

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 1107**

[A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 6, 8, 11, 11f, 11g, 18, 18d, 19, 20, 22a,  
22b, 24, 26a, 31a, 31d, 32a, 32b, 32c, 32d, 32e, 32f, 32h, 37,  
38, 39, 41, 51a, 51c, 53a, 54, 56, 57, 61a, 62, 67, 68, 74, 81,  
94, 94a, 96, 98, 99, 101, 105, 107, 108, and 147 (MCL 388.1606,  
388.1608, 388.1611, 388.1611f, 388.1611g, 388.1618, 388.1618d,  
388.1619, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a,  
388.1631a, 388.1631d, 388.1632a, 388.1632b, 388.1632c, 388.1632d,  
388.1632e, 388.1632f, 388.1632h, 388.1637, 388.1638, 388.1639,  
388.1641, 388.1651a, 388.1651c, 388.1653a, 388.1654, 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,  
388.1701, 388.1705, 388.1707, 388.1708, and 388.1747), sections  
6, 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a, 31d, 32a, 32b, 32c,

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

2

32d, 32e, 32f, 32h, 41, 51a, 51c, 53a, 54, 56, 57, 61a, 62, 67, 68, 74, 81, 94, 94a, 98, 99, 107, and 147 as amended and section 18d as added by 2001 PA 121, sections 8, 19, 37, 38, 39, 101, and 105 as amended and sections 96 and 108 as added by 2000 PA 297, and section 18 as amended by 1999 PA 119, and by adding sections 18e, 21, 22, 32i, 39a, 51d, 55, 92, 93, 94b, 94c, 94d, 99a, and 121a; 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.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

3

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

4

1 allowance for a pupil in membership is determined under section  
2 20. In making the calculation of membership, all of the follow-  
3 ing, as applicable, apply to determining the membership of a dis-  
4 trict, public school academy, university school, or intermediate  
5 district:

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

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

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

24 (d) A pupil placed by a court or state agency in an  
25 on-grounds program of a juvenile detention facility, a child  
26 caring institution, or a mental health institution, or a pupil  
27 funded under section 53a, shall be counted in membership in the

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

5

1 district or intermediate district approved by the department to  
2 operate the program.

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

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

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

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

6

1 and minus pupils lost as defined by rules promulgated by the  
2 superintendent, and as corrected by a subsequent department  
3 audit, plus the final audited count from the supplemental count  
4 day for the current school year, and dividing that sum by 2.

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

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

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

25 (l) Pupils to be counted in membership shall be not less  
26 than 5 years of age on December 1 and less than 20 years of age  
27 on September 1 of the school year except a special education

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

7

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

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

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

25 (i) If the public school academy provides instruction for at  
26 least 1/2 of the class hours specified in subdivision (q), the  
27 public school academy shall receive as its prorated share of the

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

8

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

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

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

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

25 (q) The number of class hours used to calculate full-time  
26 equated memberships shall be consistent with section 101(3). In  
27 determining full-time equated memberships for pupils who are



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

9

1 enrolled in a postsecondary institution, a pupil shall not be  
2 considered to be less than a full-time equated pupil solely  
3 because of the effect of his or her postsecondary enrollment,  
4 including necessary travel time, on the number of class hours  
5 provided by the district to the pupil.

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

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

26 (t) A pupil enrolled in a cooperative education program may  
27 be counted in membership in the pupil's district of residence

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

10

1 with the written approval of all parties to the cooperative  
2 agreement.

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

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

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

11

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

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

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

23 (y) ~~For 2000-2001 only, if a district's membership for that~~  
24 ~~fiscal year, as otherwise calculated under this subsection, would~~  
25 ~~be less than 1,550 pupils, the district's membership for that~~  
26 ~~fiscal year shall be considered to be the membership figure~~  
27 ~~calculated under this subdivision. For 2001-2002 only, if~~ IF a

**SB1107, As Passed House, March 19, 2002**

Sub. SB 1107 (H-1) as amended March 19, 2002 12

1 district's membership for ~~that~~ A PARTICULAR fiscal year, as  
2 otherwise calculated under this subsection, would be less than  
3 1,550 pupils and the district has 4.5 or fewer pupils per square  
4 mile, as determined by the department, the district's membership  
5 shall be considered to be the membership figure calculated under  
6 this ~~subsection~~ SUBDIVISION. IF A DISTRICT EDUCATES AND COUNTS  
7 IN ITS MEMBERSHIP PUPILS IN GRADES 9 TO 12 WHO RESIDE IN A CONTI-  
8 GUOUS DISTRICT THAT DOES NOT OPERATE GRADES 9 TO 12 AND IF 1 OR  
9 BOTH OF THE AFFECTED DISTRICTS REQUEST THE DEPARTMENT TO USE THE  
10 DETERMINATION ALLOWED UNDER THIS SENTENCE, THE DEPARTMENT SHALL  
11 INCLUDE THE SQUARE MILEAGE OF BOTH DISTRICTS IN DETERMINING THE  
12 NUMBER OF PUPILS PER SQUARE MILE FOR EACH OF THE DISTRICTS FOR  
13 THE PURPOSES OF THIS SUBDIVISION. The membership figure calcu-  
14 lated under this ~~subsection~~ SUBDIVISION is the greater of the  
15 following:

16 (i) The average of the district's membership for the  
17 3-fiscal-year period ending with that fiscal year, calculated by  
18 adding the district's actual membership for ~~that fiscal year~~  
19 EACH OF THOSE 3 FISCAL YEARS, as otherwise calculated under this  
20 subsection, ~~plus the district's membership as calculated under~~  
21 ~~this subdivision for each of the 2 immediately preceding fiscal~~  
22 ~~years,~~ and dividing the sum of those 3 membership figures by 3.

23 (ii) The district's actual membership FOR THAT FISCAL YEAR  
24 as otherwise calculated under this subsection.

[ (Z) IF A PUBLIC SCHOOL ACADEMY CLOSSES AT THE END OF A SCHOOL YEAR AND DOES NOT REOPEN FOR THE NEXT SCHOOL YEAR, THE DEPARTMENT SHALL ADJUST THE MEMBERSHIP COUNT OF THE DISTRICT IN WHICH A FORMER PUPIL OF THE PUBLIC SCHOOL ACADEMY ENROLLS AND IS IN REGULAR DAILY ATTENDANCE FOR THE NEXT SCHOOL YEAR TO ENSURE THAT THE DISTRICT RECEIVES THE SAME AMOUNT OF MEMBERSHIP AID FOR THE PUPIL AS IF THE PUPIL WERE COUNTED IN THE DISTRICT ON THE SUPPLEMENTAL COUNT DAY OF THE PRECEDING SCHOOL YEAR. ]

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

**SB1107, As Passed House, March 19, 2002**

S06638'02 (H-1)

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

13

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

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

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

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

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

14

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

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

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

24      (h) A pupil enrolled in a district located in a contiguous  
25      intermediate district, as described in section 105c, if the edu-  
26      cating district enrolls those nonresident pupils in accordance  
27      with section 105c.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

15

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

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

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

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

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

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

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

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



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

16

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

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

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

(i) Fourth Wednesday in July.

(ii) Fourth Wednesday in September.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

(8) "Pupils in grades K to 12 actually enrolled and in regular daily attendance" means pupils in grades K to 12 in attendance and receiving instruction in all classes for which they are enrolled on the pupil membership count day or the supplemental count day, as applicable. A pupil who is absent from any of the classes in which the pupil is enrolled on the pupil membership count day or supplemental count day and who does not attend each of those classes during the 10 consecutive school days immediately following the pupil membership count day or supplemental count day, except for a pupil who has been excused by the district, shall not be counted as 1.0 full-time equated membership. In addition, a pupil who is excused from attendance on the pupil membership count day or supplemental count day and who fails to attend each of the classes in which the pupil is enrolled within 30 calendar days after the pupil membership count day or supplemental count day shall not be counted as 1.0 full-time equated membership. Pupils not counted as 1.0

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

17

1 full-time equated membership due to an absence from a class shall  
2 be counted as a prorated membership for the classes the pupil  
3 attended. For purposes of this subsection, "class" means a  
4 period of time in 1 day when pupils and a certificated teacher or  
5 legally qualified substitute teacher are together and instruction  
6 is taking place.

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

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

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

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

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

18

1 section 111, to attend another school district after the pupil  
2 has been assigned to a school district.

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

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

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

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

16 Sec. 8. (1) ~~In order to receive funds under this act,~~  
17 ~~each~~ EACH district shall furnish to the department not later  
18 than December 1 of each year, on a form and in a manner pre-  
19 scribed by the department, the information requested by the  
20 department that is necessary for the preparation of the district  
21 pupil retention report defined in section 6(3).

22 (2) On the basis of a district's pupil retention report as  
23 defined in section 6(3), the department shall calculate an annual  
24 pupil dropout rate for each district. In addition, the depart-  
25 ment shall calculate an annual pupil dropout rate for the state  
26 in the same manner as that used to calculate the pupil dropout  
27 rate for a district. The department shall report all pupil

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

19

1 dropout rates to the senate and house education committees and  
2 appropriations committees and the state budget director not later  
3 than September 15 each year.

4 Sec. 11. (1) ~~For the fiscal year ending September 30,~~  
5 ~~2001, there is appropriated for the public schools of this state~~  
6 ~~and certain other state purposes relating to education the sum of~~  
7 ~~\$10,306,721,500.00 from the state school aid fund established by~~  
8 ~~section 11 of article IX of the state constitution of 1963 and~~  
9 ~~the sum of \$385,613,500.00 from the general fund.~~ For the fiscal

10 year ending September 30, 2002, there is appropriated for the  
11 public schools of this state and certain other state purposes  
12 relating to education the sum of ~~-\$10,989,699,900.00~~

13 \$10,982,648,200.00 from the state school aid fund established by  
14 section 11 of article IX of the state constitution of 1963 and  
15 the sum of ~~-\$205,613,500.00~~ \$198,413,500.00 from the general  
16 fund. For the fiscal year ending September 30, 2003, there is  
17 appropriated for the public schools of this state and certain  
18 other state purposes relating to education the sum of

19 ~~-\$10,985,960,300.00~~ \$11,235,242,400.00 from the state school aid  
20 fund established by section 11 of article IX of the state consti-  
21 tution of 1963 and the sum of ~~-\$420,613,500.00~~ \$198,413,500.00

22 from the general fund. HOWEVER, IF LEGISLATION AUTHORIZING THE  
23 TRANSFER OF \$79,500,000.00 FROM EITHER THE COUNTERCYCLICAL BUDGET  
24 AND ECONOMIC STABILIZATION FUND OR THE MICHIGAN EMPLOYMENT SECUR-  
25 ITY ACT CONTINGENT FUND, PENALTIES AND INTEREST SUBACCOUNT, IS  
26 NOT ENACTED AND IN EFFECT ON OR BEFORE OCTOBER 1, 2002, THERE IS  
27 INSTEAD APPROPRIATED FROM THE GENERAL FUND FOR 2002-2003 THE SUM

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

20

1 OF \$122,656,500.00. In addition, available federal funds are  
2 appropriated for each of those fiscal years. IT IS THE INTENT OF  
3 THE LEGISLATURE TO APPROPRIATE AT LEAST \$420,613,500.00 FROM THE  
4 GENERAL FUND FOR 2003-2004 FOR THE PURPOSES OF THIS ACT.

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

17 (3) If the maximum amount appropriated under this section  
18 and section 11f from the state school aid fund for a fiscal year  
19 exceeds the amount available for expenditure from the state  
20 school aid fund for that fiscal year, payments under sections  
21 11f, 11g, 22a, 31d, 51a(2), and 51c shall be made in full. ~~and~~  
22 IN ADDITION, FOR DISTRICTS BEGINNING OPERATIONS AFTER 1994-95  
23 THAT QUALIFY FOR PAYMENTS UNDER SECTION 22B, PAYMENTS UNDER  
24 SECTION 22B SHALL BE MADE SO THAT THE QUALIFYING DISTRICTS  
25 RECEIVE AN AMOUNT EQUAL TO THE 1994-95 FOUNDATION ALLOWANCE OF  
26 THE DISTRICT IN WHICH THE DISTRICT BEGINNING OPERATIONS AFTER  
27 1994-95 IS LOCATED. THE AMOUNT OF THE PAYMENT TO BE MADE UNDER

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

21

1 SECTION 22B FOR THESE QUALIFYING DISTRICTS SHALL BE AS CALCULATED  
2 UNDER SECTION 22A, WITH THE BALANCE OF THE PAYMENT UNDER  
3 SECTION 22B BEING SUBJECT TO THE PRORATION OTHERWISE PROVIDED  
4 UNDER THIS SUBSECTION. STATE payments under each of the other  
5 sections of this act FROM ALL STATE FUNDING SOURCES shall be pro-  
6 rated on an equal percentage basis as necessary to reflect the  
7 amount available for expenditure from the state school aid fund  
8 for that fiscal year. However, if the department of treasury  
9 determines that proration will be required under this subsection,  
10 the department of treasury shall notify the state budget direc-  
11 tor, and the state budget director shall notify the legislature  
12 at least 30 calendar days or 6 legislative session days, which-  
13 ever is more, before the department reduces any payments under  
14 this act because of the proration. During the 30 calendar day or  
15 6 legislative session day period after that notification by the  
16 state budget director, the department shall not reduce any pay-  
17 ments under this act because of proration under this subsection.  
18 The legislature may prevent proration from occurring by, within  
19 the 30 calendar day or 6 legislative session day period after  
20 that notification by the state budget director, enacting legisla-  
21 tion appropriating additional funds from the general fund,  
22 countercyclical budget and economic stabilization fund, state  
23 school aid fund balance, or another source to fund the amount of  
24 the projected shortfall.

25 (4) Except for the allocation under section 26a, any general  
26 fund allocations under this act that are not expended by the end

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

22

1 of the state fiscal year are transferred to the state school aid  
2 fund.

3       Sec. 11f. (1) In addition to any other money appropriated  
4 under this act, there is appropriated from the state school aid  
5 fund an amount not to exceed \$32,000,000.00 each fiscal year ~~for~~  
6 ~~the fiscal year ending September 30, 2001,~~ for the fiscal year  
7 ending September 30, 2002, for the fiscal year ending September  
8 30, 2003, and for each succeeding fiscal year through the fiscal  
9 year ending September 30, 2008. Payments under this section will  
10 cease after September 30, 2008. These appropriations are for  
11 paying the amounts described in subsection (4) to districts and  
12 intermediate districts, other than those receiving a lump sum  
13 payment under subsection (2), that were not plaintiffs in the  
14 consolidated cases known as Durant v State of Michigan, Michigan  
15 supreme court docket no. 104458-104492 and that, on or before  
16 March 2, 1998, submitted to the state treasurer a board resolu-  
17 tion waiving any right or interest the district or intermediate  
18 district has or may have in any claim or litigation based on or  
19 arising out of any claim or potential claim through September 30,  
20 1997 that is or was similar to the claims asserted by the plain-  
21 tiffs in the consolidated cases known as Durant v State of  
22 Michigan. The waiver resolution shall be in form and substance  
23 as required under subsection (8). The state treasurer is autho-  
24 rized to accept such a waiver resolution on behalf of this  
25 state. The amounts described in this subsection represent offers  
26 of settlement and compromise of any claim or claims that were or

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

23

1 could have been asserted by these districts and intermediate  
2 districts, as described in this subsection.

3 (2) In addition to any other money appropriated under this  
4 act, there was appropriated from the state school aid fund an  
5 amount not to exceed \$1,700,000.00 for the fiscal year ending  
6 September 30, 1999. This appropriation was for paying the  
7 amounts described in this subsection to districts and intermedi-  
8 ate districts that were not plaintiffs in the consolidated cases  
9 known as Durant v State of Michigan; that, on or before March 2,  
10 1998, submitted to the state treasurer a board resolution waiving  
11 any right or interest the district or intermediate district had  
12 or may have had in any claim or litigation based on or arising  
13 out of any claim or potential claim through September 30, 1997  
14 that is or was similar to the claims asserted by the plaintiffs  
15 in the consolidated cases known as Durant v State of Michigan;  
16 and for which the total amount listed in section 11h and paid  
17 under this section was less than \$75,000.00. For a district or  
18 intermediate district qualifying for a payment under this subsec-  
19 tion, the entire amount listed for the district or intermediate  
20 district in section 11h was paid in a lump sum on November 15,  
21 1998 or on the next business day following that date. The  
22 amounts paid under this subsection represent offers of settlement  
23 and compromise of any claim or claims that were or could have  
24 been asserted by these districts and intermediate districts, as  
25 described in this subsection.

26 (3) This section does not create any obligation or liability  
27 of this state to any district or intermediate district that does



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

24

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

25

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

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

24           (7) The appropriations under this section are from the money  
25 appropriated and transferred to the state school aid fund from  
26 the countercyclical budget and economic stabilization fund under

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

26

1 section 353e(2) and (3) of the management and budget act, 1984  
2 PA 431, MCL 18.1353e.

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

6 "Whereas, the board of \_\_\_\_\_ (name of dis-  
7 trict or intermediate district) desires to settle and compromise,  
8 in their entirety, any claim or claims that the district (or  
9 intermediate district) has or had for violations of section 29 of  
10 article IX of the state constitution of 1963, which claim or  
11 claims are or were similar to the claims asserted by the plain-  
12 tiffs in the consolidated cases known as Durant v State of  
13 Michigan, Michigan supreme court docket no. 104458-104492.

14 Whereas, the district (or intermediate district) agrees to  
15 settle and compromise these claims for the consideration  
16 described in sections 11f and 11g of the state school aid act of  
17 1979, 1979 PA 94, MCL 388.1611f and 388.1611g, and in the amount  
18 specified for the district (or intermediate district) in  
19 section 11h of the state school aid act of 1979, 1979 PA 94,  
20 MCL 388.1611h.

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

23 Now, therefore, be it resolved as follows:

24 1. The board of \_\_\_\_\_ (name of district or  
25 intermediate district) waives any right or interest it may have  
26 in any claim or potential claim through September 30, 1997  
27 relating to the amount of funding the district or intermediate

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

27

1 district is, or may have been, entitled to receive under the  
2 state school aid act of 1979, 1979 PA 94, MCL 388.1601 to  
3 388.1772, or any other source of state funding, by reason of the  
4 application of section 29 of article IX of the state constitution  
5 of 1963, which claims or potential claims are or were similar to  
6 the claims asserted by the plaintiffs in the consolidated cases  
7 known as Durant v State of Michigan, Michigan supreme court  
8 docket no. 104458-104492.

9 2. The board of \_\_\_\_\_ (name of district or  
10 intermediate district) directs its secretary to submit a certi-  
11 fied copy of this resolution to the state treasurer no later than  
12 5 p.m. eastern standard time on March 2, 1998, and agrees that it  
13 will not take any action to amend or rescind this resolution.

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

21 4. This resolution is contingent on continued payments by  
22 the state each fiscal year as determined under sections 11f and  
23 11g of the state school aid act of 1979, 1979 PA 94,  
24 MCL 388.1611f and 388.1611g. However, this resolution shall be  
25 an irrevocable waiver of any claim to amounts actually received  
26 by the school district or intermediate school district under  
27 sections 11f and 11g of the state school aid act of 1979.".

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

28

1       Sec. 11g. (1) From the general fund money appropriated in  
2   section 11, there is allocated an amount not to exceed  
3   \$40,000,000.00 ~~for the fiscal year ending September 30, 2001,~~  
4   for the fiscal year ending September 30, 2002, for the fiscal  
5   year ending September 30, 2003, and for each succeeding fiscal  
6   year through the fiscal year ending September 30, 2013. Payments  
7   under this section will cease after September 30, 2013. These  
8   appropriations are for paying the amounts described in  
9   subsection (3) to districts and intermediate districts, other  
10   than those receiving a lump sum payment under section 11f(2),  
11   that were not plaintiffs in the consolidated cases known as  
12   Durant v State of Michigan, Michigan supreme court docket  
13   no. 104458-104492 and that, on or before March 2, 1998, submitted  
14   to the state treasurer a waiver resolution described in section  
15   11f. The amounts paid under this section represent offers of  
16   settlement and compromise of any claim or claims that were or  
17   could have been asserted by these districts and intermediate dis-  
18   tricts, as described in this section.

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

29

1 intermediate district regarding these claims or potential  
2 claims.

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

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

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

21 (4) The entire amount of each payment under this section  
22 each fiscal year shall be paid on May 15 of the applicable fiscal  
23 year or on the next business day following that date. If a dis-  
24 trict or intermediate district borrows money and issues bonds  
25 under section 11i, the district or intermediate district shall  
26 use funds received under this section to pay debt service on  
27 bonds issued under section 11i. If a district or intermediate

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

30

1 district does not borrow money and issue bonds under section 11i,  
2 the district or intermediate district shall use funds received  
3 under this section only for the following purposes, in the fol-  
4 lowing order of priority:

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

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

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

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

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

22 Sec. 18. (1) Except as provided in another section of this  
23 act, each district or other entity shall apply the money received  
24 by the district or entity under this act to salaries and other  
25 compensation of teachers and other employees, tuition, transpor-  
26 tation, lighting, heating, ventilation, water service, the  
27 purchase of textbooks which are designated by the board to be

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

31

1 used in the schools under the board's charge, other supplies, and  
2 any other school operating expenditures defined in section 7.  
3 However, not more than 20% of the total amount received by a dis-  
4 trict under article 2 or intermediate district under article 8  
5 may be transferred by the board to either the capital projects  
6 fund or to the debt retirement fund for debt service. The money  
7 shall not be applied or taken for a purpose other than as pro-  
8 vided in this section. The department shall determine the rea-  
9 sonableness of expenditures and may withhold from a recipient of  
10 funds under this act the apportionment otherwise due for the  
11 fiscal year following the discovery by the department of a viola-  
12 tion by the recipient.

