceed ~~\$279,850,000.00~~ \$144,250,000.00 for  
26 2002-2003 to fund the all students achieve program (ASAP) as  
27 provided under sections 32b to 32h. In addition, from the

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1 general fund appropriations in section 11, there is allocated an  
2 amount not to exceed ~~-\$25,200,000.00-~~ \$19,250,000.00 for  
3 2000-2001, an amount not to exceed ~~-\$30,200,000.00-~~ \$1,950,000.00  
4 for 2001-2002, and an amount not to exceed ~~-\$35,200,000.00-~~  
5 \$1,950,000.00 for 2002-2003 for the purposes of sections 32b to  
6 32h. The programs funded through this section are for the pur-  
7 poses of improving parenting skills, improving school readiness,  
8 reducing the number of pupils retained in grade, and reducing the  
9 number of pupils requiring special education services.

10 (2) Each grant recipient approved by the department shall  
11 implement department-approved data collection methods and evalu-  
12 ation or assessment tools to measure the impact of the proposed  
13 program.

14 (3) A district shall not use funds received under sections  
15 32b to 32h to supplant any local or federal funds it currently  
16 receives. A district may use these funds in combination with  
17 other federal, local, public, or private funds to enhance exist-  
18 ing programs with similar purposes.

19 Sec. 32b. (1) From the state school aid fund allocation in  
20 section 32a(1), there is allocated an amount not to exceed  
21 \$45,000,000.00 each fiscal year for 2000-2001, for 2001-2002, and  
22 for 2002-2003 for grants to intermediate districts and districts  
23 for programs for preschool children and their parents. The pur-  
24 pose of these programs is to improve school readiness and foster  
25 the maintenance of stable families by encouraging positive par-  
26 enting skills; enhancing parent-child interaction; providing  
27 learning opportunities to promote intellectual, physical, and

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1 social growth; and promoting access to needed community services  
2 through a community-school-home partnership that provides parents  
3 with information on child development from birth to age 5.

4 (2) To qualify for funding under this section, a program  
5 shall meet all of the following:

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

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

14 (ii) Group meetings of participating families.

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

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

21 (v) Connection with quality preschool programs.

22 (b) The program must be a collaborative community effort  
23 that includes at least the intermediate district or district,  
24 local multipurpose collaborative bodies, local health and welfare  
25 agencies, and private nonprofit agencies involved in programs and  
26 services for preschool children and their parents.

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1       (3) To compete for a grant under this section, an  
2 intermediate district or district shall apply to the  
3 superintendent not later than December 1, 2000 in the form and  
4 manner prescribed by the superintendent. To be considered for a  
5 grant under this section, a grant application must provide all of  
6 the following in a manner prescribed by the department:

7       (a) Provide a plan for the delivery of the program compo-  
8 nents described in subsection (2).

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

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

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

22       (4) Each successful grant recipient shall agree to include a  
23 data collection system and an evaluation tool approved by the  
24 department to measure the impact of the program on improving  
25 school readiness, reducing the number of children needing special  
26 education programs and services, and fostering the maintenance of  
27 stable families. The data collection system shall provide a

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1 report by October 15 of each year on the number of children in  
2 families with income below 200% of the federal poverty level that  
3 received services under this program and the total number of  
4 children who received services under this program.

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

14       (6) The department and superintendent shall do all of the  
15 following:

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

18       (b) The superintendent shall approve or disapprove applica-  
19 tions and notify the applying intermediate district or district  
20 of that decision not later than February 1, 2001. Priority in  
21 awarding grants shall be given to programs that focus on reducing  
22 the percentage of children needing special education programs and  
23 services when they enter school. The superintendent shall ensure  
24 that the intermediate districts and districts receiving grants  
25 under this section are geographically and economically diverse  
26 and that not more than 10% of the total allocation under this

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1 section is paid to any 1 particular intermediate district or  
2 district.

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

7 (d) The department shall submit a report to the legislature,  
8 the state budget director, and the senate and house fiscal agen-  
9 cies detailing the evaluations described in subsection (4) by  
10 December 1 of each year.

11 (7) An intermediate district or district receiving funds  
12 under this section shall use the funds only for the program  
13 funded under this section. Grants awarded by February 1, 2001  
14 may be used for the following school year.

15 Sec. 32c. (1) From the general fund allocation in  
16 section 32a(1), there is allocated an amount not to exceed  
17 ~~-\$2,000,000.00~~ \$0.00 each fiscal year for 2000-2001, for  
18 2001-2002, and for 2002-2003 to the department for grants for  
19 community-based collaborative prevention services designed to  
20 foster positive parenting skills; improve parent/child interac-  
21 tion, especially for children 0-3 years of age; promote access to  
22 needed community services; increase local capacity to serve fami-  
23 lies at risk; improve school readiness; and support healthy  
24 family environments that discourage alcohol, tobacco, and other  
25 drug use. This allocation is to fund secondary prevention pro-  
26 grams as defined by the children's trust fund for the prevention  
27 of child abuse and neglect.

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1       (2) The funds allocated under subsection (1) shall be  
2 distributed through a joint request for proposals process estab-  
3 lished by the department in conjunction with the children's trust  
4 fund and the state's interagency systems reform workgroup.  
5 Projects funded with grants awarded under this section shall meet  
6 all of the following:

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

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

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

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

19       Sec. 32d. (1) From the state school aid fund allocation  
20 under section 32a(1), there is allocated an amount not to exceed  
21 \$72,600,000.00 each fiscal year for 2000-2001, 2001-2002, and  
22 2002-2003 for school readiness grants to enable eligible dis-  
23 tricts, as determined under section 37, to develop or expand, in  
24 conjunction with whatever federal funds may be available, includ-  
25 ing, but not limited to, federal funds under title I of the ele-  
26 mentary and secondary education act of 1965, Public Law 89-10,  
27 108 Stat. 3519, chapter 1 of title I of the Hawkins-Stafford

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1 elementary and secondary school improvement amendments of 1988,  
2 Public Law 89-10, 102 Stat. 140, and the head start act, subchap-  
3 ter B of chapter 8 of subtitle A of title VI of the omnibus  
4 budget reconciliation act of 1981, Public Law 97-35, comprehen-  
5 sive compensatory programs designed to improve the readiness and  
6 subsequent achievement of educationally disadvantaged children as  
7 defined by the department who will be at least 4, but less than 5  
8 years of age, as of December 1 of the school year in which the  
9 programs are offered, and who show evidence of 2 or more risk  
10 factors as defined in the state board report entitled "children  
11 at risk" that was adopted by the state board on April 5, 1988. A  
12 comprehensive compensatory program funded under this section  
13 shall include an age-appropriate educational curriculum, nutri-  
14 tional services, health screening for participating children, a  
15 plan for parent and legal guardian involvement, and provision of  
16 referral services for families eligible for community social  
17 services. In addition, from the general fund allocations under  
18 section 32a(1), there is allocated an amount not to exceed  
19 ~~\$20,200,000.00~~ \$16,250,000.00 for 2000-2001 ~~—~~ FOR THE PUR-  
20 POSES OF SUBSECTIONS (2) AND (3) AND an amount not to exceed  
21 ~~\$25,200,000.00~~ \$200,000.00 EACH FISCAL YEAR for 2001-2002 ~~—~~,  
22 and ~~an amount not to exceed \$30,200,000.00~~ for 2002-2003 for  
23 the purposes of ~~subsections (2) and (3)~~ SUBSECTION (2).  
24 (2) From the general fund allocation in subsection (1),  
25 there is allocated each fiscal year for 2000-2001, 2001-2002, and  
26 2002-2003 an amount not to exceed \$200,000.00 for a competitive

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1 grant to continue a longitudinal evaluation of children who have  
2 participated in the Michigan school readiness program.

3       (3) From the general fund allocation in subsection (1),  
4 there is allocated an amount not to exceed ~~-\$20,000,000.00-~~  
5 \$16,050,000.00 for 2000-2001 ~~-, an amount not to exceed~~  
6 ~~\$25,000,000.00 for 2001-2002, and an amount not to exceed~~  
7 ~~\$30,000,000.00 for 2002-2003~~ under this subsection to operate  
8 new or expanded full-day school readiness or head start  
9 programs. The funds shall be allocated through a competitive  
10 grant process to eligible districts that receive funding under  
11 subsection (1), to eligible public or nonprofit entities or agen-  
12 cies that receive funding for school readiness programs under the  
13 department appropriations act, or to eligible head start funded  
14 programs. The department shall determine the competitive grant  
15 criteria. The department may accept available federal funds from  
16 the family independence agency to support the program under this  
17 subsection. These federal funds include, but are not limited to,  
18 federal temporary assistance to needy families funds.

19       (4) A district, entity, or agency receiving funding under  
20 subsection (3) that offers head start or school readiness pro-  
21 grams may use the funds to expand the program to operate a full  
22 day.

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

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

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

18       (8) As used in this section, "full day" means a program that  
19 offers supplementary day care and therefore offers full-day pro-  
20 gramming of at least 10 hours per day as part of its school read-  
21 iness program.

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

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1       (10) A grant recipient receiving funds under this section  
2 shall report to the department no later than October 15 of each  
3 year the number of children participating in the program who meet  
4 the income or other eligibility criteria specified under section  
5 37(3)(g) and the total number of children participating in the  
6 program. For children participating in the program who meet the  
7 income or other eligibility criteria specified under section  
8 37(3)(g), grant recipients shall also report whether or not a  
9 parent is available to provide care based on employment status.  
10 For the purposes of this subsection, "employment status" shall be  
11 defined by the family independence agency in a manner consistent  
12 with maximizing the amount of spending that may be claimed for  
13 temporary assistance for needy families maintenance of effort  
14 purposes.

15       Sec. 32e. (1) From the state school aid fund allocations  
16 under section 32a(1), there is allocated an amount not to exceed  
17 ~~-\$29,750,000.00-~~ \$26,650,000.00 each fiscal year for 2000-2001,  
18 for 2001-2002, and for 2002-2003 for grants to eligible districts  
19 for programs to maintain or establish small classes in grades K  
20 to 3 in eligible school buildings in the district.

21       (2) For a school building to be eligible for funding under  
22 this section, the school building must operate at least 1 of  
23 grades K to 3; the school building must be operated by a district  
24 that operates all of grades K to 12 and that receives funds under  
25 section 31a; and at least 50% of the actual pupils enrolled in  
26 the school building in the immediately preceding fiscal year must  
27 have been eligible for free lunch, as determined under the

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1 Richard B. Russell national school lunch act, chapter 281, 60  
2 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to  
3 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, and reported to  
4 the department not later than October 31 of the immediately pre-  
5 ceding fiscal year and adjusted not later than December 31 of the  
6 immediately preceding fiscal year.

