

**REPRINT
SUBSTITUTE FOR
HOUSE BILL NO. 5881**

(As passed the House, July 3, 2002)

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a,
31d, 32a, 32b, 32c, 32d, 32f, 39a, 41, 51a, 51c, 51d, 53a, 54,
55, 56, 57, 61a, 62, 67, 68, 74, 81, 94, 94a, 96, 98, 99, 99a,
104a, 107, 108, and 147 (MCL 388.1606, 388.1611, 388.1611f,
388.1611g, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a,
388.1631a, 388.1631d, 388.1632a, 388.1632b, 388.1632c, 388.1632d,
388.1632f, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d,
388.1653a, 388.1654, 388.1655, 388.1656, 388.1657, 388.1661a,
388.1662, 388.1667, 388.1668, 388.1674, 388.1681, 388.1694,
388.1694a, 388.1696, 388.1698, 388.1699, 388.1699a, 388.1704a,
388.1707, 388.1708, and 388.1747), sections 6, 11, 11f, 11g, 20,
22a, 22b, 24, 26a, 31a, 31d, 32a, 32b, 32c, 32d, 32f, 41, 51a,
51c, 53a, 54, 56, 57, 61a, 62, 67, 68, 74, 81, 94, 94a, 96, 98,

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

2

99, 107, 108, and 147 as amended and sections 39a, 51d, 55, and 99a as added by 2002 PA 191 and section 104a as amended by 1999 PA 119; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

3

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

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

11 (4) "Membership", except as otherwise provided in this act,
12 means for a district, public school academy, university school,
13 or intermediate district the sum of the product of .8 times the
14 number of full-time equated pupils in grades K to 12 actually
15 enrolled and in regular daily attendance on the pupil membership
16 count day for the current school year, plus the product of .2
17 times the final audited count from the supplemental count day for
18 the immediately preceding school year. All pupil counts used in
19 this subsection are as determined by the department and calcu-
20 lated by adding the number of pupils registered for attendance
21 plus pupils received by transfer and minus pupils lost as defined
22 by rules promulgated by the superintendent, and as corrected by a
23 subsequent department audit. The amount of the foundation allow-
24 ance for a pupil in membership is determined under section 20.
25 In making the calculation of membership, all of the following, as
26 applicable, apply to determining the membership of a district,

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

4

1 public school academy, university school, or intermediate
2 district:

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

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

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

5

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

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

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

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

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

18 (i) If operations begin before the pupil membership count
19 day for the fiscal year, membership is the average number of
20 full-time equated pupils in grades K to 12 actually enrolled and
21 in regular daily attendance on the pupil membership count day for
22 the current school year and on the supplemental count day for the
23 current school year, as determined by the department and calcu-
24 lated by adding the number of pupils registered for attendance on
25 the pupil membership count day plus pupils received by transfer
26 and minus pupils lost as defined by rules promulgated by the
27 superintendent, and as corrected by a subsequent department

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

6

1 audit, plus the final audited count from the supplemental count
2 day for the current school year, and dividing that sum by 2.

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

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

18 (k) In a district, public school academy, university school,
19 or intermediate district operating an extended school year pro-
20 gram approved by the superintendent, a pupil enrolled, but not
21 scheduled to be in regular daily attendance on a pupil membership
22 count day, shall be counted.

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

7

1 high school diploma who is less than 26 years of age as of
2 September 1 of the current school year shall be counted in
3 membership.

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

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

23 (i) If the public school academy provides instruction for at
24 least 1/2 of the class hours specified in subdivision (q), the
25 public school academy shall receive as its prorated share of the
26 full-time equated membership for each of those pupils an amount
27 equal to 1 times the product of the hours of instruction the

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

8

1 public school academy provides divided by the number of hours
2 specified in subdivision (q) for full-time equivalency, and the
3 remainder of the full-time membership for each of those pupils
4 shall be allocated to the district or intermediate district pro-
5 viding the remainder of the hours of instruction.

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

16 (o) An individual less than 16 years of age as of September
17 1 of the current school year who is being educated in an alterna-
18 tive education program shall not be counted in membership if
19 there are also adult education participants being educated in the
20 same program or classroom.

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

23 (q) The number of class hours used to calculate full-time
24 equated memberships shall be consistent with section 101(3). In
25 determining full-time equated memberships for pupils who are
26 enrolled in a postsecondary institution, a pupil shall not be
27 considered to be less than a full-time equated pupil solely

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

9

1 because of the effect of his or her postsecondary enrollment,
2 including necessary travel time, on the number of class hours
3 provided by the district to the pupil.

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

9 (s) For a district, university school, or public school
10 academy that has pupils enrolled in a grade level that was not
11 offered by the district, university school, or public school
12 academy in the immediately preceding school year, the number of
13 pupils enrolled in that grade level to be counted in membership
14 is the average of the number of those pupils enrolled and in reg-
15 ular daily attendance on the pupil membership count day and the
16 supplemental count day of the current school year, as determined
17 by the department. Membership shall be calculated by adding the
18 number of pupils registered for attendance in that grade level on
19 the pupil membership count day plus pupils received by transfer
20 and minus pupils lost as defined by rules promulgated by the
21 superintendent, and as corrected by subsequent department audit,
22 plus the final audited count from the supplemental count day for
23 the current school year, and dividing that sum by 2.

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

10

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

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

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

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

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

26 (v) A pupil enrolled in an alternative or disciplinary
27 education program described in section 25 shall be counted in

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

11

1 membership in the district or public school academy that expelled
2 the pupil.

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

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

21 ~~(y) For districts located in the Lower Peninsula only, if~~
22 ~~the~~ IF A district's membership for a particular fiscal year, as
23 otherwise calculated under this subsection, would be less than
24 1,550 pupils and the district has 4.5 or fewer pupils per square
25 mile, as determined by the department, the district's membership
26 shall be considered to be the membership figure calculated under
27 this subdivision. HOWEVER, BEGINNING IN 2003-2004, THIS

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

12

1 SUBDIVISION APPLIES ONLY TO DISTRICTS LOCATED IN THE LOWER
2 PENINSULA. If a district educates and counts in its membership
3 pupils in grades 9 to 12 who reside in a contiguous district that
4 does not operate grades 9 to 12 and if 1 or both of the affected
5 districts request the department to use the determination allowed
6 under this sentence, the department shall include the square
7 mileage of both districts in determining the number of pupils per
8 square mile for each of the districts for the purposes of this
9 subdivision. The membership figure calculated under this subdi-
10 vision is the greater of the following:

11 (i) The average of the district's membership for the
12 3-fiscal-year period ending with that fiscal year, calculated by
13 adding the district's actual membership for each of those 3
14 fiscal years, as otherwise calculated under this subsection, and
15 dividing the sum of those 3 membership figures by 3.

16 (ii) The district's actual membership for that fiscal year
17 as otherwise calculated under this subsection.

18 (z) If a public school academy that is not in its first or
19 second year of operation closes at the end of a school year and
20 does not reopen for the next school year, the department shall
21 adjust the membership count of the district in which a former
22 pupil of the public school academy enrolls and is in regular
23 daily attendance for the next school year to ensure that the dis-
24 trict receives the same amount of membership aid for the pupil as
25 if the pupil were counted in the district on the supplemental
26 count day of the preceding school year.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

13

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

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

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

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

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

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

20 (e) A pupil enrolled in a district other than the pupil's
21 district of residence but within the same intermediate district
22 if the educating district enrolls nonresident pupils in accord-
23 ance with section 105.

24 (f) A pupil enrolled in a district other than the pupil's
25 district of residence if the pupil has been continuously enrolled
26 in the educating district since a school year in which the pupil
27 enrolled in the educating district under section 105 or 105c and

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

14

1 in which the educating district enrolled nonresident pupils in
2 accordance with section 105 or 105c.

3 (g) A pupil who has made an official written complaint or
4 whose parent or legal guardian has made an official written com-
5 plaint to law enforcement officials and to school officials of
6 the pupil's district of residence that the pupil has been the
7 victim of a criminal sexual assault or other serious assault, if
8 the official complaint either indicates that the assault occurred
9 at school or that the assault was committed by 1 or more other
10 pupils enrolled in the school the pupil would otherwise attend in
11 the district of residence or by an employee of the district of
12 residence. A person who intentionally makes a false report of a
13 crime to law enforcement officials for the purposes of this sub-
14 division is subject to section 411a of the Michigan penal code,
15 1931 PA 328, MCL 750.411a, which provides criminal penalties for
16 that conduct. As used in this subdivision:

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

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

26 (h) A pupil enrolled in a district located in a contiguous
27 intermediate district, as described in section 105c, if the

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

15

1 educating district enrolls those nonresident pupils in accordance
2 with section 105c.

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

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

12 (i) The pupil has been suspended or expelled from his or her
13 district of residence for any reason, including, but not limited
14 to, a suspension or expulsion under section 1310, 1311, or 1311a
15 of the revised school code, MCL 380.1310, 380.1311, and
16 380.1311a.

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

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

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

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

22 However, if a district that is not a first class district
23 educates pupils who reside in a first class district and if the
24 primary instructional site for those pupils is located within the
25 boundaries of the first class district, the educating district
26 must have the approval of the first class district to count those
27 pupils in membership. As used in this subsection, "first class

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

16

1 district" means a district organized as a school district of the
2 first class under the revised school code.

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

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

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

9 (i) Fourth Wednesday in July.

10 (ii) Fourth Wednesday in September.

11 (iii) Second Wednesday in February.

12 (iv) Fourth Wednesday in April.

13 (8) "Pupils in grades K to 12 actually enrolled and in regu-
14 lar daily attendance" means pupils in grades K to 12 in
15 attendance and receiving instruction in all classes for which
16 they are enrolled on the pupil membership count day or the sup-
17 plemental count day, as applicable. A pupil who is absent from
18 any of the classes in which the pupil is enrolled on the pupil
19 membership count day or supplemental count day and who does not
20 attend each of those classes during the 10 consecutive school
21 days immediately following the pupil membership count day or sup-
22 plemental count day, except for a pupil who has been excused by
23 the district, shall not be counted as 1.0 full-time equated
24 membership. In addition, a pupil who is excused from attendance
25 on the pupil membership count day or supplemental count day and
26 who fails to attend each of the classes in which the pupil is
27 enrolled within 30 calendar days after the pupil membership count

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

17

1 day or supplemental count day shall not be counted as 1.0
2 full-time equated membership. Pupils not counted as 1.0
3 full-time equated membership due to an absence from a class shall
4 be counted as a prorated membership for the classes the pupil
5 attended. For purposes of this subsection, "class" means a
6 period of time in 1 day when pupils and a certificated teacher or
7 legally qualified substitute teacher are together and instruction
8 is taking place.

9 (9) "Rule" means a rule promulgated pursuant to the adminis-
10 trative procedures act of 1969, 1969 PA 306, MCL 24.201 to
11 24.328.

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

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

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

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

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

23 (15) "Tuition pupil" means a pupil of school age attending
24 school in a district other than the pupil's district of residence
25 for whom tuition may be charged. Tuition pupil does not include
26 a pupil who is a special education pupil or a pupil described in
27 subsection (6)(d) to (k). A pupil's district of residence shall

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

18

1 not require a high school tuition pupil, as provided under
2 section 111, to attend another school district after the pupil
3 has been assigned to a school district.

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

7 (17) "Taxable value" means the taxable value of property as
8 determined under section 27a of the general property tax act,
9 1893 PA 206, MCL 211.27a.

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

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

17 Sec. 11. (1) For the fiscal year ending September 30, 2002,
18 there is appropriated for the public schools of this state and
19 certain other state purposes relating to education the sum of
20 \$10,990,148,200.00 from the state school aid fund established by
21 section 11 of article IX of the state constitution of 1963 and
22 the sum of \$198,413,500.00 from the general fund. For the fiscal
23 year ending September 30, 2003, there is appropriated for the
24 public schools of this state and certain other state purposes
25 relating to education the sum of ~~-\$11,240,941,400.00~~
26 \$11,259,441,400.00 from the state school aid fund established by
27 section 11 of article IX of the state constitution of 1963, ~~and~~

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

19

1 the sum of \$198,413,500.00 from the general fund, AND THE SUM OF
2 \$700,000.00 FROM LOCAL REVENUES. However, if legislation autho-
3 rizing the transfer of \$79,500,000.00 from the Michigan employ-
4 ment security act contingent fund, penalties and interest subac-
5 count, is not enacted and in effect on or before October 1, 2002,
6 there is instead appropriated from the general fund for 2002-2003
7 the sum of \$122,656,500.00. FOR THE FISCAL YEAR ENDING SEPTEMBER
8 30, 2004, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS
9 STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE
10 SUM OF \$11,246,667,400.00 FROM THE STATE SCHOOL AID FUND ESTAB-
11 LISHED BY SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF
12 1963 AND THE SUM OF \$198,413,500.00 FROM THE GENERAL FUND. In
13 addition, available federal funds are appropriated for each of
14 those fiscal years.

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

20

1 (3) If the maximum amount appropriated under this section
2 and section 11f from the state school aid fund for a fiscal year
3 exceeds the amount available for expenditure from the state
4 school aid fund for that fiscal year, payments under sections
5 11f, 11g, 22a, 31d, 51a(2), and 51c shall be made in full. In
6 addition, for districts beginning operations after 1994-95 that
7 qualify for payments under section 22b, payments under
8 section 22b shall be made so that the qualifying districts
9 receive an amount equal to the 1994-95 foundation allowance of
10 the district in which the district beginning operations after
11 1994-95 is located. The amount of the payment to be made under
12 section 22b for these qualifying districts shall be as calculated
13 under section 22a, with the balance of the payment under
14 section 22b being subject to the proration otherwise provided
15 under this subsection. State payments under each of the other
16 sections of this act from all state funding sources shall be pro-
17 rated on an equal percentage basis as necessary to reflect the
18 amount available for expenditure from the state school aid fund
19 for that fiscal year. However, if the department of treasury
20 determines that proration will be required under this subsection,
21 the department of treasury shall notify the state budget direc-
22 tor, and the state budget director shall notify the legislature
23 at least 30 calendar days or 6 legislative session days, which-
24 ever is more, before the department reduces any payments under
25 this act because of the proration. During the 30 calendar day or
26 6 legislative session day period after that notification by the
27 state budget director, the department shall not reduce any

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

21

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

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

13 Sec. 11f. (1) In addition to any other money appropriated
14 under this act, there is appropriated from the state school aid
15 fund an amount not to exceed \$32,000,000.00 each fiscal year for
16 the fiscal year ending September 30, 2002, for the fiscal year
17 ending September 30, 2003, FOR THE FISCAL YEAR ENDING
18 SEPTEMBER 30, 2004, and for each succeeding fiscal year through
19 the fiscal year ending September 30, 2008. Payments under this
20 section will cease after September 30, 2008. These appropria-
21 tions are for paying the amounts described in subsection (4) to
22 districts and intermediate districts, other than those receiving
23 a lump sum payment under subsection (2), that were not plaintiffs
24 in the consolidated cases known as Durant v State of Michigan,
25 Michigan supreme court docket no. 104458-104492 and that, on or
26 before March 2, 1998, submitted to the state treasurer a board
27 resolution waiving any right or interest the district or

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

22

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

23

1 subsection, the entire amount listed for the district or
2 intermediate district in section 11h was paid in a lump sum on
3 November 15, 1998 or on the next business day following that
4 date. The amounts paid under this subsection represent offers of
5 settlement and compromise of any claim or claims that were or
6 could have been asserted by these districts and intermediate dis-
7 tricts, as described in this subsection.

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

24

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

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

25

1 are used by a district or intermediate district to pay debt
2 service on debt payable from millage revenues, and to the extent
3 permitted by law, the district or intermediate district may make
4 a corresponding reduction in the number of mills levied for that
5 debt service.

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

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

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

22 Whereas, the district (or intermediate district) agrees to
23 settle and compromise these claims for the consideration
24 described in sections 11f and 11g of the state school aid act of
25 1979, 1979 PA 94, MCL 388.1611f and 388.1611g, and in the amount
26 specified for the district (or intermediate district) in

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

26

1 section 11h of the state school aid act of 1979, 1979 PA 94,
2 MCL 388.1611h.

3 Whereas, the board of _____ (name of district or
4 intermediate district) is authorized to adopt this resolution.

5 Now, therefore, be it resolved as follows:

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

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

23 3. The board of _____ (name of district or
24 intermediate district) expressly agrees and understands that, if
25 it takes any action to amend or rescind this resolution, the
26 state, its agencies, employees, and agents shall have available
27 to them any privilege, immunity, and/or defense that would

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

27

1 otherwise have been available had the claims or potential claims
2 been actually litigated in any forum.

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

10 Sec. 11g. (1) From the general fund money appropriated in
11 section 11, there is allocated an amount not to exceed
12 \$40,000,000.00 for the fiscal year ending September 30, 2002, for
13 the fiscal year ending September 30, 2003, FOR THE FISCAL YEAR
14 ENDING SEPTEMBER 30, 2004, and for each succeeding fiscal year
15 through the fiscal year ending September 30, 2013. Payments
16 under this section will cease after September 30, 2013. These
17 appropriations are for paying the amounts described in
18 subsection (3) to districts and intermediate districts, other
19 than those receiving a lump sum payment under section 11f(2),
20 that were not plaintiffs in the consolidated cases known as
21 Durant v State of Michigan, Michigan supreme court docket
22 no. 104458-104492 and that, on or before March 2, 1998, submitted
23 to the state treasurer a waiver resolution described in section
24 11f. The amounts paid under this section represent offers of
25 settlement and compromise of any claim or claims that were or
26 could have been asserted by these districts and intermediate
27 districts, as described in this section.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

28

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

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

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

29

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

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

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

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

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

25 (6) A district or intermediate district may pledge or assign
26 payments under this section as security for bonds issued under

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

30

1 section 11i, but shall not otherwise pledge or assign payments
2 under this section.

3 Sec. 20. (1) For 2001-2002, the basic foundation allowance
4 is \$6,300.00 per membership pupil. For 2002-2003 AND FOR
5 2003-2004, the basic foundation allowance is \$6,700.00 per mem-
6 bership pupil.

7 (2) The amount of each district's foundation allowance shall
8 be calculated as provided in this section, using a basic founda-
9 tion allowance in the amount specified in subsection (1).