13 (2) For the purpose of determining the reasonableness of  
14 expenditures and whether a violation of this act has occurred,  
15 the department shall require that each district and intermediate  
16 district have an audit of the district's or intermediate  
17 district's financial and pupil accounting records conducted at  
18 least annually at the expense of the district or intermediate  
19 district, as applicable, by a certified public accountant or by  
20 the intermediate district superintendent, as may be required by  
21 the department, or in the case of a district of the first class  
22 by a certified public accountant, the intermediate superinten-  
23 dent, or the auditor general of the city. An intermediate  
24 district's annual financial audit shall be accompanied by the  
25 intermediate district's pupil accounting procedures report. A  
26 district's or intermediate district's annual financial audit  
27 shall include an analysis of the financial and pupil accounting



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

32

1 data used as the basis for distribution of state school aid. The  
2 pupil accounting records and reports, audits, and management let-  
3 ters are subject to requirements established in the auditing and  
4 accounting manuals approved and published by the department.  
5 Except as otherwise provided in this subsection, a district shall  
6 file the annual financial audit reports with the intermediate  
7 district not later than 120 days after the end of each school  
8 fiscal year and the intermediate district shall forward the  
9 annual financial audit reports for its constituent districts and  
10 for the intermediate district, and the pupil accounting proce-  
11 dures report for the pupil membership count day and supplemental  
12 count day, to the department not later than November 15 of each  
13 year. The annual financial audit reports and pupil accounting  
14 procedures reports shall be available to the public in compliance  
15 with the freedom of information act, 1976 PA 442, MCL 15.231 to  
16 15.246. Not later than December 1 of each year, the department  
17 shall notify the state budget director and the legislative appro-  
18 priations subcommittees responsible for review of the school aid  
19 budget of districts and intermediate districts that have not  
20 filed an annual financial audit and pupil accounting procedures  
21 report required under this section for the school year ending in  
22 the immediately preceding fiscal year.

23 (3) Each district and intermediate district shall file with  
24 the department by November 15 of each year an annual comprehen-  
25 sive financial report, known as "Form B", on a form and in the  
26 manner prescribed by the department.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

33

1           (4) Not later than July 1, 1999, the department shall  
2   approve and publish pupil accounting and pupil auditing manuals.  
3   The department shall review those manuals at least annually and  
4   shall periodically update those manuals to reflect changes in  
5   this act. The pupil accounting manuals in effect for the 1996-97  
6   school year, including subsequent revisions issued by the super-  
7   intendent, shall be the interim manuals in effect until new manu-  
8   als are approved and published. However, the clarification of  
9   class-by-class accounting provided in the department's April 15,  
10  1998 memorandum on pupil accounting procedures shall be excluded  
11  from the interim manuals.

12           (5) If a district that is a public school academy purchases  
13  property using money received under this act, the public school  
14  academy shall retain ownership of the property unless the public  
15  school academy sells the property at fair market value.

16           ~~-(6) If a district or intermediate district does not comply~~  
17 ~~with subsection (2) or (3), the department shall withhold all~~  
18 ~~state school aid due to the district or intermediate district~~  
19 ~~under this act, beginning with the next payment due to the dis-~~  
20 ~~trict or intermediate district, until the district or intermedi-~~  
21 ~~ate district complies with subsections (2) and (3). If the dis-~~  
22 ~~trict or intermediate district does not comply with~~  
23 ~~subsections (2) and (3) by the end of the fiscal year, the dis-~~  
24 ~~trict or intermediate district forfeits the amount withheld.~~

25           Sec. 18d. Any claim of a debt or financial obligation owed  
26  to the state and made against a district ~~arising out of a~~ THAT  
27  HAD A MEMBERSHIP GREATER THAN 6,500 FOR 2001-2002, WHICH CLAIM

**SB1107, As Passed House, March 19, 2002**

Sub. SB 1107 (H-1) as amended March 19, 2002 34

1 ARISES FROM A 1997-98 membership count dispute ~~occurring on or~~  
2 ~~before March 1, 1997~~ shall be considered satisfied and dis-  
3 charged if not asserted in writing against the district by an  
4 executive agency or department of the state on or before July 1,  
5 ~~2001~~ 2002.

[SEC. 18E. A DISTRICT THAT IS A SCHOOL DISTRICT OF THE FIRST CLASS UNDER THE REVISED SCHOOL CODE SHALL NOT EXPEND MORE THAN 10% OF ITS GENERAL FUND OPERATING REVENUE FOR BUSINESS AND ADMINISTRATION.]

6 Sec. 19. (1) A district shall comply with the requirements  
7 of sections 1204a, 1277, 1278, and 1280 of the revised school  
8 code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly  
9 referred to as "public act 25 of 1990".

10 (2) Each district and intermediate district shall provide to  
11 the department, in a form and manner prescribed by the depart-  
12 ment, information necessary for the development of an annual  
13 progress report on the implementation of sections 1204a, 1277,  
14 1278, and 1280 of the revised school code, MCL 380.1204a,  
15 380.1277, 380.1278, and 380.1280, commonly referred to as "public  
16 act 25 of 1990". ~~—, and~~ ADDITIONALLY, EACH DISTRICT AND INTERME-  
17 DIATE DISTRICT SHALL PROVIDE TO THE DEPARTMENT OF INFORMATION  
18 TECHNOLOGY, IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT OF  
19 INFORMATION TECHNOLOGY, on the achievement of national education  
20 goals, and information necessary for the development of other  
21 performance reports.

22 (3) If a district or intermediate district fails to meet the  
23 requirements of ~~subsection (2) and~~ sections 1204a, 1277, and  
24 1278 of the revised school code, MCL 380.1204a, 380.1277, AND  
25 380.1278, ~~and 380.1280,~~ the department shall withhold 5% of the  
26 total funds for which the district or intermediate district  
27 qualifies under this act until the district or intermediate

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

35

1 district complies with all of those sections. If the district or  
2 intermediate district does not comply with all of those sections  
3 by the end of the fiscal year, the department shall place the  
4 amount withheld in an escrow account until the district or inter-  
5 mediate district complies with all of those sections.

6 (4) If a school in a district is not accredited under sec-  
7 tion 1280 of the revised school code, MCL 380.1280, or is not  
8 making satisfactory progress toward meeting the standards for  
9 that accreditation, the department shall withhold 5% of the total  
10 funds for which the district qualifies under this act that are  
11 attributable to pupils attending that school. The department  
12 shall place the amount withheld from a district under this sub-  
13 section in an escrow account and shall not release the funds to  
14 the district until the district submits to the department a plan  
15 for achieving accreditation for each of the district's schools  
16 that are not accredited under section 1280 of the revised school  
17 code, MCL 380.1280, or are not making satisfactory progress  
18 toward meeting the standards for that accreditation.

19 Sec. 20. (1) ~~For 2000-2001, the basic foundation allowance~~  
20 ~~is \$6,000.00 per membership pupil.~~ For 2001-2002, the basic  
21 foundation allowance is \$6,300.00 per membership pupil. For  
22 2002-2003, the basic foundation allowance is \$6,700.00 per mem-  
23 bership pupil.

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

36

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

6       (a) Except as otherwise provided in this subsection, for a  
7   district that in the immediately preceding state fiscal year had  
8   a foundation allowance in an amount at least equal to the amount  
9   of the basic foundation allowance for the immediately preceding  
10   state fiscal year, the district shall receive a foundation allow-  
11   ance in an amount equal to the sum of the district's foundation  
12   allowance for the immediately preceding state fiscal year plus  
13   the dollar amount of the adjustment from the immediately preced-  
14   ing state fiscal year to the current state fiscal year in the  
15   basic foundation allowance.   HOWEVER, FOR 2002-2003, THE FOUNDA-  
16   TION ALLOWANCE FOR A DISTRICT UNDER THIS SUBDIVISION IS AN AMOUNT  
17   EQUAL TO THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE FOR THE  
18   IMMEDIATELY PRECEDING STATE FISCAL YEAR PLUS \$200.00.

19       (b) ~~For~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION,  
20   FOR a district that in the 1994-95 state fiscal year had a foun-  
21   dation allowance greater than \$6,500.00, the district's founda-  
22   tion allowance is an amount equal to the sum of the district's  
23   foundation allowance for the immediately preceding state fiscal  
24   year plus the lesser of the increase in the basic foundation  
25   allowance for the current state fiscal year, as compared to the  
26   immediately preceding state fiscal year, or the product of the  
27   district's foundation allowance for the immediately preceding

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

37

1 state fiscal year times the percentage increase in the United  
2 States consumer price index in the calendar year ending in the  
3 immediately preceding fiscal year as reported by the May revenue  
4 estimating conference conducted under section 367b of the manage-  
5 ment and budget act, 1984 PA 431, MCL 18.1367b. FOR 2002-2003,  
6 FOR A DISTRICT THAT IN THE 1994-95 STATE FISCAL YEAR HAD A FOUN-  
7 DATION ALLOWANCE GREATER THAN \$6,500.00, THE DISTRICT'S FOUNDA-  
8 TION ALLOWANCE IS AN AMOUNT EQUAL TO THE SUM OF THE DISTRICT'S  
9 FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL  
10 YEAR PLUS THE LESSER OF \$200.00 OR THE PRODUCT OF THE DISTRICT'S  
11 FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL  
12 YEAR TIMES THE PERCENTAGE INCREASE IN THE UNITED STATES CONSUMER  
13 PRICE INDEX IN THE CALENDAR YEAR ENDING IN THE IMMEDIATELY PRE-  
14 CEDING FISCAL YEAR AS REPORTED BY THE MAY REVENUE ESTIMATING CON-  
15 FERENCE CONDUCTED UNDER SECTION 367B OF THE MANAGEMENT AND BUDGET  
16 ACT, 1984 PA 431, MCL 18.1367B. HOWEVER, IF LEGISLATION IS  
17 ENACTED TO ALLOW DISTRICTS TO LEVY SUFFICIENT MILLAGE, THE FOUN-  
18 DATION ALLOWANCE FOR A DISTRICT DESCRIBED IN THIS SUBDIVISION  
19 SHALL BE AN AMOUNT EQUAL TO THE GREATER OF THE SUM OF THE  
20 DISTRICT'S FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING  
21 FISCAL YEAR PLUS \$200.00, OR AN AMOUNT EQUAL TO THE DISTRICT'S  
22 FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING FISCAL YEAR  
23 TIMES 1 PLUS THE PERCENTAGE INCREASE IN THE STATE MAXIMUM FOUNDA-  
24 TION ALLOWANCE.

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.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

38

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

39

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



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

40

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(4) 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 ~~2000-2001,~~ 2001-2002 ~~,~~ or 2002-2003, as

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

41

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 ~~1284 of the revised school~~  
8 ~~code, MCL 380.1284~~ 101(3). The result of this calculation shall  
9 not exceed the amount per membership pupil otherwise calculated  
10 under this subsection.

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

42

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

43

1 than \$6,500.00 and that had fewer than 350 pupils in membership,  
2 if the district elects not to reduce the number of mills from  
3 which a homestead and qualified agricultural property are exempt  
4 and not to levy school operating taxes on a homestead and quali-  
5 fied agricultural property as provided in section 1211(1) of the  
6 revised school code, MCL 380.1211, and not to levy school operat-  
7 ing taxes on all property as provided in section 1211(2) of the  
8 revised school code, MCL 380.1211, there is calculated under this  
9 subsection for 1994-95 and each succeeding fiscal year a separate  
10 supplemental amount in an amount equal to the amount the district  
11 would have received per membership pupil had it levied school  
12 operating taxes on a homestead and qualified agricultural prop-  
13 erty at the rate authorized for the district under  
14 section 1211(1) of the revised school code, MCL 380.1211, and  
15 levied school operating taxes on all property at the rate autho-  
16 rized for the district under section 1211(2) of the revised  
17 school code, MCL 380.1211, as determined by the department of  
18 treasury. If in the calendar year ending in the fiscal year a  
19 district does not levy 18 mills or the number of mills of school  
20 operating taxes levied by the district in 1993, whichever is  
21 less, on property that is not a homestead or qualified agricul-  
22 tural property, the amount calculated under this subsection will  
23 be reduced by the same percentage as the millage actually levied  
24 compares to the 18 mills or the number of mills levied in 1993,  
25 whichever is less.

26 (10) For a district that is formed or reconfigured after  
27 June 1, 1994 by consolidation of 2 or more districts or by

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

44

1 annexation, the resulting district's foundation allowance under  
2 this section beginning after the effective date of the consolida-  
3 tion or annexation shall be the average of the foundation allow-  
4 ances of each of the original or affected districts, calculated  
5 as provided in this section, weighted as to the percentage of  
6 pupils in total membership in the resulting district who reside  
7 in the geographic area of each of the original districts. If an  
8 affected district's foundation allowance is less than the basic  
9 foundation allowance, the amount of that district's foundation  
10 allowance shall be considered for the purpose of calculations  
11 under this subsection to be equal to the amount of the basic  
12 foundation allowance.

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

**SB1107, As Passed House, March 19, 2002**

Sub. SB 1107 (H-1) as amended 45

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

46

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

47

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



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

48

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

49

1 OF THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2002-2003, AS  
2 OTHERWISE CALCULATED UNDER THIS SECTION, PLUS \$250.00.

3 (19) ~~-(18)-~~ Payments to districts, university schools, or  
4 public school academies shall not be made under this section.  
5 Rather, the calculations under this section shall be used to  
6 determine the amount of state payments under section 22b.

7 (20) ~~-(19)-~~ If an amendment to section 2 of article VIII of  
8 the state constitution of 1963 allowing state aid to some or all  
9 nonpublic schools is approved by the voters of this state, each  
10 foundation allowance or per pupil payment calculation under this  
11 section may be reduced.

12 (21) ~~-(20)-~~ As used in this section:

13 (a) "Combined state and local revenue" means the aggregate  
14 of the district's state school aid received by or paid on behalf  
15 of the district under this section and the district's local  
16 school operating revenue.

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

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

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

24 (e) "Immediately preceding state fiscal year" means the  
25 state fiscal year immediately preceding the current state fiscal  
26 year.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

50

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

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

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

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

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

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

19       (l) "STATE MAXIMUM FOUNDATION ALLOWANCE" MEANS THE SUM OF  
20       THE BASIC FOUNDATION ALLOWANCE UNDER SUBSECTION (1) PLUS  
21       \$1,500.00 MINUS \$200.00.

22       (M) ~~-(t)-~~ "Taxable value per membership pupil" means taxable  
23       value, as certified by the department of treasury, for the calen-  
24       dar year ending in the current state fiscal year divided by the  
25       district's membership excluding special education pupils for the  
26       school year ending in the current state fiscal year.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

51

1        SEC. 21. IT IS THE INTENT OF THE HOUSE APPROPRIATIONS  
2        SUBCOMMITTEE THAT HAS JURISDICTION OVER THIS ACT TO DEVELOP A  
3        LONG-TERM SOLUTION TO THE PROBLEM OF DECLINING ENROLLMENT IN  
4        SMALL DISTRICTS.

5        SEC. 22. (1) A DISTRICT FORMED BEFORE DECEMBER 31 OF A  
6        FISCAL YEAR BY A CONSOLIDATION OF 2 OR MORE DISTRICTS IS ELIGIBLE  
7        TO RECEIVE FUNDING UNDER THIS SECTION FOR THAT FISCAL YEAR AS  
8        PROVIDED UNDER SUBSECTION (2).

9        (2) FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED IN  
10       SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED  
11       \$1,000,000.00 FOR 2002-2003 FOR PAYMENTS UNDER THIS SECTION. THE  
12       AMOUNT OF A PAYMENT UNDER THIS SECTION TO AN ELIGIBLE DISTRICT  
13       SHALL BE \$350.00 PER PUPIL FOR EACH PUPIL IN MEMBERSHIP AND EACH  
14       TUITION PUPIL IN THE DISTRICTS PARTICIPATING IN THE CONSOLIDATION  
15       ON THE PUPIL MEMBERSHIP COUNT DAY. A DISTRICT IS NOT ELIGIBLE  
16       FOR PAYMENTS UNDER THIS SECTION FOR MORE THAN 1 FISCAL YEAR.

17       (3) IF THE AMOUNT ALLOCATED UNDER THIS SECTION FOR A FISCAL  
18       YEAR IS NOT SUFFICIENT TO FULLY FUND PAYMENTS TO DISTRICTS UNDER  
19       THIS SECTION FOR THAT FISCAL YEAR, THE DEPARTMENT SHALL PRORATE  
20       PAYMENTS UNDER THIS SECTION FOR THAT FISCAL YEAR ON AN EQUAL PER  
21       PUPIL BASIS.

22       Sec. 22a. (1) From the appropriation in section 11, there  
23       is allocated ~~an amount not to exceed \$7,151,000,000.00 for~~  
24       ~~2000-2001,~~ an amount not to exceed ~~\$7,042,100,000.00~~  
25       \$7,018,000,000.00 for 2001-2002 ~~—,~~ and an amount not to exceed  
26       ~~\$6,956,000,000.00~~ \$6,949,200,000.00 for 2002-2003 for payments  
27       to districts, qualifying university schools, and qualifying

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

52

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

53

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

54

1 PA 197, MCL 125.1651 to 125.1681, the tax increment finance  
2 authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local  
3 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,  
4 or the brownfield redevelopment financing act, 1996 PA 381,  
5 MCL 125.2651 to 125.2672, divided by the district's membership.

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

55

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

10 (6) As used in this section:

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

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

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

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



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

56

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

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

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

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

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

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

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

57

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

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

8 Sec. 22b. (1) From the appropriation in section 11, there  
9 is allocated ~~an amount not to exceed \$1,864,000,000.00 for~~  
10 ~~2000-2001,~~ an amount not to exceed ~~\$2,377,200,000.00~~  
11 \$2,368,000,000.00 for 2001-2002 ~~—~~, AND AN AMOUNT NOT TO EXCEED  
12 \$2,839,800,000.00 FOR 2002-2003 for discretionary payments to  
13 districts under this section. Funds allocated under this section  
14 that are not expended in the state fiscal year for which they  
15 were allocated, as determined by the department, may be used to  
16 supplement the allocations under sections 22a and 51c in order to  
17 fully fund those calculated allocations for the same fiscal  
18 year.

19 (2) Subject to subsection (3) and section 11, ~~beginning in~~  
20 ~~2000-2001,~~ the allocation to a district under this section shall  
21 be an amount equal to the sum of the amounts calculated under  
22 sections 20, 20j, 51a(2), 51a(3), and 51a(12), minus the sum of  
23 the allocations to the district under sections 22a and 51c.

24 (3) In order to receive an allocation under this section,  
25 each district shall administer in each grade level that it oper-  
26 ates in grades 1 to 5 a standardized assessment approved by the  
27 department of grade-appropriate basic educational skills. A

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

58

1 district may use the Michigan literacy progress profile to  
2 satisfy this requirement for grades 1 to 3.

3 (4) From the allocation in subsection (1), the department  
4 may expend funds to pay for necessary costs associated with  
5 resolving matters pending in federal court impacting payments to  
6 districts, including, but not limited to, expert witness fees.

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

59

1           (2) DISTRICTS AND INTERMEDIATE DISTRICTS ARE ENCOURAGED TO  
2 ENTER INTO ARRANGEMENTS WITH FACILITIES AND INSTITUTIONS  
3 DESCRIBED IN THIS SECTION TO ENSURE FUNDING TO PROVIDE EDUCA-  
4 TIONAL SERVICES FOR PUPILS DESCRIBED IN THIS SECTION.

5           (3) IT IS THE INTENT OF THE LEGISLATURE TO STUDY MEMBERSHIP  
6 PROBLEMS INHERENT IN THE OPERATION OF A PUBLIC SCHOOL ACADEMY  
7 WITHIN A JUVENILE DETENTION FACILITY.

8           (4) ~~-(2)-~~ A district or intermediate district educating  
9 pupils described in this section at a residential child caring  
10 institution may operate, and receive funding under this section  
11 for, a department-approved on-grounds educational program for  
12 those pupils that is longer than 181 days, but not longer than  
13 233 days, if the child caring institution was licensed as a child  
14 caring institution and offered in 1991-92 an on-grounds educa-  
15 tional program that was longer than 181 days but not longer than  
16 233 days and that was operated by a district or intermediate  
17 district.

18           (5) ~~-(3)-~~ Special education pupils funded under section 53a  
19 shall not be funded under this section.

20           Sec. 26a. From the general fund appropriation in section  
21 11, there is allocated ~~each fiscal year for 2000-2001,~~  
22 ~~2001-2002,~~ an amount not to exceed ~~\$7,000,000.00~~ \$8,800,000.00  
23 FOR 2001-2002 AND AN AMOUNT NOT TO EXCEED \$10,174,000.00 FOR  
24 2002-2003 to reimburse districts, intermediate districts, and the  
25 state school aid fund pursuant to section 12 of the Michigan  
26 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied  
27 in ~~2000,~~ 2001 ~~—,~~ and 2002, respectively. This reimbursement

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

60

1 shall be made by adjusting payments under section 22a to eligible  
2 districts, adjusting payments under section 56, 62, or 81 to eli-  
3 gible intermediate districts, and adjusting the state school aid  
4 fund. The adjustments shall be made not later than 60 days after  
5 the department of treasury certifies to the department and to the  
6 state budget director that the department of treasury has  
7 received all necessary information to properly determine the  
8 amounts due to each eligible recipient.

9       Sec. 31a. (1) From the state school aid fund money appro-  
10 priated in section 11, there is allocated ~~for 2000-2001 an~~  
11 ~~amount not to exceed \$304,000,000.00,~~ for 2001-2002 an amount  
12 not to exceed ~~\$314,200,000.00,~~ \$310,700,000.00 AND THERE IS  
13 ALLOCATED FOR 2002-2003 AN AMOUNT NOT TO EXCEED \$317,700,000.00  
14 for payments to eligible districts and eligible public school  
15 academies under this section. Subject to subsection (10), the  
16 amount of the additional allowance under this section shall be  
17 based on the number of actual pupils in membership in the dis-  
18 trict or public school academy who met the income eligibility  
19 criteria for free breakfast, lunch, or milk in the immediately  
20 preceding state fiscal year, as determined under the Richard  
21 B. Russell national school lunch act, chapter 281, 60 Stat. 230,  
22 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769,  
23 1769b to 1769c, and 1769f to 1769h, and reported to the depart-  
24 ment by October 31 of the immediately preceding fiscal year and  
25 adjusted not later than December 31 of the immediately preceding  
26 fiscal year. However, for a public school academy that began  
27 operations as a public school academy after the pupil membership

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

61

1 count day of the immediately preceding school year, the basis for  
2 the additional allowance under this section shall be the number  
3 of actual pupils in membership in the public school academy who  
4 met the income eligibility criteria for free breakfast, lunch, or  
5 milk in the current state fiscal year, as determined under the  
6 Richard B. Russell national school lunch act.