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

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

21       (5) Except as otherwise provided in this section, funding to  
22 districts under this section for 2000-2001 is intended to be for  
23 the third of 5 years of funding under this section and former  
24 section 31c, funding to districts under this section for  
25 2001-2002 is intended to be for the fourth of 5 years of funding  
26 under this section and former section 31c, and funding under this  
27 section for 2002-2003 is intended to be for the fifth of 5 years

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1 of funding under this section and former section 31c. For  
2 districts receiving funding under this section for the first time  
3 from the additional ~~-\$10,000,000.00-~~ \$6,900,000.00 allocated  
4 under this section for 2000-2001, as compared to the funding  
5 under former section 31c, funding to those districts under this  
6 section for 2000-2001 is intended to be for the first of 3 years  
7 of funding, funding to those districts under this section for  
8 2001-2002 is intended to be for the second of 3 years of funding,  
9 and funding to those districts under this section for 2002-2003  
10 is intended to be for the third of 3 years of funding.

11 (6) The funds allocated under this section for a fiscal year  
12 may be expended after the fiscal year through the end of either  
13 the fifth fiscal year of funding under this section and former  
14 section 31c or the final fiscal year of funding under this sec-  
15 tion and former section 31c, whichever occurs earlier.

16 Sec. 32f. (1) From the state school aid fund allocation  
17 under section 32a(1), there is allocated for 2000-2001 an amount  
18 not to exceed \$57,500,000.00 ~~and there is allocated each fiscal~~  
19 ~~year for 2001-2002 and 2002-2003 an amount not to exceed~~  
20 ~~\$55,000,000.00,~~ for grants under this section. From the general  
21 fund allocation under section 32a(1), there is allocated ~~each~~  
22 ~~fiscal year~~ for 2000-2001 ~~, for 2001-2002, and for 2002-2003-~~  
23 an amount not to exceed \$2,750,000.00 for the purposes of subsec-  
24 tions (4) and (5) AND THERE IS ALLOCATED FOR 2001-2002 AND FOR  
25 2002-2003 AN AMOUNT NOT TO EXCEED \$1,500,000.00 EACH FISCAL YEAR  
26 FOR THE PURPOSES OF SUBSECTION (4).

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1       (2) 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 \$5,000,000.00 for provid-  
4 ing grants to the 8 regional literacy centers for the purposes of  
5 expanding training programs for trainers and teachers in the use  
6 of strategies for reading instruction and assessment, including  
7 the Michigan literacy progress profile.

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

14       (4) From the general fund allocation in subsection (1),  
15 there is allocated to the department ~~each fiscal year for~~  
16 ~~2000-2001, for 2001-2002, and for 2002-2003~~ an amount not to  
17 exceed \$2,500,000.00 FOR 2000-2001 AND AN AMOUNT NOT TO EXCEED  
18 \$1,500,000.00 EACH FISCAL YEAR FOR 2001-2002 AND FOR 2002-2003  
19 for the development and dissemination of read, educate, and  
20 develop youth (READY) kits to parents of preschool and kindergar-  
21 ten children to provide these parents with information about how  
22 they can prepare their children for reading success.

23       (5) 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 \$250,000.00 for the grant review process and grant  
27 administration under this section.

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

18       (7) From the allocation in subsection (1), there is allo-  
19 cated ~~each fiscal year for 2000-2001 , for 2001-2002, and for~~  
20 ~~2002-2003~~ an amount not to exceed \$50,000,000.00 for competitive  
21 grants to eligible districts, to intermediate districts, and to  
22 public school academies located within eligible districts for  
23 reading improvements programs for pupils in grades K to 4, read-  
24 ing disorders and reading methods programs, mentoring programs,  
25 language and literacy outreach programs, or cognitive development  
26 programs. IT IS THE INTENT OF THE LEGISLATURE TO RESTORE FUNDING

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1 FOR THE PURPOSES OF THIS SUBSECTION FOR 2001-2002 AND 2002-2003  
2 IF ADDITIONAL REVENUE BECOMES AVAILABLE.

3 (8) Except as otherwise provided in subsection (18), to  
4 qualify for funding under this section, a proposed reading  
5 improvement program must meet all of the following:

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

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

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

14 (d) The program shall align learning resources to state  
15 standards.

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

22 (9) Funds allocated for programs described in subsection (8)  
23 may be used to reimburse grant recipients for funds paid by dis-  
24 tricts for up to 1/2 of the salaries and benefits for each  
25 teacher trained and certified to provide a reading improvement  
26 program.

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1       (10) Except as otherwise provided under subsection (18), to  
2 qualify for funding under this section, a proposed mentoring  
3 program must be a research-based, validated program or a state-  
4 wide 1-to-1 mentoring program to enhance the independence and  
5 life quality of pupils who are mentally impaired by providing  
6 opportunities for mentoring and integrated employment.

7       (11) Except as otherwise provided under subsection (18), to  
8 qualify for funding under this section, a proposed cognitive  
9 development program must be a research-based, validated educa-  
10 tional service program, focused on assessing and building essen-  
11 tial cognitive and perceptual learning abilities to strengthen  
12 pupil concentration and learning.

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

19       (13) A program receiving funding under this section may be  
20 conducted outside of regular school hours or outside the regular  
21 school calendar.

22       (14) To compete for a grant under this section, an applicant  
23 shall apply to the superintendent in the form and manner pre-  
24 scribed by the superintendent. The department shall make appli-  
25 cations available for this purpose. An applicant shall include  
26 in its application a projected budget for the programs. The  
27 grant recipient shall provide at least a 20% local match from

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1 local public or private resources for the funds received under  
2 this section. Not more than 1/2 of this matching requirement, up  
3 to a total of 10% of the total project budget, may be satisfied  
4 through in-kind services provided by participating providers of  
5 programs or services. In addition, not more than 10% of the  
6 grant may be used for program administration.

7       (15) The superintendent shall approve or disapprove applica-  
8 tions and notify the applicant of that decision. Priority in  
9 awarding grants shall be given to programs that focus on acceler-  
10 ating student achievement on a cost-effective basis, reducing the  
11 number of pupils requiring special education programs and serv-  
12 ices, and improving pupil scores on standardized tests and  
13 assessments.

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

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1 senate and house fiscal agencies detailing the results of the  
2 programs. It is the intent of the legislature that further fund-  
3 ing for the programs under this section will reflect the results  
4 achieved in these programs.

5 (17) Notwithstanding section 17b, payments under this sec-  
6 tion shall be paid on a schedule determined by the department.

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

16 (19) If the maximum amount appropriated under this section  
17 exceeds the amount necessary to fully fund allocations under this  
18 section, that excess amount shall not be expended in that state  
19 fiscal year but shall instead be carried forward to the succeed-  
20 ing fiscal year and added to any funds appropriated for that  
21 fiscal year for expenditure in that fiscal year.

22 (20) A district that received funding for 1999-2000 under  
23 former section 32 shall receive funding under this section for

24 2000-2001. ~~2001-2002, and 2002-2003.~~

(21) IF FEDERAL FUNDS ARE ALLOCATED TO THIS STATE FOR 2001-2002  
OR FOR 2002-2003 FOR READING IMPROVEMENT PROGRAMS. THEN IT IS THE  
INTENT OF THE LEGISLATURE THAT THESE FUNDS ARE USED TO THE EXTENT  
POSSIBLE FOR THE PURPOSES OF SUBSECTION (7). IF THE AMOUNT OF  
FEDERAL FUNDS RECEIVED FOR READING IMPROVEMENT PROGRAMS THAT CAN BE  
USED FOR SUBSTANTIALLY SIMILAR PURPOSES AS DESCRIBED UNDER THIS  
SECTION DOES NOT TOTAL AT LEAST \$50,000,000.00 EACH FISCAL YEAR FOR  
2001-2002 AND FOR 2002-2003. THEN IT IS THE INTENT OF THE  
LEGISLATURE TO APPROPRIATE SUFFICIENT FUNDS TO ENSURE THAT AT LEAST  
\$50,000,000.00 IN COMBINED STATE AND FEDERAL FUNDS ARE ALLOCATED FOR  
THE PURPOSES OF SUBSECTION (7) EACH FISCAL YEAR FOR 2001-2002 AND  
FOR 2002-2003. IF ANY CONFLICT EXISTS BETWEEN FEDERAL READING  
PROGRAM GUIDELINES AND THIS SECTION, FEDERAL LAW WILL CONTROL.

25 Sec. 32g. (1) From the state school aid fund allocation  
26 under section 32a(1), there is allocated an amount not to exceed  
27 ~~\$38,000,000.00 each fiscal year~~ \$28,000,000.00 for 2000-2001

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1 ~~and for 2001-2002, and an amount not to exceed \$50,000,000.00~~  
2 ~~for 2002-2003~~ for payments to districts to provide summer school  
3 instruction in reading and mathematics for pupils in grade 1, 2,  
4 3, or 4.

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

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

20 (a) Achieved less than satisfactory results, as determined  
21 by the district, in the mathematics or reading portion of a  
22 department-approved annual standardized assessment of  
23 grade-appropriate basic educational skills.

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

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

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

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

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

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

23       (a) Eighty percent of the amount provided to a grant recipi-  
24 ent shall be based on enrollment of eligible participants.

25       (b) Twenty percent of the amount provided to a grant recipi-  
26 ent shall be based on measured improvement in reading or  
27 mathematics, as applicable.

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

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

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

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(12) ~~Beginning in 2000-2001, notwithstanding~~

NOTWITHSTANDING section 17b, payments under this section shall be paid on a schedule determined by the department.

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

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

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

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

(1) ~~(2)~~ From the state school aid fund appropriation in section 11, there is allocated an amount not to exceed \$15,000,000.00 for 2000-2001 only to a district that is a qualifying school district under part 5a of the revised school code, MCL 380.371 to 380.376, or that is the subject of intervention under a substantially similar provision of the revised school code. If more than 1 district qualifies for

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1 funding under this subsection, the funds shall be allocated on an  
2 equal per-pupil basis.