10 (3) Except as otherwise provided in this section, the amount
11 of a district's foundation allowance shall be calculated as fol-
12 lows, using in all calculations the total amount of the
13 district's foundation allowance as calculated before any
14 proration:

15 (a) Except as otherwise provided in this subsection, for a
16 district that in the immediately preceding state fiscal year had
17 a foundation allowance in an amount at least equal to the amount
18 of the basic foundation allowance for the immediately preceding
19 state fiscal year, the district shall receive a foundation allow-
20 ance in an amount equal to the sum of the district's foundation
21 allowance for the immediately preceding state fiscal year plus
22 the dollar amount of the adjustment from the immediately preced-
23 ing state fiscal year to the current state fiscal year in the
24 basic foundation allowance. However, for 2002-2003, the founda-
25 tion allowance for a district under this subdivision is an amount
26 equal to the sum of the district's foundation allowance for the
27 immediately preceding state fiscal year plus \$200.00.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

31

1 (b) For a district that in the 1994-95 state fiscal year had
2 a foundation allowance greater than \$6,500.00, the district's
3 foundation allowance is an amount equal to the sum of the
4 district's foundation allowance for the immediately preceding
5 state fiscal year plus the lesser of the increase in the basic
6 foundation allowance for the current state fiscal year, as com-
7 pared to the immediately preceding state fiscal year, or the pro-
8 duct of the district's foundation allowance for the immediately
9 preceding state fiscal year times the percentage increase in the
10 United States consumer price index in the calendar year ending in
11 the immediately preceding fiscal year as reported by the May rev-
12 enue estimating conference conducted under section 367b of the
13 management and budget act, 1984 PA 431, MCL 18.1367b. For
14 2002-2003, for a district that in the 1994-95 state fiscal year
15 had a foundation allowance greater than \$6,500.00, the district's
16 foundation allowance is an amount equal to the sum of the
17 district's foundation allowance for the immediately preceding
18 state fiscal year plus the lesser of \$200.00 or the product of
19 the district's foundation allowance for the immediately preceding
20 state fiscal year times the percentage increase in the United
21 States consumer price index in the calendar year ending in the
22 immediately preceding fiscal year as reported by the May revenue
23 estimating conference conducted under section 367b of the manage-
24 ment and budget act, 1984 PA 431, MCL 18.1367b.

25 (c) For a district that has a foundation allowance that is
26 not a whole dollar amount, the district's foundation allowance
27 shall be rounded up to the nearest whole dollar.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

32

1 (d) Beginning in 2002-2003, for a district that receives a
2 payment under section 22c for 2001-2002, the district's 2001-2002
3 foundation allowance shall be considered to have been an amount
4 equal to the sum of the district's actual 2001-2002 foundation
5 allowance as otherwise calculated under this section plus the per
6 pupil amount of the district's equity payment for 2001-2002 under
7 section 22c.

8 (4) Except as otherwise provided in this subsection, the
9 state portion of a district's foundation allowance is an amount
10 equal to the district's foundation allowance or \$6,500.00, which-
11 ever is less, minus the difference between the product of the
12 taxable value per membership pupil of all property in the dis-
13 trict that is not a homestead or qualified agricultural property
14 times the lesser of 18 mills or the number of mills of school
15 operating taxes levied by the district in 1993-94 and the quo-
16 tient of the ad valorem property tax revenue of the district cap-
17 tured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax incre-
18 ment finance authority act, 1980 PA 450, MCL 125.1801 to
19 125.1830, the local development financing act, 1986 PA 281,
20 MCL 125.2151 to 125.2174, or the brownfield redevelopment financ-
21 ing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the
22 district's membership excluding special education pupils. For a
23 district described in subsection (3)(b), the state portion of the
24 district's foundation allowance is an amount equal to \$6,962.00
25 plus the difference between the district's foundation allowance
26 for the current state fiscal year and the district's foundation
27 allowance for 1998-99, minus the difference between the product

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

33

1 of the taxable value per membership pupil of all property in the
2 district that is not a homestead or qualified agricultural prop-
3 erty times the lesser of 18 mills or the number of mills of
4 school operating taxes levied by the district in 1993-94 and the
5 quotient of the ad valorem property tax revenue of the district
6 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax
7 increment finance authority act, 1980 PA 450, MCL 125.1801 to
8 125.1830, the local development financing act, 1986 PA 281,
9 MCL 125.2151 to 125.2174, or the brownfield redevelopment financ-
10 ing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the
11 district's membership excluding special education pupils. For a
12 district that has a millage reduction required under section 31
13 of article IX of the state constitution of 1963, the state por-
14 tion of the district's foundation allowance shall be calculated
15 as if that reduction did not occur. The \$6,500.00 amount pre-
16 scribed in this subsection shall be adjusted each year by an
17 amount equal to the dollar amount of the difference between the
18 basic foundation allowance for the current state fiscal year and
19 \$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount
20 prescribed in this subsection shall be adjusted each year by an
21 amount equal to the dollar amount of the difference between the
22 basic foundation allowance for the current state fiscal year and
23 \$5,000.00, minus \$200.00.

24 (5) The allocation calculated under this section for a pupil
25 shall be based on the foundation allowance of the pupil's dis-
26 trict of residence. However, for a pupil enrolled pursuant to
27 section 105 or 105c in a district other than the pupil's district

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

34

1 of residence, the allocation calculated under this section shall
2 be based on the lesser of the foundation allowance of the pupil's
3 district of residence or the foundation allowance of the educat-
4 ing district. For a pupil in membership in a K-5, K-6, or K-8
5 district who is enrolled in another district in a grade not
6 offered by the pupil's district of residence, the allocation cal-
7 culated under this section shall be based on the foundation
8 allowance of the educating district if the educating district's
9 foundation allowance is greater than the foundation allowance of
10 the pupil's district of residence. The calculation under this
11 subsection shall take into account a district's per pupil alloca-
12 tion under section 20j(2).

13 (6) Subject to subsection (7) and section 22b(3) and except
14 as otherwise provided in this subsection, for pupils in member-
15 ship, other than special education pupils, in a public school
16 academy or a university school, the allocation calculated under
17 this section is an amount per membership pupil other than special
18 education pupils in the public school academy or university
19 school equal to the sum of the local school operating revenue per
20 membership pupil other than special education pupils for the dis-
21 trict in which the public school academy or university school is
22 located and the state portion of that district's foundation
23 allowance, or the sum of the basic foundation allowance under
24 subsection (1) plus \$500.00, whichever is less. However, begin-
25 ning in 2002-2003, this \$500.00 amount shall instead be \$300.00.
26 Notwithstanding section 101(2), for a public school academy that
27 begins operations in 2001-2002, ~~or~~ 2002-2003, OR 2003-2004, as

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

35

1 applicable, after the pupil membership count day, the amount per
2 membership pupil calculated under this subsection shall be
3 adjusted by multiplying that amount per membership pupil by the
4 number of hours of pupil instruction provided by the public
5 school academy after it begins operations, as determined by the
6 department, divided by the minimum number of hours of pupil
7 instruction required under section 101(3). The result of this
8 calculation shall not exceed the amount per membership pupil oth-
9 erwise calculated under this subsection.

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

36

1 membership in 1 or more public school academies located in the
2 district were in membership in the district. In order to receive
3 state school aid under this act, a district described in this
4 subsection shall pay to the authorizing body that is the fiscal
5 agent for a public school academy located in the district for
6 forwarding to the public school academy an amount equal to that
7 local school operating revenue per membership pupil for each res-
8 ident pupil in membership other than special education pupils in
9 the public school academy, as determined by the department.

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

25 (9) For a district that had combined state and local revenue
26 per membership pupil in the 1993-94 state fiscal year of more
27 than \$6,500.00 and that had fewer than 350 pupils in membership,

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

37

1 if the district elects not to reduce the number of mills from
2 which a homestead and qualified agricultural property are exempt
3 and not to levy school operating taxes on a homestead and quali-
4 fied agricultural property as provided in section 1211(1) of the
5 revised school code, MCL 380.1211, and not to levy school operat-
6 ing taxes on all property as provided in section 1211(2) of the
7 revised school code, MCL 380.1211, there is calculated under this
8 subsection for 1994-95 and each succeeding fiscal year a separate
9 supplemental amount in an amount equal to the amount the district
10 would have received per membership pupil had it levied school
11 operating taxes on a homestead and qualified agricultural prop-
12 erty at the rate authorized for the district under
13 section 1211(1) of the revised school code, MCL 380.1211, and
14 levied school operating taxes on all property at the rate autho-
15 rized for the district under section 1211(2) of the revised
16 school code, MCL 380.1211, as determined by the department of
17 treasury. If in the calendar year ending in the fiscal year a
18 district does not levy 18 mills or the number of mills of school
19 operating taxes levied by the district in 1993, whichever is
20 less, on property that is not a homestead or qualified agricul-
21 tural property, the amount calculated under this subsection will
22 be reduced by the same percentage as the millage actually levied
23 compares to the 18 mills or the number of mills levied in 1993,
24 whichever is less.

25 (10) For a district that is formed or reconfigured after
26 June 1, 2002 by consolidation of 2 or more districts or by
27 annexation, the resulting district's foundation allowance under

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

38

1 this section beginning after the effective date of the
2 consolidation or annexation shall be the lesser of an amount
3 equal to the sum of the highest foundation allowance, as calcu-
4 lated under this section, among the original or affected dis-
5 tricts plus \$50.00 or an amount equal to \$6,500.00 adjusted by
6 the dollar amount of the difference between the basic foundation
7 allowance under this section for the current state fiscal year
8 and \$5,000.00. However, beginning in 2002-2003, the \$6,500.00
9 amount prescribed in this subsection shall be adjusted each year
10 by an amount equal to the dollar amount of the difference between
11 the basic foundation allowance for the current state fiscal year
12 and \$5,000.00, minus \$200.00.

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

17 (12) State payments related to payment of the foundation
18 allowance for a special education pupil are not calculated under
19 this section but are instead calculated under section 51a.

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

26 (a) The pupil membership factor shall be computed by
27 dividing the estimated membership in the school year ending in

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

39

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

40

1 appropriations not later than 7 days after the conclusion of the
2 revenue conference.

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

10 (14) If the principals at the revenue estimating conference
11 reach a consensus on the index described in subsection (13)(c),
12 the basic foundation allowance for the subsequent state fiscal
13 year shall be at least the amount of that consensus index multi-
14 plied by the basic foundation allowance specified in subsection
15 (1).

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

26 (16) For a district that had combined state and local
27 revenue per membership pupil in the 1993-94 state fiscal year of

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

41

1 more than \$6,500.00, that had fewer than 7 pupils in membership
2 in the 1993-94 state fiscal year, that has at least 1 child edu-
3 cated in the district in the current state fiscal year, and that
4 levies the number of mills of school operating taxes authorized
5 for the district under section 1211 of the revised school code,
6 MCL 380.1211, a minimum amount of combined state and local reve-
7 nue shall be calculated for the district as provided under this
8 subsection. The minimum amount of combined state and local reve-
9 nue for 1999-2000 shall be \$67,000.00 plus the district's addi-
10 tional expenses to educate pupils in grades 9 to 12 educated in
11 other districts as determined and allowed by the department. The
12 minimum amount of combined state and local revenue under this
13 subsection, before adding the additional expenses, shall increase
14 each fiscal year by the same percentage increase as the percen-
15 tage increase in the basic foundation allowance from the immedi-
16 ately preceding fiscal year to the current fiscal year. The
17 state portion of the minimum amount of combined state and local
18 revenue under this subsection shall be calculated by subtracting
19 from the minimum amount of combined state and local revenue under
20 this subsection the sum of the district's local school operating
21 revenue and an amount equal to the product of the sum of the
22 state portion of the district's foundation allowance plus the
23 amount calculated under section 20j times the district's
24 membership. As used in this subsection, "additional expenses"
25 means the district's expenses for tuition or fees, not to exceed
26 \$6,500.00 as adjusted each year by an amount equal to the dollar
27 amount of the difference between the basic foundation allowance

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

42

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

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

20 (18) For a district in which an industrial facilities exemp-
21 tion certificate that abated taxes on property with a state
22 equalized valuation greater than the total state equalized valua-
23 tion of the district at the time the certificate was issued or
24 \$700,000,000.00, whichever is greater, was issued under 1974
25 PA 198, MCL 207.551 to 207.572, before the calculation of the
26 district's 1994-95 foundation allowance, the district's
27 foundation allowance for 2002-2003 is an amount equal to the sum

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

43

1 of the district's foundation allowance for 2002-2003, as
2 otherwise calculated under this section, plus \$250.00.

3 (19) For a district that received a grant under former sec-
4 tion 32e for 2001-2002, the district's foundation allowance for
5 2002-2003 shall be adjusted to be an amount equal to the sum of
6 the district's foundation allowance, as otherwise calculated
7 under this section, plus the quotient of the amount of the grant
8 award to the district for 2001-2002 under former section 32e
9 divided by the district's membership for 2001-2002. A district
10 qualifying for a foundation allowance adjustment under this sec-
11 tion shall use the funds resulting from this adjustment for pur-
12 poses allowable under former section 32e as in effect for
13 2001-2002.

14 (20) FOR A DISTRICT THAT IS A QUALIFYING SCHOOL DISTRICT
15 WITH A SCHOOL REFORM BOARD IN PLACE UNDER PART 5A OF THE REVISED
16 SCHOOL CODE, MCL 380.371 TO 380.376, THE DISTRICT'S FOUNDATION
17 ALLOWANCE FOR 2002-2003 SHALL BE ADJUSTED TO BE AN AMOUNT EQUAL
18 TO THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE, AS OTHERWISE
19 CALCULATED UNDER THIS SECTION, PLUS THE QUOTIENT OF
20 \$15,000,000.00 DIVIDED BY THE DISTRICT'S MEMBERSHIP FOR
21 2002-2003. IF A DISTRICT CEASES TO MEET THE REQUIREMENTS OF THIS
22 SUBSECTION, THE DEPARTMENT SHALL ADJUST THE DISTRICT'S FOUNDATION
23 ALLOWANCE IN EFFECT AT THAT TIME BASED ON A 2002-2003 FOUNDATION
24 ALLOWANCE FOR THE DISTRICT THAT DOES NOT INCLUDE THE 2002-2003
25 ADJUSTMENT UNDER THIS SUBSECTION.

26 (21) ~~(20)~~ Payments to districts, university schools, or
27 public school academies shall not be made under this section.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

44

1 Rather, the calculations under this section shall be used to
2 determine the amount of state payments under section 22b.

3 (22) ~~-(21)-~~ If an amendment to section 2 of article VIII of
4 the state constitution of 1963 allowing state aid to some or all
5 nonpublic schools is approved by the voters of this state, each
6 foundation allowance or per pupil payment calculation under this
7 section may be reduced.

8 (23) ~~-(22)-~~ As used in this section:

9 (a) "Combined state and local revenue" means the aggregate
10 of the district's state school aid received by or paid on behalf
11 of the district under this section and the district's local
12 school operating revenue.

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

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

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

20 (e) "Immediately preceding state fiscal year" means the
21 state fiscal year immediately preceding the current state fiscal
22 year.

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

45

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

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

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

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

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

16 (l) "Taxable value per membership pupil" means taxable
17 value, as certified by the department of treasury, for the calen-
18 dar year ending in the current state fiscal year divided by the
19 district's membership excluding special education pupils for the
20 school year ending in the current state fiscal year.

21 Sec. 22a. (1) From the appropriation in section 11, there
22 is allocated an amount not to exceed \$7,022,000,000.00 for
23 2001-2002 and an amount not to exceed \$6,953,000,000.00 EACH
24 FISCAL YEAR for 2002-2003 AND FOR 2003-2004 for payments to dis-
25 tricts, qualifying university schools, and qualifying public
26 school academies to guarantee each district, qualifying
27 university school, and qualifying public school academy an amount

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

46

1 equal to its 1994-95 total state and local per pupil revenue for
2 school operating purposes under section 11 of article IX of the
3 state constitution of 1963. Pursuant to section 11 of article IX
4 of the state constitution of 1963, this guarantee does not apply
5 to a district in a year in which the district levies a millage
6 rate for school district operating purposes less than it levied
7 in 1994. However, subsection (2) applies to calculating the pay-
8 ments under this section. Funds allocated under this section
9 that are not expended in the state fiscal year for which they
10 were allocated, as determined by the department, may be used to
11 supplement the allocations under sections 22b and 51c in order to
12 fully fund those calculated allocations for the same fiscal
13 year.

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

19 (a) Except as otherwise provided in this subsection, the
20 state portion of a district's 1994-95 foundation allowance is an
21 amount equal to the district's 1994-95 foundation allowance or
22 \$6,500.00, whichever is less, minus the difference between the
23 product of the taxable value per membership pupil of all property
24 in the district that is not a homestead or qualified agricultural
25 property times the lesser of 18 mills or the number of mills of
26 school operating taxes levied by the district in 1993-94 and the
27 quotient of the ad valorem property tax revenue of the district

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

47

1 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax
2 increment finance authority act, 1980 PA 450, MCL 125.1801 to
3 125.1830, the local development financing act, 1986 PA 281,
4 MCL 125.2151 to 125.2174, or the brownfield redevelopment financ-
5 ing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the
6 district's membership. For a district that has a millage reduc-
7 tion required under section 31 of article IX of the state consti-
8 tution of 1963, the state portion of the district's foundation
9 allowance shall be calculated as if that reduction did not
10 occur.

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

48

1 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,
2 or the brownfield redevelopment financing act, 1996 PA 381,
3 MCL 125.2651 to 125.2672, divided by the district's membership.

4 (3) For pupils in membership in a qualifying public school
5 academy or qualifying university school, there is allocated under
6 this section each fiscal year for 2001-2002, ~~and~~ for 2002-2003,
7 AND FOR 2003-2004 to the authorizing body that is the fiscal
8 agent for the qualifying public school academy for forwarding to
9 the qualifying public school academy, or to the board of the
10 public university operating the qualifying university school, an
11 amount equal to the 1994-95 per pupil payment to the qualifying
12 public school academy or qualifying university school under
13 section 20.

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

49

1 takes place who reside in the geographic area of each of the
2 original districts. If an affected district's 1994-95 foundation
3 allowance is less than the 1994-95 basic foundation allowance,
4 the amount of that district's 1994-95 foundation allowance shall
5 be considered for the purpose of calculations under this subsec-
6 tion to be equal to the amount of the 1994-95 basic foundation
7 allowance.

8 (6) As used in this section:

9 (a) "1994-95 foundation allowance" means a district's
10 1994-95 foundation allowance calculated and certified by the
11 department of treasury or the superintendent under former
12 section 20a as enacted in 1993 PA 336 and as amended by 1994
13 PA 283.

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

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

50

1 1211(2) of the revised school code, MCL 380.1211, as certified by
2 the department of treasury for the 1994 tax year.