7 (2) To be eligible to receive funding under this section,  
8 OTHER THAN FUNDING UNDER SUBSECTION (6), a district or public  
9 school academy that has not been previously determined to be eli-  
10 gible shall apply to the department, in a form and manner pre-  
11 scribed by the department, and a district or public school acad-  
12 emy must meet all of the following:

13 (a) The sum of the district's or public school academy's  
14 combined state and local revenue per membership pupil in the cur-  
15 rent state fiscal year, as calculated under section 20, plus the  
16 amount of the district's per pupil allocation under section  
17 20j(2), is less than or equal to \$6,500.00 adjusted by the dollar  
18 amount of the difference between the basic foundation allowance  
19 under section 20 for the current state fiscal year and  
20 \$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount  
21 prescribed in this subdivision shall be adjusted each year by an  
22 amount equal to the dollar amount of the difference between the  
23 basic foundation allowance for the current state fiscal year and  
24 \$5,000.00, minus \$200.00.

25 (b) The district or public school academy agrees to use the  
26 funding only for purposes allowed under this section and to

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

62

1 comply with the program and accountability requirements under  
2 this section.

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

63

1 academy who met the income eligibility criteria for free  
2 breakfast, lunch, or milk, as determined under the Richard  
3 B. Russell national school lunch act and as reported to the  
4 department by October 31 of the current fiscal year and adjusted  
5 not later than December 31 of the current fiscal year, an amount  
6 per pupil equal to 11.5% of the public school academy's per mem-  
7 bership pupil ~~allocation~~ AMOUNT CALCULATED under section 20 for  
8 the current state fiscal year.

9 (4) Except as otherwise provided in this section, a district  
10 or public school academy receiving funding under this section  
11 shall use that money only to provide instructional programs and  
12 direct noninstructional services, including, but not limited to,  
13 medical or counseling services, for at-risk pupils, and for the  
14 purposes of subsection (5) OR (6), ~~or section 32e~~ and shall not  
15 use any of that money for administrative costs or to supplant  
16 another program or other funds, except for funds allocated to the  
17 district or public school academy under this section in the imme-  
18 diately preceding year and already being used by the district or  
19 public school academy for at-risk pupils. The instruction or  
20 direct noninstructional services provided under this section may  
21 be conducted before or after regular school hours or by adding  
22 extra school days to the school year and may be conducted using a  
23 tutorial method, with paraprofessionals working under the super-  
24 vision of a certificated teacher. The ratio of pupils to para-  
25 professionals shall be between 10:1 and 15:1. Only 1 certifi-  
26 cated teacher is required to supervise instruction using a  
27 tutorial method. As used in this subsection, "to supplant



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

64

1 another program" means to take the place of a previously existing  
2 instructional program or direct noninstructional services funded  
3 from a funding source other than funding under this section.

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

11 (6) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THERE IS  
12 ALLOCATED FOR 2001-2002 AN AMOUNT NOT TO EXCEED \$2,400,000.00 TO  
13 SUPPORT TEEN HEALTH CENTERS. THESE 2001-2002 FUNDS SHALL BE DIS-  
14 TRIBUTED TO EXISTING TEEN HEALTH CENTERS IN A MANNER DETERMINED  
15 BY THE DEPARTMENT IN COLLABORATION WITH THE DEPARTMENT OF COMMU-  
16 NITY HEALTH.

17 (7) ~~-(6)-~~ Each district or public school academy receiving  
18 funds under this section shall submit to the department by  
19 July 15 of each fiscal year a report, not to exceed 10 pages, on  
20 the usage by the district or public school academy of funds under  
21 this section, which report shall include at least a brief  
22 description of each program conducted by the district or public  
23 school academy using funds under this section, the amount of  
24 funds under this section allocated to each of those programs, the  
25 number of at-risk pupils eligible for free or reduced price  
26 school lunch who were served by each of those programs, and the  
27 total number of at-risk pupils served by each of those programs.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

65

1 ~~If a district or public school academy does not comply with this~~  
2 ~~subsection, the department shall withhold an amount equal to the~~  
3 ~~August payment due under this section until the district or~~  
4 ~~public school academy complies with this subsection. If the dis-~~  
5 ~~trict or public school academy does not comply with this subsec-~~  
6 ~~tion by the end of the state fiscal year, the withheld funds~~  
7 ~~shall be forfeited to the school aid fund.~~

8 ~~(7) In order to receive funds under this section, a district~~  
9 ~~or public school academy shall allow access for the department or~~  
10 ~~the department's designee to audit all records related to the~~  
11 ~~program for which it receives those funds. The district or~~  
12 ~~public school academy shall reimburse the state for all disallow-~~  
13 ~~ances found in the audit.~~

14 (8) Subject to ~~subsection~~ SUBSECTIONS (5) AND (6), any  
15 district may use up to 100% of the funds it receives under this  
16 section to reduce the ratio of pupils to teachers in grades K-6,  
17 or any combination of those grades, in school buildings in which  
18 the percentage of pupils described in subsection (1) exceeds the  
19 district's aggregate percentage of those pupils. Subject to  
20 ~~subsection~~ SUBSECTIONS (5) AND (6), if a district obtains a  
21 waiver from the department, the district may use up to 100% of  
22 the funds it receives under this section to reduce the ratio of  
23 pupils to teachers in grades K-6, or any combination of those  
24 grades, in school buildings in which the percentage of pupils  
25 described in subsection (1) is at least 60% of the district's  
26 aggregate percentage of those pupils and at least 30% of the  
27 total number of pupils enrolled in the school building. To

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

66

1 obtain a waiver, a district must apply to the department and  
2 demonstrate to the satisfaction of the department that the class  
3 size reductions would be in the best interests of the district's  
4 at-risk pupils.

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

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

19 (11) If a district is formed by consolidation after June 1,  
20 1995, and if 1 or more of the original districts was not eligible  
21 before the consolidation for an additional allowance under this  
22 section, the amount of the additional allowance under this sec-  
23 tion for the consolidated district shall be based on the number  
24 of pupils described in subsection (1) enrolled in the consoli-  
25 dated district who reside in the territory of an original dis-  
26 trict that was eligible before the consolidation for an  
27 additional allowance under this section.

**SB1107, As Passed House, March 19, 2002**

Sub. SB 1107 (H-1) as amended March 19, 2002 67

1 (12) A district or public school academy that does not meet  
2 the eligibility requirement under subsection (2)(a) is eligible  
3 for funding under this section if at least 1/4 of the pupils in  
4 membership in the district or public school academy met the  
5 income eligibility criteria for free breakfast, lunch, or milk in  
6 the immediately preceding state fiscal year, as determined and  
7 reported as described in subsection (1), and at least 4,500 of  
8 the pupils in membership in the district or public school academy  
9 met the income eligibility criteria for free breakfast, lunch, or  
10 milk in the immediately preceding state fiscal year, as deter-  
11 mined and reported as described in subsection (1). A district or  
12 public school academy that is eligible for funding under this  
13 section because the district meets the requirements of this sub-  
14 section shall receive under this section for each membership  
15 pupil in the district or public school academy who met the income  
16 eligibility criteria for free breakfast, lunch, or milk in the  
17 immediately preceding fiscal year, as determined and reported as  
18 described in subsection (1), an amount per pupil equal to 5.75% [FOR 2001-  
2002 AND 11.5% FOR 2002-2003 AND SUBSEQUENT FISCAL YEARS]  
19 of the sum of the district's foundation allowance or public  
20 school academy's per pupil allocation under section 20, plus the  
21 amount of the district's per pupil allocation under section  
22 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of  
23 the difference between the basic foundation allowance under sec-  
24 tion 20 for the current state fiscal year and \$5,000.00.  
25 However, beginning in 2002-2003, the \$6,500.00 amount prescribed  
26 in this subsection shall be adjusted each year by an amount equal  
27 to the dollar amount of the difference between the basic

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

68

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

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

25 Sec. 31d. (1) From the state school aid fund appropriation  
26 in section 11, there is allocated ~~an amount not to exceed~~  
27 ~~\$14,149,400.00 for 2000-2001,~~ an amount not to exceed

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

69

1 ~~-\$15,039,400.00~~ \$16,477,700.00 for 2001-2002 ~~—,~~ and an amount  
2 not to exceed ~~-\$15,941,700.00~~ \$17,337,200.00 for 2002-2003, and  
3 from the general fund appropriation in section 11, there is allo-  
4 cated ~~an amount not to exceed \$682,300.00 for 2000-2001,~~ an  
5 amount not to exceed \$722,300.00 for 2001-2002 ~~—,~~ and an amount  
6 not to exceed \$762,800.00 for 2002-2003 for the purpose of making  
7 payments to districts, intermediate districts, and other eligible  
8 entities under this section.

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

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

22 (4) FROM THE FEDERAL FUNDS APPROPRIATED IN SECTION 11, THERE  
23 IS ALLOCATED FOR 2002-2003 ALL AVAILABLE FEDERAL FUNDING, ESTI-  
24 MATED AT \$272,125,000.00, FOR THE NATIONAL SCHOOL LUNCH PROGRAM  
25 AND ALL AVAILABLE FEDERAL FUNDING, ESTIMATED AT \$2,506,000.00,  
26 FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

70

1       (5) ~~-(4)-~~ Notwithstanding section 17b, payments to  
2   intermediate districts and other eligible entities under this  
3   section shall be paid on a schedule determined by the  
4   department.

5       Sec. 32a. (1) From the state school aid fund appropriation  
6   in section 11, there is allocated ~~an amount not to exceed~~  
7   ~~\$231,350,000.00 for 2000-2001,~~ an amount not to exceed  
8   \$189,250,000.00 for 2001-2002 ~~—~~, and an amount not to exceed  
9   \$99,251,000.00 FOR 2002-2003 to fund the all students achieve  
10   program (ASAP) as provided under sections 32b to 32h. In addi-  
11   tion, from the general fund appropriations in section 11, there  
12   is allocated ~~an amount not to exceed \$21,250,000.00 for~~  
13   ~~2000-2001,~~ an amount not to exceed \$2,200,100.00 for 2001-2002  
14   ~~—~~, AND AN AMOUNT NOT TO EXCEED \$2,200,000.00 FOR 2002-2003 for  
15   the purposes of sections 32b to 32h. The programs funded through  
16   this section are for the purposes of improving parenting skills,  
17   improving school readiness, reducing the number of pupils  
18   retained in grade, and reducing the number of pupils requiring  
19   special education services.

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

24       (3) A district shall not use funds received under sections  
25   32b to 32h to supplant any local or federal funds it currently  
26   receives. A district may use these funds in combination with

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

71

1 other federal, local, public, or private funds to enhance  
2 existing programs with similar purposes.

3       Sec. 32b. (1) From the state school aid fund allocation in  
4 section 32a(1), there is allocated ~~an amount not to exceed~~  
5 ~~\$45,000,000.00 for 2000-2001,~~ an amount not to exceed  
6 \$45,000,000.00 for 2001-2002 ~~—~~ and \$0.00 for 2002-2003 for  
7 grants to intermediate districts and districts for programs for  
8 preschool children and their parents. The purpose of these pro-  
9 grams is to improve school readiness and foster the maintenance  
10 of stable families by encouraging positive parenting skills;  
11 enhancing parent-child interaction; providing learning opportuni-  
12 ties to promote intellectual, physical, and social growth; and  
13 promoting access to needed community services through a  
14 community-school-home partnership that provides parents with  
15 information on child development from birth to age 5.

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

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

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

26       (ii) Group meetings of participating families.



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

72

1           (iii) Periodic developmental screening of the child's  
2 overall development, health, hearing, and vision.

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

7           (v) Connection with quality preschool programs.

8           (b) The program must be a collaborative community effort  
9 that includes at least the intermediate district or district,  
10 local multipurpose collaborative bodies, local health and welfare  
11 agencies, and private nonprofit agencies involved in programs and  
12 services for preschool children and their parents.

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

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

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

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

26           (d) Provide a projected budget for the program to be  
27 funded. The intermediate district shall provide at least a 20%

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

73

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

7 (4) Each successful grant recipient shall agree to include a  
8 data collection system and an evaluation tool approved by the  
9 department to measure the impact of the program on improving  
10 school readiness, reducing the number of children needing special  
11 education programs and services, and fostering the maintenance of  
12 stable families. The data collection system shall provide a  
13 report by October 15 of each year on the number of children in  
14 families with income below 200% of the federal poverty level that  
15 received services under this program and the total number of  
16 children who received services under this program.

17 (5) From the general fund allocation under section 32a(1),  
18 there is allocated ~~an amount not to exceed \$250,000.00 for~~  
19 ~~2000-2001,~~ an amount not to exceed \$100.00 for 2001-2002 ~~,~~ and  
20 \$0.00 for 2002-2003 to the department, including the office for  
21 safe schools, for implementation and evaluation of activities  
22 under this section. Further, upon receipt of the federal  
23 drug-free schools grant, the department shall allocate  
24 \$200,000.00 of that grant to the office for safe schools within  
25 the department.

26 (6) The department and superintendent shall do all of the  
27 following:

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

74

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

3 (b) The superintendent shall approve or disapprove applica-  
4 tions and notify the applying intermediate district or district  
5 of that decision not later than February 1, 2001. Priority in  
6 awarding grants shall be given to programs that focus on reducing  
7 the percentage of children needing special education programs and  
8 services when they enter school. The superintendent shall ensure  
9 that the intermediate districts and districts receiving grants  
10 under this section are geographically and economically diverse  
11 and that not more than 10% of the total allocation under this  
12 section is paid to any 1 particular intermediate district or  
13 district.

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

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

22 (7) ~~An~~ EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (8), AN  
23 intermediate district or district receiving funds under this sec-  
24 tion shall use the funds only for the program funded under this  
25 section. ~~Grants~~ SUBJECT TO SUBSECTION (8), GRANTS awarded by  
26 February 1, 2001 may be used for the following school year.

**SB1107, As Passed House, March 19, 2002**

Sub. SB 1107 (H-1) as amended March 19, 2002 75

1 (8) A DISTRICT OR INTERMEDIATE DISTRICT RECEIVING FUNDS  
2 UNDER THIS SECTION MAY CARRY OVER ANY UNEXPENDED FUNDS RECEIVED  
3 UNDER THIS SECTION TO SUBSEQUENT FISCAL YEARS AND MAY EXPEND  
4 THOSE UNUSED FUNDS IN SUBSEQUENT FISCAL YEARS. NOTWITHSTANDING  
5 ANY OTHER PROVISION OF THIS SECTION, FUNDS CARRIED OVER UNDER  
6 THIS SUBSECTION MAY BE USED TO FACILITATE PROGRAMS THAT ARE SUB-  
7 STANTIALY SIMILAR IN PURPOSE TO THOSE FUNDED UNDER THIS SECTION [ .  
8 ]

9 Sec. 32c. (1) From the general fund allocation in  
10 section 32a(1), there is allocated an amount not to exceed  
11 \$2,000,000.00 each fiscal year ~~for 2000-2001 and~~ for 2001-2002  
12 ~~—, and \$0.00~~ AND for 2002-2003 ~~—~~ to the department for grants  
13 for community-based collaborative prevention services designed to  
14 foster positive parenting skills; improve parent/child interac-  
15 tion, especially for children 0-3 years of age; promote access to  
16 needed community services; increase local capacity to serve fami-  
17 lies at risk; improve school readiness; and support healthy  
18 family environments that discourage alcohol, tobacco, and other  
19 drug use. The allocation under this section is to fund secondary  
20 prevention programs as defined by the children's trust fund for  
21 the prevention of child abuse and neglect.

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

76

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

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

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

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

13 Sec. 32d. (1) From the state school aid fund allocation  
14 under section 32a(1), there is allocated an amount not to exceed  
15 \$72,600,000.00 ~~each fiscal year for 2000-2001,~~ 2001-2002, AND  
16 FROM THE STATE SCHOOL AID FUND MONEY ALLOCATED UNDER SECTION 32A,  
17 THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$72,600,000.00 FOR  
18 2002-2003, for school readiness grants to enable eligible dis-  
19 tricts, as determined under section 37, to develop or expand, in  
20 conjunction with whatever federal funds may be available, includ-  
21 ing, but not limited to, federal funds under title I of the ele-  
22 mentary and secondary education act of 1965, Public Law 89-10,  
23 108 Stat. 3519, chapter 1 of title I of the Hawkins-Stafford ele-  
24 mentary and secondary school improvement amendments of 1988,  
25 Public Law 89-10, 102 Stat. 140, and the head start act, subchap-  
26 ter B of chapter 8 of subtitle A of title VI of the omnibus  
27 budget reconciliation act of 1981, Public Law 97-35,

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

77

1 comprehensive compensatory programs designed to improve the  
2 readiness and subsequent achievement of educationally disadvan-  
3 tagged children as defined by the department who will be at least  
4 4, but less than 5 years of age, as of December 1 of the school  
5 year in which the programs are offered, and who show evidence of  
6 2 or more risk factors as defined in the state board report enti-  
7 tled "children at risk" that was adopted by the state board on  
8 April 5, 1988. A comprehensive compensatory program funded under  
9 this section shall include an age-appropriate educational curric-  
10 ulum, nutritional services, health screening for participating  
11 children, a plan for parent and legal guardian involvement, and  
12 provision of referral services for families eligible for commu-  
13 nity social services. In addition, from the general fund alloca-  
14 tions under section 32a(1), there is allocated ~~an amount not to~~  
15 ~~exceed \$16,250,000.00 for 2000-2001 for the purposes of~~  
16 ~~subsections (2) and (3) and~~ an amount not to exceed \$200,000.00  
17 ~~each fiscal year~~ for 2001-2002 for the purposes of  
18 subsection (2), AND FROM THE GENERAL FUND MONEY ALLOCATED UNDER  
19 SECTION 32A, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED  
20 \$200,000.00 FOR 2002-2003 FOR THE PURPOSES OF SUBSECTION (2).

21 (2) From the general fund allocation in subsection (1),  
22 there is allocated each fiscal year for ~~2000-2001,~~ 2001-2002  
23 ~~—,~~ AND FOR 2002-2003 an amount not to exceed \$200,000.00 for a  
24 competitive grant to continue a longitudinal evaluation of chil-  
25 dren who have participated in the Michigan school readiness  
26 program.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

78

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

15       ~~(4) A district, entity, or agency receiving funding under~~  
16       ~~subsection (3) that offers head start or school readiness pro-~~  
17       ~~grams may use the funds to expand the program to operate a full~~  
18       ~~day.~~

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

23       ~~(6) An application for a grant under subsection (3) shall be~~  
24       ~~in the form and manner prescribed by the department. The depart-~~  
25       ~~ment shall make the application form available to districts by~~  
26       ~~December 15 of the school year. The application shall include a~~  
27       ~~program budget that states all sources of funding to be used for~~

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

79

1 ~~the program. Applications shall be submitted to the department~~  
2 ~~not later than February 1 of the school year. The department~~  
3 ~~shall approve or disapprove the application and notify the apply-~~  
4 ~~ing district, entity, or agency of that decision by April 1 of~~  
5 ~~the school year. Funds allocated under subsection (3) for the~~  
6 ~~current fiscal year may be expended through the end of the fol-~~  
7 ~~lowing fiscal year.~~

8 (3) ~~-(7)-~~ A district receiving a grant under this section  
9 may contract for the provision of the comprehensive compensatory  
10 program ~~or full day school readiness program~~ and retain for  
11 administrative services an amount equal to not more than 5% of  
12 the grant amount.

13 ~~-(8) As used in this section, "full day" means a program~~  
14 ~~that offers supplementary day care and therefore offers full-day~~  
15 ~~programming of at least 10 hours per day as part of its school~~  
16 ~~readiness program.~~

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

22 (4) ~~-(10)-~~ A grant recipient receiving funds under this sec-  
23 tion shall report to the department no later than October 15 of  
24 each year the number of children participating in the program who  
25 meet the income or other eligibility criteria specified under  
26 section 37(3)(g) and the total number of children participating  
27 in the program. For children participating in the program who



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

80

1 meet the income or other eligibility criteria specified under  
2 section 37(3)(g), grant recipients shall also report whether or  
3 not a parent is available to provide care based on employment  
4 status. For the purposes of this subsection, "employment status"  
5 shall be defined by the family independence agency in a manner  
6 consistent with maximizing the amount of spending that may be  
7 claimed for temporary assistance for needy families maintenance  
8 of effort purposes.

9       Sec. 32e. (1) From the state school aid fund allocations  
10 under section 32a(1), there is allocated an amount not to exceed  
11 \$26,650,000.00 each fiscal year ~~for 2000-2001,~~ for 2001-2002  
12 ~~—~~ AND FOR 2002-2003 for grants to eligible districts for pro-  
13 grams to maintain or establish small classes in grades K to 3 in  
14 eligible school buildings in the district.

15       (2) For a school building to be eligible for funding under  
16 this section, the school building must operate at least 1 of  
17 grades K to 3; the school building must be operated by a district  
18 that operates all of grades K to 12 and that receives funds under  
19 section 31a; and at least 50% of the actual pupils enrolled in  
20 the school building in the immediately preceding fiscal year must  
21 have been eligible for free lunch, as determined under the  
22 Richard B. Russell national school lunch act, chapter 281, 60  
23 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to  
24 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, and reported to  
25 the department not later than October 31 of the immediately pre-  
26 ceding fiscal year and adjusted not later than December 31 of the  
27 immediately preceding fiscal year.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

81

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

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

16           (5) Except as otherwise provided in this section, funding to  
17 districts under this section for 2000-2001 is intended to be for  
18 the third of 5 years of funding under this section and former  
19 section 31c, funding to districts under this section for  
20 2001-2002 is intended to be for the fourth of 5 years of funding  
21 under this section and former section 31c, and funding under this  
22 section for 2002-2003 is intended to be for the fifth of 5 years  
23 of funding under this section and former section 31c. For dis-  
24 tricts receiving funding under this section for the first time  
25 from the additional \$6,900,000.00 allocated under this section  
26 for 2000-2001, as compared to the funding under former section  
27 31c, funding to those districts under this section for 2000-2001

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

82

1 is intended to be for the first of 3 years of funding, funding to  
2 those districts under this section for 2001-2002 is intended to  
3 be for the second of 3 years of funding, and funding to those  
4 districts under this section for 2002-2003 is intended to be for  
5 the third of 3 years of funding.