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

6       Sec. 41. From the appropriation in section 11, there is  
7 allocated an amount not to exceed \$4,212,000.00 each fiscal year  
8 ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and for 2002-2003,  
9 to applicant districts and intermediate districts offering pro-  
10 grams of bilingual instruction for pupils of limited  
11 English-speaking ability under section 1153 of the revised school  
12 code, MCL 380.1153. Reimbursement shall be on a per pupil basis  
13 and shall be based on the number of pupils of limited  
14 English-speaking ability in membership on the pupil membership  
15 count day. Funds allocated under this section shall be used  
16 solely for bilingual instruction in speaking, reading, writing,  
17 or comprehension of pupils of limited English-speaking ability.

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

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1 ~~\$145,000,000.00, plus any carryover federal funds from previous~~  
2 ~~year appropriations;~~ there is allocated for 2001-2002 an amount  
3 not to exceed ~~-\$805,861,900.00~~ \$794,821,900.00 from state  
4 sources and all available federal funding, estimated at  
5 ~~-\$145,000,000.00~~ \$203,000,000.00, plus any carryover federal  
6 funds from previous year appropriations; and there is allocated  
7 for 2002-2003 an amount not to exceed ~~-\$863,811,900.00~~  
8 \$848,661,900.00 from state sources and all available federal  
9 funding, estimated at ~~-\$145,000,000.00~~ \$235,000,000.00, plus any  
10 carryover federal funds from previous year appropriations. The  
11 allocations under this subsection are for the purpose of reim-  
12 bursing districts and intermediate districts for special educa-  
13 tion programs, services, and special education personnel as pre-  
14 scribed in article 3 of the revised school code, MCL 380.1701 to  
15 380.1766; net tuition payments made by intermediate districts to  
16 the Michigan schools for the deaf and blind; and special educa-  
17 tion programs and services for pupils who are eligible for spe-  
18 cial education programs and services according to statute or  
19 rule. For meeting the costs of special education programs and  
20 services not reimbursed under this article, a district or inter-  
21 mediate district may use money in general funds or special educa-  
22 tion funds, not otherwise restricted, or contributions from dis-  
23 tricts to intermediate districts, tuition payments, gifts and  
24 contributions from individuals, or federal funds that may be  
25 available for this purpose, as determined by the intermediate  
26 district plan prepared pursuant to article 3 of the revised  
27 school code, MCL 380.1701 to 380.1766.

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1       (2) From the funds allocated under subsection (1), there is  
2 allocated ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and for  
3 2002-2003 the amount necessary, estimated at ~~-\$656,000,000.00 for~~  
4 ~~1999-2000, \$126,000,000.00~~ \$128,200,000.00 for 2000-2001,  
5 ~~\$136,000,000.00~~ \$138,000,000.00 for 2001-2002, and  
6 ~~\$147,000,000.00~~ \$148,000,000.00 for 2002-2003, for payments  
7 toward reimbursing districts and intermediate districts for  
8 28.6138% of total approved costs of special education, excluding  
9 costs reimbursed under section 53a, and 70.4165% of total  
10 approved costs of special education transportation. Allocations  
11 under this subsection shall be made as follows:

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

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1 subsection (12), and shall be calculated in the same manner as  
2 for a district, using the foundation allowance under section 20  
3 of the pupil's district of residence, not to exceed \$6,500.00  
4 adjusted by the dollar amount of the difference between the basic  
5 foundation allowance under section 20 for the current fiscal year  
6 and \$5,000.00, and that district's per pupil allocation under  
7 section 20j(2). However, beginning in 2002-2003, the \$6,500.00  
8 amount prescribed in this subdivision shall be adjusted each year  
9 by an amount equal to the dollar amount of the difference between  
10 the basic foundation allowance for the current state fiscal year  
11 and \$5,000.00, minus \$200.00.

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

17 (3) From the funds allocated under subsection (1), there is  
18 allocated ~~for 1999-2000~~ EACH FISCAL YEAR FOR 2000-2001, FOR  
19 2001-2002, AND FOR 2002-2003 the amount necessary, estimated at  
20 ~~\$38,300,000.00~~ \$3,000,000.00 EACH FISCAL YEAR, to make payments  
21 to districts and intermediate districts under this subsection.  
22 If the amount allocated to a district or intermediate district  
23 for a fiscal year under subsection (2)(b) is less than the sum of  
24 the amounts allocated to the district or intermediate district  
25 for 1996-97 under sections 52 and 58, there is allocated to the  
26 district or intermediate district for the fiscal year an amount  
27 equal to that difference, adjusted by applying the same proration

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1 factor that was used in the distribution of funds under section  
2 52 in 1996-97 as adjusted to the district's or intermediate  
3 district's necessary costs of special education used in calcula-  
4 tions for the fiscal year. This adjustment is to reflect reduc-  
5 tions in special education program operations between 1996-97 and  
6 subsequent fiscal years. Beginning in 2000-2001, adjustments for  
7 reductions in special education program operations shall be made  
8 in a manner determined by the department and shall include  
9 adjustments for program shifts.

10 (4) If the department determines that the sum of the amounts  
11 allocated for a fiscal year to a district or intermediate dis-  
12 trict under subsection (2)(a) and (b) is not sufficient to ful-  
13 fill the specified percentages in subsection (2), then the short-  
14 fall shall be paid to the district or intermediate district  
15 during the fiscal year beginning on the October 1 following the  
16 determination and payments under subsection (3) shall be adjusted  
17 as necessary. If the department determines that the sum of the  
18 amounts allocated for a fiscal year to a district or intermediate  
19 district under subsection (2)(a) and (b) exceeds the sum of the  
20 amount necessary to fulfill the specified percentages in subsec-  
21 tion (2), then the department shall deduct the amount of the  
22 excess from the district's or intermediate district's payments  
23 under this act for the fiscal year beginning on the October 1  
24 following the determination and payments under subsection (3)  
25 shall be adjusted as necessary. However, if the amount allocated  
26 under subsection (2)(a) in itself exceeds the amount necessary to

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1 fulfill the specified percentages in subsection (2), there shall  
2 be no deduction under this subsection.

3       (5) State funds shall be allocated on a total approved cost  
4 basis. Federal funds shall be allocated under applicable federal  
5 requirements, except that an amount not to exceed \$3,500,000.00  
6 each fiscal year may be allocated by the department ~~for~~  
7 ~~1999-2000,~~ for 2000-2001, for 2001-2002, and for 2002-2003 to  
8 districts or intermediate districts on a competitive grant basis  
9 for programs, equipment, and services that the department deter-  
10 mines to be designed to benefit or improve special education on a  
11 statewide scale.

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

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

26       (a) "Total approved costs of special education" shall be  
27 determined in a manner specified by the department and may

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1 include indirect costs, but shall not exceed 115% of approved  
2 direct costs for section 52 and section 53a programs. The total  
3 approved costs include salary and other compensation for all  
4 approved special education personnel for the program, including  
5 payments for social security and medicare and public school  
6 employee retirement system contributions. The total approved  
7 costs do not include salaries or other compensation paid to  
8 administrative personnel who are not special education personnel  
9 as defined in section 6 of the revised school code, MCL 380.6.  
10 Costs reimbursed by federal funds, other than those federal funds  
11 included in the allocation made under this article, are not  
12 included. Special education approved personnel not utilized full  
13 time in the evaluation of students or in the delivery of special  
14 education programs, ancillary, and other related services shall  
15 be reimbursed under this section only for that portion of time  
16 actually spent providing these programs and services, with the  
17 exception of special education programs and services provided to  
18 youth placed in child caring institutions or juvenile detention  
19 programs approved by the department to provide an on-grounds edu-  
20 cation program.

21 (b) Reimbursement for ancillary and other related services,  
22 as defined by R 340.1701 of the Michigan administrative code,  
23 shall not be provided when those services are covered by and  
24 available through private group health insurance carriers or fed-  
25 eral reimbursed program sources unless the department and dis-  
26 trict or intermediate district agree otherwise and that agreement  
27 is approved by the state budget director. Expenses, other than

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1 the incidental expense of filing, shall not be borne by the  
2 parent. In addition, the filing of claims shall not delay the  
3 education of a pupil. A district or intermediate district shall  
4 be responsible for payment of a deductible amount and for an  
5 advance payment required until the time a claim is paid.

6 (8) From the allocation in subsection (1), there is allo-  
7 cated each fiscal year ~~for 1999-2000,~~ for 2000-2001, for  
8 2001-2002, and for 2002-2003 an amount not to exceed  
9 \$15,313,900.00 each fiscal year to intermediate districts. The  
10 payment under this subsection to each intermediate district shall  
11 be equal to the amount of the 1996-97 allocation to the interme-  
12 diate district under subsection (6) of this section as in effect  
13 for 1996-97.

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

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

25 (11) If a district or intermediate district uses money  
26 received under this section for a purpose other than the purpose  
27 or purposes for which the money is allocated, the department may

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1 require the district or intermediate district to refund the  
2 amount of money received. Money that is refunded shall be depos-  
3 ited in the state treasury to the credit of the state school aid  
4 fund.

5       (12) From the funds allocated in subsection (1), there is  
6 allocated each fiscal year ~~for 1999-2000,~~ for 2000-2001, for  
7 2001-2002, and for 2002-2003 the amount necessary, estimated at  
8 ~~\$11,100,000.00 for 1999-2000, \$7,700,000.00~~ \$6,700,000.00 for  
9 2000-2001, ~~\$8,140,000.00~~ \$7,100,000.00 for 2001-2002, and  
10 ~~\$8,350,000.00~~ \$7,300,000.00 for 2002-2003 to pay the foundation  
11 allowances for pupils described in this subsection. The alloca-  
12 tion to a district under this subsection shall be calculated by  
13 multiplying the number of pupils described in this subsection who  
14 are counted in membership in the district times the sum of the  
15 foundation allowance under section 20 of the pupil's district of  
16 residence plus the amount of the district's per pupil allocation  
17 under section 20j(2), not to exceed \$6,500.00 adjusted by the  
18 dollar amount of the difference between the basic foundation  
19 allowance under section 20 for the current fiscal year and  
20 \$5,000.00, or, for a pupil described in this subsection who is  
21 counted in membership in a district that is a public school acad-  
22 emy or university school, times an amount equal to the amount per  
23 membership pupil under section 20(6). The allocation to an  
24 intermediate district under this subsection shall be calculated  
25 in the same manner as for a district, using the foundation allow-  
26 ance under section 20 of the pupil's district of residence, not  
27 to exceed \$6,500.00 adjusted by the dollar amount of the

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1 difference between the basic foundation allowance under section  
2 20 for the current fiscal year and \$5,000.00, and that district's  
3 per pupil allocation under section 20j(2). 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 This subsection applies to all of the following pupils:

9 (a) Pupils described in section 53a.