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

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

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

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

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

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

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

51

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

6 Sec. 22b. (1) From the appropriation in section 11, there
7 is allocated an amount not to exceed \$2,368,000,000.00 for
8 2001-2002, ~~and~~ an amount not to exceed ~~-\$2,865,000,000.00~~
9 \$2,883,500,000.00 for 2002-2003, AND AN AMOUNT NOT TO EXCEED
10 \$2,880,000,000.00 FOR 2003-2004 for discretionary nonmandated
11 payments to districts under this section. Funds allocated under
12 this section that are not expended in the state fiscal year for
13 which they were allocated, as determined by the department, may
14 be used to supplement the allocations under sections 22a and 51c
15 in order to fully fund those calculated allocations for the same
16 fiscal year.

17 (2) Subject to subsection (3), subsections (5) to (9), and
18 section 11, the allocation to a district under this section shall
19 be an amount equal to the sum of the amounts calculated under
20 sections 20, 20j, 51a(2), 51a(3), and 51a(12), minus the sum of
21 the allocations to the district under sections 22a and 51c.

22 (3) In order to receive an allocation under this section,
23 each district shall administer in each grade level that it oper-
24 ates in grades 1 to 5 a standardized assessment approved by the
25 department of grade-appropriate basic educational skills. A dis-
26 trict may use the Michigan literacy progress profile to satisfy
27 this requirement for grades 1 to 3. ALSO, IF THE REVISED SCHOOL

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

52

1 CODE IS AMENDED TO REQUIRE ANNUAL ASSESSMENTS AT ADDITIONAL GRADE
2 LEVELS, IN ORDER TO RECEIVE AN ALLOCATION UNDER THIS SECTION EACH
3 DISTRICT SHALL COMPLY WITH THAT REQUIREMENT.

4 (4) From the allocation in subsection (1), the department
5 shall expend funds to pay for necessary costs associated with
6 resolving matters pending in federal court impacting payments to
7 districts, including, but not limited to, expert witness fees.
8 Beginning in 2001-2002, from the allocation in subsection (1),
9 the department shall also pay up to \$1,000,000.00 in litigation
10 costs incurred by this state associated with lawsuits filed by 1
11 or more districts or intermediate districts against this state.
12 If the allocation under this section is insufficient to fully
13 fund all payments required under this section, the payments under
14 this subsection shall be made in full before any proration of
15 remaining payments under this section.

16 (5) It is the intent of the legislature that all constitu-
17 tional obligations of this state have been fully funded under
18 sections 22a, 31d, 51a, and 51c. If a claim is made by an entity
19 receiving funds under this act that challenges the legislative
20 determination of the adequacy of this funding or alleges that
21 there exists an unfunded constitutional requirement, the state
22 budget director may escrow or allocate from the discretionary
23 funds for nonmandated payments under this section the amount as
24 may be necessary to satisfy the claim before making any payments
25 to districts under subsection (2). If funds are escrowed, the
26 escrowed funds are a work project appropriation and the funds are
27 carried forward into the following fiscal year. The purpose of

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

53

1 the work project is to provide for any payments that may be
2 awarded to districts as a result of litigation. The work project
3 shall be completed upon resolution of the litigation.

4 (6) If the local claims review board or a court of competent
5 jurisdiction makes a final determination that this state is in
6 violation of section 29 of article IX of the state constitution
7 of 1963 regarding state payments to districts, the state budget
8 director shall use work project funds under subsection (5) or
9 allocate from the discretionary funds for nonmandated payments
10 under this section the amount as may be necessary to satisfy the
11 amount owed to districts before making any payments to districts
12 under subsection (2).

13 (7) If a claim is made in court that challenges the legisla-
14 tive determination of the adequacy of funding for this state's
15 constitutional obligations or alleges that there exists an
16 unfunded constitutional requirement, any interested party may
17 seek an expedited review of the claim by the local claims review
18 board. If the claim exceeds \$10,000,000.00, this state may
19 remove the action to the court of appeals, and the court of
20 appeals shall have and shall exercise jurisdiction over the
21 claim.

22 (8) If payments resulting from a final determination by the
23 local claims review board or a court of competent jurisdiction
24 that there has been a violation of section 29 of article IX of
25 the state constitution of 1963 exceed the amount allocated for
26 discretionary nonmandated payments under this section, the

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

54

1 legislature shall provide for adequate funding for this state's
2 constitutional obligations at its next legislative session.

3 (9) If a lawsuit challenging payments made to districts
4 related to costs reimbursed by federal title XIX medicaid funds
5 is filed against this state during 2001-2002, ~~or~~ 2002-2003, OR
6 2003-2004, 50% of the amount allocated in subsection (1) not pre-
7 viously paid out for 2002-2003 and each succeeding fiscal year is
8 a work project appropriation and the funds are carried forward
9 into the following fiscal year. The purpose of the work project
10 is to provide for any payments that may be awarded to districts
11 as a result of the litigation. The work project shall be com-
12 pleted upon resolution of the litigation. In addition, this
13 state reserves the right to terminate future federal title XIX
14 medicaid reimbursement payments to districts if the amount or
15 allocation of reimbursed funds is challenged in the lawsuit. As
16 used in this subsection, "title XIX" means title XIX of the
17 social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to
18 1396r-6 and 1396r-8 to 1396v.

19 Sec. 24. (1) Subject to subsection (2), from the appropria-
20 tion in section 11, there is allocated EACH FISCAL YEAR for
21 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to the educat-
22 ing district or intermediate district an amount equal to 100% of
23 the added cost each fiscal year for educating all pupils assigned
24 by a court or the family independence agency to reside in or to
25 attend a juvenile detention facility or child caring institution
26 licensed by the family independence agency or the department of
27 consumer and industry services and approved by the department to

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

55

1 provide an on-grounds education program. The total amount to be
2 paid under this section for added cost shall not exceed
3 \$8,400,000.00 for 2001-2002 and \$8,900,000.00 EACH FISCAL YEAR
4 for 2002-2003 AND FOR 2003-2004. For the purposes of this sec-
5 tion, "added cost" shall be computed by deducting all other reve-
6 nue received under this act for pupils described in this section
7 from total costs, as approved by the department, for educating
8 those pupils in the on-grounds education program or in a program
9 approved by the department that is located on property adjacent
10 to a juvenile detention facility or child caring institution.
11 Costs reimbursed by federal funds are not included.

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

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

24 Sec. 26a. From the general fund appropriation in section
25 11, there is allocated an amount not to exceed \$8,800,000.00 for
26 2001-2002 and an amount not to exceed \$10,174,000.00 EACH FISCAL
27 YEAR for 2002-2003 AND FOR 2003-2004 to reimburse districts,

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

56

1 intermediate districts, and the state school aid fund pursuant to
2 section 12 of the Michigan renaissance zone act, 1996 PA 376,
3 MCL 125.2692, for taxes levied in 2001, ~~and~~ 2002, AND 2003,
4 respectively. This reimbursement shall be made by adjusting pay-
5 ments under section 22a to eligible districts, adjusting payments
6 under section 56, 62, or 81 to eligible intermediate districts,
7 and adjusting the state school aid fund. The adjustments shall
8 be made not later than 60 days after the department of treasury
9 certifies to the department and to the state budget director that
10 the department of treasury has received all necessary information
11 to properly determine the amounts due to each eligible
12 recipient.

13 Sec. 31a. (1) From the state school aid fund money appro-
14 priated in section 11, there is allocated for 2001-2002 an amount
15 not to exceed \$314,200,000.00 and there is allocated EACH FISCAL
16 YEAR for 2002-2003 AND FOR 2003-2004 an amount not to exceed
17 \$314,200,000.00 for payments to eligible districts and eligible
18 public school academies under this section. Subject to subsec-
19 tion (11), the amount of the additional allowance under this sec-
20 tion shall be based on the number of actual pupils in membership
21 in the district or public school academy who met the income eli-
22 gibility criteria for free breakfast, lunch, or milk in the imme-
23 diately preceding state fiscal year, as determined under the
24 Richard B. Russell national school lunch act, chapter 281,
25 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765
26 to 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, and reported
27 to the department by October 31 of the immediately preceding

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

57

1 fiscal year and adjusted not later than December 31 of the
2 immediately preceding fiscal year. However, for 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, the basis for the additional allowance under this
6 section shall be the number of actual pupils in membership in the
7 public school academy who met the income eligibility criteria for
8 free breakfast, lunch, or milk in the current state fiscal year,
9 as determined under the Richard B. Russell national school lunch
10 act.

11 (2) To be eligible to receive funding under this section,
12 other than funding under subsection (6), a district or public
13 school academy that has not been previously determined to be eli-
14 gible shall apply to the department, in a form and manner pre-
15 scribed by the department, and a district or public school acad-
16 emy must meet all of the following:

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

58

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

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

59

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

12 (4) Except as otherwise provided in this section, a district
13 or public school academy receiving funding under this section
14 shall use that money only to provide instructional programs and
15 direct noninstructional services, including, but not limited to,
16 medical or counseling services, for at-risk pupils; for school
17 health clinics; and for the purposes of subsection (5) or (6),
18 and shall not use any of that money for administrative costs or
19 to supplant another program or other funds, except for funds
20 allocated to the district or public school academy under this
21 section in the immediately preceding year and already being used
22 by the district or public school academy for at-risk pupils. The
23 instruction or direct noninstructional services provided under
24 this section may be conducted before or after regular school
25 hours or by adding extra school days to the school year and may
26 be conducted using a tutorial method, with paraprofessionals
27 working under the supervision of a certificated teacher. The

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

60

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

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

15 (6) From the funds allocated under subsection (1), there is
16 allocated for 2001-2002 an amount not to exceed \$2,400,000.00 to
17 support teen health centers. These 2001-2002 funds shall be dis-
18 tributed to existing teen health centers in a manner determined
19 by the department in collaboration with the department of commu-
20 nity health. From the funds allocated under subsection (1),
21 there is allocated EACH FISCAL YEAR for 2002-2003 AND FOR
22 2003-2004 an amount not to exceed \$3,743,000.00 for competitive
23 grants to support teen health centers. These grants for
24 2002-2003 AND 2003-2004 shall be awarded in a form and manner
25 approved jointly by the department and the department of commu-
26 nity health. If any funds allocated under this subsection are
27 not used for the purposes of this subsection for the fiscal year

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

61

1 in which they are allocated, those unused funds shall be used
2 that fiscal year to avoid or minimize any proration that would
3 otherwise be required under subsection (11) for that fiscal
4 year.

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

62

1 public school academy shall reimburse the state for all
2 disallowances found in the audit.

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

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

24 (11) If necessary, and before any proration required under
25 section 11, the department shall prorate payments under this sec-
26 tion by reducing the amount of the per pupil payment under this
27 section by a dollar amount calculated by determining the amount

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

63

1 by which the amount necessary to fully fund the requirements of
2 this section exceeds the maximum amount allocated under this sec-
3 tion and then dividing that amount by the total statewide number
4 of pupils who met the income eligibility criteria for free break-
5 fast, lunch, or milk in the immediately preceding fiscal year, as
6 described in subsection (1).

7 (12) Funds allocated under this section that are unexpended
8 and unencumbered at the end of the fiscal year for which they
9 were allocated shall be carried forward and used in subsequent
10 fiscal years to avoid or minimize any proration that would other-
11 wise be required under subsection (11).

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

64

1 the pupils in membership in the district or public school academy
2 met the income eligibility criteria for free breakfast, lunch, or
3 milk in the immediately preceding state fiscal year, as deter-
4 mined and reported as described in subsection (1). A district or
5 public school academy that is eligible for funding under this
6 section because the district meets the requirements of this sub-
7 section shall receive under this section for each membership
8 pupil in the district or public school academy who met the income
9 eligibility criteria for free breakfast, lunch, or milk in the
10 immediately preceding fiscal year, as determined and reported as
11 described in subsection (1), an amount per pupil equal to 5.75%
12 for 2001-2002 and 11.5% for 2002-2003 and subsequent fiscal years
13 of the sum of the district's foundation allowance or public
14 school academy's per pupil allocation under section 20, plus the
15 amount of the district's per pupil allocation under section
16 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of
17 the difference between the basic foundation allowance under sec-
18 tion 20 for the current state fiscal year and \$5,000.00.

19 However, beginning in 2002-2003, the \$6,500.00 amount prescribed
20 in this subsection shall be adjusted each year by an amount equal
21 to the dollar amount of the difference between the basic founda-
22 tion allowance for the current state fiscal year and \$5,000.00,
23 minus \$200.00.

24 (15) As used in this section, "at-risk pupil" means a pupil
25 for whom the district has documentation that the pupil meets at
26 least 2 of the following criteria: is a victim of child abuse or
27 neglect; is below grade level in English language and

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

65

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

19 Sec. 31d. (1) From the state school aid fund appropriation
20 in section 11, there is allocated an amount not to exceed
21 \$16,477,700.00 for 2001-2002 and an amount not to exceed
22 \$17,337,200.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004,
23 and from the general fund appropriation in section 11, there is
24 allocated an amount not to exceed \$722,300.00 for 2001-2002 and
25 an amount not to exceed \$762,800.00 EACH FISCAL YEAR for
26 2002-2003 AND FOR 2003-2004 for the purpose of making payments to

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

66

1 districts, intermediate districts, and other eligible entities
2 under this section.

3 (2) The amounts allocated from state sources under this sec-
4 tion shall be used to pay the amount necessary to reimburse dis-
5 tricts for 6.0127% of the necessary costs of the state mandated
6 portion of the school lunch programs provided by those
7 districts. The amount due to each district under this section
8 shall be computed by the department using the methods of calcula-
9 tion adopted by the Michigan supreme court in the consolidated
10 cases known as Durant v State of Michigan, Michigan supreme court
11 docket no. 104458-104492.

12 (3) The payments made under this section include all state
13 payments made to districts so that each district receives at
14 least 6.0127% of the necessary costs of operating the state man-
15 dated portion of the school lunch program in a fiscal year.

16 (4) From the federal funds appropriated in section 11, there
17 is allocated EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004 all
18 available federal funding, estimated at \$272,125,000.00 EACH
19 FISCAL YEAR, for the national school lunch program and all avail-
20 able federal funding, estimated at \$2,506,000.00, for the emer-
21 gency food assistance program.

22 (5) Notwithstanding section 17b, payments to intermediate
23 districts and other eligible entities under this section shall be
24 paid on a schedule determined by the department.

25 Sec. 32a. (1) From the state school aid fund appropriation
26 in section 11, there is allocated an amount not to exceed
27 \$189,250,000.00 for 2001-2002 and an amount not to exceed

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

67

1 \$72,600,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004
2 to fund the all students achieve program (ASAP) as provided under
3 sections 32b to 32h. In addition, from the general fund appro-
4 priations in section 11, there is allocated an amount not to
5 exceed \$2,200,100.00 for 2001-2002 and an amount not to exceed
6 \$2,200,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004
7 for the purposes of sections 32b to 32f. The programs funded
8 through this section are for the purposes of improving parenting
9 skills, improving school readiness, reducing the number of pupils
10 retained in grade, and reducing the number of pupils requiring
11 special education services.

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

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

21 Sec. 32b. (1) From the state school aid fund allocation in
22 section 32a(1), there is allocated an amount not to exceed
23 \$45,000,000.00 for 2001-2002 and \$0.00 for 2002-2003 AND
24 2003-2004 for grants to intermediate districts and districts for
25 programs for preschool children and their parents. The purpose
26 of these programs is to improve school readiness and foster the
27 maintenance of stable families by encouraging positive parenting

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

68

1 skills; enhancing parent-child interaction; providing learning
2 opportunities to promote intellectual, physical, and social
3 growth; and promoting access to needed community services through
4 a community-school-home partnership that provides parents with
5 information on child development from birth to age 5.

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

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

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

16 (ii) Group meetings of participating families.

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

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

23 (v) Connection with quality preschool programs.

24 (b) The program must be a collaborative community effort
25 that includes at least the intermediate district or district,
26 local multipurpose collaborative bodies, local health and welfare

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

69

1 agencies, and private nonprofit agencies involved in programs and
2 services for preschool children and their parents.

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

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

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

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

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

24 (4) Each successful grant recipient shall agree to include a
25 data collection system and an evaluation tool approved by the
26 department to measure the impact of the program on improving
27 school readiness, reducing the number of children needing special

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

70

1 education programs and services, and fostering the maintenance of
2 stable families. The data collection system shall provide a
3 report by October 15 of each year on the number of children in
4 families with income below 200% of the federal poverty level that
5 received services under this program and the total number of
6 children who received services under this program.

7 (5) From the general fund allocation under section 32a(1),
8 there is allocated an amount not to exceed \$100.00 for 2001-2002
9 and \$0.00 for 2002-2003 AND 2003-2004 to the department, includ-
10 ing the office for safe schools, for implementation and evalu-
11 ation of activities under this section. Further, upon receipt of
12 the federal drug-free schools grant, the department shall allo-
13 cate \$200,000.00 of that grant to the office for safe schools
14 within the department.

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

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

71

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) Except as otherwise provided in subsection (8), an
12 intermediate district or district receiving funds under this sec-
13 tion shall use the funds only for the program funded under this
14 section. Subject to subsection (8), grants awarded by
15 February 1, 2001 may be used for the following school year.

16 (8) A district or intermediate district receiving funds
17 under this section may carry over any unexpended funds received
18 under this section to subsequent fiscal years and may expend
19 those unused funds in subsequent fiscal years. Notwithstanding
20 any other provision of this section, funds carried over under
21 this subsection may be used to facilitate programs that are sub-
22 stantially similar in purpose to those funded under this
23 section.

24 Sec. 32c. (1) From the general fund allocation in
25 section 32a(1), there is allocated an amount not to exceed
26 \$2,000,000.00 each fiscal year for 2001-2002, ~~and~~ for
27 2002-2003, AND FOR 2003-2004 to the department for grants for

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

72

1 community-based collaborative prevention services designed to
2 foster positive parenting skills; improve parent/child interac-
3 tion, especially for children 0-3 years of age; promote access to
4 needed community services; increase local capacity to serve fami-
5 lies at risk; improve school readiness; and support healthy
6 family environments that discourage alcohol, tobacco, and other
7 drug use. The allocation under this section is to fund secondary
8 prevention programs as defined by the children's trust fund for
9 the prevention of child abuse and neglect.

