

**SUBSTITUTE FOR
SENATE BILL NO. 1107**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 11, 11f, 11g, 19, 20, 22a, 22b, 24, 26a,
31a, 31d, 32d, 37, 38, 39, 41, 51a, 51c, 53a, 54, 56, 57, 61a,
62, 67, 68, 74, 81, 94, 94a, 96, 98, 99, 107, 108, and 147 (MCL
388.1611, 388.1611f, 388.1611g, 388.1619, 388.1620, 388.1622a,
388.1622b, 388.1624, 388.1626a, 388.1631a, 388.1631d, 388.1632d,
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, 388.1707, 388.1708, and 388.1747),
sections 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a, 31d, 32d, 41,
51a, 51c, 53a, 54, 56, 57, 61a, 62, 67, 68, 74, 81, 94, 94a, 98,
99, 107, and 147 as amended by 2001 PA 121 and sections 19, 37,
38, and 39 as amended and sections 96 and 108 as added by 2000 PA

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297, and by adding sections 32i, 34, 39a, 51d, 55, 99a, and 121a;
and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) ~~For the fiscal year ending September 30,~~
2 ~~2001, there is appropriated for the public schools of this state~~
3 ~~and certain other state purposes relating to education the sum of~~
4 ~~\$10,306,721,500.00 from the state school aid fund established by~~
5 ~~section 11 of article IX of the state constitution of 1963 and~~
6 ~~the sum of \$385,613,500.00 from the general fund.~~ For the fiscal
7 year ending September 30, 2002, there is appropriated for the
8 public schools of this state and certain other state purposes
9 relating to education the sum of ~~-\$10,989,699,900.00~~
10 \$10,986,148,200.00 from the state school aid fund established by
11 section 11 of article IX of the state constitution of 1963 and
12 the sum of ~~-\$205,613,500.00~~ \$199,813,500.00 from the general
13 fund. For the fiscal year ending September 30, 2003, there is
14 appropriated for the public schools of this state and certain
15 other state purposes relating to education the sum of
16 ~~-\$10,985,960,300.00~~ \$11,215,729,400.00 from the state school aid
17 fund established by section 11 of article IX of the state consti-
18 tution of 1963 and the sum of ~~-\$420,613,500.00~~ \$202,156,500.00
19 from the general fund. HOWEVER, IF LEGISLATION AUTHORIZING THE
20 TRANSFER OF \$79,500,000.00 FROM THE MICHIGAN EMPLOYMENT SECURITY
21 ACT CONTINGENT FUND, PENALTIES AND INTEREST SUBACCOUNT, IS NOT
22 ENACTED AND IN EFFECT ON OR BEFORE OCTOBER 1, 2002, THERE IS
23 INSTEAD APPROPRIATED FROM THE GENERAL FUND FOR 2002-2003 THE SUM

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1 OF \$122,656,500.00. In addition, available federal funds are
2 appropriated for each of those fiscal years.

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

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

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

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

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

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

24 (3) This section does not create any obligation or liability
25 of this state to any district or intermediate district that does
26 not submit a waiver resolution described in this section. This
27 section, any other provision of this act, and section 353e of the

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1 management and budget act, 1984 PA 431, MCL 18.1353e, are not
2 intended to admit liability or waive any defense that is or would
3 be available to this state or its agencies, employees, or agents
4 in any litigation or future litigation with a district or inter-
5 mediate district.

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

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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

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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 dis-~~
4 ~~trict or intermediate district under this section and section 11g~~
5 ~~shall 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~~

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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."~~

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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

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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

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

26 (2) Each district and intermediate district shall provide to
27 the department, in a form and manner prescribed by the

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1 department, information necessary for the development of an
2 annual progress report on the implementation of sections 1204a,
3 1277, 1278, and 1280 of the revised school code, MCL 380.1204a,
4 380.1277, 380.1278, and 380.1280, commonly referred to as "public
5 act 25 of 1990". ~~—, and—~~ ADDITIONALLY, EACH DISTRICT AND INTERME-
6 DIATE DISTRICT SHALL PROVIDE TO THE DEPARTMENT OF INFORMATION
7 TECHNOLOGY, IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT OF
8 INFORMATION TECHNOLOGY, on the achievement of national education
9 goals, and information necessary for the development of other
10 performance reports.

11 (3) If a district or intermediate district fails to meet the
12 requirements of subsection (2) and sections 1204a, 1277, and 1278
13 of the revised school code, MCL 380.1204a, 380.1277, AND
14 380.1278, ~~and 380.1280,~~ the department shall withhold 5% of the
15 total funds for which the district or intermediate district qual-
16 ifies under this act until the district or intermediate district
17 complies with all of those sections. If the district or interme-
18 diate district does not comply with all of those sections by the
19 end of the fiscal year, the department shall place the amount
20 withheld in an escrow account until the district or intermediate
21 district complies with all of those sections.

22 (4) If a school in a district is not accredited under sec-
23 tion 1280 of the revised school code, MCL 380.1280, or is not
24 making satisfactory progress toward meeting the standards for
25 that accreditation, the department shall withhold 5% of the total
26 funds for which the district qualifies under this act that are
27 attributable to pupils attending that school. The department

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1 shall place the amount withheld from a district under this
2 subsection in an escrow account and shall not release the funds
3 to the district until the district submits to the department a
4 plan for achieving accreditation for each of the district's
5 schools that are not accredited under section 1280 of the revised
6 school code, MCL 380.1280, or are not making satisfactory
7 progress toward meeting the standards for that accreditation.

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

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

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

21 (a) Except as otherwise provided in this subsection, for a
22 district that in the immediately preceding state fiscal year had
23 a foundation allowance in an amount at least equal to the amount
24 of the basic foundation allowance for the immediately preceding
25 state fiscal year, the district shall receive a foundation allow-
26 ance in an amount equal to the sum of the district's foundation
27 allowance for the immediately preceding state fiscal year plus

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1 the dollar amount of the adjustment from the immediately
2 preceding state fiscal year to the current state fiscal year in
3 the basic foundation allowance. HOWEVER, FOR 2002-2003, THE
4 FOUNDATION ALLOWANCE FOR A DISTRICT UNDER THIS SUBDIVISION IS AN
5 AMOUNT EQUAL TO THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE
6 FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR PLUS \$200.00.