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

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

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

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

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

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

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

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

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

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

7 Sec. 51c. As required by the court in the consolidated  
8 cases known as Durant v the state STATE of Michigan, Michigan  
9 supreme court docket no. 104458-104492, from the allocation under  
10 section 51a(1), there is allocated for 2000-2001, for 2001-2002,  
11 and for 2002-2003 the amount necessary, estimated at  
12 ~~\$540,300,000.00~~ \$529,000,000.00 for 2000-2001,  
13 ~~\$583,000,000.00~~ \$568,000,000.00 for 2001-2002, and  
14 ~~\$629,100,000.00~~ \$611,000,000.00 for 2002-2003, for payments to  
15 reimburse districts for 28.6138% of total approved costs of spe-  
16 cial education excluding costs reimbursed under section 53a, and  
17 70.4165% of total approved costs of special education  
18 transportation. FUNDS ALLOCATED UNDER THIS SECTION THAT ARE NOT  
19 EXPENDED IN THE STATE FISCAL YEAR FOR WHICH THEY WERE ALLOCATED,  
20 AS DETERMINED BY THE DEPARTMENT, MAY BE USED TO SUPPLEMENT THE  
21 ALLOCATIONS UNDER SECTIONS 22A AND 22B IN ORDER TO FULLY FUND  
22 THOSE CALCULATED ALLOCATIONS FOR THE SAME FISCAL YEAR.

23 Sec. 53a. (1) For districts, reimbursement for pupils  
24 described in subsection (2), reimbursement shall be 100% of the  
25 total approved costs of operating special education programs and  
26 services approved by the department and included in the  
27 intermediate district plan adopted pursuant to article 3 of the

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1 revised school code, MCL 380.1701 to 380.1766, minus the  
2 district's foundation allowance calculated under section 20, and  
3 minus the amount of the district's per pupil allocation under  
4 section 20j(2). For intermediate districts, reimbursement for  
5 pupils described in section (2) shall be calculated in the same  
6 manner as for a district, using the foundation allowance under  
7 section 20 of the pupil's district of residence, not to exceed  
8 \$6,500.00 adjusted by the dollar amount of the difference between  
9 the basic foundation allowance under section 20 for the current  
10 fiscal year and \$5,000.00, and that district's per pupil alloca-  
11 tion under section 20j(2). However, beginning in 2002-2003, the  
12 \$6,500.00 amount prescribed in this subsection shall be adjusted  
13 each year by an amount equal to the dollar amount of the differ-  
14 ence between the basic foundation allowance for the current state  
15 fiscal year and \$5,000.00, minus \$200.00.

16 (2) Reimbursement under subsection (1) is for the following  
17 special education pupils:

18 (a) Pupils assigned to a district or intermediate district  
19 through the community placement program of the courts or a state  
20 agency, if the pupil was a resident of another intermediate dis-  
21 trict at the time the pupil came under the jurisdiction of the  
22 court or a state agency.

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

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

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1 (d) Pupils enrolled in a department-approved on-grounds  
2 educational program longer than 180 days, but not longer than 233  
3 days, at a residential child care institution, if the child care  
4 institution offered in 1991-92 an on-grounds educational program  
5 longer than 180 days but not longer than 233 days.

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

10 (3) Only those costs that are clearly and directly attribut-  
11 able to educational programs for pupils described in subsection  
12 (2), and that would not have been incurred if the pupils were not  
13 being educated in a district or intermediate district, are reim-  
14 bursable under this section.

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

17 (5) Not more than ~~\$14,500,000.00 for 1999-2000, and not~~  
18 ~~more than~~ \$14,800,000.00 each fiscal year for 2000-2001,  
19 2001-2002, and 2002-2003, of the allocation in section 51a(1)  
20 shall be allocated under this section.

21 (6) From the allocation in subsection (5), there is allo-  
22 cated each fiscal year for 2000-2001, for 2001-2002, and for  
23 2002-2003 an amount not to exceed \$150,000.00 to an intermediate  
24 district that received at least \$1,000,000.00 for 1999-2000 under  
25 subsection (4).

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

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1 each pupil in attendance at the Michigan schools for the deaf and  
2 blind. The amount shall be proportionate to the total instruc-  
3 tional cost at each school. Not more than \$1,688,000.00 each  
4 fiscal year for ~~1999-2000,~~ 2000-2001, 2001-2002, and 2002-2003  
5 of the allocation in section 51a(1) shall be allocated under this  
6 section.

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

8       (a) "Membership" means for a particular fiscal year the  
9 total membership for the immediately preceding fiscal year of the  
10 intermediate district and the districts constituent to the inter-  
11 mediate district.

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

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

22       (2) From the allocation under section 51a(1), there is allo-  
23 cated an amount not to exceed ~~\$38,530,000.00 for 1999-2000,~~  
24 \$38,120,000.00 for 2000-2001, \$44,720,000.00 for 2001-2002, and  
25 \$45,360,000.00 for 2002-2003 to reimburse intermediate districts  
26 levying millages for special education pursuant to part 30 of the  
27 revised school code, MCL 380.1711 to 380.1743. The purpose, use,

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1 and expenditure of the reimbursement shall be limited as if the  
2 funds were generated by these millages and governed by the inter-  
3 mediate district plan adopted pursuant to article 3 of the  
4 revised school code, MCL 380.1701 to 380.1766. As a condition of  
5 receiving funds under this section, an intermediate district dis-  
6 tributing any portion of special education millage funds to its  
7 constituent districts shall submit for departmental approval and  
8 implement a distribution plan.

9       (3) ~~Reimbursement for those millages levied in 1998-99~~  
10 ~~shall be made in 1999-2000 at an amount per 1998-99 membership~~  
11 ~~pupil computed by subtracting from \$106,800.00 the 1998-99 tax-~~  
12 ~~able value behind each membership pupil, and multiplying the~~  
13 ~~resulting difference by the 1998-99 millage levied.~~  
14 Reimbursement for those millages levied in 1999-2000 shall be  
15 made in 2000-2001 at an amount per 1999-2000 membership pupil  
16 computed by subtracting from \$111,700.00 the 1999-2000 taxable  
17 value behind each membership pupil, and multiplying the resulting  
18 difference by the 1999-2000 millage levied. Reimbursement for  
19 those millages levied in 2000-2001 shall be made in 2001-2002 at  
20 an amount per 2000-2001 membership pupil computed by subtracting  
21 from \$118,000.00 the 2000-2001 taxable value behind each member-  
22 ship pupil and multiplying the resulting difference by the  
23 2000-2001 millage levied. Reimbursement for those millages  
24 levied in 2001-2002 shall be made in 2002-2003 at an amount per  
25 2001-2002 membership pupil computed by subtracting from  
26 \$123,500.00 the 2001-2002 taxable value behind each membership

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1 pupil and multiplying the resulting difference by the 2001-2002  
2 millage levied.

3       (4) From the allocation in subsection (2), there is allo-  
4 cated an amount not to exceed ~~-\$3,300,000.00 for 1999-2000, an~~  
5 ~~amount not to exceed~~ \$2,440,000.00 for 2000-2001, an amount not  
6 to exceed \$6,820,000.00 for 2001-2002, and an amount not to  
7 exceed \$7,240,000.00 for 2002-2003 for payments to intermediate  
8 districts under this subsection that do not qualify for a payment  
9 under subsection (3) for reimbursement for changes as a result of  
10 revisions to the personal property tax depreciation tables. ~~The~~  
11 ~~allocation for 1999-2000 includes payments for prior year adjust-~~  
12 ~~ments in taxable value for changes as a result of revisions to~~  
13 ~~the personal property tax depreciation tables.~~ To receive a pay-  
14 ment under this subsection, an intermediate district shall file a  
15 claim by July 1 of the fiscal year to the department, detailing  
16 the loss of revenue to the intermediate district's special educa-  
17 tion millage attributable to those revisions. The amount of the  
18 payment under this subsection to each intermediate district shall  
19 be an amount equal to the same proportion of the total amount of  
20 funding available under this subsection as the intermediate  
21 district's claim under this section bears to the total amount of  
22 claims under this subsection and, notwithstanding section 121,  
23 shall not be adjusted for prior year adjustments more than 2  
24 years after the end of the state fiscal year for which payment  
25 under this subsection was made.

26       Sec. 57. (1) From the appropriation in section 11, there is  
27 allocated an amount not to exceed \$600,000.00 each fiscal year

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1 ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and for 2002-2003  
2 to applicant intermediate districts that provide support services  
3 for the education of gifted and talented pupils. An intermediate  
4 district is entitled to 75% of the actual salary, but not to  
5 exceed \$25,000.00 reimbursement for an individual salary, of a  
6 support services teacher approved by the department, and not to  
7 exceed \$4,000.00 reimbursement for expenditures to support pro-  
8 gram costs, excluding in-county travel and salary, as approved by  
9 the department.

10 (2) From the appropriation in section 11, there is allocated  
11 an amount not to exceed \$400,000.00 each fiscal year ~~for~~  
12 ~~1999-2000,~~ for 2000-2001, for 2001-2002, and for 2002-2003 to  
13 support part of the cost of summer institutes for gifted and tal-  
14 ented students. This amount shall be contracted to applicant  
15 intermediate districts in cooperation with a local institution of  
16 higher education and shall be coordinated by the department.

17 (3) From the appropriation in section 11, there is allocated  
18 ~~an amount not to exceed \$4,000,000.00 for 1999-2000, and~~ an  
19 amount not to exceed \$5,000,000.00 ~~each fiscal year~~ for  
20 2000-2001, AN AMOUNT NOT TO EXCEED \$4,000,000.00 for 2001-2002,  
21 and AN AMOUNT NOT TO EXCEED \$4,000,000.00 for 2002-2003 for the  
22 development and operation of comprehensive programs for gifted  
23 and talented pupils. An eligible district or consortium of dis-  
24 tricts shall receive an amount not to exceed \$100.00 per K-12  
25 pupil for up to 5% of the district's or consortium's K-12 member-  
26 ship for the immediately preceding fiscal year with a minimum  
27 total grant of \$6,000.00. Funding shall be provided in the

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

15       Sec. 61a. (1) From the appropriation in section 11, there  
16 is allocated an amount not to exceed \$31,027,600.00 each fiscal  
17 year ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and for  
18 2002-2003 to reimburse on an added cost basis districts, except  
19 for a district that served as the fiscal agent for a vocational  
20 education consortium in the 1993-94 school year, and secondary  
21 area vocational-technical education centers for secondary-level  
22 vocational-technical education programs, including parenthood  
23 education programs, according to rules approved by the  
24 superintendent. Applications for participation in the programs  
25 shall be submitted in the form prescribed by the department. The  
26 department shall determine the added cost for each  
27 vocational-technical program area. The allocation of added cost

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1 funds shall be based on the type of vocational-technical programs  
2 provided, the number of pupils enrolled, and the length of the  
3 training period provided, and shall not exceed 75% of the added  
4 cost of any program. With the approval of the department, the  
5 board of a district maintaining a secondary vocational-technical  
6 education program may offer the program for the period from the  
7 close of the school year until September 1. The program shall  
8 use existing facilities and shall be operated as prescribed by  
9 rules promulgated by the superintendent.

