

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1103**

(As amended May 14, 2002)

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 [PART 1
2 LINE-ITEM APPROPRIATIONS
3 Sec. 101. Subject to the conditions set forth in this act, the
4 amounts listed in this part are appropriated for the department of educa-
5 tion for the fiscal year ending September 30, 2003, from the funds
6 indicated in this part. The following is a summary of the appropriations
7 in this part:

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For Fiscal Year Ending
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1	DEPARTMENT OF EDUCATION		
2	APPROPRIATION SUMMARY:		
3	Full-time equated unclassified positions.....	6.0	
4	Full-time equated classified positions.....	436.1	
5	GROSS APPROPRIATION.....	\$	216,617,900
6	Interdepartmental grant revenues:		
7	Interdepartmental grant from corrections academy		
8	lease.....		1,000,000
9	Total interdepartmental grants and intradepartmental		
10	transfers.....		1,000,000
11	ADJUSTED GROSS APPROPRIATION.....	\$	215,617,900
12	Federal revenues:		
13	Total federal revenues.....		165,731,500
14	Special revenue funds:		
15	Local cost sharing (schools for blind/deaf).....		4,641,600
16	Local school district service fees.....		102,600
17	Total local revenues.....		4,744,200
18	Private gifts, bequests, and donations.....		504,200
19	Private foundations.....		197,200
20	Total private revenues.....		701,400
21	Total local and private revenues.....		5,445,600
22	Teacher certification revenues.....		2,782,600
23	Commodity distribution fees.....		71,400
24	Driver fees.....		8,124,600
25	Lansing, Michigan school for the blind rent.....		739,000
26	Motorcycle license fees.....		1,543,800

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1 Safety education fund.....	414,700
2 Student insurance revenues.....	205,100
3 School loan exception fees.....	67,300
4 Teacher testing fees.....	280,800
5 Training and orientation workshop fees.....	100,000
6 Total other state restricted revenues.....	14,329,300
7 State general fund/general purpose..... \$	30,111,500
8 Sec. 102. STATE BOARD OF EDUCATION/OFFICE OF THE SUPERINTENDENT	
9 Full-time equated unclassified positions.....6.0	
10 Full-time equated classified positions.....14.0	
11 State board of education, per diem payments..... \$	19,500
12 Unclassified positions--6.0 FTE positions.....	515,700
13 State board/superintendent operations--14.0 FTE	
14 positions.....	<u>1,989,500</u>
15 GROSS APPROPRIATION..... \$	2,524,700
16 Appropriated from:	
17 Federal revenues:	
18 Federal revenues.....	577,200
19 Special revenue funds:	
20 Private foundations.....	23,000
21 State general fund/general purpose..... \$	1,924,500
22 Sec. 103. CENTRAL SUPPORT	
23 Full-time equated classified positions.....45.3	
24 Central support--45.3 FTE positions..... \$	5,414,700
25 Worker's compensation.....	101,100
26 Education commission of the states.....	99,400

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1	Building occupancy charges-property management	
2	services.....	1,439,700
3	Training and orientation workshops.....	100,000
4	Terminal leave payments.....	<u>260,600</u>
5	GROSS APPROPRIATION.....	\$ 7,415,500
6	Appropriated from:	
7	Interdepartmental grant revenues:	
8	Federal revenues:	
9	Federal revenues.....	4,066,400
10	Special revenue funds:	
11	Certification fees.....	172,000
12	Driver fees.....	24,700
13	Local cost sharing.....	48,900
14	Commodity distribution fees.....	6,100
15	Motorcycle license fees.....	4,600
16	Safety education fund.....	2,600
17	School loan exception fees.....	67,300
18	Teacher testing fees.....	11,000
19	Training and orientation workshop fees.....	100,000
20	State general fund/general purpose.....	\$ 2,911,900
21	Sec. 104. SCHOOL SUPPORT SERVICES	
22	Full-time equated classified positions.....41.4	
23	School support operations--41.4 FTE positions.....	\$ <u>5,260,900</u>
24	GROSS APPROPRIATION.....	\$ 5,260,900
25	Appropriated from:	
26	Federal revenues:	

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1	Federal revenues.....	4,010,500
2	Special revenue funds:	
3	Commodity distribution fees.....	65,300
4	Driver fees.....	499,900
5	Motorcycle license fees.....	339,200
6	Safety education fund.....	117,800
7	State general fund/general purpose..... \$	228,200
8	Sec. 105. INFORMATION TECHNOLOGY SERVICES	
9	Information technology operations..... \$	<u>3,288,200</u>
10	GROSS APPROPRIATION..... \$	3,288,200
11	Appropriated from:	
12	Interdepartmental grant revenues:	
13	Federal revenues:	
14	Federal revenues.....	1,063,800
15	Special revenue funds:	
16	Certification fees.....	168,200
17	State general fund/general purpose..... \$	2,056,200
18	Sec. 106. SPECIAL EDUCATION SERVICES	
19	Full-time equated classified positions.....69.6	
20	Special education operations--69.6 FTE positions..... \$	<u>11,477,400</u>
21	GROSS APPROPRIATION..... \$	11,477,400
22	Appropriated from:	
23	Federal revenues:	
24	Federal revenues.....	11,139,700
25	Special revenue funds:	
26	Certification fees.....	35,200