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

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

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

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

73

1 Sec. 32d. (1) From the state school aid fund allocation
2 under section 32a(1), there is allocated an amount not to exceed
3 \$72,600,000.00 for 2001-2002, and from the state school aid fund
4 money allocated under section 32a, there is allocated an amount
5 not to exceed \$72,600,000.00 EACH FISCAL YEAR for 2002-2003 AND
6 FOR 2003-2004, for school readiness grants to enable eligible
7 districts, as determined under section 37, to develop or expand,
8 in conjunction with whatever federal funds may be available,
9 including, but not limited to, federal funds under title I of the
10 elementary and secondary education act of 1965, Public Law 89-10,
11 108 Stat. 3519, chapter 1 of title I of the Hawkins-Stafford ele-
12 mentary and secondary school improvement amendments of 1988,
13 Public Law 89-10, 102 Stat. 140, and the head start act, subchap-
14 ter B of chapter 8 of subtitle A of title VI of the omnibus
15 budget reconciliation act of 1981, Public Law 97-35, comprehen-
16 sive compensatory programs designed to improve the readiness and
17 subsequent achievement of educationally disadvantaged children as
18 defined by the department who will be at least 4, but less than 5
19 years of age, as of December 1 of the school year in which the
20 programs are offered, and who show evidence of 2 or more risk
21 factors as defined in the state board report entitled "children
22 at risk" that was adopted by the state board on April 5, 1988. A
23 comprehensive compensatory program funded under this section
24 shall include an age-appropriate educational curriculum, nutri-
25 tional services, health screening for participating children, a
26 plan for parent and legal guardian involvement, and provision of
27 referral services for families eligible for community social

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

74

1 services. In addition, from the general fund allocations under
2 section 32a(1), there is allocated an amount not to exceed
3 \$200,000.00 for 2001-2002 for the purposes of subsection (2), and
4 from the general fund money allocated under section 32a, there is
5 allocated an amount not to exceed \$200,000.00 EACH FISCAL YEAR
6 for 2002-2003 AND FOR 2003-2004 for the purposes of subsection
7 (2).

8 (2) From the general fund allocation in subsection (1),
9 there is allocated each fiscal year for 2001-2002, ~~and~~ for
10 2002-2003, AND FOR 2003-2004 an amount not to exceed \$200,000.00
11 for a competitive grant to continue a longitudinal evaluation of
12 children who have participated in the Michigan school readiness
13 program.

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

18 (4) A grant recipient receiving funds under this section
19 shall report to the department no later than October 15 of each
20 year the number of children participating in the program who meet
21 the income or other eligibility criteria specified under section
22 37(3)(g) and the total number of children participating in the
23 program. For children participating in the program who meet the
24 income or other eligibility criteria specified under section
25 37(3)(g), grant recipients shall also report whether or not a
26 parent is available to provide care based on employment status.
27 For the purposes of this subsection, "employment status" shall be

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

75

1 defined by the family independence agency in a manner consistent
2 with maximizing the amount of spending that may be claimed for
3 temporary assistance for needy families maintenance of effort
4 purposes.

5 Sec. 32f. (1) From the state school aid fund allocation
6 under section 32a(1), there is allocated for 2001-2002 an amount
7 not to exceed \$45,000,000.00 and for 2002-2003 AND 2003-2004
8 \$0.00, for grants under this section. From the general fund
9 allocation under section 32a(1), there is allocated each fiscal
10 year for 2001-2002, ~~and for~~ 2002-2003, AND 2003-2004 \$0.00 for
11 the purposes of subsection (3).

12 (2) From the allocation in subsection (1), there is allo-
13 cated for 2001-2002 an amount not to exceed \$2,000,000.00 and for
14 2002-2003 AND 2003-2004 \$0.00, for providing grants to the 8
15 regional literacy centers for the purposes of expanding training
16 programs for trainers and teachers in the use of strategies for
17 reading instruction and assessment, including the Michigan liter-
18 acy progress profile.

19 (3) From the general fund allocation in subsection (1),
20 there is allocated to the department \$0.00 each fiscal year for
21 2001-2002, ~~and for~~ 2002-2003, AND 2003-2004 for the development
22 and dissemination of read, educate, and develop youth (READY)
23 kits to parents of preschool and kindergarten children to provide
24 these parents with information about how they can prepare their
25 children for reading success.

26 (4) From the general fund allocation in subsection (1),
27 there is allocated to the department each fiscal year for

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

76

1 2001-2002, ~~and~~ 2002-2003, AND 2003-2004 \$0.00 for the grant
2 review process and grant administration under this section.

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

20 (6) From the allocation in subsection (1), there is allo-
21 cated for 2001-2002 an amount not to exceed \$43,000,000.00 and
22 for 2002-2003 AND 2003-2004 \$0.00, for competitive grants to eli-
23 gible districts, to intermediate districts, and to public school
24 academies located within eligible districts for reading improve-
25 ments programs for pupils in grades K to 4, reading disorders and
26 reading methods programs, mentoring programs, language and
27 literacy outreach programs, or cognitive development programs.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

77

1 For 2001-2002, grants under this subsection shall be paid to
2 grant recipients in the same proportion of the total allocation
3 under this subsection as for 2000-2001. If the legislature
4 enacts legislation authorizing the appropriation of federal funds
5 for reading improvement programs for 2001-2002, ~~or~~ for
6 2002-2003, OR FOR 2003-2004, then it is the intent of the legis-
7 lature that these funds be used to the extent possible for the
8 purposes of this subsection. Federal funds received for reading
9 improvement programs that can be used for substantially similar
10 purposes as described under this section shall be first expended
11 for the purposes of this subsection before funds appropriated
12 from the state school aid fund allocated under this subsection,
13 and the expenditure of funds under this subsection from the state
14 school aid fund shall be reduced by an amount equal to the amount
15 of the expenditure of federal funds under this subsection. If
16 any conflict exists between federal reading program guidelines
17 and this section, federal law will control.

18 (7) Except as otherwise provided in subsection (17), to
19 qualify for funding under this section, a proposed reading
20 improvement program must meet all of the following:

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

78

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

3 (d) The program shall align learning resources to state
4 standards.

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

11 (8) Funds allocated for programs described in subsection (7)
12 may be used to reimburse grant recipients for funds paid by dis-
13 tricts for up to 1/2 of the salaries and benefits for each
14 teacher trained and certified to provide a reading improvement
15 program.

16 (9) Except as otherwise provided under subsection (17), to
17 qualify for funding under this section, a proposed mentoring pro-
18 gram must be a research-based, validated program or a statewide
19 1-to-1 mentoring program to enhance the independence and life
20 quality of pupils who are mentally impaired by providing opportu-
21 nities for mentoring and integrated employment.

22 (10) Except as otherwise provided under subsection (17), to
23 qualify for funding under this section, a proposed cognitive
24 development program must be a research-based, validated educa-
25 tional service program, focused on assessing and building essen-
26 tial cognitive and perceptual learning abilities to strengthen
27 pupil concentration and learning.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

79

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

7 (12) A program receiving funding under this section may be
8 conducted outside of regular school hours or outside the regular
9 school calendar.

10 (13) To compete for a grant under this section, an applicant
11 shall apply to the superintendent in the form and manner pre-
12 scribed by the superintendent. The department shall make appli-
13 cations available for this purpose. An applicant shall include
14 in its application a projected budget for the programs. The
15 grant recipient shall provide at least a 20% local match from
16 local public or private resources for the funds received under
17 this section. Not more than 1/2 of this matching requirement, up
18 to a total of 10% of the total project budget, may be satisfied
19 through in-kind services provided by participating providers of
20 programs or services. In addition, not more than 10% of the
21 grant may be used for program administration.

22 (14) The superintendent shall approve or disapprove applica-
23 tions and notify the applicant of that decision. Priority in
24 awarding grants shall be given to programs that focus on acceler-
25 ating student achievement on a cost-effective basis, reducing the
26 number of pupils requiring special education programs and

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

80

1 services, and improving pupil scores on standardized tests and
2 assessments.

3 (15) A grant recipient receiving funds under this section
4 shall report to the department, in the form and manner prescribed
5 by the department, on the results achieved by the program. At a
6 minimum, the grant recipient shall report to the department by
7 October 15 regarding the program's impact on reducing the number
8 of pupils requiring special education programs and services and
9 on improving pupil scores on standardized tests and assessments,
10 and information on the costs and benefits per unit of pupil
11 improvement. In addition, the report shall state the number of
12 pupils eligible for free or reduced price school lunch who
13 received services under the program and the total number of
14 pupils who received services under the program. Not later than
15 November 15 of each fiscal year, the department shall submit a
16 report to the legislature, the state budget director, and the
17 senate and house fiscal agencies detailing the results of the
18 programs. It is the intent of the legislature that further fund-
19 ing for the programs under this section will reflect the results
20 achieved in these programs.

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

23 (17) For a district or public school academy awarded a grant
24 under former section 32, the determination of whether the dis-
25 trict or public school academy is eligible for a grant under this
26 section may be made according to the eligibility standards in
27 effect under former section 32. Further, the district or public

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

81

1 school academy may continue to use the grant proceeds for any use
2 permissible under this section or former section 32 as in effect
3 at the time the district or public school academy was awarded the
4 grant.

5 (18) If the maximum amount appropriated under this section
6 exceeds the amount necessary to fully fund allocations under this
7 section, that excess amount shall not be expended in that state
8 fiscal year but shall instead be carried forward to the succeed-
9 ing fiscal year and added to any funds appropriated for that
10 fiscal year for expenditure in that fiscal year.

11 (19) A district that received funding for 1999-2000 under
12 former section 32 shall receive funding under this section for
13 2001-2002.

14 (20) A district or intermediate district receiving funds
15 under this section may carry over any unexpended funds received
16 under this section to subsequent fiscal years and may expend
17 those unused funds in subsequent fiscal years.

18 Sec. 39a. (1) From the appropriation in section 11, there
19 is allocated EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004 to
20 districts, intermediate districts, and other eligible entities
21 all available federal funding, estimated at \$634,919,400.00 EACH
22 FISCAL YEAR, for the federal programs under the no child left
23 behind act of 2001, Public Law 107-110, 115 Stat. 1425. These
24 funds are allocated FOR EACH FISCAL YEAR as follows:

25 (a) An amount estimated at \$1,666,300.00 for community serv-
26 ice state grants, funded from DED-OESE, community service state
27 grant funds.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

82

1 (b) An amount estimated at \$15,520,100.00 to provide
2 students with drug- and violence-prevention programs and to
3 implement strategies to improve school safety, funded from
4 DED-OESE, drug-free schools and communities funds.

5 (c) An amount estimated at \$22,572,000.00 for the purpose of
6 improving teaching and learning through a more effective use of
7 technology, funded from DED-OESE, educational technology state
8 grant funds.

9 (d) An amount estimated at \$104,568,800.00 for the purpose
10 of preparing, training, and recruiting high-quality teachers and
11 class size reduction, funded from DED-OESE, improving teacher
12 quality funds.

13 (e) An amount estimated at \$4,647,700.00 for programs to
14 teach English to limited English proficient (LEP) children,
15 funded from DED-OESE, language acquisition state grant funds.

16 (f) An amount estimated at \$8,550,000.00 for the Michigan
17 charter school subgrant program, funded from DED-OESE, charter
18 school funds.

19 (g) An amount estimated at \$247,600.00 for Michigan model
20 partnership for character education programs, funded from
21 DED-OESE, title X, fund for improvement of education funds.

22 (h) An amount estimated at \$1,909,600.00 for rural and low
23 income schools, funded from DED-OESE, rural and low income school
24 funds.

25 (i) An amount estimated at \$11,123,700.00 to help schools
26 develop and implement comprehensive school reform programs,

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

83

1 funded from DED-OESE, title I and title X, comprehensive school
2 reform funds.

3 (j) An amount estimated at \$401,388,600.00 to provide sup-
4 plemental programs to enable educationally disadvantaged children
5 to meet challenging academic standards, funded from DED-OESE,
6 title I, disadvantaged children funds.

7 (k) An amount estimated at \$8,246,600.00 for the purpose of
8 providing unified family literacy programs, funded from DED-OESE,
9 title I, even start funds.

10 (l) An amount estimated at \$8,953,100.00 for the purpose of
11 identifying and serving migrant children, funded from DED-OESE,
12 title I, migrant education funds.

13 (m) An amount estimated at \$22,779,000.00 to promote
14 high-quality school reading instruction for grades K-3, funded
15 from DED-OESE, title I, reading first state grant funds.

16 (n) An amount estimated at \$11,585,100.00 for the purpose of
17 implementing innovative strategies for improving student achieve-
18 ment, funded from DED-OESE, title VI, innovative strategies
19 funds.

20 (o) An amount estimated at \$11,161,200.00 for the purpose of
21 providing high-quality extended learning opportunities, after
22 school and during the summer, for children in low-performing
23 schools, funded from DED-OESE, twenty-first century community
24 learning center funds.

25 (2) From the federal funds appropriation in section 11,
26 there is allocated EACH FISCAL YEAR for 2002-2003 AND FOR
27 2003-2004 to districts, intermediate districts, and other

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

84

1 eligible entities all available federal funding, estimated at
2 \$6,495,300.00 EACH FISCAL YEAR, for the following programs that
3 are funded by federal grants:

4 (a) An amount estimated at \$600,000.00 for acquired immuno-
5 deficiency syndrome education grants, funded from HHS-center for
6 disease control, AIDS funding.

7 (b) An amount estimated at \$976,000.00 for at-risk child
8 care, funded from HHS-ACF, at-risk child care funds.

9 (c) An amount estimated at \$1,553,500.00 for emergency serv-
10 ices to immigrants, funded from DED-OBEMLA, emergency immigrant
11 education assistance funds.

12 (d) An amount estimated at \$1,468,300.00 to provide services
13 to homeless children and youth, funded from DED-OVAE, homeless
14 children and youth funds.

15 (e) An amount estimated at \$400,000.00 for refugee children
16 school impact grants, funded from HHS-ACF, refugee children
17 school impact funds.

18 (f) An amount estimated at \$857,500.00 for school-age child
19 care grants, funded from HHS-ACF, dependent care block grant
20 funds.

21 (g) An amount estimated at \$640,000.00 for serve America
22 grants, funded from the corporation for national and community
23 service funds.

24 (3) All federal funds allocated under this section shall be
25 distributed in accordance with federal law and with flexibility
26 provisions outlined in Public Law 107-116 and in the education
27 flexibility partnership act of 1999, Public Law 106-25, 113

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

85

1 Stat. 41. Notwithstanding section 17b, payments of federal funds
2 to districts, intermediate districts, and other eligible entities
3 under this section shall be paid on a schedule determined by the
4 department.

5 (4) As used in this section:

6 (a) "DED" means the United States department of education.

7 (b) "DED-OBEMLA" means the DED office of bilingual education
8 and minority languages affairs.

9 (c) "DED-OESE" means the DED office of elementary and sec-
10 ondary education.

11 (d) "DED-OVAE" means the DED office of vocational and adult
12 education.

13 (e) "HHS" means the United States department of health and
14 human services.

15 (f) "HHS-ACF" means the HHS administration for children and
16 families.

17 Sec. 41. From the appropriation in section 11, there is
18 allocated an amount not to exceed \$4,212,000.00 each fiscal year
19 for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to appli-
20 cant districts and intermediate districts offering programs of
21 bilingual instruction for pupils of limited English-speaking
22 ability under section 1153 of the revised school code,
23 MCL 380.1153. Reimbursement shall be on a per pupil basis and
24 shall be based on the number of pupils of limited
25 English-speaking ability in membership on the pupil membership
26 count day. Funds allocated under this section shall be used

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

86

1 solely for bilingual instruction in speaking, reading, writing,
2 or comprehension of pupils of limited English-speaking ability.
3 Sec. 51a. (1) From the appropriation in section 11, there
4 is allocated for 2001-2002 an amount not to exceed
5 \$796,401,900.00 from state sources and all available federal
6 funding under sections 611 to 619 of part B of the individuals
7 with disabilities education act, title VI of Public Law 91-230,
8 20 U.S.C. 1411 to 1419, estimated at \$203,000,000.00, plus any
9 carryover federal funds from previous year appropriations; and
10 there is allocated EACH FISCAL YEAR for 2002-2003 AND FOR
11 2003-2004 an amount not to exceed \$852,721,900.00 from state
12 sources and all available federal funding, estimated at
13 \$235,000,000.00 EACH FISCAL YEAR, plus any carryover federal
14 funds from previous year appropriations. The allocations under
15 this subsection are for the purpose of reimbursing districts and
16 intermediate districts for special education programs, services,
17 and special education personnel as prescribed in article 3 of the
18 revised school code, MCL 380.1701 to 380.1766; net tuition pay-
19 ments made by intermediate districts to the Michigan schools for
20 the deaf and blind; and special education programs and services
21 for pupils who are eligible for special education programs and
22 services according to statute or rule. For meeting the costs of
23 special education programs and services not reimbursed under this
24 article, a district or intermediate district may use money in
25 general funds or special education funds, not otherwise
26 restricted, or contributions from districts to intermediate
27 districts, tuition payments, gifts and contributions from

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

87

1 individuals, or federal funds that may be available for this
2 purpose, as determined by the intermediate district plan prepared
3 pursuant to article 3 of the revised school code, MCL 380.1701 to
4 380.1766. All federal funds allocated under this section in
5 excess of those allocated under this section for 2001-2002 may be
6 distributed in accordance with 34 C.F.R. 300.234 and section
7 613(a)(2)(D) of part B of title VI of the individuals with dis-
8 abilities education act, Public Law 91-230, 20 U.S.C. 1413.
9 Notwithstanding section 17b, payments of federal funds to dis-
10 tricts, intermediate districts, and other eligible entities under
11 this section shall be paid on a schedule determined by the
12 department.