10 (2) Except for a district that served as the fiscal agent  
11 for a vocational education consortium in the 1993-94 school year,  
12 districts and intermediate districts shall be reimbursed for  
13 local vocational administration, shared time vocational adminis-  
14 tration, and career education planning district  
15 vocational-technical administration. The definition of what con-  
16 stitutes administration and reimbursement shall be pursuant to  
17 guidelines adopted by the superintendent. Not more than  
18 \$800,000.00 of the allocation in subsection (1) shall be distrib-  
19 uted under this subsection.

20 (3) From the allocation in subsection (1), there is allo-  
21 cated an amount not to exceed \$388,700.00 each fiscal year to  
22 intermediate districts with constituent districts that had com-  
23 bined state and local revenue per membership pupil in the 1994-95  
24 state fiscal year of \$6,500.00 or more, served as a fiscal agent  
25 for a state board designated area vocational education center in  
26 the 1993-94 school year, and had an adjustment made to their  
27 1994-95 combined state and local revenue per membership pupil

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1 pursuant to section 20d. The payment under this subsection to  
2 the intermediate district shall equal the amount of the alloca-  
3 tion to the intermediate district for 1996-97 under this  
4 subsection.

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

6 (a) "Membership" means for a particular fiscal year the  
7 total membership for the immediately preceding fiscal year of the  
8 intermediate district and the districts constituent to the inter-  
9 mediate district or the total membership for the immediately pre-  
10 ceding fiscal year of the area vocational-technical program.

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

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

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1 taxable value of the intermediate district if the district meets  
2 both of the following:

3       (i) The district operates the area vocational-technical edu-  
4 cation program pursuant to a contract with the intermediate  
5 district.

6       (ii) The district contributes an annual amount to the opera-  
7 tion of the program that is commensurate with the revenue that  
8 would have been raised for operation of the program if millage  
9 were levied in the district for the program under sections 681 to  
10 690 of the revised school code, MCL 380.681 to 380.690.

11       (2) From the appropriation in section 11, there is allocated  
12 an amount not to exceed ~~-\$9,880,000.00 for 1999-2000, an amount~~  
13 ~~not to exceed~~ \$9,810,000.00 for 2000-2001, an amount not to  
14 exceed \$11,190,000.00 for 2001-2002, and an amount not to exceed  
15 \$11,330,000.00 for 2002-2003 to reimburse intermediate districts  
16 and area vocational-technical education programs established  
17 under section 690(3) of the revised school code, MCL 380.690,  
18 levying millages for area vocational-technical education pursuant  
19 to sections 681 to 690 of the revised school code, MCL 380.681 to  
20 380.690. The purpose, use, and expenditure of the reimbursement  
21 shall be limited as if the funds were generated by those  
22 millages.

23       (3) ~~Reimbursement for the millages levied in 1998-99 shall~~  
24 ~~be made in 1999-2000 at an amount per 1998-99 membership pupil~~  
25 ~~computed by subtracting from \$108,800.00 the 1998-99 taxable~~  
26 ~~value behind each membership pupil, and multiplying the resulting~~  
27 ~~difference by the 1998-99 millage levied.~~ Reimbursement for the

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1 millages levied in 1999-2000 shall be made in 2000-2001 at an  
2 amount per 1999-2000 membership pupil computed by subtracting  
3 from \$114,300.00 the 1999-2000 taxable value behind each member-  
4 ship pupil, and multiplying the resulting difference by the  
5 1999-2000 millage levied. Reimbursement for the millages levied  
6 in 2000-2001 shall be made in 2001-2002 at an amount per  
7 2000-2001 membership pupil computed by subtracting from  
8 \$121,500.00 the 2000-2001 taxable value behind each membership  
9 pupil, and multiplying the resulting difference by the 2000-2001  
10 millage levied. Reimbursement for the millages levied in  
11 2001-2002 shall be made in 2002-2003 at an amount per 2001-2002  
12 membership pupil computed by subtracting from \$127,600.00 the  
13 2001-2002 taxable value behind each membership pupil, and multi-  
14 plying the resulting difference by the 2001-2002 millage levied.

15 (4) From the allocation in subsection (2), there is allo-  
16 cated an amount not to exceed ~~\$670,000.00 for 1999-2000, an~~  
17 ~~amount not to exceed~~ \$500,000.00 for 2000-2001, an amount not to  
18 exceed \$1,380,000.00 for 2001-2002, and an amount not to exceed  
19 \$1,470,000.00 for 2002-2003 for payments to intermediate dis-  
20 tricts under this subsection that do not qualify for a payment  
21 under subsection (3) for reimbursement for changes as a result of  
22 revisions to the personal property tax depreciation tables. ~~The~~  
23 ~~allocation for 1999-2000 includes payments for prior year adjust-~~  
24 ~~ments in taxable value for changes as a result of revisions to~~  
25 ~~the personal property tax depreciation tables.~~ To receive a pay-  
26 ment under this subsection, an intermediate district shall file a  
27 claim by July 1 of the fiscal year to the department, detailing

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1 the loss of revenue to the intermediate district's vocational  
2 education millage attributable to those revisions. The amount of  
3 the payment under this subsection to each intermediate district  
4 shall be an amount equal to the same proportion of the total  
5 amount of funding available under this subsection as the interme-  
6 diate district's claim under this section bears to the total  
7 amount of claims under this subsection and, notwithstanding  
8 section 121, shall not be adjusted for prior year adjustments  
9 more than 2 years after the end of the state fiscal year for  
10 which payment under this subsection was made.

11       Sec. 63. (1) From the general fund appropriation in section  
12 11, there is allocated an amount not to exceed \$1,800,000.00  
13 ~~each fiscal year for 1999-2000, 2000-2001, 2001-2002, and~~  
14 ~~2002-2003~~ FOR 2000-2001 for implementation of the Michigan manu-  
15 facturing technology program for the corresponding school years  
16 as provided under this section.

17       (2) From the allocation in subsection (1), there is allo-  
18 cated \$1,800,000.00 ~~each fiscal year~~ to the department, in con-  
19 junction with the department of career development, to award com-  
20 petitive grants for the purpose of improving manufacturing tech-  
21 nology programs offered by public education agencies. The maxi-  
22 mum amount of a grant under this subsection shall not exceed  
23 \$50,000.00 ~~each fiscal year~~ for each public education agency  
24 determined to be eligible for funding.

25       (3) Applications for grants under subsection (2) shall be  
26 submitted in a form and manner determined by the department, in

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1 conjunction with the department of career development. Criteria  
2 for funding shall include all of the following:

3 (a) The public education agency operates a manufacturing  
4 technology program, is a participating agency in a regional  
5 career preparation plan described in section 68, and has the sup-  
6 port of the local workforce development board for submission of  
7 the grant application.

8 (b) The public education agency offers employer-provided  
9 instruction for its pupils as part of its manufacturing technol-  
10 ogy curriculum.

11 (c) The public education agency agrees to evaluate the  
12 impact of the grant.

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

15 (4) Grants awarded under subsection (2) shall be used by  
16 eligible public education agencies for activities intended to  
17 increase the amount of employer-provided instruction provided to  
18 pupils and to increase pupil awareness of manufacturing technol-  
19 ogy programs.

20 (5) The department, in conjunction with the department of  
21 career development, shall consider the potential for graduates to  
22 be placed in high-wage, high-demand positions upon completion of  
23 the manufacturing technology program in its determination of  
24 grant awards.

25 (6) Grants under subsection (2) shall be awarded by the  
26 department no later than May 31 before the beginning of ~~each~~  
27 THE fiscal year and paid out to the grant recipients in total no

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1 later than October 1 of the fiscal year for which the grant is  
2 awarded. Funds may be used by grant recipients to support allow-  
3 able expenditures in the following school year.

4       Sec. 67. (1) From the general fund appropriation in section  
5 11, there is allocated an amount not to exceed \$350,000.00 each  
6 fiscal year ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and  
7 for 2002-2003 for Michigan career preparation system grants under  
8 this section.

9       (2) From the allocation in subsection (1), there is allo-  
10 cated \$150,000.00 each fiscal year ~~for 1999-2000,~~ for  
11 2000-2001, for 2001-2002, and for 2002-2003 to the department to  
12 identify uniform career competency standards and assessments for  
13 career clusters, to establish a statewide information system on  
14 current and anticipated employment opportunities and the required  
15 level of skills and education required for employment.

16       (3) From the allocation in subsection (1), there is allo-  
17 cated \$100,000.00 each fiscal year ~~for 1999-2000,~~ for  
18 2000-2001, for 2001-2002, and for 2002-2003 to the department to  
19 provide information to parents, pupils, school personnel, employ-  
20 ers, and others regarding opportunities to receive integrated  
21 academic and technical preparation in the public schools of this  
22 state.

23       (4) From the allocation in subsection (1), there is allo-  
24 cated \$100,000.00 each fiscal year ~~for 1999-2000,~~ 2000-2001,  
25 2001-2002, and 2002-2003 to the department to provide technical  
26 assistance to eligible education agencies and workforce  
27 development boards.

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

2 (a) "Advanced career academy" means a career-technical edu-  
3 cation program operated by a district, by an intermediate dis-  
4 trict, or by a public school academy, that applies for and  
5 receives advanced career academy designation from the  
6 department. To receive this designation, a career-technical edu-  
7 cation program shall meet criteria established by the department,  
8 which criteria shall include at least all of the following:

9 (i) Operation of programs for those career clusters identi-  
10 fied by the department as being eligible for advanced career  
11 academy status.

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

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

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

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

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

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1 (d) "Department" means the department of career  
2 development.