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1	State general fund/general purpose.....	\$	302,500
2	Sec. 107. LANSING, MICHIGAN SCHOOL FOR THE BLIND FORMER SITE		
3	General services.....	\$	<u>1,749,000</u>
4	GROSS APPROPRIATION.....	\$	1,749,000
5	Interdepartmental grant revenues:		
6	Interdepartmental grant from corrections academy		
7	lease.....		1,000,000
8	Special revenue funds:		
9	Lansing, Michigan school for the blind rent.....		739,000
10	Gifts, bequests, and donations.....		10,000
11	State general fund/general purpose.....	\$	0
12	Sec. 108. MICHIGAN SCHOOLS FOR THE DEAF AND BLIND		
13	Full-time equated classified positions.....		96.0
14	Michigan schools for the deaf and blind		
15	operations--95.0 FTE positions.....	\$	9,422,000
16	Summer institute.....		90,000
17	Camp Tuhsmeheeta--1.0 FTE positions.....		250,100
18	Private gifts - blind.....		90,000
19	Private gifts - deaf.....		<u>50,000</u>
20	GROSS APPROPRIATION.....	\$	9,902,100
21	Appropriated from:		
22	Federal revenues:		
23	Federal revenues.....		4,507,500
24	Special revenue funds:		
25	Local cost sharing (schools for blind/deaf).....		4,592,700
26	Local school district service fees.....		102,600

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1	Gifts, bequests, and donations.....	494,200
2	Student insurance revenue.....	205,100
3	State general fund/general purpose..... \$	0
4	Sec. 109. PROFESSIONAL PREPARATION SERVICES	
5	Full-time equated classified positions.....31.0	
6	Professional preparation operations--31.0 FTE	
7	positions..... \$	4,503,100
8	Department of attorney general.....	<u>50,000</u>
9	GROSS APPROPRIATION..... \$	4,553,100
10	Appropriated from:	
11	Federal revenues:	
12	Federal revenues.....	1,976,100
13	Special revenue funds:	
14	Certification fees.....	2,307,200
15	Teacher testing fees.....	269,800
16	State general fund/general purpose..... \$	0
17	Sec. 110. FIELD SERVICES	
18	Full-time equated classified positions.....44.0	
19	Field services operations--44.0 FTE positions..... \$	<u>5,279,300</u>
20	GROSS APPROPRIATION..... \$	5,279,300
21	Appropriated from:	
22	Federal revenues:	
23	Federal revenues.....	4,873,500
24	State general fund/general purpose..... \$	405,800
25	Sec. 111. OFFICE OF SCHOOL EXCELLENCE	
26	Full-time equated classified positions.....61.5	

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1	School excellence operations--61.5 FTE positions.....	\$	<u>12,389,200</u>
2	GROSS APPROPRIATION.....	\$	12,389,200
3	Appropriated from:		
4	Federal revenues:		
5	Federal revenues.....		10,235,100
6	Special revenue funds:		
7	Private foundations.....		79,400
8	State general fund/general purpose.....	\$	2,074,700
9	Sec. 112. GOVERNMENT SERVICES		
10	Full-time equated classified positions.....	13.0	
11	Government services operations--13.0 FTE positions...	\$	<u>1,284,900</u>
12	GROSS APPROPRIATION.....	\$	1,284,900
13	Appropriated from:		
14	Federal revenues:		
15	Federal revenues.....		828,900
16	Special revenue funds:		
17	State general fund/general purpose.....	\$	456,000
18	Sec. 113. SAFE SCHOOLS AND ADMINISTRATIVE LAW		
19	Full-time equated classified positions.....	11.5	
20	Safe schools operations--2.5 FTE positions.....	\$	498,700
21	Administrative law operations--9.0 FTE positions.....		852,800
22	State tenure commission per diem.....		<u>11,100</u>
23	GROSS APPROPRIATION.....	\$	1,362,600
24	Appropriated from:		
25	Federal revenues:		
26	Federal revenues.....		562,100

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1	Special revenue funds:		
2	State general fund/general purpose.....	\$	800,500
3	Sec. 114. EDUCATION OPTIONS, CHARTERS, AND CHOICE		
4	Full-time equated classified positions.....8.8		
5	Education options operations--8.8 FTE positions.....	\$	<u>1,412,800</u>
6	GROSS APPROPRIATION.....	\$	1,412,800
7	Appropriated from:		
8	Federal revenues:		
9	Federal revenues.....		986,600
10	Special revenue funds:		
11	State general fund/general purpose.....	\$	426,200
12	Sec. 115. EARLY RETIREMENT SAVINGS		
13	Early retirement savings.....	\$	<u>(100)</u>
14	GROSS APPROPRIATION.....	\$	(100)
15	Appropriated from:		
16	Special revenue funds:		
17	State general fund/general purpose.....	\$	(100)
18	Sec. 116. GRANTS AND DISTRIBUTIONS		
19	FEDERAL PROGRAMS:		
20	Class size reduction grants.....	\$	50,275,700
21	Eisenhower mathematics and science grants.....		12,940,000
22	Goals 2000 grants.....		6,000,000
23	Technology literacy challenge fund.....		6,000,000
24	Urgent school renovation grants.....		45,688,400
25	STATE PROGRAMS:		
26	Christa McAuliffe grants.....	\$	94,800