7 (b) ~~For~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION,
8 FOR a district that in the 1994-95 state fiscal year had a foun-
9 dation allowance greater than \$6,500.00, the district's founda-
10 tion allowance is an amount equal to the sum of the district's
11 foundation allowance for the immediately preceding state fiscal
12 year plus the lesser of the increase in the basic foundation
13 allowance for the current state fiscal year, as compared to the
14 immediately preceding state fiscal year, or the product of the
15 district's foundation allowance for the immediately preceding
16 state fiscal year times the percentage increase in the United
17 States consumer price index in the calendar year ending in the
18 immediately preceding fiscal year as reported by the May revenue
19 estimating conference conducted under section 367b of the manage-
20 ment and budget act, 1984 PA 431, MCL 18.1367b. FOR 2002-2003,
21 FOR A DISTRICT THAT IN THE 1994-95 STATE FISCAL YEAR HAD A FOUN-
22 DATION ALLOWANCE GREATER THAN \$6,500.00, THE DISTRICT'S FOUNDA-
23 TION ALLOWANCE IS AN AMOUNT EQUAL TO THE SUM OF THE DISTRICT'S
24 FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL
25 YEAR PLUS THE LESSER OF \$200.00 OR THE PRODUCT OF THE DISTRICT'S
26 FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL
27 YEAR TIMES THE PERCENTAGE INCREASE IN THE UNITED STATES CONSUMER

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1 PRICE INDEX IN THE CALENDAR YEAR ENDING IN THE IMMEDIATELY
2 PRECEDING FISCAL YEAR AS REPORTED BY THE MAY REVENUE ESTIMATING
3 CONFERENCE CONDUCTED UNDER SECTION 367B OF THE MANAGEMENT AND
4 BUDGET ACT, 1984 PA 431, MCL 18.1367B.

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

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

15 (4) Except as otherwise provided in this subsection, the
16 state portion of a district's foundation allowance is an amount
17 equal to the district's foundation allowance or \$6,500.00, which-
18 ever is less, minus the difference between the product of the
19 taxable value per membership pupil of all property in the dis-
20 trict that is not a homestead or qualified agricultural property
21 times the lesser of 18 mills or the number of mills of school
22 operating taxes levied by the district in 1993-94 and the quo-
23 tient of the ad valorem property tax revenue of the district cap-
24 tured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax incre-
25 ment finance authority act, 1980 PA 450, MCL 125.1801 to
26 125.1830, the local development financing act, 1986 PA 281,
27 MCL 125.2151 to 125.2174, or the brownfield redevelopment

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1 financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by
2 the district's membership excluding special education pupils.
3 For a district described in subsection (3)(b), the state portion
4 of the district's foundation allowance is an amount equal to
5 \$6,962.00 plus the difference between the district's foundation
6 allowance for the current state fiscal year and the district's
7 foundation allowance for 1998-99, minus the difference between
8 the product of the taxable value per membership pupil of all
9 property in the district that is not a homestead or qualified
10 agricultural property times the lesser of 18 mills or the number
11 of mills of school operating taxes levied by the district in
12 1993-94 and the quotient of the ad valorem property tax revenue
13 of the district captured under 1975 PA 197, MCL 125.1651 to
14 125.1681, the tax increment finance authority act, 1980 PA 450,
15 MCL 125.1801 to 125.1830, the local development financing act,
16 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelop-
17 ment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
18 divided by the district's membership excluding special education
19 pupils. For a district that has a millage reduction required
20 under section 31 of article IX of the state constitution of 1963,
21 the state portion of the district's foundation allowance shall be
22 calculated as if that reduction did not occur. The \$6,500.00
23 amount prescribed in this subsection shall be adjusted each year
24 by an amount equal to the dollar amount of the difference between
25 the basic foundation allowance for the current state fiscal year
26 and \$5,000.00. However, beginning in 2002-2003, the \$6,500.00
27 amount prescribed in this subsection shall be adjusted each year

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

20 (6) Subject to subsection (7) and section 22b(4) and except
21 as otherwise provided in this subsection, for pupils in member-
22 ship, other than special education pupils, in a public school
23 academy or a university school, the allocation calculated under
24 this section is an amount per membership pupil other than special
25 education pupils in the public school academy or university
26 school equal to the sum of the local school operating revenue per
27 membership pupil other than special education pupils for the

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1 district in which the public school academy or university school
2 is located and the state portion of that district's foundation
3 allowance, or the sum of the basic foundation allowance under
4 subsection (1) plus \$500.00, whichever is less. However, begin-
5 ning in 2002-2003, this \$500.00 amount shall instead be \$300.00.
6 Notwithstanding section 101(2), for a public school academy that
7 begins operations in ~~2000-2001,~~ 2001-2002 ~~,~~ or 2002-2003, as
8 applicable, after the pupil membership count day, the amount per
9 membership pupil calculated under this subsection shall be
10 adjusted by multiplying that amount per membership pupil by the
11 number of hours of pupil instruction provided by the public
12 school academy after it begins operations, as determined by the
13 department, divided by the minimum number of hours of pupil
14 instruction required under section ~~1284 of the revised school~~
15 ~~code, MCL 380.1284~~ 101(3). The result of this calculation shall
16 not exceed the amount per membership pupil otherwise calculated
17 under this subsection.

18 (7) If more than 25% of the pupils residing within a dis-
19 trict are in membership in 1 or more public school academies
20 located in the district, then the amount per membership pupil
21 calculated under this section for a public school academy located
22 in the district shall be reduced by an amount equal to the dif-
23 ference between the product of the taxable value per membership
24 pupil of all property in the district that is not a homestead or
25 qualified agricultural property times the lesser of 18 mills or
26 the number of mills of school operating taxes levied by the
27 district in 1993-94 and the quotient of the ad valorem property

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1 tax revenue of the district captured under 1975 PA 197,
2 MCL 125.1651 to 125.1681, the tax increment finance authority
3 act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development
4 financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the
5 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651
6 to 125.2672, divided by the district's membership excluding spe-
7 cial education pupils, in the school fiscal year ending in the
8 current state fiscal year, calculated as if the resident pupils
9 in membership in 1 or more public school academies located in the
10 district were in membership in the district. In order to receive
11 state school aid under this act, a district described in this
12 subsection shall pay to the authorizing body that is the fiscal
13 agent for a public school academy located in the district for
14 forwarding to the public school academy an amount equal to that
15 local school operating revenue per membership pupil for each res-
16 ident pupil in membership other than special education pupils in
17 the public school academy, as determined by the department.

18 (8) If a district does not receive an amount calculated
19 under subsection (9); if the number of mills the district may
20 levy on a homestead and qualified agricultural property under
21 section 1211(1) of the revised school code, MCL 380.1211, is 0.5
22 mills or less; and if the district elects not to levy those
23 mills, the district instead shall receive a separate supplemental
24 amount calculated under this subsection in an amount equal to the
25 amount the district would have received had it levied those
26 mills, as determined by the department of treasury. A district
27 shall not receive a separate supplemental amount calculated under

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1 this subsection for a fiscal year unless in the calendar year
2 ending in the fiscal year the district levies 18 mills or the
3 number of mills of school operating taxes levied by the district
4 in 1993, whichever is less, on property that is not a homestead
5 or qualified agricultural property.