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

11 Sec. 32f. (1) From the state school aid fund allocation  
12 under section 32a(1), there is allocated ~~for 2000-2001 an amount~~  
13 ~~not to exceed \$57,500,000.00,~~ for 2001-2002 an amount not to  
14 exceed \$45,000,000.00 —, and for 2002-2003 \$0.00, for grants  
15 under this section. From the general fund allocation under sec-  
16 tion 32a(1), there is allocated ~~for 2000-2001 an amount not to~~  
17 ~~exceed \$2,750,000.00 for the purposes of subsections (4) and (5),~~  
18 ~~and there is allocated~~ each fiscal year for 2001-2002 and for  
19 2002-2003 \$0.00 for the purposes of subsection ~~(4)~~ (3).

20 (2) From the allocation in subsection (1), there is allo-  
21 cated ~~for 2000-2001 an amount not to exceed \$5,000,000.00,~~ for  
22 2001-2002 an amount not to exceed \$2,000,000.00 —, and for  
23 2002-2003 \$0.00, for providing grants to the 8 regional literacy  
24 centers for the purposes of expanding training programs for  
25 trainers and teachers in the use of strategies for reading  
26 instruction and assessment, including the Michigan literacy  
27 progress profile.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

83

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

7       (3) ~~-(4)~~ From the general fund allocation in subsection  
8       (1), there is allocated to the department ~~an amount not to~~  
9       ~~exceed \$2,500,000.00 for 2000-2001 and~~ \$0.00 each fiscal year  
10      for 2001-2002 and for 2002-2003 for the development and dissemi-  
11      nation of read, educate, and develop youth (READY) kits to par-  
12      ents of preschool and kindergarten children to provide these par-  
13      ents with information about how they can prepare their children  
14      for reading success.

15      (4) ~~-(5)~~ From the general fund allocation in subsection  
16      (1), there is allocated to the department ~~for 2000-2001 an~~  
17      ~~amount not to exceed \$250,000.00 and~~ each fiscal year for  
18      2001-2002 and 2002-2003 \$0.00 for the grant review process and  
19      grant administration under this section.

20      (5) ~~-(6)~~ Except as otherwise provided in subsection ~~-(18)~~  
21      (17), to be eligible for a grant under this section, a district  
22      must have had at least 1,500 pupils in membership in 1998-99, and  
23      the number of pupils in the district that have been determined to  
24      have a specific learning disability according to R 340.1713 of  
25      the Michigan administrative code, as determined in the December  
26      1, 1998 head count required under the individuals with  
27      disabilities education act, title VI of Public Law 91-230, must

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

84

1 equal or exceed 5% of the district's membership. In addition, a  
2 district is eligible for a grant under this section if the dis-  
3 trict had at least 1,500 pupils in membership in 1998-99 and if  
4 not more than 41% of the district's pupils who took the spring  
5 1999 fourth grade MEAP reading test achieved a score of at least  
6 satisfactory. Except as otherwise provided in subsection ~~-(18)~~  
7 (17), for a public school academy to be eligible for a grant  
8 under this section, the public school academy must be located in  
9 a district that is eligible under this subsection.

10 (6) ~~-(7)~~ From the allocation in subsection (1), there is  
11 allocated ~~for 2000-2001 an amount not to exceed \$50,000,000.00,~~  
12 for 2001-2002 an amount not to exceed \$43,000,000.00 ~~—~~ and for  
13 2002-2003 \$0.00, for competitive grants to eligible districts, to  
14 intermediate districts, and to public school academies located  
15 within eligible districts for reading improvements programs for  
16 pupils in grades K to 4, reading disorders and reading methods  
17 programs, mentoring programs, language and literacy outreach pro-  
18 grams, or cognitive development programs. For 2001-2002, grants  
19 under this subsection shall be paid to grant recipients in the  
20 same proportion of the total allocation under this subsection as  
21 for 2000-2001. If the legislature enacts legislation authorizing  
22 the appropriation of federal funds for reading improvement pro-  
23 grams for 2001-2002 or for 2002-2003, then it is the intent of  
24 the legislature that these funds be used to the extent possible  
25 for the purposes of this subsection. Federal funds received for  
26 reading improvement programs that can be used for substantially  
27 similar purposes as described under this section shall be first

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

85

1 expended for the purposes of this subsection before funds  
2 appropriated from the state school aid fund allocated under this  
3 subsection, and the expenditure of funds under this subsection  
4 from the state school aid fund shall be reduced by an amount  
5 equal to the amount of the expenditure of federal funds under  
6 this subsection. If any conflict exists between federal reading  
7 program guidelines and this section, federal law will control.

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

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

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

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

86

1       (8) ~~-(9)-~~ Funds allocated for programs described in  
2       subsection ~~-(8)-~~ (7) may be used to reimburse grant recipients  
3       for funds paid by districts for up to 1/2 of the salaries and  
4       benefits for each teacher trained and certified to provide a  
5       reading improvement program.

6       (9) ~~-(10)-~~ Except as otherwise provided under subsection  
7       ~~-(18)-~~ (17), to qualify for funding under this section, a pro-  
8       posed mentoring program must be a research-based, validated pro-  
9       gram or a statewide 1-to-1 mentoring program to enhance the inde-  
10      pendence and life quality of pupils who are mentally impaired by  
11      providing opportunities for mentoring and integrated employment.

12      (10) ~~-(11)-~~ Except as otherwise provided under subsection  
13      ~~-(18)-~~ (17), to qualify for funding under this section, a pro-  
14      posed cognitive development program must be a research-based,  
15      validated educational service program, focused on assessing and  
16      building essential cognitive and perceptual learning abilities to  
17      strengthen pupil concentration and learning.

18      (11) ~~-(12)-~~ Except as otherwise provided under subsection  
19      ~~-(18)-~~ (17), to qualify for funding under this section, a pro-  
20      posed structured mentoring-tutorial reading program for preschool  
21      to grade 4 pupils must be a research-based, validated program  
22      that develops individualized instructional plans based on each  
23      pupil's age, assessed needs, reading level, interests, and learn-  
24      ing style.

25      (12) ~~-(13)-~~ A program receiving funding under this section  
26      may be conducted outside of regular school hours or outside the  
27      regular school calendar.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

87

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

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

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



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

88

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

11 (16) ~~(17)~~ Notwithstanding section 17b, payments under this  
12 section shall be paid on a schedule determined by the  
13 department.

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

23 (18) ~~(19)~~ If the maximum amount appropriated under this  
24 section exceeds the amount necessary to fully fund allocations  
25 under this section, that excess amount shall not be expended in  
26 that state fiscal year but shall instead be carried forward to

**SB1107, As Passed House, March 19, 2002**

Sub. SB 1107 (H-1) as amended March 19, 2002 89

1 the succeeding fiscal year and added to any funds appropriated  
2 for that fiscal year for expenditure in that fiscal year.

3 (19) ~~-(20)-~~ A district that received funding for 1999-2000  
4 under former section 32 shall receive funding under this section  
5 for ~~2000-2001,~~ 2001-2002. ~~, and 2002-2003.~~

6 (20) A DISTRICT OR INTERMEDIATE DISTRICT RECEIVING FUNDS  
7 UNDER THIS SECTION MAY CARRY OVER ANY UNEXPENDED FUNDS RECEIVED  
8 UNDER THIS SECTION TO SUBSEQUENT FISCAL YEARS AND MAY EXPEND  
9 THOSE UNUSED FUNDS IN SUBSEQUENT FISCAL YEARS. [  
10  
11  
12  
13 ]

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

20 SEC. 32I. IF IT IS DETERMINED AT THE MAY 2002 REVENUE ESTI-  
21 MATING CONFERENCE CONDUCTED UNDER SECTION 367B OF THE MANAGEMENT  
22 AND BUDGET ACT, 1984 PA 431, MCL 18.1367B, THAT THERE IS ADDI-  
23 TIONAL SCHOOL AID FUND REVENUE BEYOND THAT DETERMINED AT THE  
24 JANUARY 2002 REVENUE ESTIMATING CONFERENCE, THEN IT IS THE INTENT  
25 OF THE LEGISLATURE TO ENACT LEGISLATION TO FUND, TO THE EXTENT  
26 THAT REVENUES ARE AVAILABLE, THE SAME PROGRAMS THAT WERE FUNDED

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

90

1 UNDER SECTIONS 32B, 32C, 32F(2), AND 32F(7) IN 2001-2002 AND  
2 UNDER SECTION 32D(3) IN 2000-2001.

3 Sec. 37. (1) A district is eligible for an allocation under  
4 ~~section 36 or, beginning in 2000-2001,~~ section 32d ~~,~~ if the  
5 district meets all of the requirements in subsections (2), (3),  
6 and (4).

7 (2) The district shall submit a preapplication, in a manner  
8 and on forms prescribed by the department, by a date specified by  
9 the department in the immediately preceding state fiscal year.  
10 The preapplication shall include a comprehensive needs assessment  
11 and community collaboration plan, and shall identify all of the  
12 following:

13 (a) The estimated total number of children in the community  
14 who meet the criteria of section ~~36 or, beginning in 2000-2001,~~  
15 ~~section 32d,~~ 32D and how that calculation was made.

16 (b) The estimated number of children in the community who  
17 meet the criteria of section ~~36 or, beginning in 2000-2001, sec-~~  
18 ~~tion 32d,~~ 32D and are being served by other early childhood  
19 development programs operating in the community, and how that  
20 calculation was made.

21 (c) The number of children the district will be able to  
22 serve who meet the criteria of section ~~36 or, beginning in~~  
23 ~~2000-2001, section 32d,~~ 32D including a verification of physical  
24 facility and staff resources capacity.

25 (d) The estimated number of children who meet the criteria  
26 of section ~~36 or, beginning in 2000-2001, section 32d,~~ 32D who  
27 will remain unserved after the district and community early

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

91

1 childhood programs have met their funded enrollments. The school  
2 district shall maintain a waiting list of identified unserved  
3 eligible children who would be served when openings are  
4 available.

5 (3) The district shall submit a final application for  
6 approval, in a manner and on forms prescribed by the department,  
7 by a date specified by the department. The final application  
8 shall indicate all of the following that apply:

9 (a) The district complies with the state board approved  
10 standards of quality and curriculum guidelines for early child-  
11 hood programs for 4-year-olds.

12 (b) The district provides for the active and continuous par-  
13 ticipation of parents or guardians of the children in the pro-  
14 gram, and describes the district's participation plan as part of  
15 the application.

16 (c) The district only employs for this program the  
17 following:

18 (i) Teachers possessing proper training, including, but not  
19 limited to, a valid teaching certificate and an early childhood  
20 (ZA) endorsement. This provision does not apply to a district  
21 that subcontracts with an eligible child development program. In  
22 that situation a teacher must have a valid teaching certificate  
23 and may have a child development associate credential (CDA)  
24 instead of an early childhood (ZA) endorsement.

25 (ii) Paraprofessionals possessing proper training in early  
26 childhood development or who have completed at least 1 course in  
27 an appropriate training program, including, but not limited to, a

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

92

1 child development associate credential (CDA) or associate degree  
2 in child development or other similar program, as approved by the  
3 department.

4 (d) The district has submitted for approval a program budget  
5 that includes only those costs not reimbursed or reimbursable by  
6 federal funding, that are clearly and directly attributable to  
7 the early childhood readiness program, and that would not be  
8 incurred if the program were not being offered. If children  
9 other than those determined to be educationally disadvantaged  
10 participate in the program, state reimbursement under section ~~36~~  
11 ~~or, beginning in 2000-2001, under section~~ 32d shall be limited  
12 to the portion of approved costs attributable to educationally  
13 disadvantaged children.

14 (e) The district has established a school readiness advisory  
15 committee consisting of, at a minimum, classroom teachers for  
16 prekindergarten, kindergarten, and first grade; parents or guard-  
17 ians of program participants; representatives from appropriate  
18 community agencies and organizations; the district curriculum  
19 director or equivalent administrator; and, if feasible, a school  
20 psychologist, school social worker, or school counselor. In  
21 addition, there shall be on the committee at least 1 parent or  
22 guardian of a program participant for every 18 children enrolled  
23 in the program, with a minimum of 2 parent or guardian  
24 representatives. The committee shall do all of the following:

25 (i) Ensure the ongoing articulation of the early childhood,  
26 kindergarten, and first grade programs offered by the district.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

93

1           (ii) Review the mechanisms and criteria used to determine  
2 participation in the early childhood program.

3           (iii) Review the health screening program for all  
4 participants.

5           (iv) Review the nutritional services provided to program  
6 participants.

7           (v) Review the mechanisms in place for the referral of fami-  
8 lies to community social service agencies, as appropriate.

9           (vi) Review the collaboration with and the involvement of  
10 appropriate community, volunteer, and social service agencies and  
11 organizations in addressing all aspects of educational  
12 disadvantage.

13           (vii) Review, evaluate, and make recommendations to a local  
14 school readiness program or programs for changes to the school  
15 readiness program.

16           (f) The district has submitted for departmental approval a  
17 plan to conduct and report annual school readiness program evalu-  
18 ations using criteria approved by the department. At a minimum,  
19 the evaluations shall include assessment of the gains in educa-  
20 tional readiness and progress through first grade of children  
21 participating in the school readiness program.

22           (g) More than 50% of the children participating in the pro-  
23 gram meet the income eligibility criteria for free or reduced  
24 price lunch, as determined under the Richard B. Russell national  
25 school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to  
26 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c,  
27 and 1769f to 1769h, or meet the income and all other eligibility

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

94

1 criteria for the family independence agency unified child day  
2 care program.

3 (4) A consortium of 2 or more districts shall be eligible  
4 for an allocation under section ~~36 or, beginning in 2000-2001,~~  
5 ~~section 32d,~~ 32D if the districts designate a single fiscal  
6 agent for the allocation. A district or intermediate district  
7 may administer a consortium described in this subsection. A con-  
8 sortium shall submit a single preapplication and application for  
9 the children to be served, regardless of the number of districts  
10 participating in the consortium.

11 (5) With the final application, an applicant district shall  
12 submit to the department a resolution adopted by its board certi-  
13 fying the number of 4-year-old children who show evidence of risk  
14 factors as described in section ~~36 or, beginning in 2000-2001,~~  
15 ~~section 32d,~~ 32D who meet the income eligibility criteria for  
16 free or reduced price lunch or the income and all other eligibil-  
17 ity criteria for the family independence agency unified child day  
18 care program, and who will participate in a school readiness pro-  
19 gram funded under section ~~36 or, beginning in 2000-2001,~~  
20 ~~section~~ 32d.

21 Sec. 38. The maximum number of prekindergarten children  
22 construed to be in need of special readiness assistance under  
23 section ~~36 or, beginning in 2000-2001,~~ ~~section~~ 32d shall be  
24 calculated for each district in the following manner: one-half  
25 of the percentage of the district's pupils in grades 1-5 who are  
26 eligible for free lunch, as determined by the district's October  
27 count in the immediately preceding school year under the Richard

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

95

1 B. Russell national school lunch act, chapter 281, 60 Stat. 230,  
2 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769,  
3 1769b to 1769c, and 1769f to 1769h, as reported to the department  
4 not later than December 31 of the immediately preceding fiscal  
5 year, shall be multiplied by the average kindergarten enrollment  
6 of the district on the pupil membership count day of the 2 imme-  
7 diately preceding years.

8 Sec. 39. (1) The tentative allocation for each fiscal year  
9 to each eligible district under section ~~36 or, beginning in~~  
10 ~~2000-2001, section~~ 32d shall be determined by multiplying the  
11 number of children determined in section 38 or the number of  
12 children the district indicates it will be able to serve under  
13 section 37(2)(c), whichever is less, ~~by \$3,100.00 or, beginning~~  
14 ~~in 2000-2001,~~ by \$3,300.00 and shall be distributed among dis-  
15 tricts in decreasing order of concentration of eligible children  
16 as determined by section 38 until the money allocated in section  
17 ~~36 or, beginning in 2000-2001, section~~ 32d is distributed.

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

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



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

96

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

7 (5) For any district with 315 or more eligible pupils, the  
8 number of eligible pupils shall be 65% of the number calculated  
9 under section 38. However, none of these districts may have less  
10 than 315 pupils for purposes of calculating the tentative alloca-  
11 tion under section ~~36 or, beginning in 2000-2001, section~~ 32d.

12 (6) If, taking into account the total amount to be allocated  
13 to the district as calculated under this section, a district  
14 determines that it is able to include additional eligible chil-  
15 dren in the school readiness program without additional funds  
16 under this section, the district may include additional eligible  
17 children but shall not receive additional funding under this sec-  
18 tion for those children.

19 SEC. 39A. (1) FROM THE APPROPRIATION IN SECTION 11, THERE  
20 IS ALLOCATED FOR 2002-2003 TO DISTRICTS, INTERMEDIATE DISTRICTS,  
21 AND OTHER ELIGIBLE ENTITIES ALL AVAILABLE FEDERAL FUNDING, ESTI-  
22 MATED AT \$651,338,200.00, FOR THE FEDERAL "NO CHILD LEFT BEHIND  
23 ACT" PROGRAMS UNDER PUBLIC LAW 107-116. THESE FUNDS ARE ALLO-  
24 CATED AS FOLLOWS:

25 (A) AN AMOUNT ESTIMATED AT \$1,648,300.00 FOR COMMUNITY SERV-  
26 ICE STATE GRANTS, FUNDED FROM DED-OESE, COMMUNITY SERVICE STATE  
27 GRANT FUNDS.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

97

1 (B) AN AMOUNT ESTIMATED AT \$16,758,400.00 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 \$106,770,200.00 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 ESTABLISHED AT \$9,000,000.00 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,

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

98

1 FUNDED FROM DED-OESE, TITLE I AND TITLE X, COMPREHENSIVE SCHOOL  
2 REFORM FUNDS.

3 (J) AN AMOUNT ESTIMATED AT \$409,650,700.00 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 \$8,334,400.00 FOR THE PURPOSE OF  
8 PROVIDING UNIFIED FAMILY LITERACY PROGRAMS, FUNDED FROM DED-OESE,  
9 TITLE I, EVEN START FUNDS.

10 (I) AN AMOUNT ESTIMATED AT \$8,879,300.00 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 \$27,050,000.00 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 FOR 2002-2003 TO DISTRICTS, INTERMEDIATE  
27 DISTRICTS, AND OTHER ELIGIBLE ENTITIES ALL AVAILABLE FEDERAL

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

99

1 FUNDING, ESTIMATED AT \$6,595,300.00, FOR THE FOLLOWING PROGRAMS  
2 THAT ARE FUNDED BY FEDERAL GRANTS:

3 (A) AN AMOUNT ESTIMATED AT \$600,000.00 FOR ACQUIRED IMMUNO-  
4 DEFICIENCY SYNDROME EDUCATION GRANTS, FUNDED FROM HHS-CENTER FOR  
5 DISEASE CONTROL, AIDS FUNDING.

6 (B) AN AMOUNT ESTIMATED AT \$976,000.00 FOR AT-RISK CHILD  
7 CARE, FUNDED FROM HHS-ACF, AT-RISK CHILD CARE FUNDS.

8 (C) AN AMOUNT ESTIMATED AT \$1,553,500.00 FOR EMERGENCY SERV-  
9 ICES TO IMMIGRANTS, FUNDED FROM DED-OBEMLA, EMERGENCY IMMIGRANT  
10 EDUCATION ASSISTANCE FUNDS.

11 (D) AN AMOUNT ESTIMATED AT \$1,468,300.00 TO PROVIDE SERVICES  
12 TO HOMELESS CHILDREN AND YOUTH, FUNDED FROM DED-OVAE, HOMELESS  
13 CHILDREN AND YOUTH FUNDS.

14 (E) AN AMOUNT ESTIMATED AT \$300,000.00 FOR REFUGEE CHILDREN  
15 SCHOOL IMPACT GRANTS, FUNDED FROM HHS-ACF, REFUGEE CHILDREN  
16 SCHOOL IMPACT FUNDS.

17 (F) AN AMOUNT ESTIMATED AT \$857,500.00 FOR SCHOOL-AGE CHILD  
18 CARE GRANTS, FUNDED FROM HHS-ACF, DEPENDENT CARE BLOCK GRANT  
19 FUNDS.

20 (G) AN AMOUNT ESTIMATED AT \$840,000.00 FOR SERVE AMERICA  
21 GRANTS, FUNDED FROM THE CORPORATION FOR NATIONAL AND COMMUNITY  
22 SERVICE FUNDS.

23 (3) ALL FEDERAL FUNDS ALLOCATED UNDER THIS SECTION SHALL BE  
24 DISTRIBUTED IN ACCORDANCE WITH FEDERAL LAW AND WITH FLEXIBILITY  
25 PROVISIONS OUTLINED IN PUBLIC LAW 107-116 AND IN THE EDUCATION  
26 FLEXIBILITY PARTNERSHIP ACT OF 1999, PUBLIC LAW 106-25, 113  
27 STAT. 41. NOTWITHSTANDING SECTION 17B, PAYMENTS OF FEDERAL FUNDS

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

100

1 TO DISTRICTS, INTERMEDIATE DISTRICTS, AND OTHER ELIGIBLE ENTITIES  
2 UNDER THIS SECTION SHALL BE PAID ON A SCHEDULE DETERMINED BY THE  
3 DEPARTMENT.

4 (4) IT IS THE INTENT OF THE LEGISLATURE THAT THE FUNDS ALLO-  
5 CATED UNDER THIS SECTION BE USED TO THE EXTENT POSSIBLE FOR THE  
6 SAME PURPOSES AS SECTIONS 32B, 32E, 32F, AND 32H. IF ANY CON-  
7 FLICT EXISTS BETWEEN FEDERAL PROGRAM GUIDELINES AND THIS SUBSEC-  
8 TION, FEDERAL LAW WILL CONTROL.

9 (5) AS USED IN THIS SECTION:

10 (A) "DED" MEANS THE UNITED STATES DEPARTMENT OF EDUCATION.

11 (B) "DED-OBEMLA" MEANS THE DED OFFICE OF BILINGUAL EDUCATION  
12 AND MINORITY LANGUAGES AFFAIRS.

13 (C) "DED-OESE" MEANS THE DED OFFICE OF ELEMENTARY AND SEC-  
14 ONDARY EDUCATION.