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1	Driver education.....	7,600,000
2	Motorcycle safety education.....	1,200,000
3	National board certification.....	100,000
4	Off-road vehicle safety training grant.....	294,300
5	School readiness grants.....	12,250,100
6	School breakfast program.....	<u>6,275,000</u>
7	GROSS APPROPRIATION.....	\$ 148,718,300
8	Appropriated from:	
9	Federal revenues:	
10	DED-OESE, class size reduction.....	50,275,700
11	DED-OESE, goals 2000.....	6,000,000
12	DED-OESE, Eisenhower mathematics and science	
13	administration.....	12,940,000
14	DED-OESE, technology literacy challenge fund.....	6,000,000
15	DED-OESE, urgent school renovation.....	45,688,400
16	Special revenue funds:	
17	Drivers fees.....	7,600,000
18	Certification fees.....	100,000
19	Motorcycle license fees.....	1,200,000
20	Private foundations.....	94,800
21	Safety education fees.....	294,300
22	State general fund/general purpose.....	\$ 18,525,100]

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1 PART 2

2 PROVISIONS CONCERNING APPROPRIATIONS

3 **GENERAL SECTIONS**

4 Sec. 201. Pursuant to section 30 of article IX of the state consti-
5 tution of 1963, total state spending from state resources under part 1
6 for fiscal year 2002-2003 is [\$44,440,800.00] and state spending from
7 state
8 resources to be paid to local units of government for fiscal year
9 2002-2003 is \$16,436,800.00. The itemized statement below identifies
10 appropriations from which spending to units of local government will
11 occur:

11 GRANTS AND DISTRIBUTIONS

12 STATE PROGRAMS:

13	Driver education.....	\$	7,600,000
14	School readiness grants.....		1,626,900
15	Motorcycle safety education.....		890,000
16	Off-road vehicle safety training grant.....		45,000
17	School lunch and breakfast.....		<u>6,274,900</u>
18	TOTAL.....	\$	16,436,800

19 Sec. 202. The appropriations authorized under this act are subject
20 to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

21 Sec. 203. As used in this act:

22 (a) "DED-OESE" means the United States department of education
23 office of elementary and secondary education.

24 (b) "Department" means the Michigan department of education.

25 (c) "District" means a local school district as defined in section
26 6 of the revised school code, 1976 PA 451, MCL 380.6, or a public school

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1 academy as defined in section 5 of the revised school code, 1976 PA 451,
2 MCL 380.5.

3 (d) "FTE" means full-time equated.

4 Sec. 204. The department of civil service shall bill departments
5 and agencies at the end of the first fiscal quarter for the 1% charge
6 authorized by section 5 of article XI of the state constitution of 1963.
7 Payments shall be made for the total amount of the billing by the end of
8 the second fiscal quarter.

9 Sec. 205. (1) A hiring freeze is imposed on the state classified
10 civil service. State departments and agencies are prohibited from hiring
11 any new full-time state classified civil service employees and prohibited
12 from filling any vacant state classified civil service positions. This
13 hiring freeze does not apply to internal transfers of classified employ-
14 ees from 1 position to another within a department.

15 (2) The state budget director shall grant exceptions to this hiring
16 freeze when the state budget director believes that the hiring freeze
17 will result in rendering a state department or agency unable to deliver
18 basic services, cause loss of revenue to the state, result in the inabil-
19 ity of the state to receive federal funds, or would necessitate addi-
20 tional expenditures that exceed any savings from maintaining a vacancy.
21 The department shall transmit all required reports by electronic mail to
22 the chairpersons of the senate and house appropriations subcommittees on
23 education and the house and senate fiscal agencies, including the number
24 of exceptions to the hiring freeze approved during the previous quarter
25 and the reasons to justify the exceptions.

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1 (3) Any position funded with 80% or more of federal or restricted
2 funds shall be exempt from the early retirement policy of replacing no
3 more than 1 employee for each 4 employees that retire.

4 Sec. 206. (1) In addition to the funds appropriated in part 1,
5 there is appropriated an amount not to exceed \$20,000,000.00 for federal
6 contingency funds. These funds are not available for expenditure until
7 they have been transferred to another line item in this act under
8 section 393(2) of the management and budget act, 1984 PA 431,
9 MCL 18.1393.

10 (2) In addition to the funds appropriated in part 1, there is appro-
11 priated an amount not to exceed \$700,000.00 for state restricted contin-
12 gency funds. These funds are not available for expenditure until they
13 have been transferred to another line item in this act under
14 section 393(2) of the management and budget act, 1984 PA 431,
15 MCL 18.1393.

16 (3) In addition to the funds appropriated in part 1, there is appro-
17 priated an amount not to exceed \$250,000.00 for local contingency funds.
18 These funds are not available for expenditure until they have been trans-
19 ferred to another line item in this act under section 393(2) of the man-
20 agement and budget act, 1984 PA 431, MCL 18.1393.