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

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

8 (g) "Workforce development board" means a local workforce  
9 development board established pursuant to ~~the job training part-~~  
10 ~~nership act, Public Law 97-300, 96 Stat. 1322, or, beginning July~~  
11 ~~1, 2000,~~ the workforce investment act of 1998, Public Law  
12 105-220, 112 Stat. 936, and the school-to-work opportunities act  
13 of 1994, Public Law 103-239, 108 Stat. 568, or the equivalent.

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

19 Sec. 68. (1) From the general fund appropriation in section  
20 11, there is allocated an amount not to exceed ~~\$23,850,000.00~~  
21 \$21,850,000.00 each fiscal year ~~for 1999-2000,~~ for 2000-2001,  
22 for 2001-2002, and for 2002-2003 to be used to implement the  
23 Michigan career preparation system in the corresponding school  
24 years as provided under this section. ~~From this allocation, the~~  
25 ~~department may reserve an amount not to exceed \$2,000,000.00 each~~  
26 ~~fiscal year for career-technical education programs that have~~  
27 ~~achieved designation as an advanced career academy.~~ In order to

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1 receive funds under this section, an eligible education agency  
2 shall be part of an approved regional career preparation plan  
3 under subsection (2) and shall agree to expend the funds required  
4 under this section in accordance with the regional career prepa-  
5 ration plan. Funds awarded under this section that are not  
6 expended in accordance with this section may be recovered by the  
7 department.

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

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

24       (b) The regional career preparation plan shall be developed  
25 by representatives of the education advisory group of each work-  
26 force development board in accordance with guidelines developed  
27 under former section 67(5), and in accordance with subdivisions

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1 (d) and (e). All of the following shall be represented on each  
2 education advisory group: workforce development board members,  
3 other employers, labor, districts, intermediate districts, post-  
4 secondary institutions, career/technical educators, parents of  
5 public school pupils, and academic educators. The representa-  
6 tives of districts, intermediate districts, and postsecondary  
7 institutions appointed to the education advisory group by the  
8 workforce development board shall be individuals designated by  
9 the board of the district, intermediate district, or postsecond-  
10 ary institution.

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

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

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

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

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

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

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

5       (vi) Identification of all federal, state, local, and pri-  
6 vate sources of funding available for career preparation activi-  
7 ties in the region.

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

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

23       (a) For ~~1999-2000 and~~ 2000-2001, the department shall rank  
24 all career clusters, including career exploration, guidance, and  
25 counseling. Rank determination will be based on median salary  
26 data in career clusters and employment opportunity data provided  
27 by the council for career preparation standards. In addition,

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1 rank determination shall be based on placement data available for  
2 prior year graduates of the programs in the career clusters  
3 either in related careers or postsecondary education. The proce-  
4 dure for ranking of career clusters shall be determined by the  
5 department.

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

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

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

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

20 (iv) Supplies and materials directly related to career prep-  
21 aration programs.

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

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

26 (vii) Career placement services.

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

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

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

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

24       (5) An education advisory group is responsible for assuring  
25 the quality of the career preparation system. An education  
26 advisory group shall review the career preparation system in

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1 accordance with evaluation criteria established by the  
2 department.

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

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

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

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

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1 compensating the driver during the course of instruction or  
2 driver skills road tests shall be made by the department to the  
3 college or university or intermediate district providing the  
4 course of instruction.

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

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

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1 Except as otherwise provided in this section, there shall be  
2 allocated to each intermediate district for 2001-2002 an amount  
3 equal to 105% of the amount of funding actually received by the  
4 intermediate district under this subsection for 2000-2001.

5 Except as otherwise provided in this section, there shall be  
6 allocated to each intermediate district for 2002-2003 an amount  
7 equal to 103.1% of the amount of funding actually received by the  
8 intermediate district under this subsection for 2001-2002.

9 Funding provided under this section shall be used to comply with  
10 requirements of this act and the revised school code that are  
11 applicable to intermediate districts, and for which funding is  
12 not provided elsewhere in this act, and to provide technical  
13 assistance to districts as authorized by the intermediate school  
14 board.

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

25       (3) If an intermediate district participated in 1993-94 in a  
26 consortium operating a regional educational media center under  
27 section 671 of the revised school code, MCL 380.671, and rules

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1 promulgated by the superintendent, and if the intermediate  
2 district obtains written consent from each of the other interme-  
3 diate districts that participated in the consortium in 1993-94,  
4 the intermediate district may notify the department not later  
5 than December 30 of the current fiscal year that it is electing  
6 to directly receive its payment attributable to participation in  
7 that consortium. An intermediate district making that election,  
8 and that has obtained the necessary consent, shall receive each  
9 fiscal year ~~for 1999-2000,~~ for 2000-2001, for 2001-2002, and  
10 for 2002-2003, as applicable, for each pupil in membership in the  
11 intermediate district or a constituent district an amount equal  
12 to the quotient of the 1993-94 allocation to the fiscal agent for  
13 that consortium under former section 83, adjusted as determined  
14 by the department to account for that election, divided by the  
15 combined total membership for the current fiscal year in all of  
16 the intermediate districts that participated in that consortium  
17 and their constituent districts. The amount allocated to an  
18 intermediate district under this subsection for a fiscal year  
19 shall be deducted from the total allocation for that fiscal year  
20 under this section to the intermediate district that was the  
21 1993-94 fiscal agent for the consortium.

22       (4) During a fiscal year, the department shall not increase  
23 an intermediate district's allocation under subsection (1)  
24 because of an adjustment made by the department during the fiscal  
25 year in the intermediate district's taxable value for a prior  
26 year. Instead, the department shall report the adjustment and  
27 the estimated amount of the increase to the house and senate

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1 fiscal agencies and the state budget director not later than  
2 June 1 of the fiscal year, and the legislature shall appropriate  
3 money for the adjustment in the next succeeding fiscal year.

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

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

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1       Sec. 94. From the general fund money appropriated in  
2 section 11, there is allocated to the department ~~an amount not~~  
3 ~~to exceed \$1,500,000.00 for 1999-2000,~~ an amount not to exceed  
4 \$3,000,000.00 for 2000-2001, an amount not to exceed  
5 ~~\$5,000,000.00~~ \$3,000,000.00 for 2001-2002, and an amount not to  
6 exceed ~~\$10,000,000.00~~ \$5,000,000.00 for 2002-2003 to provide  
7 technical assistance to districts for school accreditation pur-  
8 poses as described in section 1280 of the revised school code,  
9 MCL 380.1280.

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

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

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

26       ~~(4) Funds allocated under this section that are not expended~~  
27 ~~in the fiscal year in which they were allocated may be carried~~

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1 ~~forward to a subsequent fiscal year.~~

2 (4) FUNDS ALLOCATED UNDER THIS SECTION THAT ARE NOT EXPENDED IN  
3 THE FISCAL YEAR IN WHICH THEY WERE ALLOCATED MAY BE CARRIED FORWARD  
4 TO A SUBSEQUENT FISCAL YEAR. FROM THE FUNDS ALLOCATED FOR 1999-2000  
5 THAT WERE CARRIED FORWARD UNDER THIS SUBSECTION, THE CENTER MAY PAY  
6 DISTRICTS GRANTS FOR NET COSTS INCURRED FROM 1998-1999 THROUGH 2002-  
7 2003 DUE TO THE IMPLEMENTATION OF THE SINGLE RECORD STUDENT  
8 DATABASE. THE CENTER MAY ALSO PAY INTERMEDIATE DISTRICTS GRANTS FOR  
9 NET COSTS INCURRED FROM 1998-99 THROUGH 2002-2003 DUE TO THE

10 IMPLEMENTATION OF THE SINGLE RECORD STUDENT DATABASE ON BEHALF OF  
CONSTITUENT DISTRICTS. NET COSTS SHALL BE DETERMINED AND THE AMOUNT  
OF THE GRANT CALCULATED IN A MANNER DETERMINED BY THE CENTER.  
PURPOSES FOR WHICH THE CENTER MAY MAKE GRANTS TO DISTRICTS AND  
INTERMEDIATE DISTRICTS MAY INCLUDE PURCHASES OF SOFTWARE TO SUBMIT  
DATA FILES TO THE MICHIGAN EDUCATION INFORMATION SYSTEM OR NEW  
STUDENT INFORMATION MANAGEMENT SYSTEMS COMPATIBLE WITH THE SINGLE  
RECORD STUDENT DATABASE. PURPOSES FOR WHICH A GRANT MAY BE MADE  
MUST BE APPROVED BY THE CENTER. THIS REIMBURSEMENT SHALL NOT EXCEED  
A TOTAL OF \$1.00 PER PUPIL FOR EACH DISTRICT.

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

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

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

24 ~~(a) For 1999-2000, at least 80% of the fourth and fifth~~  
25 ~~grade pupils enrolled and in regular daily attendance in the~~  
26 ~~school on the pupil membership count day in that school year took~~

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1 ~~the applicable MEAP tests, and 1 or both of the following are~~  
2 ~~met:~~

3 ~~(i) The composite score for the pupils in the school who~~  
4 ~~took the applicable MEAP tests increased by at least 60 points~~  
5 ~~over the 2 consecutive school years immediately preceding the~~  
6 ~~state fiscal year in which the award is given.~~

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

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

16 (i) The composite score for the pupils in the ELEMENTARY  
17 school who took the applicable MEAP tests increased by at least  
18 60 points over the 2 consecutive school years immediately preced-  
19 ing the state fiscal year in which the award is given.

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

24 (3) IN CALCULATING THE PERCENTAGE OF PUPILS THAT TOOK THE  
25 APPLICABLE MEAP TESTS FOR THE PURPOSES OF SUBSECTION (2), THE  
26 DEPARTMENT OF TREASURY SHALL NOT COUNT A SPECIAL EDUCATION PUPIL

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1 AS PART OF THE ELEMENTARY SCHOOL'S ENROLLMENT IF ALL OF THE  
2 FOLLOWING APPLY:

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

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

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

21 (5) ~~-(3)-~~ A golden apple award under this section shall be  
22 allocated to and used by a district exclusively for the purpose  
23 of distributing funds to each eligible elementary school. A  
24 golden apple award shall consist of \$1,000.00 per each full-time  
25 employee who works in the ~~eligible elementary~~ school  
26 OPERATING GRADE 4 plus \$10,000.00 to be allocated to the  
27 principal of ~~the~~ THAT school for school improvements, but shall

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1 not be less than \$50,000.00 per recipient ELEMENTARY school. All  
2 money allocated under this section per full-time employee shall  
3 be used for school improvements FOCUSED ON GRADES K TO 5, as  
4 determined collectively by a majority vote of ~~those~~ THE  
5 FULL-TIME employees WHO WORK AT THE SCHOOL OPERATING GRADE 4.