6 (9) For a district that had combined state and local revenue
7 per membership pupil in the 1993-94 state fiscal year of more
8 than \$6,500.00 and that had fewer than 350 pupils in membership,
9 if the district elects not to reduce the number of mills from
10 which a homestead and qualified agricultural property are exempt
11 and not to levy school operating taxes on a homestead and quali-
12 fied agricultural property as provided in section 1211(1) of the
13 revised school code, MCL 380.1211, and not to levy school operat-
14 ing taxes on all property as provided in section 1211(2) of the
15 revised school code, MCL 380.1211, there is calculated under this
16 subsection for 1994-95 and each succeeding fiscal year a separate
17 supplemental amount in an amount equal to the amount the district
18 would have received per membership pupil had it levied school
19 operating taxes on a homestead and qualified agricultural prop-
20 erty at the rate authorized for the district under
21 section 1211(1) of the revised school code, MCL 380.1211, and
22 levied school operating taxes on all property at the rate autho-
23 rized for the district under section 1211(2) of the revised
24 school code, MCL 380.1211, as determined by the department of
25 treasury. If in the calendar year ending in the fiscal year a
26 district does not levy 18 mills or the number of mills of school
27 operating taxes levied by the district in 1993, whichever is

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1 less, on property that is not a homestead or qualified
2 agricultural property, the amount calculated under this subsec-
3 tion will be reduced by the same percentage as the millage actu-
4 ally levied compares to the 18 mills or the number of mills
5 levied in 1993, whichever is less.

6 (10) For a district that is formed or reconfigured after
7 June 1, 1994 by consolidation of 2 or more districts or by annex-
8 ation, the resulting district's foundation allowance under this
9 section beginning after the effective date of the consolidation
10 or annexation shall be the average of the foundation allowances
11 of each of the original or affected districts, calculated as pro-
12 vided in this section, weighted as to the percentage of pupils in
13 total membership in the resulting district who reside in the geo-
14 graphic area of each of the original districts. If an affected
15 district's foundation allowance is less than the basic foundation
16 allowance, the amount of that district's foundation allowance
17 shall be considered for the purpose of calculations under this
18 subsection to be equal to the amount of the basic foundation
19 allowance.

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

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

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

7 (a) The pupil membership factor shall be computed by divid-
8 ing the estimated membership in the school year ending in the
9 current state fiscal year, excluding intermediate district mem-
10 bership, by the estimated membership for the school year ending
11 in the subsequent state fiscal year, excluding intermediate dis-
12 trict membership. If a consensus membership factor is not deter-
13 mined at the revenue estimating conference, the principals of the
14 revenue estimating conference shall report their estimates to the
15 house and senate subcommittees responsible for school aid appro-
16 priations not later than 7 days after the conclusion of the reve-
17 nue conference.

18 (b) The revenue adjustment factor shall be computed by
19 dividing the sum of the estimated total state school aid fund
20 revenue for the subsequent state fiscal year plus the estimated
21 total state school aid fund revenue for the current state fiscal
22 year, adjusted for any change in the rate or base of a tax the
23 proceeds of which are deposited in that fund and excluding money
24 transferred into that fund from the countercyclical budget and
25 economic stabilization fund under section 353e of the management
26 and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the
27 estimated total school aid fund revenue for the current state

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1 fiscal year plus the estimated total state school aid fund
2 revenue for the immediately preceding state fiscal year, adjusted
3 for any change in the rate or base of a tax the proceeds of which
4 are deposited in that fund. If a consensus revenue 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 (c) The index shall be calculated by multiplying the pupil
11 membership factor by the revenue adjustment factor. If a consen-
12 sus index is not determined at the revenue estimating conference,
13 the principals of the revenue estimating conference shall report
14 their estimates to the house and senate subcommittees responsible
15 for school aid appropriations not later than 7 days after the
16 conclusion of the revenue conference.

17 (14) If the principals at the revenue estimating conference
18 reach a consensus on the index described in subsection (13)(c),
19 the basic foundation allowance for the subsequent state fiscal
20 year shall be at least the amount of that consensus index multi-
21 plied by the basic foundation allowance specified in subsection
22 (1).

23 ~~-(15) If at the January revenue estimating conference it is~~
24 ~~estimated that pupil membership, excluding intermediate district~~
25 ~~membership, for the subsequent state fiscal year will be greater~~
26 ~~than 101% of the pupil membership, excluding intermediate~~
27 ~~district membership, for the current state fiscal year, then it~~

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1 ~~is the intent of the legislature that the executive budget~~
2 ~~proposal for the school aid budget for the subsequent state~~
3 ~~fiscal year include a general fund/general purpose allocation~~
4 ~~sufficient to support the membership in excess of 101% of the~~
5 ~~current year pupil membership.~~

6 (15) ~~-(16)-~~ For a district that had combined state and local
7 revenue per membership pupil in the 1993-94 state fiscal year of
8 more than \$6,500.00, that had fewer than 7 pupils in membership
9 in the 1993-94 state fiscal year, that has at least 1 child edu-
10 cated in the district in the current state fiscal year, and that
11 levies the number of mills of school operating taxes authorized
12 for the district under section 1211 of the revised school code,
13 MCL 380.1211, a minimum amount of combined state and local reve-
14 nue shall be calculated for the district as provided under this
15 subsection. The minimum amount of combined state and local reve-
16 nue for 1999-2000 shall be \$67,000.00 plus the district's addi-
17 tional expenses to educate pupils in grades 9 to 12 educated in
18 other districts as determined and allowed by the department. The
19 minimum amount of combined state and local revenue under this
20 subsection, before adding the additional expenses, shall increase
21 each fiscal year by the same percentage increase as the percen-
22 tage increase in the basic foundation allowance from the immedi-
23 ately preceding fiscal year to the current fiscal year. The
24 state portion of the minimum amount of combined state and local
25 revenue under this subsection shall be calculated by subtracting
26 from the minimum amount of combined state and local revenue under
27 this subsection the sum of the district's local school operating

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1 revenue and an amount equal to the product of the sum of the
2 state portion of the district's foundation allowance plus the
3 amount calculated under section 20j times the district's
4 membership. As used in this subsection, "additional expenses"
5 means the district's expenses for tuition or fees, not to exceed
6 \$6,500.00 as adjusted each year by an amount equal to the dollar
7 amount of the difference between the basic foundation allowance
8 for the current state fiscal year and \$5,000.00, plus a room and
9 board stipend not to exceed \$10.00 per school day for each pupil
10 in grades 9 to 12 educated in another district, as approved by
11 the department. However, beginning in 2002-2003, the \$6,500.00
12 amount prescribed in this subsection shall be adjusted each year
13 by an amount equal to the dollar amount of the difference between
14 the basic foundation allowance for the current state fiscal year
15 and \$5,000.00, minus \$200.00.