21 (4) In addition to the funds appropriated in part 1, there is appro-
22 priated an amount not to exceed \$3,000,000.00 for private contingency
23 funds. These funds are not available for expenditure until they have
24 been transferred to another line item in this bill under section 393(2)
25 of the management and budget act, 1984 PA 431, MCL 18.1393.

26 Sec. 207. Unless otherwise specified, the department shall use the
27 Internet to fulfill the reporting requirements of this act. The

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1 department shall transmit all required reports by electronic mail to the
2 senate and house appropriations subcommittees on education, the house and
3 senate fiscal agencies, and the state budget office.

4 Sec. 208. The department may carry into the succeeding fiscal year
5 unexpended federal pass-through funds to local institutions and govern-
6 ments that do not require additional state matching funds. Federal
7 pass-through funds to local institutions and governments that are
8 received in amounts in addition to those included in part 1 and that do
9 not require additional state matching funds are appropriated for the pur-
10 poses intended.

11 Sec. 209. The department shall provide the state budget director
12 and the senate and house fiscal agencies with copies of the state board
13 of education agenda and all supporting documents at the time the agenda
14 and supporting documents are provided to state board of education
15 members.

16 Sec. 210. Money in the school loan exception fee fund that is unex-
17 pended at the end of the fiscal year shall not revert to the general fund
18 but shall be carried over to the succeeding fiscal year.

19 Sec. 211. (1) Upon receipt of the federal drug free grant, the
20 department shall allocate \$225,000.00 of the grant to the office for safe
21 schools within the department. The office for safe schools shall work
22 with local school boards, law enforcement agencies, community leaders,
23 and the office of drug control policy for the prevention of school
24 violence. The office for safe schools shall develop and implement, and
25 serve as coordinator of, a statewide clearinghouse for information, pro-
26 gram development, model programs and policies, and technical assistance
27 on school violence prevention.

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1 (2) To accomplish its functions under this section, the office for
2 safe schools shall do all of the following:

3 (a) Evaluate the effectiveness of, and make recommendations to local
4 school boards concerning, public school violence prevention programs,
5 including, but not limited to, programs aimed at reducing the possession
6 of weapons and the incidence of other violent behaviors on school cam-
7 puses, violence prevention curricula, conflict resolution and peer media-
8 tion training, interagency cooperative referral and treatment programs,
9 parental involvement programs, and school safety planning.

10 (b) In consultation with appropriate organizations, develop and dis-
11 tribute to school districts and public school academies a model code of
12 conduct for pupils.

13 (c) Coordinate with the office of drug control policy in the depart-
14 ment of community health to ensure that there is a meaningful linkage
15 between the efforts under this act to provide safe schools and the ini-
16 tiatives undertaken through that office, including, but not limited to,
17 school districts' safe and drug-free school plans, and to facilitate
18 timely applications for and distribution of available grant money.

19 (d) Provide through the Internet the availability to and information
20 regarding the state model policy on locker searches, the state model
21 policy on firearm safety and awareness, and any other state or local
22 safety policies that the office considers exemplary.

23 (e) From the funds appropriated in part 1 for safe schools opera-
24 tions, the department shall expend not more than \$50,000.00 to advertise
25 the toll-free antiviolence school hotline.

26 Sec. 212. The department shall require all public school districts
27 to maintain complete records within the personnel file of a teacher or

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1 school employee of any disciplinary actions taken by the local school
2 board against the teacher or employee for sexual misconduct. The records
3 shall not be destroyed or removed from the teacher's or employee's per-
4 sonnel file except as required by a court order.

5 Sec. 213. From the general funds appropriated in part 1 for special
6 education services, the department shall provide funding for 2.0 special
7 education auditors to audit school districts.

8 Sec. 214. From the funds appropriated in part 1 for information
9 technology, the department shall pay user fees to the department of
10 information technology for technology related services and projects.
11 Such user fees shall be subject to provisions of an interagency agreement
12 between the department and the department of information technology.

13 Sec. 215. Amounts appropriated in part 1 for information technology
14 may be designated as work projects and carried forward to support tech-
15 nology projects under the direction of the department of information
16 technology. Funds designated in this manner are not available for expen-
17 diture until approved as work projects under section 451a of the manage-
18 ment and budget act, 1984 PA 431, MCL 18.1451a.

19 Sec. 216. The departments and state agencies receiving appropria-
20 tions under this act shall receive and retain copies of all reports
21 funded from appropriations in part 1. The departments and state agencies
22 shall follow federal and state guidelines for short-term and long-term
23 retention of these reports and records.

24 Sec. 217. At least 60 days before beginning any effort to privat-
25 ize, the department shall submit a complete project plan to the appropri-
26 ate senate and house of representatives appropriations subcommittees and
27 the senate and house fiscal agencies. The plan shall include the

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1 criteria under which the privatization initiative will be evaluated. The
2 evaluation shall be completed and submitted to the appropriate senate and
3 house of representatives appropriations subcommittees and the senate and
4 house fiscal agencies within 30 months.

5 Sec. 218. Funds appropriated in part 1 shall not be used for the
6 purchase of foreign goods or services, or both, if competitively priced
7 and of comparable quality American goods or services, or both, are
8 available. Preference should be given to goods and services, or both,
9 manufactured or provided by Michigan businesses if they are competitively
10 priced and of comparable value.