15 (D) "DED-OVAE" MEANS THE DED OFFICE OF VOCATIONAL AND ADULT  
16 EDUCATION.

17 (E) "HHS" MEANS THE UNITED STATES DEPARTMENT OF HEALTH AND  
18 HUMAN SERVICES.

19 (F) "HHS-ACF" MEANS THE HHS ADMINISTRATION FOR CHILDREN AND  
20 FAMILIES.

21 Sec. 41. From the appropriation in section 11, there is  
22 allocated an amount not to exceed \$4,212,000.00 each fiscal year  
23 ~~for 2000-2001,~~ for 2001-2002 ~~—~~ AND FOR 2002-2003 to applicant  
24 districts and intermediate districts offering programs of bilin-  
25 gual instruction for pupils of limited English-speaking ability  
26 under section 1153 of the revised school code, MCL 380.1153.  
27 Reimbursement shall be on a per pupil basis and shall be based on

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

101

1 the number of pupils of limited English-speaking ability in  
2 membership on the pupil membership count day. Funds allocated  
3 under this section shall be used solely for bilingual instruction  
4 in speaking, reading, writing, or comprehension of pupils of  
5 limited English-speaking ability.

6 Sec. 51a. (1) From the appropriation in section 11, ~~there~~  
7 ~~is allocated for 2000-2001 an amount not to exceed~~  
8 ~~\$739,021,900.00 from state sources and all available federal~~  
9 ~~funding under sections 611 to 619 of part B of the individuals~~  
10 ~~with disabilities education act, title VI of Public Law 91-230,~~  
11 ~~20 U.S.C. 1411 to 1419, estimated at \$160,000,000.00, plus any~~  
12 ~~carryover federal funds from previous year appropriations;~~ there  
13 is allocated for 2001-2002 an amount not to exceed  
14 ~~\$794,821,900.00~~ \$796,401,900.00 from state sources and all  
15 available federal funding UNDER SECTIONS 611 TO 619 OF PART B OF  
16 THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT, TITLE VI OF  
17 PUBLIC LAW 91-230, 20 U.S.C. 1411 TO 1419, estimated at  
18 \$203,000,000.00, plus any carryover federal funds from previous  
19 year appropriations; and there is allocated for 2002-2003 an  
20 amount not to exceed ~~\$848,661,900.00~~ \$852,721,900.00 from state  
21 sources and all available federal funding, estimated at  
22 \$235,000,000.00, plus any carryover federal funds from previous  
23 year appropriations. The allocations under this subsection are  
24 for the purpose of reimbursing districts and intermediate dis-  
25 tricts for special education programs, services, and special edu-  
26 cation personnel as prescribed in article 3 of the revised school  
27 code, MCL 380.1701 to 380.1766; net tuition payments made by

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

102

1 intermediate districts to the Michigan schools for the deaf and  
2 blind; and special education programs and services for pupils who  
3 are eligible for special education programs and services accord-  
4 ing to statute or rule. For meeting the costs of special educa-  
5 tion programs and services not reimbursed under this article, a  
6 district or intermediate district may use money in general funds  
7 or special education funds, not otherwise restricted, or contri-  
8 butions from districts to intermediate districts, tuition pay-  
9 ments, gifts and contributions from individuals, or federal funds  
10 that may be available for this purpose, as determined by the  
11 intermediate district plan prepared pursuant to article 3 of the  
12 revised school code, MCL 380.1701 to 380.1766. ALL FEDERAL FUNDS  
13 ALLOCATED UNDER THIS SECTION IN EXCESS OF THOSE ALLOCATED UNDER  
14 THIS SECTION FOR 2001-2002 MAY BE DISTRIBUTED IN ACCORDANCE WITH  
15 34 C.F.R. 300.234 AND SECTION 613(a)(2)(D) OF PART B OF TITLE VI  
16 OF THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT, PUBLIC LAW  
17 91-230, 20 U.S.C. 1413. NOTWITHSTANDING SECTION 17B, PAYMENTS OF  
18 FEDERAL FUNDS TO DISTRICTS, INTERMEDIATE DISTRICTS, AND OTHER  
19 ELIGIBLE ENTITIES UNDER THIS SECTION SHALL BE PAID ON A SCHEDULE  
20 DETERMINED BY THE DEPARTMENT.

21 (2) From the funds allocated under subsection (1), there is  
22 allocated ~~for 2000-2001,~~ for 2001-2002 ~~—,~~ and for 2002-2003  
23 the amount necessary, estimated at ~~—\$128,200,000.00 for~~  
24 ~~2000-2001, \$138,000,000.00—~~ \$139,200,000.00 for 2001-2002, and  
25 ~~—\$148,000,000.00—~~ \$149,500,000.00 for 2002-2003, for payments  
26 toward reimbursing districts and intermediate districts for  
27 28.6138% of total approved costs of special education, excluding

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

103

1 costs reimbursed under section 53a, and 70.4165% of total  
2 approved costs of special education transportation. Allocations  
3 under this subsection shall be made as follows:

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



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

104

1 by an amount equal to the dollar amount of the difference between  
2 the basic foundation allowance for the current state fiscal year  
3 and \$5,000.00, minus \$200.00.

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

105

1 made in a manner determined by the department and shall include  
2 adjustments for program shifts.

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

106

1 equipment, and services that the department determines to be  
2 designed to benefit or improve special education on a statewide  
3 scale.

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

107

1 as defined in section 6 of the revised school code, MCL 380.6.  
2 Costs reimbursed by federal funds, other than those federal funds  
3 included in the allocation made under this article, are not  
4 included. Special education approved personnel not utilized full  
5 time in the evaluation of students or in the delivery of special  
6 education programs, ancillary, and other related services shall  
7 be reimbursed under this section only for that portion of time  
8 actually spent providing these programs and services, with the  
9 exception of special education programs and services provided to  
10 youth placed in child caring institutions or juvenile detention  
11 programs approved by the department to provide an on-grounds edu-  
12 cation program.

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

108

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

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

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

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

23 (12) From the funds allocated in subsection (1), there is  
24 allocated each fiscal year ~~for 2000-2001,~~ for 2001-2002 ~~—~~ and  
25 for 2002-2003 the amount necessary, estimated at ~~—\$6,700,000.00~~  
26 ~~for 2000-2001, \$7,100,000.00 for 2001-2002, and \$7,300,000.00 for~~  
27 ~~2002-2003—~~ \$7,200,000.00 EACH FISCAL YEAR, to pay the foundation

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

109

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

26 (a) Pupils described in section 53a.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

110

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

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

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

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

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

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

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

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

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

18 (14) The allocations under subsection (2), subsection (3),  
19 and subsection (12) shall be allocations to intermediate dis-  
20 tricts only and shall not be allocations to districts, but  
21 instead shall be calculations used only to determine the state  
22 payments under section 22b.

23 Sec. 51c. As required by the court in the consolidated  
24 cases known as Durant v State of Michigan, Michigan supreme court  
25 docket no. 104458-104492, from the allocation under section  
26 51a(1), there is allocated ~~for 2000-2001,~~ for 2001-2002 ~~—~~ and  
27 for 2002-2003 the amount necessary, estimated at ~~-\$529,000,000.00~~

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

111

1 ~~for 2000-2001, \$568,000,000.00~~ \$576,100,000.00 for 2001-2002 —,  
2 ~~and \$611,000,000.00~~ AND \$621,900,000.00 for 2002-2003, for pay-  
3 ments to reimburse districts for 28.6138% of total approved costs  
4 of special education excluding costs reimbursed under section  
5 53a, and 70.4165% of total approved costs of special education  
6 transportation. Funds allocated under this section that are not  
7 expended in the state fiscal year for which they were allocated,  
8 as determined by the department, may be used to supplement the  
9 allocations under sections 22a and 22b in order to fully fund  
10 those calculated allocations for the same fiscal year.

11 SEC. 51D. (1) FROM THE FEDERAL FUNDS APPROPRIATION IN SEC-  
12 TION 11, THERE IS ALLOCATED FOR 2002-2003 ALL AVAILABLE FEDERAL  
13 FUNDING, ESTIMATED AT \$59,837,200.00, FOR SPECIAL EDUCATION PRO-  
14 GRAMS THAT ARE FUNDED BY FEDERAL GRANTS. ALL FEDERAL FUNDS ALLO-  
15 CATED UNDER THIS SECTION SHALL BE DISTRIBUTED IN ACCORDANCE WITH  
16 FEDERAL LAW. NOTWITHSTANDING SECTION 17B, PAYMENTS OF FEDERAL  
17 FUNDS TO DISTRICTS, INTERMEDIATE DISTRICTS, AND OTHER ELIGIBLE  
18 ENTITIES UNDER THIS SECTION SHALL BE PAID ON A SCHEDULE DETER-  
19 MINED BY THE DEPARTMENT.

20 (2) FROM THE FEDERAL FUNDS ALLOCATED UNDER SUBSECTION (1),  
21 THE FOLLOWING AMOUNTS ARE ALLOCATED FOR 2002-2003:

22 (A) AN AMOUNT ESTIMATED AT \$16,000,000.00 FOR HANDICAPPED  
23 INFANTS AND TODDLERS, FUNDED FROM DED-OSERS, HANDICAPPED INFANTS  
24 AND TODDLERS FUNDS.

25 (B) AN AMOUNT ESTIMATED AT \$13,500,000.00 FOR PRESCHOOL  
26 GRANTS (PUBLIC LAW 94-142), FUNDED FROM DED-OSERS, HANDICAPPED  
27 PRESCHOOL INCENTIVE FUNDS.



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

112

1 (C) AN AMOUNT ESTIMATED AT \$30,337,200.00 FOR SPECIAL  
2 EDUCATION PROGRAMS FUNDED BY DED-OSERS, HANDICAPPED PROGRAM,  
3 INDIVIDUALS WITH DISABILITIES ACT FUNDS.

4 (3) AS USED IN THIS SECTION, "DED-OSERS" MEANS THE UNITED  
5 STATES DEPARTMENT OF EDUCATION OFFICE OF SPECIAL EDUCATION AND  
6 REHABILITATIVE SERVICES.

7 Sec. 53a. (1) For districts, reimbursement for pupils  
8 described in subsection (2), reimbursement shall be 100% of the  
9 total approved costs of operating special education programs and  
10 services approved by the department and included in the interme-  
11 diate district plan adopted pursuant to article 3 of the revised  
12 school code, MCL 380.1701 to 380.1766, minus the district's foun-  
13 dation allowance calculated under section 20, and minus the  
14 amount ~~of the district's per pupil allocation under~~  
15 ~~section 20j(2)~~ CALCULATED FOR THE DISTRICT UNDER SECTION 20J.  
16 For intermediate districts, reimbursement for pupils described in  
17 section (2) shall be calculated in the same manner as for a dis-  
18 trict, using the foundation allowance under section 20 of the  
19 pupil's district of residence, not to exceed \$6,500.00 adjusted  
20 by the dollar amount of the difference between the basic founda-  
21 tion allowance under section 20 for the current fiscal year and  
22 \$5,000.00, and ~~that district's per pupil allocation under~~  
23 ~~section 20j(2)~~ THE AMOUNT CALCULATED FOR THAT DISTRICT UNDER  
24 SECTION 20J. However, beginning in 2002-2003, the \$6,500.00  
25 amount prescribed in this subsection shall be adjusted each year  
26 by an amount equal to the dollar amount of the difference between

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

113

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

3 (2) Reimbursement under subsection (1) is for the following  
4 special education pupils:

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

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

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

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

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

24 (3) Only those costs that are clearly and directly attribut-  
25 able to educational programs for pupils described in subsection  
26 (2), and that would not have been incurred if the pupils were not

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

114

1 being educated in a district or intermediate district, are  
2 reimbursable under this section.

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

5 (5) Not more than \$14,800,000.00 each fiscal year for  
6 ~~2000-2001,~~ 2001-2002 ~~,~~ and 2002-2003, of the allocation in  
7 section 51a(1) shall be allocated under this section.

8 (6) From the allocation in subsection (5), there is allo-  
9 cated each fiscal year ~~for 2000-2001,~~ for 2001-2002 ~~,~~ and for  
10 2002-2003 an amount not to exceed \$150,000.00 to an intermediate  
11 district that received at least \$1,000,000.00 for 1999-2000 under  
12 subsection (4).

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

21 SEC. 55. FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED  
22 IN SECTION 11, THERE IS ALLOCATED \$1,000.00 FOR 2002-2003 TO THE  
23 WEST MICHIGAN CENTER FOR AUTISM SPECTRUM DISORDERS LOCATED AT  
24 GRAND VALLEY STATE UNIVERSITY FOR DEVELOPING COOPERATIVE PROGRAMS  
25 WITH AREA DISTRICTS AND INTERMEDIATE DISTRICTS TO PROVIDE SERV-  
26 ICES TO QUALIFYING PUPILS. THIS FUNDING IS FOR DEVELOPMENT COSTS

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

115

1 IN 2002-2003 AND IS INTENDED TO CONTINUE TO FUND OPERATIONAL AND  
2 PROGRAM COSTS IN SUCCEEDING FISCAL YEARS.

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

4 (a) "Membership" means for a particular fiscal year the  
5 total membership for the immediately preceding fiscal year of the  
6 intermediate district and the districts constituent to the inter-  
7 mediate district.

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

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

18 (2) From the allocation under section 51a(1), there is allo-  
19 cated an amount not to exceed ~~-\$38,120,000.00 for 2000-2001,~~  
20 ~~\$44,720,000.00 for 2001-2002, and \$45,360,000.00~~ \$37,900,000.00  
21 FOR 2001-2002 AND AN AMOUNT NOT TO EXCEED \$38,120,000.00 for  
22 2002-2003 to reimburse intermediate districts levying millages  
23 for special education pursuant to part 30 of the revised school  
24 code, MCL 380.1711 to 380.1743. The purpose, use, and expendi-  
25 ture of the reimbursement shall be limited as if the funds were  
26 generated by these millages and governed by the intermediate  
27 district plan adopted pursuant to article 3 of the revised school

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

116

1 code, MCL 380.1701 to 380.1766. As a condition of receiving  
2 funds under this section, an intermediate district distributing  
3 any portion of special education millage funds to its constituent  
4 districts shall submit for departmental approval and implement a  
5 distribution plan.

6 ~~(3) Reimbursement for those millages levied in 1999-2000~~  
7 ~~shall be made in 2000-2001 at an amount per 1999-2000 membership~~  
8 ~~pupil computed by subtracting from \$111,700.00 the 1999-2000 tax-~~  
9 ~~able value behind each membership pupil, and multiplying the~~  
10 ~~resulting difference by the 1999-2000 millage levied.~~

11 Reimbursement for those millages levied in 2000-2001 shall be  
12 made in 2001-2002 at an amount per 2000-2001 membership pupil  
13 computed by subtracting from ~~\$118,000.00~~ \$119,200.00 the  
14 2000-2001 taxable value behind each membership pupil and multi-  
15 plying the resulting difference by the 2000-2001 millage levied.

16 Reimbursement for those millages levied in 2001-2002 shall be  
17 made in 2002-2003 at an amount per 2001-2002 membership pupil  
18 computed by subtracting from ~~\$123,500.00~~ \$125,900.00 the  
19 2001-2002 taxable value behind each membership pupil and multi-  
20 plying the resulting difference by the 2001-2002 millage levied.

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

117

1 ~~tables. To receive a payment under this subsection, an~~  
2 ~~intermediate district shall file a claim by July 1 of the fiscal~~  
3 ~~year to the department, detailing the loss of revenue to the~~  
4 ~~intermediate district's special education millage attributable to~~  
5 ~~those revisions. The amount of the payment under this subsection~~  
6 ~~to each intermediate district shall be an amount equal to the~~  
7 ~~same proportion of the total amount of funding available under~~  
8 ~~this subsection as the intermediate district's claim under this~~  
9 ~~section bears to the total amount of claims under this subsection~~  
10 ~~and, notwithstanding section 121, shall not be adjusted for prior~~  
11 ~~year adjustments more than 2 years after the end of the state~~  
12 ~~fiscal year for which payment under this subsection was made.~~

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

24       (2) From the appropriation in section 11, there is allocated  
25 an amount not to exceed \$400,000.00 each fiscal year ~~for~~  
26 ~~2000-2001,~~ for 2001-2002 ~~—~~ AND FOR 2002-2003 to support part  
27 of the cost of summer institutes for gifted and talented

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

118

1 students. This amount shall be contracted to applicant  
2 intermediate districts in cooperation with a local institution of  
3 higher education and shall be coordinated by the department.

4 (3) From the appropriation in section 11, there is allocated  
5 ~~an amount not to exceed \$5,000,000.00 for 2000-2001,~~ an amount  
6 not to exceed \$4,000,000.00 EACH FISCAL YEAR for 2001-2002 ~~—~~  
7 AND FOR 2002-2003 for the development and operation of comprehen-  
8 sive programs for gifted and talented pupils. An eligible dis-  
9 trict or consortium of districts shall receive an amount not to  
10 exceed \$100.00 per K-12 pupil for up to 5% of the district's or  
11 consortium's K-12 membership for the immediately preceding fiscal  
12 year with a minimum total grant of \$6,000.00. Funding shall be  
13 provided in the following order: the per pupil allotment, and  
14 then the minimum total grant of \$6,000.00 to individual  
15 districts. An intermediate district may act as the fiscal agent  
16 for a consortium of districts. In order to be eligible for fund-  
17 ing under this subsection, the district or consortium of dis-  
18 tricts shall submit each year a current 3-year plan for operating  
19 a comprehensive program for gifted and talented pupils and the  
20 district or consortium shall demonstrate to the department that  
21 the district or consortium will contribute matching funds of at  
22 least \$50.00 per K-12 pupil. The plan or revised plan shall be  
23 developed in accordance with criteria established by the depart-  
24 ment and shall be submitted to the department for approval.  
25 Within the criteria, the department shall encourage the develop-  
26 ment of consortia among districts of less than 5,000  
27 memberships.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

119

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

23       (2) Except for a district that served as the fiscal agent  
24   for a vocational education consortium in the 1993-94 school year,  
25   districts and intermediate districts shall be reimbursed for  
26   local vocational administration, shared time vocational  
27   administration, and career education planning district



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

120

1 vocational-technical administration. The definition of what  
2 constitutes administration and reimbursement shall be pursuant to  
3 guidelines adopted by the superintendent. Not more than  
4 \$800,000.00 of the allocation in subsection (1) shall be distrib-  
5 uted under this subsection.

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

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

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

24 (b) "Millage levied" means the millage levied for area  
25 vocational-technical education pursuant to sections 681 to 690 of  
26 the revised school code, MCL 380.681 to 380.690, including a levy  
27 for debt service obligations incurred as the result of borrowing

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

121

1 for capital outlay projects and in meeting capital projects fund  
2 requirements of area vocational-technical education.

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

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

18 (ii) The district contributes an annual amount to the opera-  
19 tion of the program that is commensurate with the revenue that  
20 would have been raised for operation of the program if millage  
21 were levied in the district for the program under sections 681 to  
22 690 of the revised school code, MCL 380.681 to 380.690.

23 (2) From the appropriation in section 11, there is allocated  
24 an amount not to exceed \$9,810,000.00 ~~for 2000-2001, an amount~~  
25 ~~not to exceed \$11,190,000.00 for 2001-2002,~~ FOR 2001-2002 AND AN  
26 AMOUNT NOT TO EXCEED \$9,860,000.00 FOR 2002-2003 to reimburse  
27 intermediate districts and area vocational-technical education

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

122

1 programs established under section 690(3) of the revised school  
2 code, MCL 380.690, levying millages for area vocational-technical  
3 education pursuant to sections 681 to 690 of the revised school  
4 code, MCL 380.681 to 380.690. The purpose, use, and expenditure  
5 of the reimbursement shall be limited as if the funds were gener-  
6 ated by those millages.

7 (3) ~~Reimbursement for the millages levied in 1999-2000~~  
8 ~~shall be made in 2000-2001 at an amount per 1999-2000 membership~~  
9 ~~pupil computed by subtracting from \$114,300.00 the 1999-2000 tax-~~  
10 ~~able value behind each membership pupil, and multiplying the~~  
11 ~~resulting difference by the 1999-2000 millage levied.~~

12 Reimbursement for the millages levied in 2000-2001 shall be made  
13 in 2001-2002 at an amount per 2000-2001 membership pupil computed  
14 by subtracting from ~~\$121,500.00~~ \$122,300.00 the 2000-2001 tax-  
15 able value behind each membership pupil, and multiplying the  
16 resulting difference by the 2000-2001 millage levied.

17 Reimbursement for the millages levied in 2001-2002 shall be made  
18 in 2002-2003 at an amount per 2001-2002 membership pupil computed  
19 by subtracting from ~~\$127,600.00~~ \$130,200.00 the 2001-2002 tax-  
20 able value behind each membership pupil, and multiplying the  
21 resulting difference by the 2001-2002 millage levied.

22 ~~(4) From the allocation in subsection (2), there is allo-~~  
23 ~~cated an amount not to exceed \$500,000.00 for 2000-2001, an~~  
24 ~~amount not to exceed \$1,380,000.00 for 2001-2002, for payments to~~  
25 ~~intermediate districts under this subsection that do not qualify~~  
26 ~~for a payment under subsection (3) for reimbursement for changes~~  
27 ~~as a result of revisions to the personal property tax~~

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

123

1 ~~depreciation tables. To receive a payment under this subsection,~~  
2 ~~an intermediate district shall file a claim by July 1 of the~~  
3 ~~fiscal year to the department, detailing the loss of revenue to~~  
4 ~~the intermediate district's vocational education millage attrib-~~  
5 ~~utable to those revisions. The amount of the payment under this~~  
6 ~~subsection to each intermediate district shall be an amount equal~~  
7 ~~to the same proportion of the total amount of funding available~~  
8 ~~under this subsection as the intermediate district's claim under~~  
9 ~~this section bears to the total amount of claims under this sub-~~  
10 ~~section and, notwithstanding section 121, shall not be adjusted~~  
11 ~~for prior year adjustments more than 2 years after the end of the~~  
12 ~~state fiscal year for which payment under this subsection was~~  
13 ~~made.~~

14       Sec. 67. (1) From the general fund appropriation in section  
15 11, there is allocated an amount not to exceed \$350,000.00 each  
16 fiscal year ~~for 2000-2001,~~ for 2001-2002 ~~,~~ AND FOR 2002-2003  
17 for Michigan career preparation system grants under this  
18 section.