16 (16) ~~(17)~~ For a district in which 7.75 mills levied in
17 1992 for school operating purposes in the 1992-93 school year
18 were not renewed in 1993 for school operating purposes in the
19 1993-94 school year, the district's combined state and local rev-
20 enue per membership pupil shall be recalculated as if that mill-
21 age reduction did not occur and the district's foundation allow-
22 ance shall be calculated as if its 1994-95 foundation allowance
23 had been calculated using that recalculated 1993-94 combined
24 state and local revenue per membership pupil as a base. A dis-
25 trict is not entitled to any retroactive payments for fiscal
26 years before 2000-2001 due to this subsection.

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1 (17) FOR A DISTRICT IN WHICH AN INDUSTRIAL FACILITIES
2 EXEMPTION CERTIFICATE THAT ABATED TAXES ON PROPERTY WITH A STATE
3 EQUALIZED VALUATION GREATER THAN THE TOTAL STATE EQUALIZED VALUA-
4 TION OF THE DISTRICT AT THE TIME THE CERTIFICATE WAS ISSUED OR
5 \$700,000,000.00, WHICHEVER IS GREATER, WAS ISSUED UNDER 1974
6 PA 198, MCL 207.551 TO 207.572, BEFORE THE CALCULATION OF THE
7 DISTRICT'S 1994-95 FOUNDATION ALLOWANCE, THE DISTRICT'S FOUNDA-
8 TION ALLOWANCE FOR 2002-2003 IS AN AMOUNT EQUAL TO THE SUM OF THE
9 DISTRICT'S FOUNDATION ALLOWANCE FOR 2002-2003, AS OTHERWISE CAL-
10 CULATED UNDER THIS SECTION, PLUS \$250.00.

11 (18) BEGINNING IN 2002-2003, FOR A DISTRICT THAT RECEIVED A
12 GRANT UNDER FORMER SECTION 32E FOR 2001-2002, THE DISTRICT'S
13 FOUNDATION ALLOWANCE FOR A PARTICULAR FISCAL YEAR SHALL BE
14 ADJUSTED TO BE AN AMOUNT EQUAL TO THE SUM OF THE DISTRICT'S FOUN-
15 DATION ALLOWANCE, AS OTHERWISE CALCULATED UNDER THIS SECTION,
16 PLUS THE QUOTIENT OF THE AMOUNT OF THE GRANT AWARD TO THE DIS-
17 TRICT FOR 2001-2002 UNDER FORMER SECTION 32E DIVIDED BY THE
18 DISTRICT'S MEMBERSHIP FOR THAT FISCAL YEAR. A DISTRICT QUALIFY-
19 ING FOR A FOUNDATION ALLOWANCE ADJUSTMENT UNDER THIS SECTION
20 SHALL USE THE FUNDS RESULTING FROM THIS ADJUSTMENT FOR PURPOSES
21 ALLOWABLE UNDER FORMER SECTION 32E AS IN EFFECT FOR 2001-2002.

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

26 (20) ~~-(19)-~~ If an amendment to section 2 of article VIII of
27 the state constitution of 1963 allowing state aid to some or all

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

4 (21) ~~-(20)-~~ As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 22a. (1) From the appropriation in section 11, there is allocated ~~an amount not to exceed \$7,151,000,000.00 for 2000-2001,~~ an amount not to exceed ~~\$7,042,100,000.00~~ \$7,018,000,000.00 for 2001-2002 ~~—~~ and an amount not to exceed ~~\$6,956,000,000.00~~ \$6,951,000,000.00 for 2002-2003 for payments to districts, qualifying university schools, and qualifying public school academies to guarantee each district, qualifying university school, and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage

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1 rate for school district operating purposes less than it levied
2 in 1994. However, subsection (2) applies to calculating the pay-
3 ments under this section. Funds allocated under this section
4 that are not expended in the state fiscal year for which they
5 were allocated, as determined by the department, may be used to
6 supplement the allocations under sections 22b and 51c in order to
7 fully fund those calculated allocations for the same fiscal
8 year.

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

14 (a) Except as otherwise provided in this subsection, the
15 state portion of a district's 1994-95 foundation allowance is an
16 amount equal to the district's 1994-95 foundation allowance or
17 \$6,500.00, whichever is less, minus the difference between the
18 product of the taxable value per membership pupil of all property
19 in the district that is not a homestead or qualified agricultural
20 property times the lesser of 18 mills or the number of mills of
21 school operating taxes levied by the district in 1993-94 and the
22 quotient of the ad valorem property tax revenue of the district
23 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax
24 increment finance authority act, 1980 PA 450, MCL 125.1801 to
25 125.1830, the local development financing act, 1986 PA 281,
26 MCL 125.2151 to 125.2174, or the brownfield redevelopment
27 financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by

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1 the district's membership. For a district that has a millage
2 reduction required under section 31 of article IX of the state
3 constitution of 1963, the state portion of the district's founda-
4 tion allowance shall be calculated as if that reduction did not
5 occur.

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

26 (3) For pupils in membership in a qualifying public school
27 academy or qualifying university school, there is allocated under

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

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

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

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1 subsection to be equal to the amount of the 1994-95 basic
2 foundation allowance.

3 (6) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 Sec. 22b. (1) From the appropriation in section 11, there
4 is allocated ~~an amount not to exceed \$1,864,000,000.00 for~~
5 ~~2000-2001,~~ an amount not to exceed ~~\$2,377,200,000.00~~
6 \$2,368,000,000.00 for 2001-2002 ~~—~~, AND AN AMOUNT NOT TO EXCEED
7 \$2,864,650,000.00 FOR 2002-2003 for discretionary payments to
8 districts under this section. Funds allocated under this section
9 that are not expended in the state fiscal year for which they
10 were allocated, as determined by the department, may be used to
11 supplement the allocations under sections 22a and 51c in order to
12 fully fund those calculated allocations for the same fiscal
13 year.

14 (2) Subject to subsection (3) and section 11, ~~beginning in~~
15 ~~2000-2001,~~ the allocation to a district under this section shall
16 be an amount equal to the sum of the amounts calculated under
17 sections 20, 20j, 51a(2), 51a(3), and 51a(12), minus the sum of
18 the allocations to the district under sections 22a and 51c.

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

25 (4) From the allocation in subsection (1), the department
26 may expend funds to pay for necessary costs associated with

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1 resolving matters pending in federal court impacting payments to
2 districts, including, but not limited to, expert witness fees.

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

23 (2) A district or intermediate district educating pupils
24 described in this section at a residential child caring institu-
25 tion may operate, and receive funding under this section for, a
26 department-approved on-grounds educational program for those
27 pupils that is longer than 181 days, but not longer than 233

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1 days, if the child caring institution was licensed as a child
2 caring institution and offered in 1991-92 an on-grounds educa-
3 tional program that was longer than 181 days but not longer than
4 233 days and that was operated by a district or intermediate
5 district.