11 Sec. 219. The director of each department receiving appropriations
12 in part 1 shall take all reasonable steps to ensure businesses in
13 deprived and depressed communities compete for and perform contracts to
14 provide services or supplies, or both. Each director shall strongly
15 encourage firms with which the department contracts to subcontract with
16 certified businesses in depressed and deprived communities for services,
17 supplies, or both.

18 Sec. 220. (1) The department of management and budget and each
19 principal executive department and agency shall provide to the senate and
20 house of representatives standing committees on appropriations and the
21 senate and house fiscal agencies a monthly report on all personal service
22 contracts awarded without competitive bidding, pricing, or rate-setting.
23 The notification shall include all of the following:

- 24 (a) The total dollar amount of the contract.
25 (b) The duration of the contract.
26 (c) The name of the vendor.

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1 (d) The type of service to be provided.

2 (2) For personal service contracts of \$100,000.00 or more, the
3 department of management and budget shall provide a monthly report
4 including all of the following:

5 (a) The total dollar amount of the contract.

6 (b) The duration of the contract.

7 (c) The name of the vendor.

8 (d) The type of service to be provided.

9 (3) The department of management and budget shall provide a monthly
10 listing of all bid requests or requests for proposal that were issued.

11 (4) Each principal executive department and agency shall provide a
12 monthly summary listing of information that identifies any authorization
13 for personal service contracts that are provided to the department of
14 civil service pursuant to delegated authority granted to each principal
15 executive department and agency related to personal service contracts.

16 Sec. 221. From the funds appropriated in part 1, the department may
17 establish a position of school health services consultant, to be filled
18 by a certified school nurse or an individual with comparable education
19 and experience.

20 Sec. 222. The negative appropriation in part 1 for early retirement
21 savings represents savings from the state's 2002 early retirement
22 program. Not later than November 15, 2002, the state budget director
23 shall request legislative transfers under section 393(2) of the manage-
24 ment and budget act, 1984 PA 431, MCL 18.1393, to apply the early retire-
25 ment savings to the appropriated line items affected by the early retire-
26 ment program.

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1 STATE BOARD/OFFICE OF THE SUPERINTENDENT

2 Sec. 301. (1) The appropriations in part 1 may be used for per diem
3 payments to members of boards, committees, and commissions for each day's
4 board, committee, or commission work at which a quorum is present; for
5 attending a hearing as authorized by the respective board, committee, or
6 commission; or for performing official business as authorized by the
7 respective board, committee, or commission. The per diem payments shall
8 be at a rate as follows:

9 (a) State board of education - president..... \$ 110.00 per day

10 (b) State board of education - member other than
11 president..... \$ 100.00 per day

12 (c) State tenure commission - member..... \$ 50.00 per day

13 (2) A state board of education member shall not be paid a per diem
14 for more than 30 days per year.

15 (3) The administrative secretary of the state board of education
16 shall report to the public, the senate and house fiscal agencies, and the
17 state budget director the previous quarter's expenses by fund source for
18 members of the state board of education related to the performance of
19 their responsibilities.

20 Sec. 302. From the amount appropriated in part 1 to the state board
21 of education, not more than \$35,000.00 shall be expended for travel.

22 MICHIGAN SCHOOLS FOR THE DEAF AND BLIND

23 Sec. 401. The employees at the Michigan schools for the deaf and
24 blind who work on a school year basis shall be considered annual

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1 employees for purposes of service credits, retirement, and insurance
2 benefits.

3 Sec. 402. For each student enrolled at the Michigan schools for the
4 deaf and blind, the department shall assess the intermediate school dis-
5 trict of residence 100% of the cost of operating the student's instruc-
6 tional program. The amount shall exclude room and board related costs
7 and the cost of weekend transportation between the school and the
8 student's home.

9 Sec. 403. (1) The department may assess rent to any state agency
10 for the use of any facility at the Michigan school for the blind's former
11 site in Lansing. The rental rates and all leasing arrangements shall be
12 subject to the approval of the department of management and budget.

13 (2) In addition to those funds appropriated in part 1, the depart-
14 ment may receive and expend additional funds from lease agreements at the
15 Michigan school for the blind's former site in Lansing that have been
16 negotiated with the approval of the department of management and budget.
17 These funds are appropriated to the department for operation, mainte-
18 nance, and renovation expenses associated with the leased space.

19 (3) The department shall not rent, lease, or declare as surplus
20 property the superintendent's house on the Michigan school for the
21 blind's former site without prior consent from the house and senate
22 appropriations subcommittees on education. Amounts received under
23 section 107 for general services may be expended by the department for
24 operation, maintenance, and renovation expenses associated with the
25 superintendent's house.

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1 (4) Security guards or other patrols at the Michigan school for the
2 blind's former site shall not be funded through section 108 funds
3 appropriated for the Michigan schools for the deaf and blind.

4 (5) If the department leases real property to a person or organiza-
5 tion that is not a department of state government, the department shall
6 not expend funds in excess of the lease revenue received to replace, ren-
7 ovate, or repair that real property. This section shall not apply to
8 emergency repairs or costs associated with technological renovations.