19       (2) From the allocation in subsection (1), there is allo-  
20 cated \$150,000.00 each fiscal year ~~for 2000-2001,~~ for 2001-2002  
21 ~~,~~ AND FOR 2002-2003 to the department to identify uniform  
22 career competency standards and assessments for career clusters,  
23 to establish a statewide information system on current and antic-  
24 ipated employment opportunities and the required level of skills  
25 and education required for employment.

26       (3) From the allocation in subsection (1), there is  
27 allocated \$100,000.00 each fiscal year for ~~2000-2001,~~ for

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

124

1 2001-2002 ~~—,~~ AND FOR 2002-2003 to the department to provide  
2 information to parents, pupils, school personnel, employers, and  
3 others regarding opportunities to receive integrated academic and  
4 technical preparation in the public schools of this state.

5 (4) From the allocation in subsection (1), there is allo-  
6 cated \$100,000.00 each fiscal year ~~for 2000-2001,~~ for 2001-2002  
7 ~~—,~~ AND FOR 2002-2003 to the department to provide technical  
8 assistance to eligible education agencies and workforce develop-  
9 ment boards.

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

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

18 (i) Operation of programs for those career clusters identi-  
19 fied by the department as being eligible for advanced career  
20 academy status.

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

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

25 (iv) Demonstration of an established career preparation  
26 system resulting in industry-validated career ladders for  
27 graduates of the program, including, but not limited to, written

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

125

1 articulation agreements with postsecondary institutions to allow  
2 pupils to receive advanced college placement and credit or feder-  
3 ally registered apprenticeships, as applicable.

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

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

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

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

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

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

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

26 Sec. 68. (1) From the general fund appropriation in section  
27 11, there is allocated an amount not to exceed \$21,850,000.00

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

126

1 each fiscal year ~~for 2000-2001,~~ for 2001-2002 ~~—~~ AND FOR  
2 2002-2003 to be used to implement the Michigan career preparation  
3 system in the corresponding school years as provided under this  
4 section. In order to receive funds under this section, an eligi-  
5 ble education agency shall be part of an approved regional career  
6 preparation plan under subsection (2) and shall agree to expend  
7 the funds required under this section in accordance with the  
8 regional career preparation plan. Funds awarded under this sec-  
9 tion that are not expended in accordance with this section may be  
10 recovered by the department.

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

127

1       (b) The regional career preparation plan shall be developed  
2   by representatives of the education advisory group of each  
3   workforce development board in accordance with guidelines devel-  
4   oped under former section 67(5), and in accordance with subdivi-  
5   sions (d) and (e). All of the following shall be represented on  
6   each education advisory group: workforce development board mem-  
7   bers, other employers, labor, districts, intermediate districts,  
8   postsecondary institutions, career/technical educators, parents  
9   of public school pupils, and academic educators. The representa-  
10   tives of districts, intermediate districts, and postsecondary  
11   institutions appointed to the education advisory group by the  
12   workforce development board shall be individuals designated by  
13   the board of the district, intermediate district, or postsecond-  
14   ary institution.

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

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

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



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

128

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

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

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

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

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

129

1       (a) ~~For 2000-2001, the~~ THE department shall rank all  
2     career clusters, including career exploration, guidance, and  
3     counseling. Rank determination will be based on median salary  
4     data in career clusters and employment opportunity data provided  
5     by the council for career preparation standards. In addition,  
6     rank determination shall be based on placement data available for  
7     prior year graduates of the programs in the career clusters  
8     either in related careers or postsecondary education. The proce-  
9     dure for ranking of career clusters shall be determined by the  
10    department.

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

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

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

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

25       (iv) Supplies and materials directly related to career prep-  
26    aration programs.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

130

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

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

5           (vii) Career placement services.

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

131

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

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

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

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

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

21       (2) From the allocation in subsection (1), there is allo-  
22    cated each fiscal year the amount necessary for payments to state  
23    supported colleges or universities and intermediate districts  
24    providing school bus driver safety instruction or driver skills  
25    road tests pursuant to sections 51 and 52 of the pupil transpor-  
26    tation act, 1990 PA 187, MCL 257.1851 and 257.1852. The payments  
27    shall be in an amount determined by the department not to exceed

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

132

1 75% of the actual cost of instruction and driver compensation for  
2 each public or nonpublic school bus driver attending a course of  
3 instruction. For the purpose of computing compensation, the  
4 hourly rate allowed each school bus driver shall not exceed the  
5 hourly rate received for driving a school bus. Reimbursement  
6 compensating the driver during the course of instruction or  
7 driver skills road tests shall be made by the department to the  
8 college or university or intermediate district providing the  
9 course of instruction.

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

17 Sec. 81. (1) Except as otherwise provided in this section,  
18 from the appropriation in section 11, there is allocated each  
19 fiscal year ~~for 2000-2001,~~ for 2001-2002 ~~,~~ AND FOR 2002-2003  
20 to the intermediate districts the sum necessary, but not to  
21 exceed ~~\$87,781,700.00 for 2000-2001, not to exceed~~  
22 \$92,170,800.00 for 2001-2002 AND NOT TO EXCEED \$95,028,100.00 FOR  
23 2002-2003 to provide state aid to intermediate districts under  
24 this section. ~~Except as otherwise provided in this section,~~  
25 ~~there shall be allocated to each intermediate district for~~  
26 ~~2000-2001 an amount equal to 105.3% of the amount of funding~~  
27 ~~actually received by the intermediate district under this~~

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

133

1 ~~subsection for 1999-2000.~~ Except as otherwise provided in this  
2 section, there shall be allocated to each intermediate district  
3 for 2001-2002 an amount equal to 105% of the amount of funding  
4 actually received by the intermediate district under this subsec-  
5 tion for 2000-2001. EXCEPT AS OTHERWISE PROVIDED IN THIS SEC-  
6 TION, THERE SHALL BE ALLOCATED TO EACH INTERMEDIATE DISTRICT FOR  
7 2002-2003 AN AMOUNT EQUAL TO 103.1% OF THE AMOUNT OF FUNDING  
8 ACTUALLY RECEIVED BY THE INTERMEDIATE DISTRICT UNDER THIS SUBSEC-  
9 TION FOR 2001-2002. Funding provided under this section shall be  
10 used to comply with requirements of this act and the revised  
11 school code that are applicable to intermediate districts, and  
12 for which funding is not provided elsewhere in this act, and to  
13 provide technical assistance to districts as authorized by the  
14 intermediate school board.

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

134

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

135

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

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

22 (5) ~~-(6)~~ In order to receive funding under this section, an  
23 intermediate district shall demonstrate to the satisfaction of  
24 the department that the intermediate district employs at least 1  
25 person who is trained in pupil counting procedures, rules, and  
26 regulations.



**SB1107, As Passed House, March 19, 2002**

Sub. SB 1107 (H-1) as amended March 19, 2002 136

1 SEC. 92. FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED  
2 UNDER SECTION 11, THERE IS ALLOCATED \$10,000.00 FOR 2002-2003 FOR  
3 THE PURPOSES OF THIS SECTION. THESE FUNDS ARE TO REIMBURSE A  
4 DISTRICT THAT HAS BEEN DETERMINED BY THE DEPARTMENT OF ENVIRON-  
5 MENTAL QUALITY TO HAVE DRINKING WATER CONTAMINATED BY THE CHEMI-  
6 CAL DACTHAL (DIMETHYL TETRACHLOROTEREPHTHALATE, CAS # 1861-32-1)  
7 FOR COSTS INCURRED BY THE DISTRICT DUE TO THE CONTAMINATION.

8 SEC. 93. [(1)] FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED  
9 IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED  
10 \$1,000.00 FOR 2002-2003 [FOR THE PURPOSES OF THIS SECTION.

11 (2) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), \$500.00 IS  
12 ALLOCATED FOR 2002-2003 FOR PILOT PROJECTS ACROSS THIS STATE FOR DEVELOPING  
13 WAYS TO USE WIRELESS TECHNOLOGY TO IMPROVE ACADEMIC ACHIEVEMENT. THE  
14 MICHIGAN VIRTUAL UNIVERSITY SHALL DESIGNATE DISTRICTS FOR PARTICIPATION IN  
THE PILOT PROJECTS UNDER THIS SECTION. THE PILOT PROJECTS SHALL BE FUNDED  
THROUGH PUBLIC-PRIVATE PARTNERSHIPS. IN DESIGNATING DISTRICTS TO  
PARTICIPATE, THE MICHIGAN VIRTUAL UNIVERSITY SHALL DESIGNATE DISTRICTS  
REPRESENTING THE GEOGRAPHIC DIVERSITY WITHIN THIS STATE.

(3) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), \$500.00 IS  
ALLOCATED FOR 2002-2003 TO THE INTERACTIVE COMMUNICATIONS AND SIMULATIONS  
GROUP OF THE UNIVERSITY OF MICHIGAN SCHOOL OF EDUCATION TO INTEGRATE A  
MICHIGAN CIVICS CURRICULUM AND MICHIGAN CIVICS EDUCATIONAL PROGRAMMING WITH  
TECHNOLOGY IN THE PUBLIC SCHOOLS.]

15 Sec. 94. From the general fund money appropriated in sec-  
16 tion 11, there is allocated to the department ~~an amount not to~~  
17 ~~exceed \$3,000,000.00 for 2000-2001~~ an amount not to exceed  
18 \$3,000,000.00 for 2001-2002 —, AND AN AMOUNT NOT TO EXCEED  
19 \$1,500,000.00 FOR 2002-2003 to provide technical assistance to  
20 districts for school accreditation purposes as described in sec-  
21 tion 1280 of the revised school code, MCL 380.1280.

22 Sec. 94a. (1) From the general fund appropriation in  
23 section 11, there is allocated ~~an amount not to exceed~~  
24 ~~\$2,160,000.00 for 2000-2001,~~ an amount not to exceed  
25 \$2,332,000.00 for ~~2002,~~ 2001-2002 for payments to the center  
26 for educational performance and information created pursuant to  
27 ~~executive order~~ EXECUTIVE REORGANIZATION ORDER NO. 2000-6,

**SB1107, As Passed House, March 19, 2002**

S06638'02 (H-1)

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

137

1 MCL 388.996. ~~-(2) The goals of the center for educational~~  
2 ~~performance and information~~ FROM THE GENERAL FUND APPROPRIATION  
3 IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED  
4 \$4,500,000.00 FOR 2002-2003 TO THE DEPARTMENT OF INFORMATION  
5 TECHNOLOGY TO SUPPORT THE COMPREHENSIVE COLLECTION, ANALYSIS, AND  
6 DISSEMINATION OF K-12 EDUCATIONAL DATA, THE PURPOSE OF WHICH  
7 shall be to improve the quality and quantity of educational data  
8 available to teachers, school administrators, parents, taxpayers,  
9 and others.

10 ~~-(3) A portion of the funds allocated under this section may~~  
11 ~~be used for funding to districts to cover additional costs~~  
12 ~~resulting from implementation of the center for educational per-~~  
13 ~~formance and information.~~

14 (2) ~~-(4)~~ Funds allocated under this section that are not  
15 expended in the fiscal year in which they were allocated may be  
16 carried forward to a subsequent fiscal year. From the funds  
17 allocated for 1999-2000 that were carried forward under this sub-  
18 section AND FROM THE FUNDS APPROPRIATED UNDER THIS SECTION FOR  
19 2002-2003, the center OR THE DEPARTMENT OF INFORMATION TECHNOLO-  
20 GY, AS APPLICABLE, shall pay districts grants for net costs  
21 incurred from 1998-1999 through 2002-2003 due to the implementa-  
22 tion of the single record student database. The center OR THE  
23 DEPARTMENT OF INFORMATION TECHNOLOGY, AS APPLICABLE, shall also  
24 pay intermediate districts grants for net costs incurred from  
25 1998-1999 through 2002-2003 due to the implementation of the  
26 single record student database on behalf of constituent  
27 districts. Net costs shall be determined and the amount of the

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

138

1 grant calculated in a manner determined by the center OR THE  
2 DEPARTMENT OF INFORMATION TECHNOLOGY, AS APPLICABLE. Purposes  
3 for which the center OR THE DEPARTMENT OF INFORMATION TECHNOLOGY,  
4 AS APPLICABLE, shall make grants to districts and intermediate  
5 districts may include purchases of software to submit data files  
6 to the Michigan education information system or new student  
7 information management systems compatible with the single record  
8 student database or costs associated with the development of the  
9 single record student database. The district or intermediate  
10 district shall provide written justification of these net costs  
11 to the center ~~for education performance and information~~ OR THE  
12 DEPARTMENT OF INFORMATION TECHNOLOGY, AS APPLICABLE. Purposes  
13 for which a grant is made must be approved by the center OR THE  
14 DEPARTMENT OF INFORMATION TECHNOLOGY, AS APPLICABLE. This reim-  
15 bursement shall not exceed a total of \$2.00 per pupil for each  
16 district or intermediate district.

17 (3) THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION  
18 SHALL ACCEPT SUBMISSIONS OF DATA FROM DISTRICTS AND INTERMEDIATE  
19 DISTRICTS FOR THE FEBRUARY 2002 SUPPLEMENTAL PUPIL COUNT USING  
20 EITHER THE SINGLE RECORD STUDENT DATABASE SYSTEM OR A PARALLEL  
21 SUBMISSION USING BOTH THE SINGLE RECORD STUDENT DATABASE SYSTEM  
22 AND THE EDUCATION DATA NETWORK SYSTEM. IF A DISTRICT OR INTERME-  
23 DIATE DISTRICT USES THIS PARALLEL SUBMISSION PROCESS, THE CENTER  
24 FOR EDUCATIONAL PERFORMANCE AND INFORMATION SHALL USE THE DATA  
25 THAT RESULTS IN THE HIGHER AUDITED PUPIL COUNT.

26 (4) THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION  
27 SHALL ENSURE THAT DISTRICTS AND INTERMEDIATE DISTRICTS ARE

**SB1107, As Passed House, March 19, 2002**

Sub. SB 1107 (H-1) as amended March 19, 2002 139

1 PROVIDED WITH AMPLE OPPORTUNITY TO SUBMIT CORRECTIONS OR  
2 ADJUSTMENTS TO PUPIL COUNT DATA SUBMITTED TO THE CENTER BEFORE  
3 THE CENTER MAKES THE FINAL DETERMINATIONS FROM THE DATA FOR THE  
4 PURPOSE OF CALCULATING PAYMENTS.

5 (5) A DISTRICT OR INTERMEDIATE DISTRICT IS NOT REQUIRED TO  
6 SUBMIT DATA TO THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFOR-  
7 MATION USING THE SINGLE RECORD STUDENT DATABASE SYSTEM UNTIL THE  
8 DISTRICT OR INTERMEDIATE DISTRICT RECEIVES THE REIMBURSEMENT PRO-  
9 VIDED FOR UNDER SUBSECTION (2).

10 SEC. 94B. THE REGISTRY OF EDUCATIONAL PERSONNEL, OPERATED  
11 BY THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION OR THE  
12 DEPARTMENT OF INFORMATION TECHNOLOGY UNDER SECTION 94A, SHALL NOT  
13 COLLECT ANY INFORMATION THAT IS IN ADDITION TO THE INFORMATION  
14 ALREADY REQUIRED TO BE COLLECTED BY THE FEDERAL GOVERNMENT AS OF  
15 JUNE 1, 2002. [DISTRICTS AND INTERMEDIATE DISTRICTS ARE NOT REQUIRED TO FILE  
THE REGISTRY OF EDUCATION PERSONNEL REPORT UNTIL AFTER THE FEDERAL RULES ARE  
PUBLISHED.]

16 SEC. 94C. THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFOR-  
17 MATION SHALL PAY DISTRICTS \$2.00 FOR EACH FULL-TIME-EQUATED PUPIL  
18 REPORTED ON THE 2001 PUPIL MEMBERSHIP COUNT DAY [, AND \$2.00 FOR EACH  
EMPLOYEE FOR WHOM DATA IS REQUIRED TO BE REPORTED,] TO REIMBURSE DIS-  
19 TRICTS FOR THE COSTS INCURRED FROM IMPLEMENTING THE SINGLE RECORD  
20 STUDENT DATABASE AND THE REGISTRY OF EDUCATIONAL PERSONNEL. THE  
21 PAYMENTS SHALL BE MADE ON THE SAME DATE AS THE FIRST INSTALLMENT  
22 PAYMENT MADE TO DISTRICTS AFTER THE EFFECTIVE DATE OF THIS  
23 SECTION.

[SEC. 94D. THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION  
SHALL ENSURE THAT STANDARD AND POOR'S, OR ANY OTHER CONTRACTOR THAT ANALYZES  
OR REPORTS INFORMATION COLLECTED BY THE CENTER FOR EDUCATIONAL PERFORMANCE  
AND INFORMATION, PROVIDES ITS ANALYSIS OR OTHER REPORT TO AFFECTED DISTRICTS  
AND INTERMEDIATE DISTRICTS BEFORE THE ANALYSIS OR REPORT IS RELEASED TO THE  
NEWS MEDIA OR THE GENERAL PUBLIC.]

24 Sec. 96. (1) From the state school aid fund money appropri-  
25 ated in section 11, there is allocated an amount not to exceed  
26 ~~\$8,000,000.00 each fiscal year for 1999-2000, for 2000-2001,~~

**SB1107, As Passed House, March 19, 2002**

**27** \$0.00 for 2001-2002 ~~—~~ and \$132,000.00 for 2002-2003 for golden  
S06638'02 (H-1)

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

140

1 apple awards under this section. The awards shall be based on  
2 elementary school achievement on the fourth grade and fifth grade  
3 Michigan education assessment program (MEAP) tests.

4 (2) To be eligible for a golden apple award, an elementary  
5 school shall ~~have~~ MEET AT LEAST ALL OF THE FOLLOWING:

6 (A) HAS at least 50 pupils in membership. ~~and shall meet~~  
7 ~~the following requirements:~~

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

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

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

21 ~~(b) Beginning in 2000-2001, at~~

22 (B) AT least 90% of the fourth and fifth grade pupils  
23 enrolled and in regular daily attendance in the school on the  
24 pupil membership count day in that school year took the applica-  
25 ble MEAP tests. ~~, and~~

26 (C) MEETS 1 or both of the following: ~~are met:~~

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

141

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

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

9       (3) A golden apple award under this section shall be allo-  
10 cated to and used by a district exclusively for the purpose of  
11 distributing funds to each eligible elementary school. ~~A golden~~  
12 ~~apple award shall consist of \$1,000.00 per each full-time~~  
13 ~~employee who works in the eligible elementary school plus~~  
14 ~~\$10,000.00 to be allocated to the principal of the school for~~  
15 ~~school improvements, but shall not be less than \$50,000.00 per~~  
16 ~~recipient school.~~ BEGINNING IN 2002-2003, THE MONETARY AMOUNT OF  
17 A GOLDEN APPLE AWARD SHALL BE \$1,000.00 TO BE ALLOCATED TO EACH  
18 ELIGIBLE ELEMENTARY SCHOOL. All money allocated under this sec-  
19 tion ~~per full-time employee~~ shall be used for school improve-  
20 ments, as determined collectively by a majority vote of ~~those~~  
21 THE FULL-TIME employees OF THE ELIGIBLE ELEMENTARY SCHOOL.

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

25       Sec. 98. (1) From the general fund money appropriated in  
26 section 11, there is allocated ~~an amount not to exceed~~  
27 ~~\$15,000,000.00 for 2000-2001, and~~ an amount not to exceed



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

142

1 \$1,500,000.00 each fiscal year for 2001-2002 AND FOR 2002-2003 to  
2 the department to provide a grant each fiscal year to the  
3 Michigan virtual university for the development, implementation,  
4 and operation of the Michigan virtual high school.

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

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

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

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

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

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

20 (f) Grant high school diplomas through a dual enrollment  
21 method with districts.

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

143

1 (a) Information technology courses.

2 (b) College level equivalent courses, as defined in section  
3 1471 of the revised school code, MCL 380.1471.

4 (c) Courses and dual enrollment opportunities.

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

6 (e) General education development test preparation courses  
7 for adjudicated youth.

8 (f) Special interest courses.

9 (g) Professional development programs and services for  
10 teachers.

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

14 Sec. 99. (1) From the state school aid fund appropriation  
15 in section 11, there is allocated ~~an amount not to exceed~~  
16 ~~\$9,270,000.00 for 2000-2001,~~ an amount not to exceed  
17 ~~\$9,684,300.00 for 2001-2002~~ EACH FISCAL YEAR FOR 2001-2002 AND  
18 FOR 2002-2003, and from the general fund appropriation in  
19 section 11 there is allocated ~~an amount not to exceed~~  
20 ~~\$475,100.00 for 2000-2001,~~ an amount not to exceed \$548,000.00  
21 ~~for 2001-2002~~ EACH FISCAL YEAR FOR 2001-2002 AND FOR 2002-2003,  
22 for implementing the comprehensive master plan for mathematics  
23 and science centers developed by the department and approved by  
24 the state board on February 17, 1993.

25 (2) Within a service area designated locally, approved by  
26 the department, and consistent with the master plan described in  
27 subsection (1), an established mathematics and science center

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

144

1 shall address 2 or more of the following 6 basic services, as  
2 described in the master plan, to constituent districts and  
3 communities: leadership, pupil services, curriculum support,  
4 community involvement, professional development, and resource  
5 clearinghouse services.

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

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

145

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

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

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

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

146

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

18       SEC. 99A. (1) FROM THE APPROPRIATION IN SECTION 11, THERE  
19 IS ALLOCATED FOR 2002-2003 AN AMOUNT NOT TO EXCEED \$3,180,000.00  
20 FOR GRANTS TO INTERMEDIATE DISTRICTS AND DISTRICTS FOR PROVIDING  
21 A SCHOOL HEALTH EDUCATION CURRICULUM. THE CURRICULUM PROVIDED,  
22 SUCH AS THE MICHIGAN MODEL OR ANOTHER COMPREHENSIVE SCHOOL HEALTH  
23 CURRICULUM, SHALL BE IN ACCORDANCE WITH THE HEALTH EDUCATION  
24 GOALS ESTABLISHED BY THE MICHIGAN MODEL FOR COMPREHENSIVE SCHOOL  
25 HEALTH EDUCATION STEERING COMMITTEE. THIS STATE STEERING COMMIT-  
26 TEE SHALL BE COMPRISED OF A REPRESENTATIVE FROM EACH OF THE  
27 FOLLOWING OFFICES AND DEPARTMENTS:

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

147

1 (A) THE DEPARTMENT.