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

8 Sec. 26a. From the general fund appropriation in section
9 11, there is allocated ~~each fiscal year for 2000-2001,~~
10 ~~2001-2002,~~ an amount not to exceed ~~\$7,000,000.00~~ \$8,800,000.00
11 FOR 2001-2002 AND AN AMOUNT NOT TO EXCEED \$10,174,000.00 FOR
12 2002-2003 to reimburse districts, intermediate districts, and the
13 state school aid fund pursuant to section 12 of the Michigan
14 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied
15 in ~~2000,~~ 2001 ~~—,~~ and 2002, respectively. This reimbursement
16 shall be made by adjusting payments under section 22a to eligible
17 districts, adjusting payments under section 56, 62, or 81 to eli-
18 gible intermediate districts, and adjusting the state school aid
19 fund. The adjustments shall be made not later than 60 days after
20 the department of treasury certifies to the department and to the
21 state budget director that the department of treasury has
22 received all necessary information to properly determine the
23 amounts due to each eligible recipient.

24 Sec. 31a. (1) From the state school aid fund money appro-
25 priated in section 11, there is allocated ~~for 2000-2001 an~~
26 ~~amount not to exceed \$304,000,000.00,~~ EACH FISCAL YEAR for
27 2001-2002 AND FOR 2002-2003 an amount not to exceed

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1 \$314,200,000.00 ~~—~~ for payments to eligible districts and
2 eligible public school academies under this section. Subject to
3 subsection (10), the amount of the additional allowance under
4 this section shall be based on the number of actual pupils in
5 membership in the district or public school academy who met the
6 income eligibility criteria for free breakfast, lunch, or milk in
7 the immediately preceding state fiscal year, as determined under
8 the Richard B. Russell national school lunch act, chapter 281,
9 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765
10 to 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, and reported
11 to the department by October 31 of the immediately preceding
12 fiscal year and adjusted not later than December 31 of the imme-
13 diately preceding fiscal year. However, for a public school
14 academy that began operations as a public school academy after
15 the pupil membership count day of the immediately preceding
16 school year, the basis for the additional allowance under this
17 section shall be the number of actual pupils in membership in the
18 public school academy who met the income eligibility criteria for
19 free breakfast, lunch, or milk in the current state fiscal year,
20 as determined under the Richard B. Russell national school lunch
21 act.

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

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

13 (b) The district or public school academy agrees to use the
14 funding only for purposes allowed under this section and to
15 comply with the program and accountability requirements under
16 this section.

17 (3) Except as otherwise provided in this subsection, an eli-
18 gible district or eligible public school academy shall receive
19 under this section for each membership pupil in the district or
20 public school academy who met the income eligibility criteria for
21 free breakfast, lunch, or milk, as determined under the Richard
22 B. Russell national school lunch act and as reported to the
23 department by October 31 of the immediately preceding fiscal year
24 and adjusted not later than December 31 of the immediately pre-
25 ceding fiscal year, an amount per pupil equal to 11.5% of the sum
26 of the district's foundation allowance or public school academy's
27 per pupil ~~allocation~~ AMOUNT CALCULATED under section 20, plus

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

23 (4) Except as otherwise provided in this section, a district
24 or public school academy receiving funding under this section
25 shall use that money only to provide instructional programs and
26 direct noninstructional services, including, but not limited to,
27 medical or counseling services, for at-risk pupils, and for the

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

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

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

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

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

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

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

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

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

26 (11) FUNDS ALLOCATED UNDER THIS SECTION THAT ARE UNEXPENDED
27 AND UNENCUMBERED AT THE END OF THE FISCAL YEAR FOR WHICH THEY

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1 WERE ALLOCATED SHALL BE CARRIED FORWARD AND USED IN SUBSEQUENT
2 FISCAL YEARS TO AVOID OR MINIMIZE ANY PRORATION THAT WOULD OTHER-
3 WISE BE REQUIRED UNDER SUBSECTION (10).

4 (12) ~~-(11)-~~ If a district is formed by consolidation after
5 June 1, 1995, and if 1 or more of the original districts was not
6 eligible before the consolidation for an additional allowance
7 under this section, the amount of the additional allowance under
8 this section for the consolidated district shall be based on the
9 number of pupils described in subsection (1) enrolled in the con-
10 solidated district who reside in the territory of an original
11 district that was eligible before the consolidation for an addi-
12 tional allowance under this section.

13 (13) ~~-(12)-~~ A district or public school academy that does
14 not meet the eligibility requirement under subsection (2)(a) is
15 eligible for funding under this section if at least 1/4 of the
16 pupils in membership in the district or public school academy met
17 the income eligibility criteria for free breakfast, lunch, or
18 milk in the immediately preceding state fiscal year, as deter-
19 mined and reported as described in subsection (1), and at least
20 4,500 of the pupils in membership in the district or public
21 school academy met the income eligibility criteria for free
22 breakfast, lunch, or milk in the immediately preceding state
23 fiscal year, as determined and reported as described in
24 subsection (1). A district or public school academy that is eli-
25 gible for funding under this section because the district meets
26 the requirements of this subsection shall receive under this
27 section for each membership pupil in the district or public

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1 school academy who met the income eligibility criteria for free
2 breakfast, lunch, or milk in the immediately preceding fiscal
3 year, as determined and reported as described in subsection (1),
4 an amount per pupil equal to 5.75% of the sum of the district's
5 foundation allowance or public school academy's per pupil alloca-
6 tion under section 20, plus the amount of the district's per
7 pupil allocation under section 20j(2), not to exceed \$6,500.00
8 adjusted by the dollar amount of the difference between the basic
9 foundation allowance under section 20 for the current state
10 fiscal year and \$5,000.00. However, beginning in 2002-2003, the
11 \$6,500.00 amount prescribed in this subsection shall be adjusted
12 each year by an amount equal to the dollar amount of the differ-
13 ence between the basic foundation allowance for the current state
14 fiscal year and \$5,000.00, minus \$200.00.

15 (14) ~~-(13)-~~ As used in this section, "at-risk pupil" means a
16 pupil for whom the district has documentation that the pupil
17 meets at least 2 of the following criteria: is a victim of child
18 abuse or neglect; is below grade level in English language and
19 communication skills or mathematics; is a pregnant teenager or
20 teenage parent; is eligible for a federal free or reduced-price
21 lunch subsidy; has atypical behavior or attendance patterns; or
22 has a family history of school failure, incarceration, or sub-
23 stance abuse. For pupils for whom the results of at least the
24 applicable Michigan education assessment program (MEAP) test have
25 been received, at-risk pupil also includes a pupil who does not
26 meet the other criteria under this subsection but who did not
27 achieve at least a score of moderate on the most recent MEAP

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

10 Sec. 31d. (1) From the state school aid fund appropriation
11 in section 11, there is allocated ~~an amount not to exceed~~
12 ~~\$14,149,400.00 for 2000-2001,~~ an amount not to exceed
13 ~~\$15,039,400.00~~ \$16,477,700.00 for 2001-2002 —, and an amount
14 not to exceed ~~\$15,941,700.00~~ \$17,337,200.00 for 2002-2003, and
15 from the general fund appropriation in section 11, there is allo-
16 cated ~~an amount not to exceed \$682,300.00 for 2000-2001,~~ an
17 amount not to exceed \$722,300.00 for 2001-2002 —, and an amount
18 not to exceed \$762,800.00 for 2002-2003 for the purpose of making
19 payments to districts, intermediate districts, and other eligible
20 entities under this section.