13 (2) From the funds allocated under subsection (1), there is
14 allocated EACH FISCAL YEAR for 2001-2002, ~~and~~ for 2002-2003,
15 AND FOR 2003-2004 the amount necessary, estimated at
16 \$139,200,000.00 for 2001-2002 ~~—~~ and \$149,500,000.00 EACH FISCAL
17 YEAR for 2002-2003 AND FOR 2003-2004, for payments toward reim-
18 bursing districts and intermediate districts for 28.6138% of
19 total approved costs of special education, excluding costs reim-
20 bursed under section 53a, and 70.4165% of total approved costs of
21 special education transportation. Allocations under this subsec-
22 tion shall be made as follows:

23 (a) The initial amount allocated to a district under this
24 subsection toward fulfilling the specified percentages shall be
25 calculated by multiplying the district's special education pupil
26 membership, excluding pupils described in subsection (12), times
27 the sum of the foundation allowance under section 20 of the

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

88

1 pupil's district of residence plus the amount of the district's
2 per pupil allocation under section 20j(2), not to exceed
3 \$6,500.00 adjusted by the dollar amount of the difference between
4 the basic foundation allowance under section 20 for the current
5 fiscal year and \$5,000.00, or, for a special education pupil in
6 membership in a district that is a public school academy or uni-
7 versity school, times an amount equal to the amount per member-
8 ship pupil calculated under section 20(6). For an intermediate
9 district, the amount allocated under this subdivision toward ful-
10 filling the specified percentages shall be an amount per special
11 education membership pupil, excluding pupils described in subsec-
12 tion (12), and shall be calculated in the same manner as for a
13 district, using the foundation allowance under section 20 of the
14 pupil's district of residence, not to exceed \$6,500.00 adjusted
15 by the dollar amount of the difference between the basic founda-
16 tion allowance under section 20 for the current fiscal year and
17 \$5,000.00, and that district's per pupil allocation under
18 section 20j(2). However, beginning in 2002-2003, the \$6,500.00
19 amount prescribed in this subdivision shall be adjusted each year
20 by an amount equal to the dollar amount of the difference between
21 the basic foundation allowance for the current state fiscal year
22 and \$5,000.00, minus \$200.00.

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

89

1 (3) From the funds allocated under subsection (1), there is
2 allocated each fiscal year for 2001-2002, ~~and~~ for 2002-2003,
3 AND FOR 2003-2004 the amount necessary, estimated at
4 \$2,000,000.00 each fiscal year, to make payments to districts and
5 intermediate districts under this subsection. If the amount
6 allocated to a district or intermediate district for a fiscal
7 year under subsection (2)(b) is less than the sum of the amounts
8 allocated to the district or intermediate district for 1996-97
9 under sections 52 and 58, there is allocated to the district or
10 intermediate district for the fiscal year an amount equal to that
11 difference, adjusted by applying the same proration factor that
12 was used in the distribution of funds under section 52 in 1996-97
13 as adjusted to the district's or intermediate district's neces-
14 sary costs of special education used in calculations for the
15 fiscal year. This adjustment is to reflect reductions in special
16 education program operations between 1996-97 and subsequent
17 fiscal years. Adjustments for reductions in special education
18 program operations shall be made in a manner determined by the
19 department and shall include adjustments for program shifts.

20 (4) If the department determines that the sum of the amounts
21 allocated for a fiscal year to a district or intermediate dis-
22 trict under subsection (2)(a) and (b) is not sufficient to ful-
23 fill the specified percentages in subsection (2), then the short-
24 fall shall be paid to the district or intermediate district
25 during the fiscal year beginning on the October 1 following the
26 determination and payments under subsection (3) shall be adjusted
27 as necessary. If the department determines that the sum of the

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

90

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

12 (5) State funds shall be allocated on a total approved cost
13 basis. Federal funds shall be allocated under applicable federal
14 requirements, except that an amount not to exceed \$3,500,000.00
15 each fiscal year may be allocated by the department for
16 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to districts or
17 intermediate districts on a competitive grant basis for programs,
18 equipment, and services that the department determines to be
19 designed to benefit or improve special education on a statewide
20 scale.

21 (6) From the amount allocated in subsection (1), there is
22 allocated an amount not to exceed \$2,200,000.00 each fiscal year
23 for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to reim-
24 burse 100% of the net increase in necessary costs incurred by a
25 district or intermediate district in implementing the revisions
26 in the administrative rules for special education that became
27 effective on July 1, 1987. As used in this subsection, "net

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

91

1 increase in necessary costs" means the necessary additional costs
2 incurred solely because of new or revised requirements in the
3 administrative rules minus cost savings permitted in implementing
4 the revised rules. Net increase in necessary costs shall be
5 determined in a manner specified by the department.

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

92

1 programs approved by the department to provide an on-grounds
2 education program.

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

15 (8) From the allocation in subsection (1), there is allo-
16 cated each fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND
17 FOR 2003-2004 an amount not to exceed \$15,313,900.00 each fiscal
18 year to intermediate districts. The payment under this subsec-
19 tion to each intermediate district shall be equal to the amount
20 of the 1996-97 allocation to the intermediate district under sub-
21 section (6) of this section as in effect for 1996-97.

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

93

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

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

13 (12) From the funds allocated in subsection (1), there is
14 allocated each fiscal year for 2001-2002, ~~and~~ for 2002-2003,
15 AND FOR 2003-2004 the amount necessary, estimated at
16 \$7,200,000.00 each fiscal year, to pay the foundation allowances
17 for pupils described in this subsection. The allocation to a
18 district under this subsection shall be calculated by multiplying
19 the number of pupils described in this subsection who are counted
20 in membership in the district times the sum of the foundation
21 allowance under section 20 of the pupil's district of residence
22 plus the amount of the district's per pupil allocation under
23 section 20j(2), not to exceed \$6,500.00 adjusted by the dollar
24 amount of the difference between the basic foundation allowance
25 under section 20 for the current fiscal year and \$5,000.00, or,
26 for a pupil described in this subsection who is counted in
27 membership in a district that is a public school academy or

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

94

1 university school, times an amount equal to the amount per
2 membership pupil under section 20(6). The allocation to an
3 intermediate district under this subsection shall be calculated
4 in the same manner as for a district, using the foundation allow-
5 ance under section 20 of the pupil's district of residence, not
6 to exceed \$6,500.00 adjusted by the dollar amount of the differ-
7 ence between the basic foundation allowance under section 20 for
8 the current fiscal year and \$5,000.00, and that district's per
9 pupil allocation under section 20j(2). However, beginning in
10 2002-2003, the \$6,500.00 amount prescribed in this subsection
11 shall be adjusted each year by an amount equal to the dollar
12 amount of the difference between the basic foundation allowance
13 for the current state fiscal year and \$5,000.00, minus \$200.00.
14 This subsection applies to all of the following pupils:

15 (a) Pupils described in section 53a.

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

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

23 (13) After payments under subsections (2) and (12) and sec-
24 tion 51c, the remaining expenditures from the allocation in sub-
25 section (1) shall be made in the following order:

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

95

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

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

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

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

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

7 (14) The allocations under subsection (2), subsection (3),
8 and subsection (12) shall be allocations to intermediate dis-
9 tricts only and shall not be allocations to districts, but
10 instead shall be calculations used only to determine the state
11 payments under section 22b.

12 Sec. 51c. As required by the court in the consolidated
13 cases known as Durant v State of Michigan, Michigan supreme court
14 docket no. 104458-104492, from the allocation under section
15 51a(1), there is allocated EACH FISCAL YEAR for 2001-2002, ~~and~~
16 for 2002-2003, AND FOR 2003-2004 the amount necessary, estimated
17 at \$576,100,000.00 for 2001-2002 and \$621,900,000.00 EACH FISCAL
18 YEAR for 2002-2003 AND FOR 2003-2004, for payments to reimburse
19 districts for 28.6138% of total approved costs of special educa-
20 tion excluding costs reimbursed under section 53a, and 70.4165%
21 of total approved costs of special education transportation.
22 Funds allocated under this section that are not expended in the
23 state fiscal year for which they were allocated, as determined by
24 the department, may be used to supplement the allocations under
25 sections 22a and 22b in order to fully fund those calculated
26 allocations for the same fiscal year.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

96

1 Sec. 51d. (1) From the federal funds appropriated in
2 section 11, there is allocated EACH FISCAL YEAR for 2002-2003 AND
3 FOR 2003-2004 all available federal funding, estimated at
4 \$59,837,200.00 EACH FISCAL YEAR, for special education programs
5 that are funded by federal grants. All federal funds allocated
6 under this section shall be distributed in accordance with fed-
7 eral law. Notwithstanding section 17b, payments of federal funds
8 to districts, intermediate districts, and other eligible entities
9 under this section shall be paid on a schedule determined by the
10 department.

11 (2) From the federal funds allocated under subsection (1),
12 the following amounts are allocated EACH FISCAL YEAR for
13 2002-2003 AND FOR 2003-2004:

14 (a) An amount estimated at \$16,000,000.00 for handicapped
15 infants and toddlers, funded from DED-OSERS, handicapped infants
16 and toddlers funds.

17 (b) An amount estimated at \$13,500,000.00 for preschool
18 grants (Public Law 94-142), funded from DED-OSERS, handicapped
19 preschool incentive funds.

20 (c) An amount estimated at \$30,337,200.00 for special educa-
21 tion programs funded by DED-OSERS, handicapped program, individu-
22 als with disabilities act funds.

23 (3) As used in this section, "DED-OSERS" means the United
24 States department of education office of special education and
25 rehabilitative services.

26 Sec. 53a. (1) For districts, reimbursement for pupils
27 described in subsection (2), reimbursement shall be 100% of the

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

97

1 total approved costs of operating special education programs and
2 services approved by the department and included in the interme-
3 diate district plan adopted pursuant to article 3 of the revised
4 school code, MCL 380.1701 to 380.1766, minus the district's foun-
5 dation allowance calculated under section 20, and minus the
6 amount calculated for the district under section 20j. For inter-
7 mediate districts, reimbursement for pupils described in
8 section (2) shall be calculated in the same manner as for a dis-
9 trict, using the foundation allowance under section 20 of the
10 pupil's district of residence, not to exceed \$6,500.00 adjusted
11 by the dollar amount of the difference between the basic founda-
12 tion allowance under section 20 for the current fiscal year and
13 the amount calculated for that district \$5,000.00, and under sec-
14 tion 20j. However, beginning in 2002-2003, the \$6,500.00 amount
15 prescribed in this subsection shall be adjusted each year by an
16 amount equal to the dollar amount of the difference between the
17 basic foundation allowance for the current state fiscal year and
18 \$5,000.00, minus \$200.00.

19 (2) Reimbursement under subsection (1) is for the following
20 special education pupils:

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

98

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

5 (d) Pupils enrolled in a department-approved on-grounds edu-
6 cational program longer than 180 days, but not longer than 233
7 days, at a residential child care institution, if the child care
8 institution offered in 1991-92 an on-grounds educational program
9 longer than 180 days but not longer than 233 days.

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

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

19 (4) The costs of transportation shall be funded under this
20 section and shall not be reimbursed under section 58.

21 (5) Not more than \$14,800,000.00 each fiscal year for
22 2001-2002, ~~and~~ FOR 2002-2003, AND FOR 2003-2004 of the alloca-
23 tion in section 51a(1) shall be allocated under this section.

24 (6) From the allocation in subsection (5), there is allo-
25 cated each fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND
26 FOR 2003-2004 an amount not to exceed \$150,000.00 to an

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

99

1 intermediate district that received at least \$1,000,000.00 for
2 1999-2000 under subsection (4).

3 Sec. 54. In addition to the aid received under section 52,
4 each intermediate district shall receive an amount per pupil for
5 each pupil in attendance at the Michigan schools for the deaf and
6 blind. The amount shall be proportionate to the total instruc-
7 tional cost at each school. Not more than \$1,688,000.00 each
8 fiscal year for 2001-2002, ~~and~~ FOR 2002-2003, AND FOR 2003-2004
9 of the allocation in section 51a(1) shall be allocated under this
10 section.

11 Sec. 55. From the state school aid fund money appropriated
12 in section 11, there is allocated \$500,000.00 EACH FISCAL YEAR
13 for 2002-2003 AND FOR 2003-2004 to the west Michigan center for
14 autism spectrum disorders located at Grand Valley State
15 University for developing cooperative programs with area dis-
16 tricts and intermediate districts to provide services to qualify-
17 ing pupils. This funding is for development costs in 2002-2003
18 and is intended to continue to fund operational and program costs
19 in succeeding fiscal years.

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

21 (a) "Membership" means for a particular fiscal year the
22 total membership for the immediately preceding fiscal year of the
23 intermediate district and the districts constituent to the inter-
24 mediate district.

25 (b) "Millage levied" means the millage levied for special
26 education pursuant to part 30 of the revised school code,

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

100

1 MCL 380.1711 to 380.1743, including a levy for debt service
2 obligations.

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

9 (2) From the allocation under section 51a(1), there is allo-
10 cated an amount not to exceed \$37,900,000.00 for 2001-2002 and an
11 amount not to exceed \$38,120,000.00 EACH FISCAL YEAR for
12 2002-2003 AND FOR 2003-2004 to reimburse intermediate districts
13 levying millages for special education pursuant to part 30 of the
14 revised school code, MCL 380.1711 to 380.1743. The purpose, use,
15 and expenditure of the reimbursement shall be limited as if the
16 funds were generated by these millages and governed by the inter-
17 mediate district plan adopted pursuant to article 3 of the
18 revised school code, MCL 380.1701 to 380.1766. As a condition of
19 receiving funds under this section, an intermediate district dis-
20 tributing any portion of special education millage funds to its
21 constituent districts shall submit for departmental approval and
22 implement a distribution plan.

23 (3) Reimbursement for those millages levied in 2000-2001
24 shall be made in 2001-2002 at an amount per 2000-2001 membership
25 pupil computed by subtracting from \$119,200.00 the 2000-2001 tax-
26 able value behind each membership pupil and multiplying the
27 resulting difference by the 2000-2001 millage levied.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

101

1 Reimbursement for those millages levied in 2001-2002 shall be
2 made in 2002-2003 at an amount per 2001-2002 membership pupil
3 computed by subtracting from \$125,900.00 the 2001-2002 taxable
4 value behind each membership pupil and multiplying the resulting
5 difference by the 2001-2002 millage levied. REIMBURSEMENT FOR
6 THOSE MILLAGES LEVIED IN 2002-2003 SHALL BE MADE IN 2003-2004 AT
7 AN AMOUNT PER 2002-2003 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING
8 FROM \$125,900.00 THE 2002-2003 TAXABLE VALUE BEHIND EACH MEMBER-
9 SHIP PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE
10 2002-2003 MILLAGE LEVIED.

11 Sec. 57. (1) From the appropriation in section 11, there is
12 allocated an amount not to exceed \$600,000.00 each fiscal year
13 for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to appli-
14 cant intermediate districts that provide support services for the
15 education of gifted and talented pupils. An intermediate dis-
16 trict is entitled to 75% of the actual salary, but not to exceed
17 \$25,000.00 reimbursement for an individual salary, of a support
18 services teacher approved by the department, and not to exceed
19 \$4,000.00 reimbursement for expenditures to support program
20 costs, excluding in-county travel and salary, as approved by the
21 department.

22 (2) From the appropriation in section 11, there is allocated
23 an amount not to exceed \$400,000.00 each fiscal year for
24 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to support part
25 of the cost of summer institutes for gifted and talented
26 students. This amount shall be contracted to applicant

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

102

1 intermediate districts in cooperation with a local institution of
2 higher education and shall be coordinated by the department.

3 (3) From the appropriation in section 11, there is allocated
4 an amount not to exceed \$4,000,000.00 each fiscal year for
5 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 for the devel-
6 opment and operation of comprehensive programs for gifted and
7 talented pupils. An eligible district or consortium of districts
8 shall receive an amount not to exceed \$100.00 per K-12 pupil for
9 up to 5% of the district's or consortium's K-12 membership for
10 the immediately preceding fiscal year with a minimum total grant
11 of \$6,000.00. Funding shall be provided in the following order:
12 the per pupil allotment, and then the minimum total grant of
13 \$6,000.00 to individual districts. An intermediate district may
14 act as the fiscal agent for a consortium of districts. In order
15 to be eligible for funding under this subsection, the district or
16 consortium of districts shall submit each year a current 3-year
17 plan for operating a comprehensive program for gifted and tal-
18 ented pupils and the district or consortium shall demonstrate to
19 the department that the district or consortium will contribute
20 matching funds of at least \$50.00 per K-12 pupil. The plan or
21 revised plan shall be developed in accordance with criteria
22 established by the department and shall be submitted to the
23 department for approval. Within the criteria, the department
24 shall encourage the development of consortia among districts of
25 less than 5,000 memberships.

26 Sec. 61a. (1) From the appropriation in section 11, there
27 is allocated an amount not to exceed \$31,027,600.00 each fiscal

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

103

1 year for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 to
2 reimburse on an added cost basis districts, except for a district
3 that served as the fiscal agent for a vocational education con-
4 sortium in the 1993-94 school year, and secondary area
5 vocational-technical education centers for secondary-level
6 vocational-technical education programs, including parenthood
7 education programs, according to rules approved by the
8 superintendent. Applications for participation in the programs
9 shall be submitted in the form prescribed by the department. The
10 department shall determine the added cost for each
11 vocational-technical program area. The allocation of added cost
12 funds shall be based on the type of vocational-technical programs
13 provided, the number of pupils enrolled, and the length of the
14 training period provided, and shall not exceed 75% of the added
15 cost of any program. With the approval of the department, the
16 board of a district maintaining a secondary vocational-technical
17 education program may offer the program for the period from the
18 close of the school year until September 1. The program shall
19 use existing facilities and shall be operated as prescribed by
20 rules promulgated by the superintendent.

21 (2) Except for a district that served as the fiscal agent
22 for a vocational education consortium in the 1993-94 school year,
23 districts and intermediate districts shall be reimbursed for
24 local vocational administration, shared time vocational adminis-
25 tration, and career education planning district
26 vocational-technical administration. The definition of what
27 constitutes administration and reimbursement shall be pursuant to

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

104

1 guidelines adopted by the superintendent. Not more than
2 \$800,000.00 of the allocation in subsection (1) shall be distrib-
3 uted under this subsection.

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

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

17 (a) "Membership" means for a particular fiscal year the
18 total membership for the immediately preceding fiscal year of the
19 intermediate district and the districts constituent to the inter-
20 mediate district or the total membership for the immediately pre-
21 ceding fiscal year of the area vocational-technical program.

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

105

1 (c) "Taxable value" means the total taxable value of the
2 districts constituent to an intermediate district or area
3 vocational-technical education program, except that if a district
4 has elected not to come under sections 681 to 690 of the revised
5 school code, MCL 380.681 to 380.690, the membership and taxable
6 value of that district shall not be included in the membership
7 and taxable value of the intermediate district. However, the
8 membership and taxable value of a district that has elected not
9 to come under sections 681 to 690 of the revised school code,
10 MCL 380.681 to 380.690, shall be included in the membership and
11 taxable value of the intermediate district if the district meets
12 both of the following:

13 (i) The district operates the area vocational-technical edu-
14 cation program pursuant to a contract with the intermediate
15 district.

16 (ii) The district contributes an annual amount to the opera-
17 tion of the program that is commensurate with the revenue that
18 would have been raised for operation of the program if millage
19 were levied in the district for the program under sections 681 to
20 690 of the revised school code, MCL 380.681 to 380.690.