2 (B) THE DEPARTMENT OF COMMUNITY HEALTH.

3 (C) THE HEALTH ADMINISTRATION IN THE DEPARTMENT OF COMMUNITY  
4 HEALTH.

5 (D) THE BUREAU OF MENTAL AND SUBSTANCE ABUSE SERVICES IN THE  
6 DEPARTMENT OF COMMUNITY HEALTH.

7 (E) THE FAMILY INDEPENDENCE AGENCY.

8 (F) THE DEPARTMENT OF STATE POLICE.

9 (2) UPON WRITTEN OR ORAL REQUEST BY A PUPIL WHO IS AT LEAST  
10 18 YEARS OF AGE OR A PARENT OR LEGAL GUARDIAN OF A PUPIL LESS  
11 THAN 18 YEARS OF AGE, SCHOOL OFFICIALS SHALL INFORM THE PUPIL OR  
12 PARENT, WITHIN A REASONABLE PERIOD OF TIME AFTER THE REQUEST IS  
13 MADE, OF THE CONTENT OF A COURSE IN THE HEALTH EDUCATION CURRICU-  
14 LUM AND SHALL ALLOW THE PUPIL OR PARENT TO EXAMINE TEXTBOOKS AND  
15 OTHER CLASSROOM MATERIALS THAT ARE PROVIDED TO THE PUPIL OR MATE-  
16 RIALS THAT ARE PRESENTED TO THE PUPIL IN THE CLASSROOM. THIS  
17 SUBSECTION DOES NOT REQUIRE A DISTRICT TO PERMIT PUPIL OR PAREN-  
18 TAL EXAMINATION OF TEST QUESTIONS AND ANSWERS, SCORING KEYS, OR  
19 OTHER EXAMINATION INSTRUMENTS OR DATA USED TO ADMINISTER AN ACA-  
20 DEMIC EXAMINATION.

21 Sec. 101. (1) ~~To be eligible to receive state aid under~~  
22 ~~this act, not~~ NOT later than the fifth Wednesday after the pupil  
23 membership count day and not later than the fifth Wednesday after  
24 the supplemental count day, each district superintendent through  
25 the secretary of the district's board shall file with the inter-  
26 mediate superintendent a certified and sworn copy of the number  
27 of pupils enrolled and in regular daily attendance in the

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

148

1 district as of the pupil membership count day and as of the  
2 supplemental count day, as applicable, for the current school  
3 year. In addition, a district maintaining school during the  
4 entire year, as provided under section 1561 of the revised school  
5 code, MCL 380.1561, shall file with the intermediate superinten-  
6 dent a certified and sworn copy of the number of pupils enrolled  
7 and in regular daily attendance in the district for the current  
8 school year pursuant to rules promulgated by the superintendent.  
9 Not later than the seventh Wednesday after the pupil membership  
10 count day and not later than the seventh Wednesday after the sup-  
11 plemental count day, the intermediate district shall transmit to  
12 the department the data filed by each of its constituent  
13 districts. If a district fails to file the sworn and certified  
14 copy with the intermediate superintendent in a timely manner, as  
15 required under this subsection, the intermediate district shall  
16 notify the department. ~~and state aid due to be distributed under~~  
17 ~~this act shall be withheld from the defaulting district immedi-~~  
18 ~~ately, beginning with the next payment after the failure and con-~~  
19 ~~tinuing with each payment until the district complies with this~~  
20 ~~subsection. If an intermediate district fails to transmit the~~  
21 ~~data in its possession in a timely and accurate manner to the~~  
22 ~~department, as required under this subsection, state aid due to~~  
23 ~~be distributed under this act shall be withheld from the default-~~  
24 ~~ing intermediate district immediately, beginning with the next~~  
25 ~~payment after the failure and continuing with each payment until~~  
26 ~~the intermediate district complies with this subsection. If a~~  
27 ~~district or intermediate district does not comply with this~~

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

149

1 ~~subsection by the end of the fiscal year, the district or~~  
2 ~~intermediate district forfeits the amount withheld. A person who~~  
3 ~~willfully falsifies a figure or statement in the certified and~~  
4 ~~sworn copy of enrollment shall be punished in the manner pre-~~  
5 ~~scribed by section 161.~~

6 (2) ~~To be eligible to receive state aid under this act,~~  
7 ~~not~~ NOT later than the twenty-fourth Wednesday after the pupil  
8 membership count day and not later than the twenty-fourth  
9 Wednesday after the supplemental count day, an intermediate dis-  
10 trict shall submit to the department, in a form and manner pre-  
11 scribed by the department, the audited enrollment and attendance  
12 data for the pupils of its constituent districts and of the  
13 intermediate district. ~~If an intermediate district fails to~~  
14 ~~transmit the audited data as required under this subsection,~~  
15 ~~state aid due to be distributed under this act shall be withheld~~  
16 ~~from the defaulting intermediate district immediately, beginning~~  
17 ~~with the next payment after the failure and continuing with each~~  
18 ~~payment until the intermediate district complies with this~~  
19 ~~subsection. If an intermediate district does not comply with~~  
20 ~~this subsection by the end of the fiscal year, the intermediate~~  
21 ~~district forfeits the amount withheld.~~

22 (3) Except as otherwise provided in this section, each dis-  
23 trict shall provide at least 180 days of pupil instruction and a  
24 number of hours of pupil instruction at least equal to the  
25 required minimum number of hours of pupil instruction required  
26 for 2000-2001 under section 1284 of the revised school code,  
27 MCL 380.1284. Except as otherwise provided in this act, a



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

150

1 district failing to hold 180 days of pupil instruction shall  
2 forfeit from its total state aid allocation for each day of fail-  
3 ure an amount equal to 1/180 of its total state aid allocation.  
4 Except as otherwise provided in this act, a district failing to  
5 comply with the required minimum hours of pupil instruction under  
6 this subsection shall forfeit from its total state aid allocation  
7 an amount determined by applying a ratio of the number of hours  
8 the district was in noncompliance in relation to the required  
9 minimum number of hours under this subsection. A district fail-  
10 ing to meet both the 180 days of pupil instruction requirement  
11 and the minimum number of hours of pupil instruction requirement  
12 under this subsection shall be penalized only the higher of the 2  
13 amounts calculated under the forfeiture provisions of this  
14 subsection. Not later than August 1, the board of each district  
15 shall certify to the department the number of days and hours of  
16 pupil instruction in the previous school year. If the district  
17 did not hold at least 180 days and the required minimum number of  
18 hours of pupil instruction under this subsection, the deduction  
19 of state aid shall be made in the following fiscal year from the  
20 first payment of state school aid. A district is not subject to  
21 forfeiture of funds under this subsection for a fiscal year in  
22 which a forfeiture was already imposed under subsection (7).  
23 Days or hours lost because of strikes or teachers' conferences  
24 shall not be counted as days or hours of pupil instruction. A  
25 district not having at least 75% of the district's membership in  
26 attendance on any day of pupil instruction shall receive state  
27 aid in that proportion of 1/180 that the actual percent of

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

151

1 attendance bears to the specified percentage. The superintendent  
2 shall promulgate rules for the implementation of this  
3 subsection.

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

11 (5) A district shall not forfeit part of its state aid  
12 appropriation because it adopts or has in existence an alterna-  
13 tive scheduling program for pupils in kindergarten if the program  
14 provides at least the number of hours required under subsection  
15 (3) for a full-time equated membership for a pupil in kindergar-  
16 ten as provided under section 6(4).

17 (6) Upon application by the district for a particular fiscal  
18 year, the superintendent may waive the minimum number of days of  
19 pupil instruction requirement of subsection (3) for a district if  
20 the district has adopted an experimental school year schedule in  
21 1 or more buildings in the district if the experimental school  
22 year schedule provides the required minimum number of hours of  
23 pupil instruction under subsection (3) or more and is consistent  
24 with all state board policies on school improvement and  
25 restructuring. If a district applies for and receives a waiver  
26 under this subsection and complies with the terms of the waiver,  
27 for the fiscal year covered by the waiver the district is not

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

152

1 subject to forfeiture under this section of part of its state aid  
2 allocation for the specific building or program covered by the  
3 waiver.

4 (7) Not later than April 15 of each fiscal year, the board  
5 of each district shall certify to the department the planned  
6 number of days and hours of pupil instruction in the district for  
7 the school year ending in the fiscal year. In addition to any  
8 other penalty or forfeiture under this section, if at any time  
9 the department determines that 1 or more of the following has  
10 occurred in a district, the district shall forfeit in the current  
11 fiscal year beginning in the next payment to be calculated by the  
12 department a proportion of the funds due to the district under  
13 this act that is equal to the proportion below 180 days and the  
14 required minimum number of hours of pupil instruction under sub-  
15 section (3), as specified in the following:

16 (a) The district fails to operate its schools for at least  
17 180 days and the required minimum number of hours of pupil  
18 instruction under subsection (3) in a school year, including days  
19 counted under subsection (4).

20 (b) The board of the district takes formal action not to  
21 operate its schools for at least 180 days and the required mini-  
22 mum number of hours of pupil instruction under subsection (3) in  
23 a school year, including days counted under subsection (4).

24 (8) In providing the minimum number of hours of pupil  
25 instruction required under subsection (3), a district shall use  
26 the following guidelines, and a district shall maintain records  
27 to substantiate its compliance with the following guidelines:

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

153

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

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

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

14       (d) If a pupil in grades 9 to 12 who is enrolled in a coop-  
15 erative education program or a special education pupil cannot  
16 receive the required minimum number of hours of pupil instruction  
17 solely because of travel time between instructional sites during  
18 the school day, that travel time ~~, up to a maximum of 2-1/2~~  
19 ~~hours per school week,~~ shall be considered to be pupil instruc-  
20 tion time for the purpose of determining whether the pupil is  
21 receiving the required minimum number of hours of pupil  
22 instruction. ~~However, if a district demonstrates to the satis-~~  
23 ~~faction of the department that the travel time limitation under~~  
24 ~~this subdivision would create undue costs or hardship to the dis-~~  
25 ~~trict, the department may consider more travel time to be pupil~~  
26 ~~instruction time for this purpose.~~ IN ORDER TO BE ELIGIBLE FOR  
27 TRAVEL TIME TO BE FULLY COUNTED AS INSTRUCTIONAL TIME UNDER THIS

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

154

1 SUBDIVISION, A DISTRICT MUST PROVIDE DOCUMENTATION OF ACTUAL  
2 TRAVEL TIME FOR APPLICABLE PUPILS TO THE DISTRICT'S INTERMEDIATE  
3 DISTRICT OR PUPIL ACCOUNTING AUDITOR DURING THE DISTRICT'S PUPIL  
4 MEMBERSHIP OR SUPPLEMENTAL COUNT AUDITS, OR BOTH, IN ACCORDANCE  
5 WITH THE MICHIGAN PUPIL ACCOUNTING MANUAL. A DISTRICT SHALL  
6 LIMIT THIS TRAVEL TIME TO THE EXTENT PRACTICABLE.

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

9 (10) Upon application by the district for a particular  
10 fiscal year, the superintendent may waive for a district the 180  
11 days or minimum number of hours of pupil instruction requirement  
12 of subsection (3) for a department-approved alternative education  
13 program. If a district applies for and receives a waiver under  
14 this subsection and complies with the terms of the waiver, for  
15 the fiscal year covered by the waiver the district is not subject  
16 to forfeiture under this section for the specific program covered  
17 by the waiver.

18 (11) Beginning in 2000-2001, a district may count up to 51  
19 hours of professional development for teachers as hours of pupil  
20 instruction. A district that elects to use this exception shall  
21 notify the department of its election.

22 Sec. 105. (1) In order to avoid a penalty under this sec-  
23 tion, and in order to count a nonresident pupil residing within  
24 the same intermediate district in membership without the approval  
25 of the pupil's district of residence, a district shall comply  
26 with this section.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

155

1       (2) Except as otherwise provided in this section, a district  
2 shall determine whether or not it will accept applications for  
3 enrollment by nonresident applicants residing within the same  
4 intermediate district for the next school year. If the district  
5 determines to accept applications for enrollment of a number of  
6 nonresidents, beyond those entitled to preference under this sec-  
7 tion, the district shall use the following procedures for accept-  
8 ing applications from and enrolling nonresidents:

9       (a) The district shall publish the grades, schools, and spe-  
10 cial programs, if any, for which enrollment may be available to,  
11 and for which applications will be accepted from, nonresident  
12 applicants residing within the same intermediate district.

13       (b) If the district has a limited number of positions avail-  
14 able for nonresidents residing within the same intermediate dis-  
15 trict in a grade, school, or program, all of the following apply  
16 to accepting applications for and enrollment of nonresidents in  
17 that grade, school, or program:

18       (i) The district shall do all of the following not later  
19 than the second Friday in August:

20       (A) Provide notice to the general public that applications  
21 will be taken for a 15-day period from nonresidents residing  
22 within the same intermediate district for enrollment in that  
23 grade, school, or program. The notice shall identify the 15-day  
24 period and the place and manner for submitting applications.

25       (B) During the application period under  
26 sub-subparagraph (A), accept applications from nonresidents

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

156

1 residing within the same intermediate district for enrollment in  
2 that grade, school, or program.

3 (C) Within 15 days after the end of the application period  
4 under sub-subparagraph (A), using the procedures and preferences  
5 required under this section, determine which nonresident appli-  
6 cants will be allowed to enroll in that grade, school, or pro-  
7 gram, using the random draw system required under subsection (13)  
8 as necessary, and notify the parent or legal guardian of each  
9 nonresident applicant of whether or not the applicant may enroll  
10 in the district. The notification to parents or legal guardians  
11 of nonresident applicants accepted for enrollment shall contain  
12 notification of the date by which the applicant must enroll in  
13 the district and procedures for enrollment.

14 (ii) Beginning on the third Monday in August and not later  
15 than the end of the first week of school, if any positions become  
16 available in a grade, school, or program due to accepted appli-  
17 cants failing to enroll or to more positions being added, the  
18 district may enroll nonresident applicants from the waiting list  
19 maintained under subsection (13), offering enrollment in the  
20 order that applicants appear on the waiting list. If there are  
21 still positions available after enrolling all applicants from the  
22 waiting list who desire to enroll, the district may not fill  
23 those positions until the second semester enrollment under sub-  
24 section (3), as provided under that subsection, or until the next  
25 school year.

26 (c) For a grade, school, or program that has an unlimited  
27 number of positions available for nonresidents residing within

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

157

1 the same intermediate district, all of the following apply to  
2 enrollment of nonresidents in that grade, school, or program:

3 (i) The district may accept applications for enrollment in  
4 that grade, school, or program, and may enroll nonresidents  
5 residing within the same intermediate district in that grade,  
6 school, or program, until the end of the first week of school.  
7 The district shall provide notice to the general public of the  
8 place and manner for submitting applications and, if the district  
9 has a limited application period, the notice shall include the  
10 dates of the application period. The application period shall be  
11 at least a 15-day period.

12 (ii) Not later than the end of the first week of school, the  
13 district shall notify the parent or legal guardian of each non-  
14 resident applicant who is accepted for enrollment that the appli-  
15 cant has been accepted for enrollment in the grade, school, or  
16 program and of the date by which the applicant must enroll in the  
17 district and the procedures for enrollment.

18 (3) If a district determines during the first semester of a  
19 school year that it has positions available for enrollment of a  
20 number of nonresidents residing within the same intermediate dis-  
21 trict, beyond those entitled to preference under this section,  
22 for the second semester of the school year, the district may  
23 accept applications from and enroll nonresidents residing within  
24 the same intermediate district for the second semester using the  
25 following procedures:

26 (a) Not later than 2 weeks before the end of the first  
27 semester, the district shall publish the grades, schools, and



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

158

1 special programs, if any, for which enrollment for the second  
2 semester may be available to, and for which applications will be  
3 accepted from, nonresident applicants residing within the same  
4 intermediate district.

5 (b) During the last 2 weeks of the first semester, the dis-  
6 trict shall accept applications from nonresidents residing within  
7 the same intermediate district for enrollment for the second  
8 semester in the available grades, schools, and programs.

9 (c) By the beginning of the second semester, using the pro-  
10 cedures and preferences required under this section, the district  
11 shall determine which nonresident applicants will be allowed to  
12 enroll in the district for the second semester and notify the  
13 parent or legal guardian of each nonresident applicant residing  
14 within the same intermediate district of whether or not the  
15 applicant may enroll in the district. The notification to par-  
16 ents or legal guardians of nonresident applicants accepted for  
17 enrollment shall contain notification of the date by which the  
18 applicant must enroll in the district and procedures for  
19 enrollment.

20 (4) If deadlines similar to those described in subsection  
21 (2) or (3) have been established in an intermediate district, and  
22 if those deadlines are not later than the deadlines under  
23 subsection (2) or (3), the districts within the intermediate dis-  
24 trict may use those deadlines.

25 (5) A district offering to enroll nonresident applicants  
26 residing within the same intermediate district may limit the  
27 number of nonresident pupils it accepts in a grade, school, or

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

159

1 program, at its discretion, and may use that limit as the reason  
2 for refusal to enroll an applicant.

3 (6) A nonresident applicant residing within the same inter-  
4 mediate district shall not be granted or refused enrollment based  
5 on intellectual, academic, artistic, or other ability, talent, or  
6 accomplishment, or lack thereof, or based on a mental or physical  
7 disability, except that a district may refuse to admit a nonresi-  
8 dent applicant if the applicant does not meet the same criteria,  
9 other than residence, that an applicant who is a resident of the  
10 district must meet to be accepted for enrollment in a grade or a  
11 specialized, magnet, or intra-district choice school or program  
12 to which the applicant applies.

13 (7) A nonresident applicant residing within the same inter-  
14 mediate district shall not be granted or refused enrollment based  
15 on age, except that a district may refuse to admit a nonresident  
16 applicant applying for a program that is not appropriate for the  
17 age of the applicant.

18 (8) A nonresident applicant residing within the same inter-  
19 mediate district shall not be granted or refused enrollment based  
20 upon religion, race, color, national origin, sex, height, weight,  
21 marital status, or athletic ability, or, generally, in violation  
22 of any state or federal law prohibiting discrimination.

23 (9) A district may refuse to enroll a nonresident applicant  
24 if the applicant is, or has been within the preceding 2 years,  
25 suspended from another school or if the applicant has ever been  
26 expelled from another school.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

160

1       (10) A district shall continue to allow a pupil who was  
2   enrolled in and attended the district under this section in the  
3   school year or semester immediately preceding the school year or  
4   semester in question to enroll in the district until the pupil  
5   graduates from high school. This subsection does not prohibit a  
6   district from expelling a pupil described in this subsection for  
7   disciplinary reasons.

8       (11) A district shall give preference for enrollment under  
9   this section over all other nonresident applicants residing  
10   within the same intermediate district to other school-age chil-  
11   dren who reside in the same household as a pupil described in  
12   subsection (10).

13       (12) If a nonresident pupil was enrolled in and attending  
14   school in a district as a nonresident pupil in the 1995-96 school  
15   year and continues to be enrolled continuously each school year  
16   in that district, the district shall allow that nonresident pupil  
17   to continue to enroll in and attend school in the district until  
18   high school graduation, without requiring the nonresident pupil  
19   to apply for enrollment under this section. This subsection does  
20   not prohibit a district from expelling a pupil described in this  
21   subsection for disciplinary reasons.

22       (13) If the number of qualified nonresident applicants eli-  
23   gible for acceptance in a school, grade, or program does not  
24   exceed the positions available for nonresident pupils in the  
25   school, grade, or program, the school district shall accept for  
26   enrollment all of the qualified nonresident applicants eligible  
27   for acceptance. If the number of qualified nonresident

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

161

1 applicants residing within the same intermediate district  
2 eligible for acceptance exceeds the positions available in a  
3 grade, school, or program in a district for nonresident pupils,  
4 the district shall use a random draw system, subject to the need  
5 to abide by state and federal antidiscrimination laws and court  
6 orders and subject to preferences allowed by this section. The  
7 district shall develop and maintain a waiting list based on the  
8 order in which nonresident applicants were drawn under this  
9 random draw system.

10 (14) If a district, or the nonresident applicant, requests  
11 the district in which a nonresident applicant resides to supply  
12 information needed by the district for evaluating the applicant's  
13 application for enrollment or for enrolling the applicant, the  
14 district of residence shall provide that information on a timely  
15 basis.

16 (15) If a district is subject to a court-ordered desegrega-  
17 tion plan, and if the court issues an order prohibiting pupils  
18 residing in that district from enrolling in another district or  
19 prohibiting pupils residing in another district from enrolling in  
20 that district, this section is subject to the court order.

21 (16) This section does not require a district to provide  
22 transportation for a nonresident pupil enrolled in the district  
23 under this section or for a resident pupil enrolled in another  
24 district under this section. However, at the time a nonresident  
25 pupil enrolls in the district, a district shall provide to the  
26 pupil's parent or legal guardian information on available

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

162

1 transportation to and from the school in which the pupil  
2 enrolls.

3 (17) ~~If, in a particular state fiscal year,~~ SUBJECT TO  
4 SUBSECTION (20), IF the total number of pupils enrolled and  
5 counted in membership in a district FOR 2001-2002 is less than  
6 90% of the total number of pupils residing in the district who  
7 are enrolled and counted in membership in either that district or  
8 1 or more other districts FOR 2001-2002, the total amount of  
9 money allocated to that district FOR 2001-2002 under ~~section 20~~  
10 SECTIONS 22A AND 22B shall be adjusted so that the district  
11 receives a total allocation under ~~section 20~~ THOSE SECTIONS  
12 equal to the amount the district would receive under ~~section 20~~  
13 THOSE SECTIONS if exactly 90% of the pupils residing in the dis-  
14 trict who are enrolled and counted in either that district or 1  
15 or more other districts were enrolled and counted in membership  
16 in that district.