21 (2) The amounts allocated FROM STATE SOURCES under this sec-
22 tion shall be used to pay the amount necessary to reimburse dis-
23 tricts for 6.0127% of the necessary costs of the state mandated
24 portion of the school lunch programs provided by those
25 districts. The amount due to each district under this section
26 shall be computed by the department using the methods of
27 calculation adopted by the Michigan supreme court in the

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1 consolidated cases known as Durant v State of Michigan, Michigan
2 supreme court docket no. 104458-104492.

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

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

12 (5) ~~-(4)-~~ Notwithstanding section 17b, payments to interme-
13 diate districts and other eligible entities under this section
14 shall be paid on a schedule determined by the department.

15 Sec. 32d. (1) From the state school aid fund allocation
16 under section 32a(1), there is allocated an amount not to exceed
17 \$72,600,000.00 ~~each fiscal year for 2000-2001,~~ 2001-2002, AND
18 FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED IN SECTION 11,
19 THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$72,600,000.00 FOR
20 2002-2003, for school readiness grants to enable eligible dis-
21 tricts, as determined under section 37, to develop or expand, in
22 conjunction with whatever federal funds may be available, includ-
23 ing, but not limited to, federal funds under title I of the ele-
24 mentary and secondary education act of 1965, Public Law 89-10,
25 108 Stat. 3519, chapter 1 of title I of the Hawkins-Stafford ele-
26 mentary and secondary school improvement amendments of 1988,
27 Public Law 89-10, 102 Stat. 140, and the head start act,

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1 subchapter B of chapter 8 of subtitle A of title VI of the
2 omnibus budget reconciliation act of 1981, Public Law 97-35, com-
3 prehensive compensatory programs designed to improve the readi-
4 ness and subsequent achievement of educationally disadvantaged
5 children as defined by the department who will be at least 4, but
6 less than 5 years of age, as of December 1 of the school year in
7 which the programs are offered, and who show evidence of 2 or
8 more risk factors as defined in the state board report entitled
9 "children at risk" that was adopted by the state board on April
10 5, 1988. A comprehensive compensatory program funded under this
11 section shall include an age-appropriate educational curriculum,
12 nutritional services, health screening for participating chil-
13 dren, a plan for parent and legal guardian involvement, and pro-
14 vision of referral services for families eligible for community
15 social services. In addition, from the general fund allocations
16 under section 32a(1), there is allocated ~~an amount not to exceed~~
17 ~~\$16,250,000.00 for 2000-2001 for the purposes of subsections (2)~~
18 ~~and (3) and~~ an amount not to exceed \$200,000.00 ~~each fiscal~~
19 ~~year~~ for 2001-2002 for the purposes of subsection (2), AND FROM
20 THE GENERAL FUND MONEY APPROPRIATED UNDER SECTION 11, THERE IS
21 ALLOCATED AN AMOUNT NOT TO EXCEED \$200,000.00 FOR 2002-2003 FOR
22 THE PURPOSES OF SUBSECTION (2).

23 (2) From the general fund allocation in subsection (1),
24 there is allocated each fiscal year for ~~2000-2001,~~ 2001-2002
25 ~~,~~ AND FOR 2002-2003 an amount not to exceed \$200,000.00 for a
26 competitive grant to continue a longitudinal evaluation of

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1 children who have participated in the Michigan school readiness
2 program.

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

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

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

25 ~~(6) An application for a grant under subsection (3) shall be~~
26 ~~in the form and manner prescribed by the department. The~~
27 ~~department shall make the application form available to districts~~

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

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

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

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

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

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

11 SEC. 32I. IF IT IS DETERMINED AT THE MAY 2002 REVENUE ESTI-
12 MATING CONFERENCE CONDUCTED UNDER SECTION 367B OF THE MANAGEMENT
13 AND BUDGET ACT, 1984 PA 431, MCL 18.1367B, THAT THERE IS ADDI-
14 TIONAL SCHOOL AID FUND REVENUE BEYOND THAT DETERMINED AT THE
15 JANUARY 2002 REVENUE ESTIMATING CONFERENCE, THEN IT IS THE INTENT
16 OF THE LEGISLATURE TO ENACT LEGISLATION TO FUND, TO THE EXTENT
17 THAT REVENUES ARE AVAILABLE, THE SAME PROGRAMS THAT WERE FUNDED
18 UNDER FORMER SECTIONS 32B AND 32C IN 2001-2002 AND UNDER SECTION
19 32D(3) IN 2000-2001.

20 SEC. 34. FROM THE GENERAL FUND MONEY APPROPRIATED UNDER
21 SECTION 11, THERE IS ALLOCATED FOR 2001-2002 AN AMOUNT NOT TO
22 EXCEED \$1,400,000.00 TO SUPPORT TEEN HEALTH CENTERS. THESE
23 2001-2002 FUNDS SHALL BE DISTRIBUTED TO EXISTING TEEN HEALTH CEN-
24 TERS IN A MANNER APPROVED BY THE DEPARTMENT OF COMMUNITY HEALTH.
25 FROM THE GENERAL FUND MONEY APPROPRIATED UNDER SECTION 11, THERE
26 IS ALLOCATED FOR 2002-2003 AN AMOUNT NOT TO EXCEED \$3,743,000.00
27 FOR COMPETITIVE GRANTS TO SUPPORT TEEN HEALTH CENTERS. THESE

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1 GRANTS FOR 2002-2003 SHALL BE AWARDED IN A FORM AND MANNER
2 APPROVED JOINTLY BY THE DEPARTMENT AND THE DEPARTMENT OF COMMU-
3 NITY HEALTH.

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

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

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

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

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

26 (d) The estimated number of children who meet the criteria
27 of section ~~36 or, beginning in 2000-2001, section 32d,~~ 32D who

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

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

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

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

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

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

26 (ii) Paraprofessionals possessing proper training in early
27 childhood development or who have completed at least 1 course in

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1 an appropriate training program, including, but not limited to, a
2 child development associate credential (CDA) or associate degree
3 in child development or other similar program, as approved by the
4 department.

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

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

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

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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

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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

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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.

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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.