9 (6) The department shall not lease real property for less than fair
10 market value.

11 (7) The unexpended balances of appropriations and any surplus
12 restricted revenue for the former school for the blind site in Lansing
13 shall not lapse to the state general fund at the end of the fiscal year.
14 Any unexpended and unencumbered funds remaining on September 30, 2003
15 shall be carried forward as a work project or as restricted revenue and
16 expended for special maintenance and repairs of facilities at the former
17 Michigan school for the blind site in Lansing. The work project shall be
18 performed by state employees or by contract when necessary at an esti-
19 mated cost of \$100,000.00. The estimated completion date of the work
20 project is September 30, 2004.

21 Sec. 404. (1) The department may assess rent or lease excess prop-
22 erty located on the campus of the Michigan schools for the deaf and blind
23 in Flint to private or publicly funded organizations.

24 (2) In addition to those funds appropriated in part 1, the depart-
25 ment may receive and expend additional funds from lease agreements at the
26 Michigan schools for the deaf and blind Flint campus that have been
27 negotiated with the approval of the department of management and budget.

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1 These funds are appropriated to the department for the operation,
2 maintenance, and renovation expenses associated with the leased space.

3 (3) Proceeds from the sale of surplus property and facilities at the
4 Michigan schools for the deaf and blind are appropriated for the purposes
5 of repairs, renovations, and maintenance of the Flint campus.

6 (4) The unexpended balances of appropriations for school for deaf
7 and blind operations, and from proceeds of the sale of surplus property
8 and facilities at the Michigan schools for the deaf and blind shall not
9 lapse to the state general fund at the end of the fiscal year. Any unex-
10 pended and unencumbered funds remaining on September 30, 2003, shall be
11 carried forward as a work project or as restricted revenue and expended
12 for special maintenance and repairs of facilities at the campus of the
13 Michigan schools for the deaf and blind in Flint. The work shall be car-
14 ried out by state employees, or by contract as necessary, at an estimated
15 cost of \$250,000.00. The estimated completion date of the work is
16 September 30, 2004.

17 (5) The department shall request the department of civil service to
18 conduct a review of all positions within the Michigan schools for the
19 deaf and blind and consider any appropriate reclassifications.

20 Sec. 405. The department may assist the department of community
21 health, other departments, and local school districts to secure reim-
22 bursement for eligible services provided in Michigan schools from the
23 federal Medicaid program. The department may submit reports of direct
24 expenses related to this effort to the department of community health for
25 reimbursement.

26 Sec. 406. (1) The Michigan schools for the deaf and blind may
27 promote its residential program as a possible appropriate option for

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1 children who are deaf or hard of hearing or who are blind or visually
2 impaired. The Michigan schools for the deaf and blind shall distribute
3 information detailing its services to all intermediate school districts
4 in the state.

5 (2) Upon knowledge of or recognition by an intermediate school dis-
6 trict that a child in the district is deaf or hard of hearing or blind or
7 visually impaired, the intermediate school district shall provide to the
8 parents of the child the literature distributed by the Michigan schools
9 for the deaf and blind to intermediate school districts under
10 subsection (1).

11 (3) It is the intent of the legislature that parents continue to
12 have a choice regarding the educational placement of their deaf or hard
13 of hearing children.

14 Sec. 407. In addition to those funds appropriated in part 1, the
15 department may receive and expend funds from the mid-Michigan academy for
16 capital improvements. The department shall report to the house and
17 senate fiscal agencies on a quarterly basis any expenditures made under
18 this section. These additional funds are appropriated specifically for
19 capital improvements authorized by the department of management and
20 budget and shall be negotiated as part of the lease agreement.

21 Sec. 408. The department shall report to the house and senate
22 appropriations subcommittees on education detailed information on the
23 expenditures made from the amount authorized in part 1 quarterly for gen-
24 eral services for the Michigan school for the blind's former site.

25 Sec. 409. The department shall ensure that rental payments made by
26 a tenant for office space at the Michigan school for the blind former

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1 site are used only to upgrade the building designated in the tenant's
2 lease agreement.

3 **PROFESSIONAL PREPARATION SERVICES**

4 Sec. 501. From the funds appropriated in part 1 for professional
5 preparation services, the department shall maintain the professional per-
6 sonnel register and certificate revocation/felony conviction files.

7 Sec. 502. The department shall authorize teacher preparation insti-
8 tutions to provide an alternative program by which up to 1/2 of the
9 required student internship or student teaching credits may be earned
10 through substitute teaching. The department shall require that teacher
11 preparation institutions collaborate with school districts to ensure that
12 the quality of instruction provided to student teachers is comparable to
13 that required in a traditional student teaching program.

14 Sec. 503. (1) By February 15, 2003, the department shall provide
15 the state budget director, house and senate appropriations subcommittees
16 on education, and the senate and house fiscal agencies with an annual
17 report on restricted fund balances, projected revenues, and expenditures
18 for the fiscal years ending September 30, 2002 and September 30, 2003.

19 (2) It is the intent of the legislature that the department annually
20 review the teacher certification and the teacher testing fund balances
21 and explore ways to minimize the costs to teachers and other educational
22 professionals for services rendered by the department.