21 (2) From the appropriation in section 11, there is allocated
22 an amount not to exceed \$9,810,000.00 for 2001-2002 and an amount
23 not to exceed \$9,860,000.00 EACH FISCAL YEAR for 2002-2003 AND
24 FOR 2003-2004 to reimburse intermediate districts and area
25 vocational-technical education programs established under section
26 690(3) of the revised school code, MCL 380.690, levying millages
27 for area vocational-technical education pursuant to sections 681

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

106

1 to 690 of the revised school code, MCL 380.681 to 380.690. The
2 purpose, use, and expenditure of the reimbursement shall be
3 limited as if the funds were generated by those millages.

4 (3) Reimbursement for the millages levied in 2000-2001 shall
5 be made in 2001-2002 at an amount per 2000-2001 membership pupil
6 computed by subtracting from \$122,300.00 the 2000-2001 taxable
7 value behind each membership pupil, and multiplying the resulting
8 difference by the 2000-2001 millage levied. Reimbursement for
9 the millages levied in 2001-2002 shall be made in 2002-2003 at an
10 amount per 2001-2002 membership pupil computed by subtracting
11 from \$130,200.00 the 2001-2002 taxable value behind each member-
12 ship pupil, and multiplying the resulting difference by the
13 2001-2002 millage levied. REIMBURSEMENT FOR THE MILLAGES LEVIED
14 IN 2002-2003 SHALL BE MADE IN 2003-2004 AT AN AMOUNT PER
15 2002-2003 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING FROM
16 \$130,200.00 THE 2002-2003 TAXABLE VALUE BEHIND EACH MEMBERSHIP
17 PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2002-2003
18 MILLAGE LEVIED.

19 Sec. 67. (1) From the general fund appropriation in section
20 11, there is allocated an amount not to exceed \$350,000.00 each
21 fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004
22 for Michigan career preparation system grants under this
23 section.

24 (2) From the allocation in subsection (1), there is allo-
25 cated \$150,000.00 each fiscal year for 2001-2002, ~~and~~ for
26 2002-2003, AND FOR 2003-2004 to the department to identify
27 uniform career competency standards and assessments for career

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

107

1 clusters, to establish a statewide information system on current
2 and anticipated employment opportunities and the required level
3 of skills and education required for employment.

4 (3) From the allocation in subsection (1), there is allo-
5 cated \$100,000.00 each fiscal year for 2001-2002, ~~and~~ for
6 2002-2003, AND FOR 2003-2004 to the department to provide infor-
7 mation to parents, pupils, school personnel, employers, and
8 others regarding opportunities to receive integrated academic and
9 technical preparation in the public schools of this state.

10 (4) From the allocation in subsection (1), there is allo-
11 cated \$100,000.00 each fiscal year for 2001-2002, ~~and~~ for
12 2002-2003, AND FOR 2003-2004 to the department to provide techni-
13 cal assistance to eligible education agencies and workforce
14 development boards.

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

16 (a) "Advanced career academy" means a career-technical edu-
17 cation program operated by a district, by an intermediate dis-
18 trict, or by a public school academy, that applies for and
19 receives advanced career academy designation from the
20 department. To receive this designation, a career-technical edu-
21 cation program shall meet criteria established by the department,
22 which criteria shall include at least all of the following:

23 (i) Operation of programs for those career clusters identi-
24 fied by the department as being eligible for advanced career
25 academy status.

26 (ii) Involvement of employers in the design and
27 implementation of career-technical education programs.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

108

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

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

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

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

14 (d) "Department" means the department of career
15 development.

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

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

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

26 (h) "Strategic plan" means a department-approved
27 comprehensive plan prepared by a workforce development board with

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

109

1 input from local representatives, including the education
2 advisory group, that includes career preparation system goals and
3 objectives for the region.

4 Sec. 68. (1) From the general fund appropriation in section
5 11, there is allocated an amount not to exceed \$21,850,000.00
6 each fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND FOR
7 2003-2004 to be used to implement the Michigan career preparation
8 system in the corresponding school years as provided under this
9 section. In order to receive funds under this section, an eligi-
10 ble education agency shall be part of an approved regional career
11 preparation plan under subsection (2) and shall agree to expend
12 the funds required under this section in accordance with the
13 regional career preparation plan. Funds awarded under this sec-
14 tion that are not expended in accordance with this section may be
15 recovered by the department.

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

22 (a) A 3-year regional career preparation plan shall be
23 developed under subdivisions (b), (c), and (d) for all public
24 education agencies participating as part of a regional career
25 preparation system within the geographical boundaries of a work-
26 force development board, and revised annually. If an
27 intermediate district is located within the geographical

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

110

1 boundaries of more than 1 workforce development board, the board
2 of the intermediate district shall choose 1 workforce development
3 board with which to align and shall notify the department of this
4 choice not later than October 31, 1997.

5 (b) The regional career preparation plan shall be developed
6 by representatives of the education advisory group of each work-
7 force development board in accordance with guidelines developed
8 under former section 67(5), and in accordance with subdivisions
9 (d) and (e). All of the following shall be represented on each
10 education advisory group: workforce development board members,
11 other employers, labor, districts, intermediate districts, post-
12 secondary institutions, career/technical educators, parents of
13 public school pupils, and academic educators. The representa-
14 tives of districts, intermediate districts, and postsecondary
15 institutions appointed to the education advisory group by the
16 workforce development board shall be individuals designated by
17 the board of the district, intermediate district, or postsecond-
18 ary institution.

19 (c) By majority vote, the education advisory group may nomi-
20 nate 1 education representative, who may or may not be a member
21 of the education advisory group, for appointment to the workforce
22 development board. This education representative shall be in
23 addition to existing education representation on the workforce
24 development board. This education representative shall meet all
25 workforce development board membership requirements.

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

111

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

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

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

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

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

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

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

HB 5881, As Passed Senate, July 9, 2002

H02837'01 a (H-5)

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

112

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

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

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

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

113

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

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

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

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

8 (vii) Career placement services.

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

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

14 (c) The department shall calculate career preparation costs
15 per FTE for each career cluster, including career exploration,
16 guidance, and counseling, by dividing the allowable costs for
17 each career cluster by the prior year FTE enrollment for each
18 career cluster. Distribution to eligible education agencies
19 shall be the product of 50% of career preparation costs per FTE
20 times the current year FTE enrollment of each career cluster.
21 This allocation shall be distributed to eligible education agen-
22 cies in decreasing order of the career cluster ranking described
23 in subdivision (a) until the money allocated for grant recipients
24 in this section is distributed. Beginning in 2001-2002, funds
25 shall be distributed to eligible education agencies according to
26 workforce development board geographic area consistent with
27 subsection (2)(a) based upon the proportion of each workforce

HB 5881, As Passed Senate, July 9, 2002

H02837'01 a (H-5)

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

114

1 development board area's K-12 public school membership to the
2 total state K-12 public school membership.

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

5 (5) An education advisory group is responsible for assuring
6 the quality of the career preparation system. An education
7 advisory group shall review the career preparation system in
8 accordance with evaluation criteria established by the
9 department.

10 (6) An education advisory group shall report its findings
11 and recommendations for changes to the participating eligible
12 education agencies, the workforce development board, and the
13 department.

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

19 Sec. 74. (1) From the amount appropriated in section 11,
20 there is allocated an amount not to exceed \$1,625,000.00 each
21 fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004
22 for the purposes of subsections (2) and (3).

23 (2) From the allocation in subsection (1), there is allo-
24 cated each fiscal year the amount necessary for payments to state
25 supported colleges or universities and intermediate districts
26 providing school bus driver safety instruction or driver skills
27 road tests pursuant to sections 51 and 52 of the pupil

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

115

1 transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The
2 payments shall be in an amount determined by the department not
3 to exceed 75% of the actual cost of instruction and driver com-
4 pensation for each public or nonpublic school bus driver attend-
5 ing a course of instruction. For the purpose of computing com-
6 pensation, the hourly rate allowed each school bus driver shall
7 not exceed the hourly rate received for driving a school bus.
8 Reimbursement compensating the driver during the course of
9 instruction or driver skills road tests shall be made by the
10 department to the college or university or intermediate district
11 providing the course of instruction.

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

19 Sec. 81. (1) Except as otherwise provided in this section,
20 from the appropriation in section 11, there is allocated each
21 fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004
22 to the intermediate districts the sum necessary, but not to
23 exceed \$92,170,800.00 for 2001-2002 and not to exceed
24 \$95,028,100.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004
25 to provide state aid to intermediate districts under this
26 section. Except as otherwise provided in this section, there
27 shall be allocated to each intermediate district for 2001-2002 an

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

116

1 amount equal to 105% of the amount of funding actually received
2 by the intermediate district under this subsection for
3 2000-2001. Except as otherwise provided in this section, there
4 shall be allocated to each intermediate district EACH FISCAL YEAR
5 for 2002-2003 AND FOR 2003-2004 an amount equal to 103.1% of the
6 amount of funding actually received by the intermediate district
7 under this subsection for 2001-2002. Funding provided under this
8 section shall be used to comply with requirements of this act and
9 the revised school code that are applicable to intermediate dis-
10 tricts, and for which funding is not provided elsewhere in this
11 act, and to provide technical assistance to districts as autho-
12 rized by the intermediate school board.

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

117

1 intermediate districts that participated in the consortium in
2 1993-94, the intermediate district may notify the department not
3 later than December 30 of the current fiscal year that it is
4 electing to directly receive its payment attributable to partici-
5 pation in that consortium. An intermediate district making that
6 election, and that has obtained the necessary consent, shall
7 receive each fiscal year for 2001-2002, ~~or~~ for 2002-2003, OR
8 FOR 2003-2004, as applicable, for each pupil in membership in the
9 intermediate district or a constituent district an amount equal
10 to the quotient of the 1993-94 allocation to the fiscal agent for
11 that consortium under former section 83, adjusted as determined
12 by the department to account for that election, divided by the
13 combined total membership for the current fiscal year in all of
14 the intermediate districts that participated in that consortium
15 and their constituent districts. The amount allocated to an
16 intermediate district under this subsection for a fiscal year
17 shall be deducted from the total allocation for that fiscal year
18 under this section to the intermediate district that was the
19 1993-94 fiscal agent for the consortium.

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

118

1 June 1 of the fiscal year, and the legislature shall appropriate
2 money for the adjustment in the next succeeding fiscal year.

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

8 Sec. 94. From the general fund money appropriated in sec-
9 tion 11, there is allocated to the department an amount not to
10 exceed \$3,000,000.00 for 2001-2002 and an amount not to exceed
11 \$2,000,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004 to
12 provide technical assistance to districts for school accredit-
13 ation purposes as described in section 1280 of the revised school
14 code, MCL 380.1280.

15 Sec. 94a. (1) There is created within the office of the
16 state budget director in the department of management and budget
17 the center for educational performance and information. The
18 center shall do all of the following:

19 (a) Coordinate the collection of all data required by state
20 and federal law from all entities receiving funds under this
21 act.

22 (b) Collect data in the most efficient manner possible in
23 order to reduce the administrative burden on reporting entities.

24 (c) Establish procedures to ensure the validity and reli-
25 ability of the data and the collection process.

26 (d) Develop state and model local data collection policies,
27 including, but not limited to, policies that ensure the privacy

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

119

1 of individual student data. State privacy policies shall ensure
2 that student social security numbers are not released to the
3 public for any purpose.

4 (e) Provide data in a useful manner to allow state and local
5 policymakers to make informed policy decisions.

6 (f) Provide reports to the citizens of this state to allow
7 them to assess allocation of resources and the return on their
8 investment in the education system of this state.

9 (g) Assist all entities receiving funds under this act in
10 complying with audits performed according to generally accepted
11 accounting procedures.

12 (h) Other functions as assigned by the state budget
13 director.

14 (2) The state budget director shall appoint a CEPI advisory
15 committee, consisting of the following members:

16 (a) One representative from the house fiscal agency.

17 (b) One representative from the senate fiscal agency.

18 (c) One representative from the office of the state budget
19 director.

20 (d) One representative from the state education agency.

21 (e) One representative each from the department of career
22 development and the department of treasury.

23 (f) Three representatives from intermediate school
24 districts.

25 (g) One representative from each of the following educa-
26 tional organizations:

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

120

1 (i) Michigan association of school boards.

2 (ii) Michigan association of school administrators.

3 (iii) Michigan school business officials.

4 (h) One representative representing private sector firms
5 responsible for auditing school records.

6 (i) Other representatives as the state budget director
7 determines are necessary.

8 (3) The CEPI advisory committee appointed under
9 subsection (2) shall provide advice to the director of the center
10 regarding the management of the center's data collection activi-
11 ties, including, but not limited to:

12 (a) Determining what data is necessary to collect and main-
13 tain in order to perform the center's functions in the most effi-
14 cient manner possible.

15 (b) Defining the roles of all stakeholders in the data col-
16 lection system.

17 (c) Recommending timelines for the implementation and ongo-
18 ing collection of data.

19 (d) Establishing and maintaining data definitions, data
20 transmission protocols, and system specifications and procedures
21 for the efficient and accurate transmission and collection of
22 data.

23 (e) Establishing and maintaining a process for ensuring the
24 accuracy of the data.

25 (f) Establishing and maintaining state and model local poli-
26 cies related to data collection, including, but not limited to,
27 privacy policies related to individual student data.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

121

1 (g) Ensuring the data is made available to state and local
2 policymakers and citizens of this state in the most useful format
3 possible.

4 (h) Other matters as determined by the state budget director
5 or the director of the center.

6 (4) The center may enter into any interlocal agreements nec-
7 essary to fulfill its functions.

8 (5) From the general fund appropriation in section 11, there
9 is allocated an amount not to exceed \$2,332,000.00 for 2001-2002
10 for payments to the center. From the general fund appropriation
11 in section 11, there is allocated an amount not to exceed
12 \$4,500,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004 to
13 the department of management and budget to support the operations
14 of the center. The center shall cooperate with the state educa-
15 tion agency to ensure that this state is in compliance with fed-
16 eral law and is maximizing opportunities for increased federal
17 funding to improve education in this state. In addition, from
18 the federal funds appropriated in section 11 for 2002-2003 AND
19 FOR 2003-2004, there is allocated the following amounts EACH
20 FISCAL YEAR in order to fulfill federal reporting requirements:

21 (a) An amount estimated at \$1,000,000.00 funded from
22 DED-OESE, title I, disadvantaged children funds.

23 (b) An amount estimated at \$284,700.00 funded from DED-OESE,
24 title I, reading first state grant funds.

25 (c) An amount estimated at \$46,750.00 funded from DED-OESE,
26 title I, migrant education funds.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

122

1 (d) An amount estimated at \$500,000.00 funded from DED-OESE,
2 improving teacher quality funds.

3 (e) An amount estimated at \$526,100.00 funded from DED-OESE,
4 drug-free schools and communities funds.

5 (6) Funds allocated under this section that are not expended
6 in the fiscal year in which they were allocated may be carried
7 forward to a subsequent fiscal year. From the funds allocated
8 for 1999-2000 that were carried forward under this section and
9 from the general funds appropriated under this section for
10 2002-2003, the center shall make grants to intermediate districts
11 for the purpose of assisting the intermediate districts and their
12 constituent districts in data collection required by state and
13 federal law or necessary for audits according to generally
14 accepted accounting procedures. Grants to each intermediate dis-
15 trict shall be made at the rate of \$2.00 per each full-time
16 equated membership pupil times the total number of 2000-2001
17 pupils in membership in the intermediate district and its con-
18 stituent districts. An intermediate district shall develop a
19 plan in cooperation with its constituent districts to distribute
20 the grants between the intermediate district and its constituent
21 districts. These grants shall be paid to intermediate districts
22 no later than the next regularly scheduled school aid payment
23 after the effective date of this section.

24 (7) If the applicable intermediate district determines that
25 the pupil counts submitted by a district for the February 2002
26 supplemental pupil count using the single record student database

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

123

1 cannot be audited by the intermediate district pursuant to
2 section 101, all of the following apply:

3 (a) The district may submit its pupil count data for the
4 February 2002 supplemental pupil count using the education data
5 network system.

6 (b) If the applicable intermediate district determines that
7 the pupil counts submitted by the district for the 2002-2003
8 pupil membership count day using the single record student data-
9 base cannot be audited by the intermediate district pursuant to
10 section 101, the district may submit its pupil count data for the
11 2002-2003 pupil membership count day using the education data
12 network system.

(8) AT LEAST 30 DAYS BEFORE IMPLEMENTING A PROPOSED ELECTRONIC DATA
COLLECTION, SUBMISSION, OR COLLATION PROCESS, OR A PROPOSED CHANGE TO 1
OR MORE OF THOSE PROCESSES, THE CENTER SHALL SUBMIT THE PROPOSAL AND AN
ANALYSIS OF THE PROPOSAL TO THE SENATE AND HOUSE OF REPRESENTATIVES
APPROPRIATIONS SUBCOMMITTEES RESPONSIBLE FOR THIS ACT. THE ANALYSIS
SHALL INCLUDE AT LEAST A DETERMINATION OF THE COST OF THE PROPOSAL FOR
DISTRICTS AND INTERMEDIATE DISTRICTS AND OF AVAILABLE FUNDING FOR
DISTRICTS AND INTERMEDIATE DISTRICTS.

13 (9) ~~8~~ As used in this section:

14 (a) "Center" means the center for educational performance
15 and information created under this section.

16 (b) "DED-OESE" means the United States department of educa-
17 tion office of elementary and secondary education.

18 (c) "State education agency" means the department.

19 Sec. 96. (1) From the state school aid fund money appropri-
20 ated in section 11, there is allocated an amount not to exceed
21 \$0.00 for 2001-2002 and \$1,320,000.00 EACH FISCAL YEAR for
22 2002-2003 AND FOR 2003-2004 for golden apple awards under this
23 section. The awards shall be based on elementary school achieve-
24 ment on the fourth grade and fifth grade Michigan education
25 assessment program (MEAP) tests.

26 (2) To be eligible for a golden apple award, an elementary
27 school shall meet all of the following:

HB 5881, As Passed Senate, July 9, 2002

H02837'01 a (H-5) R-1

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

124

1 (a) Has at least 50 pupils in membership.

2 (b) At least 90% of the fourth and fifth grade pupils
3 enrolled and in regular daily attendance in the school on the
4 pupil membership count day in that school year took the applica-
5 ble MEAP tests.

6 (c) Meets 1 or both of the following:

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

11 (ii) The test scores for the pupils in the school who took
12 the applicable MEAP tests are among the highest elementary school
13 scores statewide, as determined by the department of treasury,
14 for that school year.