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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,

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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 (L) 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

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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

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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) AS USED IN THIS SECTION:

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

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

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

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

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

14 (F) "HHS-ACF" MEANS THE HHS ADMINISTRATION FOR CHILDREN AND
15 FAMILIES.

16 Sec. 41. From the appropriation in section 11, there is
17 allocated an amount not to exceed \$4,212,000.00 each fiscal year
18 ~~for 2000-2001,~~ for 2001-2002 ~~—~~ AND FOR 2002-2003 to applicant
19 districts and intermediate districts offering programs of bilin-
20 gual instruction for pupils of limited English-speaking ability
21 under section 1153 of the revised school code, MCL 380.1153.
22 Reimbursement shall be on a per pupil basis and shall be based on
23 the number of pupils of limited English-speaking ability in mem-
24 bership on the pupil membership count day. Funds allocated under
25 this section shall be used solely for bilingual instruction in
26 speaking, reading, writing, or comprehension of pupils of limited
27 English-speaking ability.

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

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1 article, a district or intermediate district may use money in
2 general funds or special education funds, not otherwise
3 restricted, or contributions from districts to intermediate dis-
4 tricts, tuition payments, gifts and contributions from individu-
5 als, or federal funds that may be available for this purpose, as
6 determined by the intermediate district plan prepared pursuant to
7 article 3 of the revised school code, MCL 380.1701 to 380.1766.

8 ALL FEDERAL FUNDS ALLOCATED UNDER THIS SECTION SHALL BE DISTRIB-
9 UTED IN ACCORDANCE WITH FEDERAL LAW. NOTWITHSTANDING

10 SECTION 17B, PAYMENTS OF FEDERAL FUNDS TO DISTRICTS, INTERMEDIATE
11 DISTRICTS, AND OTHER ELIGIBLE ENTITIES UNDER THIS SECTION SHALL
12 BE PAID ON A SCHEDULE DETERMINED BY THE DEPARTMENT.

13 (2) From the funds allocated under subsection (1), there is
14 allocated ~~for 2000-2001,~~ for 2001-2002 ~~—,~~ and for 2002-2003
15 the amount necessary, estimated at ~~—\$128,200,000.00 for~~
16 ~~2000-2001, \$138,000,000.00~~ \$139,200,000.00 for 2001-2002, and
17 ~~—\$148,000,000.00~~ \$149,500,000.00 for 2002-2003, for payments
18 toward reimbursing districts and intermediate districts for
19 28.6138% of total approved costs of special education, excluding
20 costs reimbursed under section 53a, and 70.4165% of total
21 approved costs of special education transportation. Allocations
22 under this subsection shall be made as follows:

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

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

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

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1 (3) From the funds allocated under subsection (1), there is
2 allocated each fiscal year ~~for 2000-2001,~~ for 2001-2002 ~~,~~ and
3 for 2002-2003 the amount necessary, estimated at ~~\$3,000,000.00~~
4 \$2,000,000.00 each fiscal year, to make payments to districts and
5 intermediate districts under this subsection. If the amount
6 allocated to a district or intermediate district for a fiscal
7 year under subsection (2)(b) is less than the sum of the amounts
8 allocated to the district or intermediate district for 1996-97
9 under sections 52 and 58, there is allocated to the district or
10 intermediate district for the fiscal year an amount equal to that
11 difference, adjusted by applying the same proration factor that
12 was used in the distribution of funds under section 52 in 1996-97
13 as adjusted to the district's or intermediate district's neces-
14 sary costs of special education used in calculations for the
15 fiscal year. This adjustment is to reflect reductions in special
16 education program operations between 1996-97 and subsequent
17 fiscal years. ~~Beginning in 2000-2001, adjustments~~ ADJUSTMENTS
18 for reductions in special education program operations shall be
19 made in a manner determined by the department and shall include
20 adjustments for program shifts.

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

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

13 (5) State funds shall be allocated on a total approved cost
14 basis. Federal funds shall be allocated under applicable federal
15 requirements, except that an amount not to exceed \$3,500,000.00
16 each fiscal year may be allocated by the department ~~for~~
17 ~~2000-2001,~~ for 2001-2002 ~~,~~ and for 2002-2003 to districts or
18 intermediate districts on a competitive grant basis for programs,
19 equipment, and services that the department determines to be
20 designed to benefit or improve special education on a statewide
21 scale.

22 (6) From the amount allocated in subsection (1), there is
23 allocated an amount not to exceed \$2,200,000.00 each fiscal year
24 ~~for 2000-2001,~~ for 2001-2002 ~~,~~ and for 2002-2003 to reimburse
25 100% of the net increase in necessary costs incurred by a dis-
26 trict or intermediate district in implementing the revisions in
27 the administrative rules for special education that became

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1 effective on July 1, 1987. As used in this subsection, "net
2 increase in necessary costs" means the necessary additional costs
3 incurred solely because of new or revised requirements in the
4 administrative rules minus cost savings permitted in implementing
5 the revised rules. Net increase in necessary costs shall be
6 determined in a manner specified by the department.

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

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

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1 youth placed in child caring institutions or juvenile detention
2 programs approved by the department to provide an on-grounds edu-
3 cation program.

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

16 (8) From the allocation in subsection (1), there is allo-
17 cated each fiscal year ~~for 2000-2001,~~ for 2001-2002 —, and for
18 2002-2003 an amount not to exceed \$15,313,900.00 each fiscal year
19 to intermediate districts. The payment under this subsection to
20 each intermediate district shall be equal to the amount of the
21 1996-97 allocation to the intermediate district under subsection
22 (6) of this section as in effect for 1996-97.

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

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1 district, but shall be counted in membership in the intermediate
2 district of residence.

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

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

15 (12) From the funds allocated in subsection (1), there is
16 allocated each fiscal year ~~for 2000-2001,~~ for 2001-2002 ~~—,~~ and
17 for 2002-2003 the amount necessary, estimated at ~~—\$6,700,000.00~~
18 ~~for 2000-2001, \$7,100,000.00 for 2001-2002, and \$7,300,000.00 for~~
19 ~~2002-2003—~~ \$7,200,000.00 EACH FISCAL YEAR, to pay the foundation
20 allowances for pupils described in this subsection. The alloca-
21 tion to a district under this subsection shall be calculated by
22 multiplying the number of pupils described in this subsection who
23 are counted in membership in the district times the sum of the
24 foundation allowance under section 20 of the pupil's district of
25 residence plus the amount of the district's per pupil allocation
26 under section 20j(2), not to exceed \$6,500.00 adjusted by the
27 dollar amount of the difference between the basic foundation

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

18 (a) Pupils described in section 53a.

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

23 (c) Emotionally impaired pupils counted in membership by an
24 intermediate district and provided educational services by the
25 department of community health.