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1 EDUCATION OPTIONS, CHARTERS, AND CHOICE

2 Sec. 601. (1) From the amount appropriated in part 1 for education
3 options, charters, and choice, there is allocated \$350,000.00 and 3.5 FTE
4 positions to operate a charter school office to administer charter school
5 legislation and associated regulations, and to coordinate the activities
6 of the department relating to charter schools.

7 (2) If an audit finds that a public school district has signifi-
8 cantly misrepresented its enrollment membership or financial data to the
9 department, its funding shall be withheld and the public school district
10 shall be required to reimburse the state any appropriations made as a
11 result of the misrepresentations.

12 GRANTS AND DISTRIBUTIONS

13 Sec. 701. The department shall disburse the funds to a general fund
14 grantee in accordance with the same standards of timing and amount that
15 apply to disbursements made by the department to a federal fund grantee.
16 The disbursement shall be restricted to the minimum amount needed for
17 immediate disbursement by the grantee. The department may waive this
18 section if extenuating circumstances warrant and are substantiated in the
19 grantee's application or other appropriate documentation. A waiver
20 granted pursuant to this section shall not be effective until 15 days
21 after written notice of the proposed waiver is given to the state budget
22 director and the chairpersons of the senate and house appropriations sub-
23 committees having jurisdiction over the department budget.

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1 Sec. 702. The funds appropriated in part 1 for school breakfast
2 programs shall be made available to all eligible applicant public school
3 districts as follows:

4 (a) The public school district participates in the federal school
5 breakfast program and meets all standards as prescribed by 7 C.F.R. parts
6 220 and 245.

7 (b) Payment is made for each breakfast served meeting standards pre-
8 scribed in subdivision (a).

9 (c) The payment for a public school district is at a per meal rate
10 equal to the lesser of the district's actual cost, or 100% of the cost of
11 a breakfast served by an efficiently operated breakfast program as deter-
12 mined by the department, less federal reimbursement, participant pay-
13 ments, and other state reimbursement. Determination of efficient cost by
14 the department shall be determined by using a statistical sampling of
15 statewide and regional cost as reported in a manner approved by the
16 department for the preceding school year.

17 (d) The payment determined under subdivision (c) is prorated if the
18 appropriation in part 1 is not sufficient to fund all payments determined
19 under this section.

20 Sec. 703. (1) The funds appropriated in part 1 for school readiness
21 programs shall be made available through a competitive application pro-
22 cess as follows:

23 (a) An applicant may be any public or private nonprofit legal entity
24 or agency other than a local or intermediate school district except a
25 local or intermediate school district acting as a fiscal agent for a
26 child caring organization regulated under 1973 PA 116, MCL 722.111 to
27 722.128.

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1 (b) Applications shall be submitted in a form and manner as required
2 by the department.

3 (c) Applications shall be reviewed by a diverse interagency commit-
4 tee composed of representatives of the department, appropriate community,
5 volunteer, and social service agencies and organizations, and parents.

6 (d) Priority in the recommendation for awarding of grants by the
7 state board of education to applicants shall be based upon the following
8 criteria:

9 (i) Compliance with standards for early childhood development con-
10 sistent with programs for 4-year-olds, as approved by the state board of
11 education.

12 (ii) Active and continuous involvement of the parents or guardians
13 of the children participating in the program.

14 (iii) Employment of teachers possessing proper training in early
15 childhood development, including an early childhood (ZA) endorsement or
16 child development associate, and trained support staff.

17 (iv) Evidence of collaboration with the community of providers in
18 early childhood development programs including documentation of the total
19 number of children in the community who would meet the criteria estab-
20 lished in subparagraph (vi), and who are being served by other providers,
21 and the number of children who will remain unserved by other community
22 early childhood programs if this program is funded.

23 (v) The extent to which these funds will supplement other federal,
24 state, local, or private funds.

25 (vi) The extent to which these funds will be targeted to children
26 who will be at least 4, but less than 5, years of age as of December 1 of
27 the year in which the programs are offered and who show evidence of 2 or

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1 more "at-risk" factors as defined in the state board of education report
2 entitled, "children at risk" that was adopted by the state board on
3 April 5, 1988.

4 (e) Whether the application contains a comprehensive evaluation plan
5 that includes implementation of all program components required and an
6 assessment of the gains of children participating in an early childhood
7 development program.

8 (f) Applications shall provide for the establishment of a school
9 readiness advisory committee that shall be involved in the planning and
10 evaluation of the program and provides for the involvement of parents and
11 appropriate community, volunteer, and social service agencies and
12 organizations. There shall be on the committee at least 1 parent or
13 guardian of a program participant for every 18 children enrolled in the
14 program, with a minimum of 2 parent or guardian representatives. The
15 committee shall do all of the following:

16 (i) Review the mechanisms and criteria used to determine referrals
17 for participation in the school readiness program.

18 (ii) Review the health screening program for all participants.

19 (iii) Review the nutritional services provided to all participants.

20 (iv) Review the mechanisms in place for the referral of families to
21 community social service agencies, as appropriate.

22 (v) Review the collaboration with and the involvement of appropriate
23 community, volunteer, and social service agencies and organizations in
24 addressing all aspects of education disadvantage.