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

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

13 Sec. 98. (1) From the general fund money appropriated in  
14 section 11, there is allocated an amount not to exceed  
15 \$15,000,000.00 for 2000-2001, and an amount not to exceed  
16 \$1,500,000.00 each fiscal year for 2001-2002 and for 2002-2003 to  
17 the department to provide a grant EACH FISCAL YEAR to the  
18 Michigan virtual university for the development, implementation,  
19 and operation of the Michigan virtual high school.

20 (2) The Michigan virtual high school shall have the follow-  
21 ing goals:

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

25 (b) Create statewide instructional models using interactive  
26 multimedia tools delivered by electronic means, including, but

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1 not limited to, the internet, digital broadcast, or satellite  
2 network, for distributed learning at the high school level.

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

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

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

9 (f) Grant high school diplomas through a dual enrollment  
10 method with districts.

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

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

17 (a) Information technology courses.

18 (b) College level equivalent courses, as defined in section  
19 1471 of the revised school code, MCL 380.1471.

20 (c) Courses and dual enrollment opportunities.

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

22 (e) General education development test preparation courses  
23 for adjudicated youth.

24 (f) Special interest courses.

25 (g) Professional development programs and services for  
26 teachers.

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

4 Sec. 99. (1) From the state school aid fund appropriation  
5 in section 11, there is allocated ~~an amount not to exceed~~  
6 ~~\$7,904,900.00 for 1999-2000,~~ an amount not to exceed  
7 \$9,270,000.00 for 2000-2001, an amount not to exceed  
8 ~~\$10,684,300.00~~ \$9,684,300.00 for 2001-2002, and an amount not  
9 to exceed ~~\$10,984,500.00~~ \$9,784,500.00 for 2002-2003, and from  
10 the general fund appropriation in section 11 there is allocated  
11 ~~an amount not to exceed \$400,000.00 for fiscal year 1999-2000,~~  
12 an amount not to exceed \$475,100.00 for 2000-2001, an amount not  
13 to exceed \$548,000.00 for 2001-2002, and an amount not to exceed  
14 \$596,000.00 for 2002-2003 for implementing the comprehensive  
15 master plan for mathematics and science centers developed by the  
16 department and approved by the state board on February 17, 1993.  
17 (2) Within a service area designated locally, approved by  
18 the department, and consistent with the master plan described in  
19 subsection (1), an established mathematics and science center  
20 shall address 2 or more of the following 6 basic services, as  
21 described in the master plan, to constituent districts and  
22 communities: leadership, pupil services, curriculum support,  
23 community involvement, professional development, and resource  
24 clearinghouse services.

25 (3) The department shall not award a grant under this sec-  
26 tion to more than 1 mathematics and science center located in a  
27 particular intermediate district unless each of the grants serves

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1 a distinct target population or provides a service that does not  
2 duplicate another program in the intermediate district.

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

8 (5) Allocations under this section to support the activities  
9 and programs of mathematics and science centers shall be continu-  
10 ing support grants to all 25 established mathematics and science  
11 centers and, subject to subsection (9), the 8 satellite exten-  
12 sions that were funded in 1996-97. ~~Each~~ BEGINNING IN  
13 2000-2001, EACH established mathematics and science center that  
14 was funded in 1999-2000 shall receive an amount equal to ~~103%~~  
15 105.3% of the amount it received under this section in  
16 1999-2000.

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

22 (7) From the state school aid fund allocation under subsec-  
23 tion (1), there is allocated an amount not to exceed \$611,800.00  
24 each fiscal year for ~~1999-2000,~~ 2000-2001, 2001-2002, and  
25 2002-2003 for additional funding under this subsection for mathe-  
26 matics and science centers that have come into compliance with  
27 the comprehensive master plan described in subsection (1). These

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1 amounts are in addition to the funding determined under  
2 subsection (5) and are as follows for each of those fiscal  
3 years:

4       (a) \$68,000.00 each to the central Michigan science, mathe-  
5 matics, and technology center; the Hillsdale-Lenawee-Monroe math-  
6 ematics and science center; the St. Clair mathematics, science,  
7 and technology network; the Saginaw valley state university  
8 regional center; the Genesee area mathematics, science, and tech-  
9 nology center; the Grand Traverse area regional mathematics,  
10 science, and technology center; and the Livingston/Washtenaw  
11 mathematics and science center.

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

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

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

20       (9) During the course of the 2000-2001 and 2001-2002 fiscal  
21 years, the department shall facilitate the conversion of the  
22 8 existing satellite extensions to full mathematics and science  
23 centers. To this end, in 2000-2001 the department shall provide  
24 4 satellite extensions, as selected by the department, with  
25 applications for conversion to full centers, and in 2001-2002 the  
26 department shall provide the remaining 4 satellite extensions  
27 with applications for conversion. The department shall provide

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1 the applications not later than October 15 of the applicable  
2 fiscal year; a satellite extension shall submit the application  
3 and a detail plan as prescribed by the department not later than  
4 November 15 of the applicable fiscal year; and the department  
5 shall review the applications and plans and notify the satellite  
6 extensions of their status not later than December 1 of the  
7 applicable fiscal year. The allocations under this section are  
8 sufficient to fund the conversion of the satellite extensions to  
9 full centers and to fund them as full centers.

10 ~~(10) Beginning in 2001-2002, the total amount allocated~~  
11 ~~under this section for a fiscal year shall be increased from the~~  
12 ~~total amount allocated under this section for the immediately~~  
13 ~~preceding fiscal year by the same percentage as the percentage~~  
14 ~~increase in the amount of the basic foundation allowance under~~  
15 ~~section 20 for that fiscal year from the amount of the basic~~  
16 ~~foundation allowance under section 20 for the immediately preced-~~  
17 ~~ing fiscal year.~~

18 (10) ANY FUNDS ALLOCATED UNDER THIS SECTION THAT REMAIN  
19 UNEXPENDED AT THE END OF A FISCAL YEAR SHALL NOT LAPSE BUT ARE  
20 INSTEAD ALLOCATED TO THE MATHEMATICS AND SCIENCE CENTERS RECEIV-  
21 ING FUNDING UNDER THIS SECTION, TO BE DISTRIBUTED IN THE SAME  
22 PROPORTION AS THEY RECEIVE FUNDING UNDER SUBSECTIONS (5) AND (7).

23 Sec. 107. (1) From the appropriation in section 11, there  
24 is allocated ~~for 1999-2000, for 2000-2001, for 2001-2002, and~~  
25 ~~for 2002-2003~~ an amount not to exceed \$80,000,000.00 ~~each~~  
26 ~~fiscal year~~ FOR 2000-2001 AND AN AMOUNT NOT TO EXCEED  
27 \$75,000,000.00 EACH FISCAL YEAR FOR 2001-2002 AND FOR 2002-2003

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1 for adult education programs authorized under this section. IT  
2 IS THE INTENT OF THE LEGISLATURE TO RESTORE FULL FUNDING FOR THE  
3 PURPOSES OF THIS SECTION FOR 2001-2002 AND 2002-2003 IF ADDI-  
4 TIONAL REVENUE BECOMES AVAILABLE.

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

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

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

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

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

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

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

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

3 (a) For districts and consortia that received payments for  
4 1995-96 under former section 107f and that received payments for  
5 1996-97 under subsection (4) of this section as in effect in  
6 1996-97, the amount allocated to each ~~for 1999-2000,~~ for  
7 2000-2001, for 2001-2002, and 2002-2003 shall be an amount each  
8 fiscal year equal to 36.76% of the amount the district or consor-  
9 tium received for 1995-96 under former section 107f.

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

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

25 (d) A district or consortium that received funding in  
26 1996-97 under this section as in effect for 1996-97 may operate  
27 independently of a consortium or join or form a consortium ~~for~~

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

12 (4) A district that operated an adult education program in  
13 1996-97 and does not intend to operate a program in ~~1999-2000,~~  
14 2000-2001, 2001-2002, or 2002-2003 shall notify the department by  
15 October 1 of the affected fiscal year of its intention. The  
16 funds intended to be allocated under this section to a district  
17 that does not operate a program in ~~1999-2000,~~ 2000-2001,  
18 2001-2002, or 2002-2003 and the unspent funds originally allo-  
19 cated under this section to a district or consortium that subse-  
20 quently operates a program at less than the level of funding  
21 allocated under subsection (3) shall instead be proportionately  
22 reallocated to the other districts described in subsection (3)(a)  
23 that are operating an adult education program in ~~1999-2000,~~  
24 2000-2001, 2001-2002, or 2002-2003 under this section.

25 (5) The amount allocated under this section per full-time  
26 equated participant is \$2,850.00 for a 450-hour program. The

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1 amount shall be proportionately reduced for a program offering  
2 less than 450 hours of instruction.

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

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

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

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

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

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

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

25       (i) The participant is assessed as having attained basic  
26 English proficiency.

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

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

9       (a) The program enrolls adults who do not have a high school  
10 diploma.

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

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

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

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

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

26       (a) The program enrolls adults who do not have a high school  
27 diploma.

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

4 (i) The participant passes the course and earns a high  
5 school diploma.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13       Sec. 108. (1) From the general fund appropriation in  
14 section 11, there is allocated for 2000-2001 ~~—, 2001-2002, and~~  
15 ~~2002-2003~~ an amount not to exceed \$20,000,000.00 ~~each fiscal~~  
16 ~~year~~ for partnership for adult learning programs authorized  
17 under this section.

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

23       (a) If the individual has obtained a high school diploma or  
24 a general education development (G.E.D.) certificate, the indi-  
25 vidual is determined to have English language proficiency, read-  
26 ing, writing, or math skills below workforce readiness standards  
27 as determined by department-approved tests and is not enrolled in

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1 a postsecondary institution. An individual who has obtained a  
2 high school diploma is not eligible for enrollment in a  
3 G.E.D. test preparation program funded under this section.

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

9 (3) From the allocation under subsection (1), an amount not  
10 to exceed \$19,800,000.00 is allocated ~~each fiscal year~~ for  
11 2000-2001 ~~, for 2001-2002, and for 2002-2003~~ to local workforce  
12 development boards for the purpose of providing regional adult  
13 learning programs. An application for a grant under this subsec-  
14 tion shall be in the form and manner prescribed by the  
15 department. Subject to subsections (4), (5), and (6), the amount  
16 allocated to each local workforce development board shall be as  
17 provided in this subsection, except that an eligible local work-  
18 force development board shall not receive an initial allocation  
19 under this section that is less than \$70,000.00. The maximum  
20 amount of a grant awarded to an eligible local workforce develop-  
21 ment board shall be the sum of the following components:

22 (a) Thirty-four percent of the allocation under this subsec-  
23 tion multiplied by the proportion of the family independence  
24 agency caseload in the local workforce development board region  
25 to the statewide family independence agency caseload.