17 (18) SUBJECT TO SUBSECTION (20), IF THE TOTAL NUMBER OF  
18 PUPILS ENROLLED AND COUNTED IN MEMBERSHIP IN A DISTRICT FOR  
19 2002-2003 IS LESS THAN 70% OF THE TOTAL NUMBER OF PUPILS RESIDING  
20 IN THE DISTRICT WHO ARE ENROLLED AND COUNTED IN MEMBERSHIP IN  
21 EITHER THAT DISTRICT OR 1 OR MORE OTHER DISTRICTS FOR 2002-2003,  
22 THE TOTAL AMOUNT OF MONEY ALLOCATED TO THAT DISTRICT UNDER SEC-  
23 TIONS 22A AND 22B SHALL BE ADJUSTED SO THAT THE DISTRICT RECEIVES  
24 A TOTAL ALLOCATION UNDER THOSE SECTIONS EQUAL TO THE AMOUNT THE  
25 DISTRICT WOULD RECEIVE UNDER THOSE SECTIONS IF EXACTLY 70% OF THE  
26 PUPILS RESIDING IN THE DISTRICT WHO ARE ENROLLED AND COUNTED IN

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

163

1 EITHER THAT DISTRICT OR 1 OR MORE OTHER DISTRICTS WERE ENROLLED  
2 AND COUNTED IN MEMBERSHIP IN THAT DISTRICT.

3 (19) SUBJECT TO SUBSECTION (20), IF THE TOTAL NUMBER OF  
4 PUPILS ENROLLED AND COUNTED IN MEMBERSHIP IN A DISTRICT FOR  
5 2003-2004 IS LESS THAN 50% OF THE TOTAL NUMBER OF PUPILS RESIDING  
6 IN THE DISTRICT WHO ARE ENROLLED AND COUNTED IN MEMBERSHIP IN  
7 EITHER THAT DISTRICT OR 1 OR MORE OTHER DISTRICTS FOR 2003-2004,  
8 THE TOTAL AMOUNT OF MONEY ALLOCATED TO THAT DISTRICT UNDER SEC-  
9 TIONS 22A AND 22B SHALL BE ADJUSTED SO THAT THE DISTRICT RECEIVES  
10 A TOTAL ALLOCATION UNDER THOSE SECTIONS EQUAL TO THE AMOUNT THE  
11 DISTRICT WOULD RECEIVE UNDER THOSE SECTIONS IF EXACTLY 50% OF THE  
12 PUPILS RESIDING IN THE DISTRICT WHO ARE ENROLLED AND COUNTED IN  
13 EITHER THAT DISTRICT OR 1 OR MORE OTHER DISTRICTS WERE ENROLLED  
14 AND COUNTED IN MEMBERSHIP IN THAT DISTRICT.

15 (20) A DISTRICT IS ELIGIBLE FOR A FUNDING ADJUSTMENT UNDER  
16 SUBSECTION (17), (18), OR (19) ONLY IF THE DISTRICT MEETS BOTH OF  
17 THE FOLLOWING:

18 (A) THE DISTRICT RECEIVED A FUNDING ADJUSTMENT UNDER 1 OF  
19 THOSE SUBSECTIONS FOR THE IMMEDIATELY PRECEDING FISCAL YEAR.

20 (B) THE DISTRICT DOES NOT RECEIVE ADDITIONAL FUNDING DUE TO  
21 THE MEMBERSHIP CALCULATION UNDER SECTION 6(4)(Y).

22 (21) ~~-(18)-~~ A district may participate in a cooperative edu-  
23 cation program with 1 or more other districts or intermediate  
24 districts whether or not the district enrolls any nonresidents  
25 pursuant to this section.

26 (22) ~~-(19)-~~ A district that, pursuant to this section,  
27 enrolls a nonresident pupil who is eligible for special education

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

164

1 programs and services according to statute or rule, or who is a  
2 child with disabilities, as defined under the individuals with  
3 disabilities education act, title VI of Public Law 91-230, shall  
4 be considered to be the resident district of the pupil for the  
5 purpose of providing the pupil with a free appropriate public  
6 education. Consistent with state and federal law, that district  
7 is responsible for developing and implementing an individualized  
8 education plan annually for a nonresident pupil described in this  
9 subsection.

10 (23) ~~-(20)-~~ If a district does not comply with this section,  
11 the district forfeits 5% of the total state school aid allocation  
12 to the district under this act.

13 (24) ~~-(21)-~~ Upon application by a district, the superinten-  
14 dent may grant a waiver for the district from a specific require-  
15 ment under this section for not more than 1 year.

16 Sec. 107. (1) From the appropriation in section 11, there  
17 is allocated ~~an amount not to exceed \$80,000,000.00 for~~  
18 ~~2000-2001 and~~ an amount not to exceed \$75,000,000.00 ~~each~~  
19 ~~fiscal year~~ for 2001-2002 AND AN AMOUNT NOT TO EXCEED  
20 \$80,000,000.00 FOR 2002-2003 for adult education programs autho-  
21 rized under this section.

22 (2) To be eligible to be a participant funded under this  
23 section, a person shall be enrolled in an adult basic education  
24 program, an adult English as a second language program, a general  
25 education development (G.E.D.) test preparation program, a job  
26 or employment related program, or a high school completion

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

165

1 program, that meets the requirements of this section, and shall  
2 meet either of the following, as 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 meets 1 of the following:

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

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

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

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

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

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

21 (a) For districts and consortia that received payments for  
22 1995-96 under former section 107f and that received payments for  
23 1996-97 under subsection (4) of this section as in effect in  
24 1996-97, the amount allocated to each ~~for 2000-2001,~~ for  
25 2001-2002 ~~—~~ AND FOR 2002-2003 shall be an amount each fiscal  
26 year equal to 36.76% of the amount the district or consortium  
27 received for 1995-96 under former section 107f.



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

166

1       (b) For districts and consortia that received payments under  
2     subsection (3) of this section as in effect for 1996-97, the  
3     amount allocated to each ~~for 2000-2001,~~ for 2001-2002 ~~—~~ AND  
4     FOR 2002-2003 shall be an amount each fiscal year equal to the  
5     product of the number of full-time equated participants actually  
6     enrolled and in attendance during the 1996-97 school fiscal year  
7     in the program funded under subsection (3) of this section as in  
8     effect for 1996-97 as reported to the department OF CAREER  
9     DEVELOPMENT, audited, and adjusted according to subsection (10)  
10    of this section as in effect for 1996-97, multiplied by  
11    \$2,750.00.

12       (c) For districts and consortia that meet the conditions of  
13     both subdivisions (a) and (b), the amount allocated each fiscal  
14     year ~~for 2000-2001,~~ for 2001-2002 ~~—~~ and for 2002-2003 shall  
15     be the sum of the allocations to the district or consortium under  
16     subdivisions (a) and (b).

17       (d) A district or consortium that received funding in  
18     1996-97 under this section as in effect for 1996-97 may operate  
19     independently of a consortium or join or form a consortium ~~for~~  
20     ~~2000-2001,~~ for 2001-2002 ~~—~~ or for 2002-2003. The allocation  
21     ~~for 2000-2001,~~ for 2001-2002 ~~—~~ or for 2002-2003 to the dis-  
22     trict or the newly formed consortium under this subsection shall  
23     be determined by the department OF CAREER DEVELOPMENT and shall  
24     be based on the proportion of the amounts specified in  
25     subdivision (a) or (b), or both, that are attributable to the  
26     district or consortium that received funding in 1996-97. A  
27     district or consortium described in this subdivision shall notify

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

167

1 the department OF CAREER DEVELOPMENT of its intention with regard  
2 to ~~2000-2001,~~ 2001-2002 ~~,~~ or 2002-2003 by October 1 of the  
3 affected fiscal year.

4 (4) A district that operated an adult education program in  
5 1996-97 and does not intend to operate a program in ~~2000-2001,~~  
6 2001-2002 ~~,~~ or 2002-2003 shall notify the department OF CAREER  
7 DEVELOPMENT by October 1 of the affected fiscal year of its  
8 intention. The funds intended to be allocated under this section  
9 to a district that does not operate a program in ~~2000-2001,~~  
10 2001-2002 ~~,~~ or 2002-2003 and the unspent funds originally allo-  
11 cated under this section to a district or consortium that subse-  
12 quently operates a program at less than the level of funding  
13 allocated under subsection (3) shall instead be proportionately  
14 reallocated to the other districts described in subsection (3)(a)  
15 that are operating an adult education program in ~~2000-2001,~~  
16 2001-2002 ~~,~~ or 2002-2003 under this section.

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

168

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

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

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

10       (ii) The participant fails to show progress on 2 successive  
11       assessments after having completed at least 450 hours of  
12       instruction.

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

17       (i) The participant is assessed as having attained basic  
18       English proficiency.

19       (ii) The participant fails to show progress on 2 successive  
20       assessments after having completed at least 450 hours of  
21       instruction. The department OF CAREER DEVELOPMENT shall provide  
22       information to a funding recipient regarding appropriate assess-  
23       ment instruments for this program.

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

169

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

3       (b) The program shall administer a G.E.D. pre-test approved  
4 by the department OF CAREER DEVELOPMENT before enrolling an indi-  
5 vidual to determine the individual's potential for success on the  
6 G.E.D. test, and shall administer other tests after every 90  
7 hours of attendance to determine a participant's readiness to  
8 take the G.E.D. test.

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

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

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

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

19       (a) The program enrolls adults who do not have a high school  
20 diploma.

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

24       (i) The participant passes the course and earns a high  
25 school diploma.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

170

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

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

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

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

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

18       (ii) The individual fails to show progress on 2 successive  
19 assessments after having completed at least 450 hours of  
20 instruction. The department OF CAREER DEVELOPMENT shall provide  
21 information to a funding recipient regarding appropriate assess-  
22 ment instruments for this program.

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

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

26       (b) Ten percent for completion of the adult basic education  
27 objectives by achieving an increase of at least 1 grade level of

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

171

1 proficiency in reading or mathematics; for achieving basic  
2 English proficiency; for passage of the G.E.D. test; for passage  
3 of a course required for a participant to attain a high school  
4 diploma; or for completion of the course and demonstrated profi-  
5 ciency in the academic skills to be learned in the course, as  
6 applicable.

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

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

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

23 (14) A district shall not commingle money received under  
24 this section or from another source for adult education purposes  
25 with any other funds of the district. A district receiving adult  
26 education funds shall establish a separate ledger account for  
27 those funds. This subsection does not prohibit a district from

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

172

1 using general funds of the district to support an adult education  
2 or community education program.

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

6 ~~(16) As used in this section and section 108, "department"~~  
7 ~~means the department of career development.~~

8 Sec. 108. (1) From the general fund appropriation in  
9 section 11, there is allocated ~~for 2000-2001, 2001-2002, and~~  
10 ~~2002-2003~~ an amount not to exceed \$20,000,000.00 ~~each fiscal~~  
11 ~~year~~ FOR 2001-2002 AND AN AMOUNT NOT TO EXCEED \$20,000,000.00  
12 FOR 2002-2003 for partnership for adult learning programs autho-  
13 rized under this section.

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

19 (a) If the individual has obtained a high school diploma or  
20 a general education development (G.E.D.) certificate, the indi-  
21 vidual is determined to have English language proficiency, read-  
22 ing, writing, or math skills below workforce readiness standards  
23 as determined by ~~department-approved~~ tests APPROVED BY THE  
24 DEPARTMENT OF CAREER DEVELOPMENT and is not enrolled in a post-  
25 secondary institution. An individual who has obtained a high  
26 school diploma is not eligible for enrollment in a G.E.D. test  
27 preparation program funded under this section.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

173

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

6 (3) From the allocation under subsection (1), an amount not  
7 to exceed \$19,800,000.00 is allocated ~~each fiscal year for~~  
8 ~~2000-2001,~~ for 2001-2002 ~~—~~, and AN AMOUNT NOT TO EXCEED  
9 \$19,800,000.00 IS ALLOCATED for 2002-2003 to local workforce  
10 development boards for the purpose of providing regional adult  
11 learning programs. An application for a grant under this subsec-  
12 tion shall be in the form and manner prescribed by the department  
13 OF CAREER DEVELOPMENT. Subject to subsections (4), (5), and (6),  
14 the amount allocated to each local workforce development board  
15 shall be as provided in this subsection, except that an eligible  
16 local workforce development board shall not receive an initial  
17 allocation under this section that is less than \$70,000.00. The  
18 maximum amount of a grant awarded to an eligible local workforce  
19 development board shall be the sum of the following components:

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

24 (b) Thirty-three percent of the allocation under this sub-  
25 section multiplied by the proportion of the number of persons in  
26 the local workforce development board region over age 17 who have  
27 not received a high school diploma compared to the statewide



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

174

1 total of persons over age 17 who have not received a high school  
2 diploma.

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

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

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

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

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

175

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

7 (d) The local workforce development board shall furnish to  
8 the department OF CAREER DEVELOPMENT, in a form and manner deter-  
9 mined by the department OF CAREER DEVELOPMENT, the information  
10 the department OF CAREER DEVELOPMENT determines is necessary to  
11 administer this section.

12 (e) The local workforce development board shall allow access  
13 for the department OF CAREER DEVELOPMENT or ~~the department's~~  
14 ITS designee to audit all records related to adult learning pro-  
15 grams for which it receives funds. The local workforce develop-  
16 ment board shall reimburse this state for all disallowances found  
17 in the audit in a manner determined by the department OF CAREER  
18 DEVELOPMENT.

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

176

1 provision of career and educational information, counseling  
2 services, and assessment services.

3 (b) Up to 15% of a grant award may be used to support work-  
4 force readiness programs for employers in the local workforce  
5 development board region as approved by the department OF CAREER  
6 DEVELOPMENT. Employers or consortia of employers whose employees  
7 participate in these programs must provide matching funds in a  
8 ratio of at least \$1.00 of private funds for each \$1.00 of state  
9 funds.

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

17 (a) The ability of the provider to assess individuals before  
18 enrollment using ~~department-approved~~ assessment tools APPROVED  
19 BY THE DEPARTMENT OF CAREER DEVELOPMENT and to develop individual  
20 adult learner plans from those assessments for each participant.

21 (b) The ability of the provider to conduct continuing  
22 assessments in a manner approved by the department OF CAREER  
23 DEVELOPMENT to determine participant progress toward achieving  
24 the goals established in individual adult learner plans.

25 (c) The past effectiveness of an eligible provider in  
26 improving adult literacy skills and ~~, beginning in 2001-2002,~~  
27 the success of an eligible provider in meeting or exceeding

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

177

1 ~~department-approved~~ performance measures APPROVED BY THE  
2 DEPARTMENT OF CAREER DEVELOPMENT.

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

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

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

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

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

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

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

21 (k) Whether the provider can maintain an information manage-  
22 ment system that has the capacity to report participant outcomes  
23 and monitor program performance against ~~department-approved~~  
24 performance measures APPROVED BY THE DEPARTMENT OF CAREER  
25 DEVELOPMENT.

26 (l) Whether the provider will allow access for the local  
27 workforce development board or its designee to audit all records

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

178

1 related to adult learning programs for which it receives funds.

2 The adult learning provider shall reimburse the local workforce  
3 development board for all disallowances found in the audit.

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

7 (9) ~~Beginning in 2001-2002, contracts~~ CONTRACTS awarded by  
8 local workforce development boards to adult learning providers  
9 shall comply with the priorities established in a  
10 ~~department-approved~~ strategic plan APPROVED BY THE DEPARTMENT  
11 OF CAREER DEVELOPMENT.

12 (10) Adult learning providers that do not agree with the  
13 decisions of the local workforce development board in issuing or  
14 administering competitive grants may use the grievance procedure  
15 established by the department OF CAREER DEVELOPMENT.

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

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

19 (i) Fifty percent of the contract amount shall be allocated  
20 to eligible adult learning providers based upon enrollment of  
21 participants in adult learning programs. "Enrollment" means a  
22 participant enrolled in the program who received a preenrollment  
23 assessment using ~~department-approved~~ assessment tools APPROVED  
24 BY THE DEPARTMENT OF CAREER DEVELOPMENT and for whom an individ-  
25 ual adult learner plan has been developed.

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

179

1 performance standards as measured in a ~~department-approved~~  
2 manner APPROVED BY THE DEPARTMENT OF CAREER DEVELOPMENT:

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

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

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

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

15 (c) A provider is eligible for reimbursement for a partici-  
16 pant in an adult learning program until the participant's read-  
17 ing, writing, or math proficiency, as applicable, is assessed at  
18 workforce readiness levels or the participant fails to show  
19 progress on 2 successive assessments as determined by the depart-  
20 ment OF CAREER DEVELOPMENT.

21 (d) A provider is eligible for reimbursement for a partici-  
22 pant in an English as a second language program until the partic-  
23 ipant is assessed as having attained basic English proficiency or  
24 the participant fails to show progress on 2 successive assess-  
25 ments as determined by the department OF CAREER DEVELOPMENT.

26 (e) A provider is eligible for reimbursement for a  
27 participant in a G.E.D. test preparation program until the

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

180

1 participant passes the G.E.D. test or the participant fails to  
2 show progress on 2 successive assessments as determined by the  
3 department OF CAREER DEVELOPMENT.

4 (f) A provider is eligible for reimbursement for a partici-  
5 pant in a high school completion program until the participant  
6 earns a high school diploma or the participant fails to show  
7 progress as determined by the department OF CAREER DEVELOPMENT.

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

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

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

19 (15) In order to administer the partnership for adult learn-  
20 ing system under this section, the department OF CAREER  
21 DEVELOPMENT shall do all of the following:

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

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

181

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

4 (d) Approve workforce readiness standards for English lan-  
5 guage proficiency, reading, math, and writing skills that can be  
6 measured by ~~department-approved,~~ nationally recognized assess-  
7 ment tools APPROVED BY THE DEPARTMENT OF CAREER DEVELOPMENT.

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

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

20 (18) As used in this section:

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

26 (b) "Adult learning program" means a ~~department-approved~~  
27 program APPROVED BY THE DEPARTMENT OF CAREER DEVELOPMENT that



**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

182

1 improves reading, writing, and math skills to workforce readiness  
2 standards; an English as a second language program; a  
3 G.E.D. preparation program; a high school completion program; or  
4 a workforce readiness program that enhances employment  
5 opportunities.

6 ~~-(c) "Department" means the department of career~~  
7 ~~development.~~

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

14 (D) ~~-(e)~~ "Participant" means an individual enrolled in an  
15 adult learning program and receiving services from an eligible  
16 adult learning provider.

17 (E) ~~-(f)~~ "Strategic plan" means a ~~department-approved~~  
18 document APPROVED BY THE DEPARTMENT OF CAREER DEVELOPMENT that  
19 incorporates adult learning goals and objectives for the local  
20 workforce development board region and is developed jointly by  
21 the local workforce development board and the education advisory  
22 groups.

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

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

183

1 (h) "Workforce readiness standard" means a  
2 ~~department approved level of~~ PROFICIENCY LEVEL APPROVED BY THE  
3 DEPARTMENT OF CAREER DEVELOPMENT IN English language, reading,  
4 writing, or mathematics, ~~proficiency,~~ or any and all of these,  
5 as determined by results from assessments approved for use by the  
6 department OF CAREER DEVELOPMENT.

7 SEC. 121A. FROM THE GENERAL FUND APPROPRIATION IN  
8 SECTION 11, THERE IS ALLOCATED FOR 2002-2003 ONLY AN AMOUNT NOT  
9 TO EXCEED \$4,600,000.00 TO THE DEPARTMENT OF TREASURY FOR PAY-  
10 MENTS TO LOCAL TREASURERS FOR THE COSTS OF CHANGING THE COLLEC-  
11 TION DATE FOR THE STATE EDUCATION TAX UNDER THE STATE EDUCATION  
12 TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906. ELIGIBLE COSTS TO  
13 BE REIMBURSED AND THE MANNER OF REIMBURSEMENT SHALL BE DETERMINED  
14 BY THE DEPARTMENT OF TREASURY.

15 Sec. 147. (1) The allocations for ~~2000-2001,~~ 2001-2002  
16 ~~,~~ and 2002-2003 for the public school employees' retirement  
17 system pursuant to the public school employees retirement act of  
18 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using  
19 the entry age normal cost actuarial method and risk assumptions  
20 adopted by the public school employees retirement board and the  
21 department of management and budget. The annual level percentage  
22 of payroll contribution rate ~~for the 2000-2001 state fiscal year~~  
23 ~~is estimated at 12.16% and the annual level percentage of payroll~~  
24 ~~contribution rate~~ for the 2001-2002 state fiscal year is esti-  
25 mated at 12.17%. The portion of the contribution rate assigned  
26 to districts and intermediate districts for each fiscal year is  
27 all of the total percentage points. This contribution rate

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

184

1 reflects an amortization period of ~~36 years for 2000-2001 and~~  
2 35 years for 2001-2002 AND 34 YEARS FOR 2002-2003. The public  
3 school employees' retirement system board shall notify each dis-  
4 trict and intermediate district by February 28 of each fiscal  
5 year of the estimated contribution rate for the next fiscal  
6 year.

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

13 Enacting section 1. In accordance with section 30 of  
14 article IX of the state constitution of 1963, total state spend-  
15 ing in this amendatory act and in 2001 PA 121 and 2000 PA 297  
16 from state sources for fiscal year 2001-2002 is estimated at  
17 \$11,213,061,700.00 and state appropriations to be paid to local  
18 units of government for fiscal year 2001-2002 are estimated at  
19 \$11,174,289,800.00; and total state spending in this amendatory  
20 act and in 2001 PA 121 and 2000 PA 297 from state sources for  
21 fiscal year 2002-2003 is estimated at \$11,465,655,900.00 and  
22 state appropriations to be paid to local units of government for  
23 fiscal year 2002-2003 are estimated at \$11,424,444,500.00.

24 Enacting section 2. (1) Sections 32g, 63, 95, 97, and 166d  
25 of the state school aid act of 1979, 1979 PA 94, MCL 388.1632g,  
26 388.1663, 388.1695, 388.1697, and 388.1766d, are repealed.

**SB1107, As Passed House, March 19, 2002**

Senate Bill No. 1107

185

1       (2) Sections 22c and 33 of the state school aid act of 1979,  
2   1979 PA 94, MCL 388.1622c and 388.1633, are repealed effective  
3   October 1, 2002.

4       Enacting section 3. Section 19 of the state school aid act  
5   of 1979, 1979 PA 94, MCL 388.1619, as amended by this amendatory  
6   act, takes effect October 1, 2002.