25 (vi) Review, evaluate, and make recommendations for changes in the
26 school readiness program.

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1 (g) More than 50% of the children participating in the program shall
2 meet the income eligibility criteria for free or reduced price lunch, as
3 determined under the national school lunch act, chapter 281, 60
4 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766b,
5 and 1769 to 1769h, or meet income and all other eligibility criteria for
6 participation in the Michigan family independence agency unified child
7 day care program.

8 (2) Grant awards by the superintendent of public instruction may be
9 at whatever level the superintendent determines appropriate. A grant,
10 when combined with other sources of state revenue for this program, shall
11 not exceed \$3,300.00 per child or the cost of the program, whichever is
12 less.

13 (3) Except as otherwise provided, an applicant that receives a
14 2002-2003 grant under this section shall also receive priority for fiscal
15 years 2003-2004 and 2004-2005 funding. However, after 3 fiscal years of
16 continuous funding, an applicant will be required to compete openly with
17 new programs and other programs completing their third year. All grant
18 awards are contingent on the availability of funds and documented evi-
19 dence of grantee compliance with standards for early childhood develop-
20 ment consistent with programs for 4-year-olds, as approved by the state
21 board of education, and with all operational, fiscal, administrative, and
22 other program requirements. A program which offers supplementary day
23 care and thereby offers full-day programs as part of its early childhood
24 development program shall receive priority in the allocation of competi-
25 tive funds.

26 Sec. 704. From the funds appropriated in part 1 for national board
27 certification, the department shall pay 1/2 of the application fee for

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1 teachers who are deemed by the department by March 1, 2002, to be
2 qualified to apply to the national board for professional teaching stan-
3 dards for professional teaching certificates or licenses and to provide
4 grants to recognize and reward teachers who receive certification or
5 licensure.

6 Sec. 705. The reading plan for Michigan (RPM) is a series of educa-
7 tional strategies created for the purpose of improving reading skills of
8 K-3 students so that all students are reading at an appropriate grade
9 level prior to the start of the fourth grade. The RPM program is eligi-
10 ble for federal reading grants appropriated in the school aid act.

11 Sec. 706. The innovative program demonstration (IPD) grants estab-
12 lished under 2000 PA 263 awarded grants to programs in areas of school
13 safety, parental involvement, and curriculum development. No later than
14 September 30, 2002, a district that received funding under the IPD pro-
15 gram shall report to the department results achieved by each program. No
16 later than November 29, 2002, the department shall compile the informa-
17 tion from each grant recipient and forward a comprehensive report to the
18 house and senate standing committees on education, the house and senate
19 fiscal agencies, the state budget director, and the state board of
20 education. This report shall be compiled in accordance with the require-
21 ments of 2000 PA 263. The reports shall be posted on the department's
22 website.

23 Sec. 708. (1) Before expending funds for DED-OESE, title IV,
24 part A, community service grants and DED-OESE, title IV, part B,
25 21st century community learning centers, the department shall provide an
26 assurance to the United States department of education that the
27 application was developed in consultation and coordination with

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1 appropriate state officials, including the chief state school officer,
2 and other state agencies administering before and after school programs,
3 the heads of the state health and mental health agencies or their desig-
4 nees, and representatives of teachers, parents, students, the business
5 community, and community-based organizations.

6 (2) As part of the grant application process, the department shall
7 encourage grantees to collaborate with local organizations that deliver
8 services to children from birth to age 5.

9 **INFORMATION TECHNOLOGY**

10 Sec. 903. In accordance with Executive Order No. 2000-9, the
11 department shall support and coordinate with the center for educational
12 performance and information on the development of a comprehensive educa-
13 tional information system.

14 Sec. 904. The department and the Michigan virtual university shall
15 work collaboratively to implement section 98 of the state school aid act
16 of 1979, 1979 PA 94, MCL 388.1698, in accordance with all applicable fed-
17 eral laws and regulations.

18 Sec. 905. From the funds allocated in section 105, there is allo-
19 cated an amount not to exceed \$100.00 in the 2002-03 fiscal year to the
20 Michigan virtual university. Funds allocated under this section shall be
21 used to support the following activities:

22 (a) Promote the use of education technology to accelerate career and
23 workforce development by improving the learning environment, stimulating
24 innovative teaching methods, and providing residents of this state with
25 greater technology-based educational choices.

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1 (b) To promote technology-based education and training to public and
2 private sector organizations, including, but not limited to, alternative
3 models of education that emphasize partnerships between public education
4 and the business sector.

5 (c) Accelerate the capacity of Michigan's colleges and universities
6 and K-12 schools to engage e-learning programs and services.

7 (d) To provide technology-based services that will enable distance
8 learning education and training to flourish and prosper, including, but
9 not limited to, providing selected industries with business and financial
10 operations, human resource administration, resource development,
11 research, marketing, technology coordination, digital library support,
12 faculty training and development, and other student and academic support
13 operations.

14 (e) To support and encourage various collaborative efforts among
15 educational institutions, businesses, nonprofit organizations, and gov-
16 ernment agencies to meet the training and educational needs of the
17 state's workforce.

18 (f) Engage in experimental distance learning projects.

19 (g) Support general operations for the Michigan virtual university.