15 (3) A golden apple award under this section shall be allo-
16 cated to and used by a district exclusively for the purpose of
17 distributing funds to each eligible elementary school. Beginning
18 in 2002-2003, the monetary amount of a golden apple award shall
19 be \$10,000.00 to be allocated to each eligible elementary
20 school. All money allocated under this section shall be used for
21 school improvements, as determined collectively by a majority
22 vote of the full-time employees of the eligible elementary
23 school.

24 (4) IF THE MICHIGAN ASSESSMENT GOVERNING BOARD IS ESTAB-
25 LISHED BY LAW, THE MICHIGAN ASSESSMENT GOVERNING BOARD SHALL
26 ADMINISTER THE GOLDEN APPLE AWARD PROGRAM UNDER THIS SECTION.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

125

1 Sec. 98. (1) From the general fund money appropriated in
2 section 11, there is allocated an amount not to exceed
3 \$1,500,000.00 for 2001-2002 and an amount not to exceed
4 \$5,000,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004 to
5 the department to provide a grant to the Michigan virtual univer-
6 sity for the development, implementation, and operation of the
7 Michigan virtual high school and to fund other purposes described
8 in this section. In addition, from the federal funds appropri-
9 ated in section 11, there is allocated each fiscal year for
10 2001-2002, ~~and~~ FOR 2002-2003, AND FOR 2003-2004 the following
11 amounts:

12 (a) An amount estimated at \$3,251,800.00 from DED-OESE,
13 title II, improving teacher quality funds.

14 (b) An amount estimated at \$1,188,000.00 from DED-OESE,
15 title II, educational technology grants funds.

16 (c) An amount estimated at \$2,044,400.00 from DED-OESE,
17 title V, innovative strategies grants funds.

18 (d) An amount estimated at \$100,500.00 from DED-OESE, title
19 VI, rural and low income schools grants funds.

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. The Michigan virtual
25 university shall explore options for providing rigorous civics
26 curricula online.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

126

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

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

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

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

11 (f) Grant high school diplomas through a dual enrollment
12 method with districts.

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

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

19 (a) Information technology courses.

20 (b) College level equivalent courses, as defined in section
21 1471 of the revised school code, MCL 380.1471.

22 (c) Courses and dual enrollment opportunities.

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

24 (e) General education development test preparation courses
25 for adjudicated youth.

26 (f) Special interest courses.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

127

1 (g) Professional development programs and services for
2 teachers.

3 (4) From the allocation in subsection (1), there is allo-
4 cated \$3,500,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR
5 2003-2004 for the purpose of developing innovative strategies to
6 use wireless technology to improve student academic achievement
7 in this state. The Michigan virtual university shall identify
8 not more than 5 pilot project sites for these initiatives. The
9 pilot project sites shall be geographically diverse and at least
10 1 of the pilot project sites shall be in the Upper Peninsula.
11 The pilot projects shall be funded through public-private
12 partnerships. In addition, the Michigan virtual university shall
13 establish local fund matching requirements for the pilot project
14 sites.

15 (5) The state education agency shall sign a memorandum of
16 understanding with the Michigan virtual university regarding the
17 DED-OESE, title II, improving teacher quality funds as provided
18 under this subsection. To the extent allowed under federal law,
19 the Michigan virtual university shall address the unique issues
20 of providing educational opportunities in rural communities. The
21 memorandum of understanding under this subsection shall require
22 that the Michigan virtual university coordinate the following
23 activities related to DED-OESE, title II, improving teacher qual-
24 ity funds in accordance with federal law:

25 (a) Develop, and assist districts in the development and use
26 of, proven, innovative strategies to deliver intensive
27 professional development programs that are both cost-effective

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

128

1 and easily accessible, such as strategies that involve delivery
2 through the use of technology, peer networks, and distance
3 learning.

4 (b) Encourage and support the training of teachers and
5 administrators to effectively integrate technology into curricula
6 and instruction.

7 (c) Coordinate the activities of eligible partnerships that
8 include higher education institutions for the purposes of provid-
9 ing professional development activities for teachers, paraprofes-
10 sionals, and principals as defined in federal law.

11 (6) The state education agency shall sign a memorandum of
12 understanding with the Michigan virtual university regarding
13 DED-OESE, title II, educational technology grants as provided
14 under this subsection. The Michigan virtual university shall
15 coordinate activities described in this subsection with the pilot
16 project sites identified in subsection (4). The memorandum of
17 understanding shall require that the Michigan virtual university
18 coordinate the following state activities related to DED-OESE,
19 title II, educational technology grants in accordance with fed-
20 eral law:

21 (a) Assist in the development of innovative strategies for
22 the delivery of specialized or rigorous academic courses and cur-
23 ricula through the use of technology, including distance learning
24 technologies.

25 (b) Establish and support public-private initiatives for the
26 acquisition of educational technology for students in high-need
27 districts.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

129

1 (7) The state education agency shall sign a memorandum of
2 understanding with the Michigan virtual university regarding
3 DED-OESE, title V, innovative strategies grants as provided under
4 this subsection. The Michigan virtual university shall coordi-
5 nate activities described in this subsection with the pilot
6 project sites identified in subsection (4). The memorandum of
7 understanding shall require the Michigan virtual university to
8 coordinate the following state-level activities related to
9 DED-OESE, title V, innovative strategies grants in accordance
10 with federal law:

11 (a) Programs for the development or acquisition and use of
12 instructional and educational materials, including computer soft-
13 ware and hardware for instructional use, that will be used to
14 improve student academic achievement as part of an overall educa-
15 tion reform strategy.

16 (b) Programs and activities that expand learning opportuni-
17 ties through best-practice models designed to improve classroom
18 learning and teaching.

19 (8) The state education agency shall sign a memorandum of
20 understanding with the Michigan virtual university requiring that
21 the Michigan virtual university coordinate the awarding of com-
22 petitive grants to districts and state-level activities related
23 to DED-OESE, title VI, rural and low income schools grants in
24 accordance with federal law for the following purposes:

25 (a) Teacher professional development, including programs
26 that train teachers to utilize technology, programs to improve
27 teaching, and programs to train special needs teachers.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

130

1 (b) Educational technology, including software and hardware,
2 as described in federal law.

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

6 (10) The state education agency and the Michigan virtual
7 university shall complete the memoranda of understanding required
8 under this section within 60 days after the effective date of the
9 amendatory act that added this subsection. It is the intent of
10 the legislature that all plans or applications submitted by the
11 state education agency to the United States department of educa-
12 tion relating to the distribution of federal funds under this
13 section shall be for the purposes described in this section.

14 (11) As used in this section:

15 (a) "DED-OESE" means the United States department of educa-
16 tion office of elementary and secondary education.

17 (b) "State education agency" means the department.

18 Sec. 99. (1) From the state school aid fund appropriation
19 in section 11, there is allocated an amount not to exceed
20 \$9,684,300.00 each fiscal year for 2001-2002, ~~and~~ for
21 2002-2003, AND FOR 2003-2004 and from the general fund appropria-
22 tion in section 11 there is allocated an amount not to exceed
23 \$548,000.00 each fiscal year for 2001-2002, ~~and~~ for 2002-2003,
24 AND FOR 2003-2004 for implementing the comprehensive master plan
25 for mathematics and science centers developed by the department
26 and approved by the state board on February 17, 1993.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

131

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

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

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

132

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

6 (7) From the state school aid fund allocation under subsec-
7 tion (1), there is allocated an amount not to exceed \$611,800.00
8 each fiscal year for 2001-2002, ~~and~~ for 2002-2003, AND FOR
9 2003-2004 for additional funding under this subsection for mathe-
10 matics and science centers that have come into compliance with
11 the comprehensive master plan described in subsection (1). These
12 amounts are in addition to the funding determined under subsec-
13 tion (5) and are as follows for each of those fiscal years:

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

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

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

26 (8) Not later than June 30, 2000, the department shall
27 reevaluate and update the comprehensive master plan described in

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

133

1 subsection (1), including any recommendations for upgrading
2 satellite extensions to full centers.

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

20 Sec. 99a. (1) From the appropriation in section 11, there
21 is allocated EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004 an
22 amount not to exceed \$3,180,000.00 for grants to intermediate
23 districts and districts for providing a school health education
24 curriculum. The curriculum provided, such as the Michigan model
25 or another comprehensive school health curriculum, shall be in
26 accordance with the health education goals established by the
27 Michigan model for comprehensive school health education steering

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

134

1 committee. This state steering committee shall be comprised of a
2 representative from each of the following offices and
3 departments:

4 (a) The department.

5 (b) The department of community health.

6 (c) The health administration in the department of community
7 health.

8 (d) The bureau of mental and substance abuse services in the
9 department of community health.

10 (e) The family independence agency.

11 (f) The department of state police.

12 (2) Upon written or oral request by a pupil who is at least
13 18 years of age or a parent or legal guardian of a pupil less
14 than 18 years of age, school officials shall inform the pupil or
15 parent, within a reasonable period of time after the request is
16 made, of the content of a course in the health education curricu-
17 lum and shall allow the pupil or parent to examine textbooks and
18 other classroom materials that are provided to the pupil or mate-
19 rials that are presented to the pupil in the classroom. This
20 subsection does not require a district to permit pupil or paren-
21 tal examination of test questions and answers, scoring keys, or
22 other examination instruments or data used to administer an aca-
23 demic examination.

24 Sec. 104a. (1) In order to receive state aid under this
25 act, a district shall comply with this section and shall adminis-
26 ter state assessments to high school pupils in the subject areas
27 of communications skills, mathematics, science, and ~~beginning~~

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

135

1 ~~with pupils scheduled to graduate in 2000,~~ social studies. IF
2 THE DEPARTMENT OR THE MICHIGAN ASSESSMENT GOVERNING BOARD, AS
3 APPLICABLE, DETERMINES THAT IT WOULD BE CONSISTENT WITH THE PUR-
4 POSES OF THIS SECTION, THE DEPARTMENT OR THE MICHIGAN ASSESSMENT
5 GOVERNING BOARD, AS APPLICABLE, MAY DESIGNATE THE GRADE 11
6 MICHIGAN EDUCATION ASSESSMENT PROGRAM TESTS AS THE ASSESSMENTS TO
7 BE USED FOR THE PURPOSES OF THIS SECTION. The district shall
8 include on the pupil's high school transcript all of the
9 following: The district shall include on the pupil's high school
10 transcript all of the following:

11 (a) For each high school graduate who has completed a
12 subject area assessment under this section, the pupil's scaled
13 score on the assessment.

14 (b) If the pupil's scaled score on a subject area assessment
15 falls within the range required under subsection (2) for a cate-
16 gory established under subsection (2), an indication that the
17 pupil has achieved state endorsement for that subject area.

18 (c) The number of school days the pupil was in attendance at
19 school each school year during high school and the total number
20 of school days in session for each of those school years.

21 (2) The department shall develop scaled scores for reporting
22 subject area assessment results for each of the subject areas
23 under this section. The superintendent shall establish 3 catego-
24 ries for each subject area indicating basic competency, above
25 average, and outstanding, and shall establish the scaled score
26 range required for each category. The department shall design
27 and distribute to districts, intermediate districts, and

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

136

1 nonpublic schools a simple and concise document that describes
2 these categories in each subject area and indicates the scaled
3 score ranges for each category in each subject area. A district
4 may award a high school diploma to a pupil who successfully com-
5 pletes local district requirements established in accordance with
6 state law for high school graduation, regardless of whether the
7 pupil is eligible for any state endorsement.

8 (3) The assessments administered for the purposes of this
9 section shall be administered to pupils during the last 30 school
10 days of grade 11. The department shall ensure that the assess-
11 ments are scored and the scores are returned to pupils, their
12 parents or legal guardians, and districts not later than the
13 beginning of the pupil's first semester of grade 12. ~~Not later~~
14 ~~than fall 1999, the~~ THE department shall arrange for those por-
15 tions of a pupil's assessment that cannot be scored mechanically
16 to be scored in Michigan by persons who are Michigan teachers,
17 retired Michigan teachers, or Michigan school administrators and
18 who have been trained in scoring the assessments. The returned
19 scores shall indicate the pupil's scaled score for each subject
20 area assessment, the range of scaled scores for each subject
21 area, and the range of scaled scores required for each category
22 established under subsection (2). In reporting the scores to
23 pupils, parents, and schools, the department shall provide spe-
24 cific, meaningful, and timely feedback on the pupil's performance
25 on the assessment.

26 (4) For each pupil who does not achieve state endorsement in
27 1 or more subject areas, the board of the district in which the

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

137

1 pupil is enrolled shall provide that there be at least 1 meeting
2 attended by at least the pupil and a member of the district's
3 staff or a local or intermediate district consultant who is pro-
4 ficient in the measurement and evaluation of pupils. The dis-
5 trict may provide the meeting as a group meeting for pupils in
6 similar circumstances. If the pupil is a minor, the district
7 shall invite and encourage the pupil's parent, legal guardian, or
8 person in loco parentis to attend the meeting and shall mail a
9 notice of the meeting to the pupil's parent, legal guardian, or
10 person in loco parentis. The purpose of this meeting and any
11 subsequent meeting under this subsection shall be to determine an
12 educational program for the pupil designed to have the pupil
13 achieve state endorsement in each subject area in which he or she
14 did not achieve state endorsement. In addition, a district may
15 provide for subsequent meetings with the pupil conducted by a
16 high school counselor or teacher designated by the pupil's high
17 school principal, and shall invite and encourage the pupil's
18 parent, legal guardian, or person in loco parentis to attend the
19 subsequent meetings. The district shall provide special programs
20 for the pupil or develop a program using the educational programs
21 regularly provided by the district unless the board of the dis-
22 trict decides otherwise and publishes and explains its decision
23 in a public justification report.

24 (5) A pupil who wants to repeat an assessment administered
25 under this section may repeat the assessment, without charge to
26 the pupil, in the next school year or after graduation. An
27 individual may repeat an assessment at any time the district

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

138

1 administers an applicable assessment instrument or during a
2 retesting period under subsection (7).

3 (6) The department shall ensure that the length of the
4 assessments used for the purposes of this section and the com-
5 bined total time necessary to administer all of the assessments
6 ~~, including social studies,~~ are the shortest possible that will
7 still maintain the degree of reliability and validity of the
8 assessment results determined necessary by the department. The
9 department shall ensure that the maximum total combined length of
10 time that schools are required to set aside for administration of
11 all of the assessments used for the purposes of this section ~~,~~
12 ~~including social studies,~~ does not exceed 8 hours. However,
13 this subsection does not limit the amount of time that individu-
14 als may have to complete the assessments.

15 (7) The department shall establish, schedule, and arrange
16 periodic retesting periods throughout the year for individuals
17 who desire to repeat an assessment under this section. The
18 department shall coordinate the arrangements for administering
19 the repeat assessments and shall ensure that the retesting is
20 made available at least within each intermediate district and, to
21 the extent possible, within each district.

22 (8) A district shall provide accommodations to a pupil with
23 disabilities for the assessments required under this section, as
24 provided under section 504 of title V of the rehabilitation act
25 of 1973, Public Law 93-112, 29 U.S.C. 794; subtitle A of title II
26 of the Americans with disabilities act of 1990, Public Law

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

139

1 101-336, 42 U.S.C. 12131 to 12134; and the implementing
2 regulations for those statutes.

3 (9) For the purposes of this section, the superintendent
4 shall develop or select and approve assessment instruments to
5 measure pupil performance in communications skills, mathematics,
6 social studies, and science. The assessment instruments shall be
7 based on the model core academic content standards objectives
8 under section 1278 of the revised school code, MCL 380.1278.

9 (10) Upon written request by the pupil's parent or legal
10 guardian stating that the request is being made for the purpose
11 of providing the pupil with an opportunity to qualify to take 1
12 or more postsecondary courses as an eligible student under the
13 postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to
14 388.524, the board of a district shall allow a pupil who is in at
15 least grade 10 to take an assessment administered under this sec-
16 tion without charge at any time the district regularly adminis-
17 ters the assessment or during a retesting period established
18 under subsection (7). A district is not required to include in
19 an annual education report, or in any other report submitted to
20 the department for accreditation purposes, results of assessments
21 taken under this subsection by a pupil in grade 11 or lower until
22 the results of that pupil's graduating class are otherwise
23 reported.

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

140

1 objectives under section 1278 of the revised school code,
2 MCL 380.1278.

3 (12) A person who has graduated from high school after 1996
4 and who has not previously taken an assessment under this section
5 may take an assessment used for the purposes of this section,
6 without charge to the person, at the district from which he or
7 she graduated from high school at any time that district adminis-
8 ters the assessment or during a retesting period scheduled under
9 subsection (7) and have his or her scaled score on the assessment
10 included on his or her high school transcript. If the person's
11 scaled score on a subject area assessment falls within the range
12 required under subsection (2) for a category established under
13 subsection (2), the district shall also indicate on the person's
14 high school transcript that the person has achieved state
15 endorsement for that subject area.

16 ~~(13) Not later than July 1 of each year until 2000, the~~
17 ~~department shall submit a comprehensive report to the legislature~~
18 ~~and the state budget director on the status of the assessment~~
19 ~~program under this section. The report shall include at least~~
20 ~~all of the following:~~

21 ~~(a) The annual pupil assessment data.~~

22 ~~(b) A description of the feedback provided to pupils, par-~~
23 ~~ents, and schools.~~

24 ~~(c) A description of any significant alterations made in the~~
25 ~~program during the period covered by the report.~~

26 ~~(d) Any recommendations for legislative changes to the~~
27 ~~program.~~

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

141

1 ~~(e) An update of the reports of the assessment advisory~~
2 ~~committees of the state board.~~

3 (13) ~~(14)~~ A child who is a student in a nonpublic school
4 or home school may take an assessment under this section. To
5 take an assessment, a child who is a student in a home school
6 shall contact the district in which the child resides, and that
7 district shall administer the assessment, or the child may take
8 the assessment at a nonpublic school if allowed by the nonpublic
9 school. Upon request from a nonpublic school, the department
10 shall supply assessments and the nonpublic school may administer
11 the assessment.

12 (14) ~~(15)~~ The purpose of the assessment under this section
13 is to assess pupil performance in mathematics, science, social
14 studies, and communication arts for the purpose of improving aca-
15 demic achievement and establishing a statewide standard of
16 competency. The assessment under this section provides a common
17 measure of data that will contribute to the improvement of
18 Michigan schools' curriculum and instruction by encouraging
19 alignment with Michigan's curriculum framework standards. These
20 standards are based upon the expectations of what pupils should
21 know and be able to do by the end of grade 11.