26 (b) Thirty-three percent of the allocation under this  
27 subsection multiplied by the proportion of the number of persons

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1 in the local workforce development board region over age 17 who  
2 have not received a high school diploma compared to the statewide  
3 total of persons over age 17 who have not received a high school  
4 diploma.

5       (c) Thirty-three percent of the allocation under this sub-  
6 section multiplied by the proportion of the number of persons in  
7 the local workforce development board region over age 17 for whom  
8 English is not a primary language compared to the statewide total  
9 of persons over age 17 for whom English is not a primary  
10 language.

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

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

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

22       (a) The local workforce development board shall document the  
23 need for adult learning programs in the local workforce develop-  
24 ment region.

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

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

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

10 (e) The local workforce development board shall allow access  
11 for the department or the department's designee to audit all  
12 records related to adult learning programs for which it receives  
13 funds. The local workforce development board shall reimburse  
14 this state for all disallowances found in the audit in a manner  
15 determined by the department.

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

18 (a) Not less than 85% of a grant award shall be used to sup-  
19 port programs that improve reading, writing, and math skills to  
20 workforce readiness standards; English as a second language pro-  
21 grams; G.E.D. preparation programs; high school completion pro-  
22 grams; or workforce readiness programs in the local workforce  
23 development board region. These programs may include the provi-  
24 sion of career and educational information, counseling services,  
25 and assessment services.

26 (b) Up to 15% of a grant award may be used to support  
27 workforce readiness programs for employers in the local workforce

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1 development board region as approved by the department.

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

5 (8) Local workforce development boards shall award competi-  
6 tive grants to eligible adult learning providers for the purpose  
7 of providing adult learning programs in the local workforce  
8 development board region. Applications shall be in a form and  
9 manner prescribed by the department. In awarding grants, local  
10 workforce development boards shall consider all of the  
11 following:

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

16 (b) The ability of the provider to conduct continuing  
17 assessments in a manner approved by the department to determine  
18 participant progress toward achieving the goals established in  
19 individual adult learner plans.

20 (c) The past effectiveness of an eligible provider in  
21 improving adult literacy skills and, beginning in 2001-2002, the  
22 success of an eligible provider in meeting or exceeding  
23 department-approved performance measures.

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

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1 (e) Whether the program uses research-based instructional  
2 practices that have proven to be effective in teaching adult  
3 learners.

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

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

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

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

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

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

21 (l) Whether the provider will allow access for the local  
22 workforce development board or its designee to audit all records  
23 related to adult learning programs for which it receives funds.  
24 The adult learning provider shall reimburse the local workforce  
25 development board for all disallowances found in the audit.

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1 (m) The cost per participant contact hour or unit of  
2 measurable outcome for each type of adult learning program for  
3 which the provider is applying.

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

8 (9) ~~(10)~~ Adult learning providers that do not agree with  
9 the decisions of the local workforce development board in issuing  
10 or administering competitive grants may use the grievance proce-  
11 dure established by the department.

12 (10) ~~(11)~~ Local workforce development boards shall reim-  
13 burse eligible adult learning providers under this section as  
14 follows:

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

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

22 (ii) Fifty percent of the contract amount shall be allocated  
23 to eligible adult learning providers based upon the following  
24 performance standards as measured in a department-approved  
25 manner:

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1 (A) The percentage of participants taking both a pretest and  
2 a posttest in English language proficiency, reading, writing, and  
3 math.

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

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

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

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

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

24 (D) ~~(e)~~ A provider is eligible for reimbursement for a  
25 participant in a G.E.D. test preparation program until the par-  
26 ticipant passes the G.E.D. test or the participant fails to show

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1 progress on 2 successive assessments as determined by the  
2 department.

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

7       (11) ~~-(12)-~~ A person who is not eligible to be a participant  
8 funded under this section may receive adult learning services  
9 upon the payment of tuition or fees for service. The tuition or  
10 fee level shall be determined by the adult learning provider and  
11 approved by the local workforce development board.

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

15       (13) ~~-(14)-~~ A provider shall not be reimbursed under this  
16 section for an individual who is an inmate in a state correc-  
17 tional facility.

18       (14) ~~-(15)-~~ In order to administer the partnership for adult  
19 learning system under this section, the department shall do all  
20 of the following:

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

24       (b) Develop and provide adult learning minimum program per-  
25 formance standards to be implemented by local workforce develop-  
26 ment boards.

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1 (c) Identify approved assessment tools for assessing a  
2 participant's English language proficiency, reading, math, and  
3 writing skills.

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

8 (15) ~~-(16)-~~ Of the amount allocated in subsection (1), up to  
9 \$200,000.00 is allocated to the department for the development  
10 and administration of a standardized data collection system.  
11 ~~Beginning in 2001-2002, local workforce development boards and~~  
12 ~~adult learning providers receiving funding under this section~~  
13 ~~shall use the standardized data collection system for enrolling~~  
14 ~~participants in adult learning programs, tracking participant~~  
15 ~~progress, reporting participant outcomes, and reporting other~~  
16 ~~performance measures.~~

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

20 (17) ~~-(18)-~~ As used in this section:

21 (a) "Adult education", for the purposes of complying with  
22 section 3 of article VIII of the state constitution of 1963,  
23 means a high school pupil receiving educational services in a  
24 nontraditional setting from a district or intermediate district  
25 in order to receive a high school diploma.

26 (b) "Adult learning program" means a department-approved  
27 program that improves reading, writing, and math skills to

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1 workforce readiness standards; an English as a second language  
2 program; a G.E.D. preparation program; a high school completion  
3 program; or a workforce readiness program that enhances employ-  
4 ment opportunities.

5 (c) "Department" means the department of career  
6 development.

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

12 (e) "Participant" means an individual enrolled in an adult  
13 learning program and receiving services from an eligible adult  
14 learning provider.

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

20 (g) "Workforce development board" means a local workforce  
21 development board established pursuant to the workforce invest-  
22 ment act of 1998, Public Law 105-220, 112 Stat. 936, and the  
23 school-to-work opportunities act of 1994, Public Law 103-239, 108  
24 Stat. 568, or the equivalent.

25 (h) "Workforce readiness standard" means a  
26 department-approved level of English language, reading, writing,  
27 or mathematics proficiency, or any and all of these, as

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1 determined by results from assessments approved for use by the  
2 department.

3       Sec. 147. (1) The allocations for ~~1999-2000,~~ 2000-2001,  
4 2001-2002, and 2002-2003 for the public school employees' retire-  
5 ment system pursuant to the public school employees retirement  
6 act of 1979, 1980 PA 300, MCL 38.1301 to ~~38.1467~~ 38.1408, shall  
7 be made using the entry age normal cost actuarial method and risk  
8 assumptions adopted by the public school employees retirement  
9 board and the department of management and budget. The ~~annual~~  
10 ~~level percentage of payroll contribution rate for the 1999-2000~~  
11 ~~state fiscal year is estimated at 11.66% and the~~ annual level  
12 percentage of payroll contribution rate for the 2000-2001 state  
13 fiscal year is estimated at 12.16% AND THE ANNUAL LEVEL PERCENTAGE  
14 OF PAYROLL CONTRIBUTION RATE FOR THE 2001-2002 STATE FISCAL  
15 YEAR IS ESTIMATED AT 12.17%. The portion of the contribution  
16 rate assigned to districts and intermediate districts for each  
17 fiscal year is all of the total percentage points. This contri-  
18 bution rate reflects an amortization period of ~~37 years for~~  
19 ~~1999-2000 and~~ 36 years for 2000-2001 AND 35 YEARS FOR  
20 2001-2002. The public school employees' retirement system board  
21 shall notify each district and intermediate district by February  
22 28 of each fiscal year of the estimated contribution rate for the  
23 next fiscal year.

24       (2) It is the intent of the legislature that the amortiza-  
25 tion period described in section 41(2) of the public school  
26 employees retirement act of 1979, 1980 PA 300, MCL 38.1341, be  
27 reduced to 30 years by the end of the 2005-2006 state fiscal year

**HB 4371, As Passed Senate, July 11, 2001**

House Bill No. 4371 as amended July 10, 2001

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1 by reducing the amortization period by not more than 1 year each  
2 fiscal year.

3       Enacting section 1. In accordance with section 30 of arti-  
4 cle IX of the state constitution of 1963, total state spending in  
5 this amendatory act and in 1999 PA 119 and 2000 PA 297 from state  
6 sources for fiscal year 2000-2001 is estimated at  
7 \$10,722,335,000.00 state appropriations to be paid to local units  
8 of government for fiscal year 2000-2001 are estimated at  
9 \$10,660,075,300.00; total state spending in this amendatory act  
10 and 2000 PA 297 from state sources for fiscal year 2001-2002 is  
11 estimated at \$11,182,663,300.00 and state appropriations to be  
12 paid to local units of government for fiscal year 2001-2002 are  
13 estimated at \$11,167,086,600.00; and total state spending in this  
14 amendatory act and 2000 PA 297 from state sources for fiscal year  
15 2002-2003 is estimated at \$11,500,923,800.00 and state appropria-  
16 tions to be paid to local units of government for fiscal year  
17 2002-2003 are estimated at \$11,485,160,100.00.

18       Enacting section 2. (1) Sections 11k, 35, and 95 of the  
19 state school aid act of 1979, 1979 PA 94, MCL 388.1611k,  
20 388.1635, and 388.1695, are repealed.

21       (2) Sections 20k and 98a of the state school aid act of  
22 1979, 1979 PA 94, MCL 388.1620k and 388.1698a, are repealed  
23 effective October 1, 2001.

24       (3) Section 1282a of the revised school code, 1976 PA 451,  
25 MCL 380.1282a, is repealed.

(4) Section 221 of enrolled House Bill No. 4256 is repealed.  
Enacting section 3. Section 25b of the state school aid act of  
1979, 1979 PA 94, MCL 388.1625b, as amended by this amendatory act,  
and section 25c of the state school aid act of 1979, 1979 PA 94, as  
added by this amendatory act, take effect October 1, 2001.