22 (15) IF THE MICHIGAN ASSESSMENT GOVERNING BOARD IS ESTAB-
23 LISHED BY LAW, THE MICHIGAN ASSESSMENT GOVERNING BOARD SHALL
24 ADMINISTER THIS SECTION AND SHALL HAVE ALL OF THE POWERS AND
25 DUTIES AS OTHERWISE PROVIDED UNDER THIS SECTION FOR THE DEPART-
26 MENT OR THE SUPERINTENDENT.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

142

1 (16) As used in this section:

2 (a) "Communications skills" means reading and writing.

3 (b) "Social studies" means geography, history, economics,
4 and American government.

5 Sec. 107. (1) From the appropriation in section 11, there
6 is allocated an amount not to exceed \$75,000,000.00 for 2001-2002
7 and an amount not to exceed \$77,500,000.00 EACH FISCAL YEAR for
8 2002-2003 AND FOR 2003-2004 for adult education programs autho-
9 rized under this section.

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

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

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill NO. 5881

143

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

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

4 (b) If the individual has not obtained a high school diploma
5 or G.E.D. certificate, ~~is~~ THE INDIVIDUAL MEETS 1 OF THE FOLLOWING:

6 (i) IS at least 20 years of age on September 1
of the school year.

 (ii) IS AT LEAST 16 YEARS OF AGE ON SEPTEMBER 1 OF THE SCHOOL YEAR,
HAS BEEN PERMANENTLY EXPELLED FROM SCHOOL UNDER SECTION 1311(2) OR
1311A OF THE REVISED SCHOOL CODE, MCL 380.1311 AND 380.1311A, AND HAS
NO APPROPRIATE ALTERNATIVE EDUCATION PROGRAM AVAILABLE THROUGH HIS OR
HER DISTRICT OF RESIDENCE.

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

9 (a) For districts and consortia that received payments for
10 1995-96 under former section 107f and that received payments for
11 1996-97 under subsection (4) of this section as in effect in
12 1996-97, the amount allocated to each for 2001-2002, ~~and~~ for
13 2002-2003, AND FOR 2003-2004 shall be an amount each fiscal year
14 equal to 36.76% of the amount the district or consortium received
15 for 1995-96 under former section 107f.

16 (b) For districts and consortia that received payments under
17 subsection (3) of this section as in effect for 1996-97, the
18 amount allocated to each for 2001-2002, ~~and~~ for 2002-2003, AND
19 FOR 2003-2004 shall be an amount each fiscal year equal to the
20 product of the number of full-time equated participants actually
21 enrolled and in attendance during the 1996-97 school fiscal year
22 in the program funded under subsection (3) of this section as in
23 effect for 1996-97 as reported to the department of career devel-
24 opment, audited, and adjusted according to subsection (10) of
25 this section as in effect for 1996-97, multiplied by \$2,750.00.

26 (c) For districts and consortia that meet the conditions of
27 both subdivisions (a) and (b), the amount allocated each fiscal

HB 5881, As Passed Senate, July 9, 2002

H02837'01 a (H-5) R-1

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

144

1 year for 2001-2002, ~~and~~ for 2002-2003, AND FOR 2003-2004 shall
2 be the sum of the allocations to the district or consortium under
3 subdivisions (a) and (b).

4 (d) A district or consortium that received funding in
5 1996-97 under this section as in effect for 1996-97 may operate
6 independently of a consortium or join or form a consortium for
7 2001-2002, ~~or~~ for 2002-2003, OR FOR 2003-2004. The allocation
8 for 2001-2002, ~~or~~ for 2002-2003, OR FOR 2003-2004 to the dis-
9 trict or the newly formed consortium under this subsection shall
10 be determined by the department of career development and shall
11 be based on the proportion of the amounts specified in
12 subdivision (a) or (b), or both, that are attributable to the
13 district or consortium that received funding in 1996-97. A dis-
14 trict or consortium described in this subdivision shall notify
15 the department of career development of its intention with regard
16 to 2001-2002, ~~or~~ 2002-2003, OR FOR 2003-2004 by October 1 of
17 the affected fiscal year.

18 (4) A district that operated an adult education program in
19 1996-97 and does not intend to operate a program in 2001-2002,
20 ~~or~~ 2002-2003, OR 2003-2004 shall notify the department of
21 career development by October 1 of the affected fiscal year of
22 its intention. The funds intended to be allocated under this
23 section to a district that does not operate a program in
24 2001-2002, ~~or~~ 2002-2003, OR 2003-2004 and the unspent funds
25 originally allocated under this section to a district or consor-
26 tium that subsequently operates a program at less than the level
27 of funding allocated under subsection (3) shall instead be

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

145

1 proportionately reallocated to the other districts described in
2 subsection (3)(a) that are operating an adult education program
3 in 2001-2002, ~~or~~ 2002-2003, OR 2003-2004 under this section.

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

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

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

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

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

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

24 (ii) The participant fails to show progress on 2 successive
25 assessments after having completed at least 450 hours of
26 instruction.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

146

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

5 (i) The participant is assessed as having attained basic
6 English proficiency.

7 (ii) The participant fails to show progress on 2 successive
8 assessments after having completed at least 450 hours of
9 instruction. The department of career development shall provide
10 information to a funding recipient regarding appropriate assess-
11 ment instruments for this program.

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

15 (a) The program enrolls adults who do not have a high school
16 diploma.

17 (b) The program shall administer a G.E.D. pre-test approved
18 by the department of career development before enrolling an indi-
19 vidual to determine the individual's potential for success on the
20 G.E.D. test, and shall administer other tests after every 90
21 hours of attendance to determine a participant's readiness to
22 take the G.E.D. test.

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

147

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

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

7 (a) The program enrolls adults who do not have a high school
8 diploma.

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

12 (i) The participant passes the course and earns a high
13 school diploma.

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

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

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

148

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

4 (ii) The individual fails to show progress on 2 successive
5 assessments after having completed at least 450 hours of
6 instruction. The department of career development shall provide
7 information to a funding recipient regarding appropriate assess-
8 ment instruments for this program.

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

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

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

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

25 (12) A person who is not eligible to be a participant funded
26 under this section may receive adult education services upon the
27 payment of tuition. In addition, a person who is not eligible to

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

149

1 be served in a program under this section due to the program
2 limitations specified in subsection (6), (7), (8), or (9) may
3 continue to receive adult education services in that program upon
4 the payment of tuition. The tuition level shall be determined by
5 the local or intermediate district conducting the program.

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

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

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

19 Sec. 108. (1) From the general fund appropriation in
20 section 11, there is allocated an amount not to exceed
21 \$20,000,000.00 for 2001-2002 and an amount not to exceed
22 \$20,000,000.00 EACH FISCAL YEAR for 2002-2003 AND FOR 2003-2004
23 for partnership for adult learning programs authorized under this
24 section.

25 (2) To be eligible to be enrolled as a participant in an
26 adult learning program funded under this section, a person shall
27 be at least 16 years of age as of September 1 of the immediately

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

150

1 preceding state fiscal year and shall meet the following, as
2 applicable:

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

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

17 (3) From the allocation under subsection (1), an amount not
18 to exceed \$19,800,000.00 is allocated for 2001-2002 and an amount
19 not to exceed \$19,800,000.00 is allocated EACH FISCAL YEAR for
20 2002-2003 AND FOR 2003-2004 to local workforce development boards
21 for the purpose of providing regional adult learning programs.
22 An application for a grant under this subsection shall be in the
23 form and manner prescribed by the department of career
24 development. Subject to subsections (4), (5), and (6), the
25 amount allocated to each local workforce development board shall
26 be as provided in this subsection, except that an eligible local
27 workforce development board shall not receive an initial

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

151

1 allocation under this section that is less than \$70,000.00. The
2 maximum amount of a grant awarded to an eligible local workforce
3 development board shall be the sum of the following components:

4 (a) Thirty-four percent of the allocation under this subsec-
5 tion multiplied by the proportion of the family independence
6 agency caseload in the local workforce development board region
7 to the statewide family independence agency caseload.

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

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

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

25 (5) Not more than 9% of a grant awarded to a local workforce
26 development board may be used for program administration,

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

152

1 including contracting for the provision of career and educational
2 information, counseling services, and assessment services.

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

7 (a) The local workforce development board shall document the
8 need for adult learning programs in the local workforce develop-
9 ment region.

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

12 (c) The local workforce development board shall develop a
13 strategic plan that incorporates adult learning programs in the
14 region. A local workforce development board is not eligible for
15 state funds under this section without a strategic plan approved
16 by the department of career development.

17 (d) The local workforce development board shall furnish to
18 the department of career development, in a form and manner deter-
19 mined by the department of career development, the information
20 the department of career development determines is necessary to
21 administer this section.

22 (e) The local workforce development board shall allow access
23 for the department of career development or its designee to audit
24 all records related to adult learning programs for which it
25 receives funds. The local workforce development board shall
26 reimburse this state for all disallowances found in the audit in
27 a manner determined by the department of career development.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

153

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

3 (a) Not less than 85% of a grant award shall be used to sup-
4 port programs that improve reading, writing, and math skills to
5 workforce readiness standards; English as a second language pro-
6 grams; G.E.D. preparation programs; high school completion pro-
7 grams; or workforce readiness programs in the local workforce
8 development board region. These programs may include the provi-
9 sion of career and educational information, counseling services,
10 and assessment services.

11 (b) Up to 15% of a grant award may be used to support work-
12 force readiness programs for employers in the local workforce
13 development board region as approved by the department of career
14 development. Employers or consortia of employers whose employees
15 participate in these programs must provide matching funds in a
16 ratio of at least \$1.00 of private funds for each \$1.00 of state
17 funds.

18 (8) Local workforce development boards shall award competi-
19 tive grants to eligible adult learning providers for the purpose
20 of providing adult learning programs in the local workforce
21 development board region. Applications shall be in a form and
22 manner prescribed by the department of career development. In
23 awarding grants, local workforce development boards shall con-
24 sider all of the following:

25 (a) The ability of the provider to assess individuals before
26 enrollment using assessment tools approved by the department of

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

154

1 career development and to develop individual adult learner plans
2 from those assessments for each participant.

3 (b) The ability of the provider to conduct continuing
4 assessments in a manner approved by the department of career
5 development to determine participant progress toward achieving
6 the goals established in individual adult learner plans.

7 (c) The past effectiveness of an eligible provider in
8 improving adult literacy skills and the success of an eligible
9 provider in meeting or exceeding performance measures approved by
10 the department of career development.

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

13 (e) Whether the program uses research-based instructional
14 practices that have proven to be effective in teaching adult
15 learners.

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

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

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

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

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

155

1 (j) Whether the provider offers adequate job and
2 postsecondary education counseling services.

3 (k) Whether the provider can maintain an information manage-
4 ment system that has the capacity to report participant outcomes
5 and monitor program performance against performance measures
6 approved by the department of career development.

7 (l) Whether the provider will allow access for the local
8 workforce development board or its designee to audit all records
9 related to adult learning programs for which it receives funds.
10 The adult learning provider shall reimburse the local workforce
11 development board for all disallowances found in the audit.

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

15 (9) Contracts awarded by local workforce development boards
16 to adult learning providers shall comply with the priorities
17 established in a strategic plan approved by the department of
18 career development.

19 (10) Adult learning providers that do not agree with the
20 decisions of the local workforce development board in issuing or
21 administering competitive grants may use the grievance procedure
22 established by the department of career development.

23 (11) Local workforce development boards shall reimburse eli-
24 gible adult learning providers under this section as follows:

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

26 (i) Fifty percent of the contract amount shall be allocated
27 to eligible adult learning providers based upon enrollment of

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

156

1 participants in adult learning programs. "Enrollment" means a
2 participant enrolled in the program who received a preenrollment
3 assessment using assessment tools approved by the department of
4 career development and for whom an individual adult learner plan
5 has been developed.

6 (ii) Fifty percent of the contract amount shall be allocated
7 to eligible adult learning providers based upon the following
8 performance standards as measured in a manner approved by the
9 department of career development:

10 (A) The percentage of participants taking both a pretest and
11 a posttest in English language proficiency, reading, writing, and
12 math.

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

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

17 (b) Eligible providers that have provided adult learning
18 programs previously under this section shall be reimbursed 100%
19 of the contract amount based upon the performance standards in
20 subdivision (a)(ii) as measured in a manner determined by the
21 department of career development.

22 (c) A provider is eligible for reimbursement for a partici-
23 pant in an adult learning program until the participant's read-
24 ing, writing, or math proficiency, as applicable, is assessed at
25 workforce readiness levels or the participant fails to show
26 progress on 2 successive assessments as determined by the
27 department of career development.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

157

1 (d) A provider is eligible for reimbursement for a
2 participant in an English as a second language program until the
3 participant is assessed as having attained basic English profi-
4 ciency or the participant fails to show progress on 2 successive
5 assessments as determined by the department of career
6 development.

7 (e) A provider is eligible for reimbursement for a partici-
8 pant in a G.E.D. test preparation program until the participant
9 passes the G.E.D. test or the participant fails to show progress
10 on 2 successive assessments as determined by the department of
11 career development.

12 (f) A provider is eligible for reimbursement for a partici-
13 pant in a high school completion program until the participant
14 earns a high school diploma or the participant fails to show
15 progress as determined by the department of career development.

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

21 (13) Adult learning providers may collect refundable depos-
22 its from participants for the use of reusable equipment and sup-
23 plies and may provide incentives for program completion.

24 (14) A provider shall not be reimbursed under this section
25 for an individual who is an inmate in a state correctional
26 facility.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

158

1 (15) In order to administer the partnership for adult
2 learning system under this section, the department of career
3 development shall do all of the following:

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

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

10 (c) Identify approved assessment tools for assessing a
11 participant's English language proficiency, reading, math, and
12 writing skills.

13 (d) Approve workforce readiness standards for English lan-
14 guage proficiency, reading, math, and writing skills that can be
15 measured by nationally recognized assessment tools approved by
16 the department of career development.

17 (16) Of the amount allocated in subsection (1), up to
18 \$200,000.00 is allocated to the department of career development
19 for the development and administration of a standardized data
20 collection system. Local workforce development boards and adult
21 learning providers receiving funding under this section shall use
22 the standardized data collection system for enrolling partici-
23 pants in adult learning programs, tracking participant progress,
24 reporting participant outcomes, and reporting other performance
25 measures.

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

159

1 (17) A provider is not required to use certificated teachers
2 or certificated counselors to provide instructional and
3 counseling services in a program funded under this section.

4 (18) As used in this section:

5 (a) "Adult education", for the purposes of complying with
6 section 3 of article VIII of the state constitution of 1963,
7 means a high school pupil receiving educational services in a
8 nontraditional setting from a district or intermediate district
9 in order to receive a high school diploma.

10 (b) "Adult learning program" means a program approved by the
11 department of career development that improves reading, writing,
12 and math skills to workforce readiness standards; an English as a
13 second language program; a G.E.D. preparation program; a high
14 school completion program; or a workforce readiness program that
15 enhances employment opportunities.

16 (c) "Eligible adult learning provider" means a district,
17 public school academy, intermediate district, community college,
18 university, community-based organization, or other organization
19 approved by the department of career development that provides
20 adult learning programs under a contract with a local workforce
21 development board.

22 (d) "Participant" means an individual enrolled in an adult
23 learning program and receiving services from an eligible adult
24 learning provider.

25 (e) "Strategic plan" means a document approved by the
26 department of career development that incorporates adult learning
27 goals and objectives for the local workforce development board

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

160

1 region and is developed jointly by the local workforce
2 development board and the education advisory groups.

3 (f) "Workforce development board" means a local workforce
4 development board established pursuant to the workforce invest-
5 ment act of 1998, Public Law 105-220, 112 Stat. 936, and the
6 school-to-work opportunities act of 1994, Public Law 103-239, 108
7 Stat. 568, or the equivalent.

8 (g) "Workforce readiness standard" means a proficiency level
9 approved by the department of career development in English lan-
10 guage, reading, writing, or mathematics, or any and all of these,
11 as determined by results from assessments approved for use by the
12 department of career development.

13 Sec. 147. (1) The allocations for 2001-2002, ~~and~~ FOR
14 2002-2003, AND FOR 2003-2004 for the public school employees'
15 retirement system pursuant to the public school employees retire-
16 ment act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be
17 made using the entry age normal cost actuarial method and risk
18 assumptions adopted by the public school employees retirement
19 board and the department of management and budget. The annual
20 level percentage of payroll contribution rate is estimated at
21 12.17% for the 2001-2002 state fiscal year and at 12.99% for the
22 2002-2003 state fiscal year. The portion of the contribution
23 rate assigned to districts and intermediate districts for each
24 fiscal year is all of the total percentage points. This contri-
25 bution rate reflects an amortization period of 35 years for
26 2001-2002, ~~and~~ 34 years for 2002-2003, AND 33 YEARS FOR
27 2003-2004. The public school employees' retirement system board

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

161

1 shall notify each district and intermediate district by February
2 28 of each fiscal year of the estimated contribution rate for the
3 next fiscal year.

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

10 Enacting section 1. In accordance with section 30 of arti-
11 cle IX of the state constitution of 1963, total state spending in
12 this amendatory act and in 2002 PA 191, 2001 PA 121, and 2000
13 PA 297 from state sources for fiscal year 2002-2003 is estimated
14 at \$11,490,554,900.00 and state appropriations to be paid to
15 local units of government for fiscal year 2002-2003 are estimated
16 at \$11,439,469,500.00. In accordance with section 30 of article
17 IX of the state constitution of 1963, total state spending in
18 this amendatory act from state sources for fiscal year 2003-2004
19 is estimated at \$11,477,080,900.00 and state appropriations to be
20 paid to local units of government for fiscal year 2003-2004 are
21 estimated at \$11,431,369,500.00.

22 Enacting section 2. Section 1713 of 2002 PA _____ (Enrolled
23 Senate Bill No. 1101 of the 91st Legislature) is repealed.

24 Enacting section 3. This amendatory act does not take
25 effect unless the tax on cigarettes under the tobacco products
26 tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 50
27 cents or more per pack of cigarettes (25 mills per cigarette)

HB 5881, As Passed Senate, July 9, 2002

House Bill No. 5881

162

1 effective on or before September 30, 2002 and the revenue from
2 not less than 20 cents per pack of cigarettes (10 mills per
3 cigarette) of that increase is dedicated by law for deposit into
4 the state school aid fund established by section 11 of article IX
5 of the state constitution of 1963.