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(13) After payments under subsections (2) and (12) and section 51c, the remaining expenditures from the allocation in subsection (1) shall be made in the following order:

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

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

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

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

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

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

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

Sec. 51c. As required by the court in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492, from the allocation under section 51a(1), there is allocated ~~for 2000-2001,~~ for 2001-2002 ~~—~~ and for 2002-2003 the amount necessary, estimated at ~~—\$529,000,000.00~~ ~~for 2000-2001, \$568,000,000.00~~ \$576,100,000.00 for 2001-2002 ~~—~~ ~~and \$611,000,000.00~~ AND \$621,900,000.00 for 2002-2003, for payments to reimburse districts for 28.6138% of total approved costs of special education excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated,

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as determined by the department, may be used to supplement the allocations under sections 22a and 22b in order to fully fund those calculated allocations for the same fiscal year.

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

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

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

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

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

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

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1 Sec. 53a. (1) For districts, reimbursement for pupils
2 described in subsection (2), reimbursement shall be 100% of the
3 total approved costs of operating special education programs and
4 services approved by the department and included in the interme-
5 diate district plan adopted pursuant to article 3 of the revised
6 school code, MCL 380.1701 to 380.1766, minus the district's foun-
7 dation allowance calculated under section 20, and minus the
8 amount ~~of the district's per pupil allocation under~~
9 ~~section 20j(2)~~ CALCULATED FOR THE DISTRICT UNDER SECTION 20J.
10 For intermediate districts, reimbursement for pupils described in
11 section (2) shall be calculated in the same manner as for a dis-
12 trict, using the foundation allowance under section 20 of the
13 pupil's district of residence, not to exceed \$6,500.00 adjusted
14 by the dollar amount of the difference between the basic founda-
15 tion allowance under section 20 for the current fiscal year and
16 \$5,000.00, and ~~that district's per pupil allocation under~~
17 ~~section 20j(2)~~ THE AMOUNT CALCULATED FOR THAT DISTRICT UNDER
18 SECTION 20J. However, beginning in 2002-2003, the \$6,500.00
19 amount prescribed in this subsection shall be adjusted each year
20 by an amount equal to the dollar amount of the difference between
21 the basic foundation allowance for the current state fiscal year
22 and \$5,000.00, minus \$200.00.
23 (2) Reimbursement under subsection (1) is for the following
24 special education pupils:
25 (a) Pupils assigned to a district or intermediate district
26 through the community placement program of the courts or a state
27 agency, if the pupil was a resident of another intermediate

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1 district at the time the pupil came under the jurisdiction of the
2 court or a state agency.

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

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

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

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

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

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

24 (5) Not more than \$14,800,000.00 each fiscal year for
25 ~~2000-2001,~~ 2001-2002 ~~—,~~ and 2002-2003, of the allocation in
26 section 51a(1) shall be allocated under this section.

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1 (6) From the allocation in subsection (5), there is
2 allocated each fiscal year ~~for 2000-2001,~~ for 2001-2002 ~~,~~ and
3 for 2002-2003 an amount not to exceed \$150,000.00 to an interme-
4 diate district that received at least \$1,000,000.00 for 1999-2000
5 under subsection (4).

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

14 SEC. 55. FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED
15 IN SECTION 11, THERE IS ALLOCATED \$500,000.00 FOR 2002-2003 TO
16 THE WEST MICHIGAN CENTER FOR AUTISM SPECTRUM DISORDERS LOCATED AT
17 GRAND VALLEY STATE UNIVERSITY FOR DEVELOPING COOPERATIVE PROGRAMS
18 WITH AREA DISTRICTS AND INTERMEDIATE DISTRICTS TO PROVIDE SERV-
19 ICES TO QUALIFYING PUPILS. THIS FUNDING IS FOR DEVELOPMENT COSTS
20 IN 2002-2003 AND IS INTENDED TO CONTINUE TO FUND OPERATIONAL AND
21 PROGRAM COSTS IN SUCCEEDING FISCAL YEARS.

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

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

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

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

11 (2) From the allocation under section 51a(1), there is allo-
12 cated an amount not to exceed ~~-\$38,120,000.00 for 2000-2001,~~
13 ~~\$44,720,000.00 for 2001-2002, and \$45,360,000.00~~ \$37,900,000.00
14 FOR 2001-2002 AND AN AMOUNT NOT TO EXCEED \$38,120,000.00 for
15 2002-2003 to reimburse intermediate districts levying millages
16 for special education pursuant to part 30 of the revised school
17 code, MCL 380.1711 to 380.1743. The purpose, use, and expendi-
18 ture of the reimbursement shall be limited as if the funds were
19 generated by these millages and governed by the intermediate dis-
20 trict plan adopted pursuant to article 3 of the revised school
21 code, MCL 380.1701 to 380.1766. As a condition of receiving
22 funds under this section, an intermediate district distributing
23 any portion of special education millage funds to its constituent
24 districts shall submit for departmental approval and implement a
25 distribution plan.

26 (3) ~~Reimbursement for those millages levied in 1999-2000~~
27 ~~shall be made in 2000-2001 at an amount per 1999-2000 membership~~

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1 ~~pupil computed by subtracting from \$111,700.00 the 1999-2000~~
2 ~~taxable value behind each membership pupil, and multiplying the~~
3 ~~resulting difference by the 1999-2000 millage levied.~~
4 Reimbursement for those millages levied in 2000-2001 shall be
5 made in 2001-2002 at an amount per 2000-2001 membership pupil
6 computed by subtracting from ~~\$118,000.00~~ \$119,200.00 the
7 2000-2001 taxable value behind each membership pupil and multi-
8 plying the resulting difference by the 2000-2001 millage levied.
9 Reimbursement for those millages levied in 2001-2002 shall be
10 made in 2002-2003 at an amount per 2001-2002 membership pupil
11 computed by subtracting from ~~\$123,500.00~~ \$125,900.00 the
12 2001-2002 taxable value behind each membership pupil and multi-
13 plying the resulting difference by the 2001-2002 millage levied.
14 ~~(4) From the allocation in subsection (2), there is allo-~~
15 ~~cated an amount not to exceed \$2,440,000.00 for 2000-2001, an~~
16 ~~amount not to exceed \$6,820,000.00 for 2001-2002, and an amount~~
17 ~~not to exceed \$7,240,000.00 for 2002-2003 for payments to inter-~~
18 ~~mediate districts under this subsection that do not qualify for a~~
19 ~~payment under subsection (3) for reimbursement for changes as a~~
20 ~~result of revisions to the personal property tax depreciation~~
21 ~~tables. To receive a payment under this subsection, an interme-~~
22 ~~diate district shall file a claim by July 1 of the fiscal year to~~
23 ~~the department, detailing the loss of revenue to the intermediate~~
24 ~~district's special education millage attributable to those~~
25 ~~revisions. The amount of the payment under this subsection to~~
26 ~~each intermediate district shall be an amount equal to the same~~
27 ~~proportion of the total amount of funding available under this~~

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1 ~~subsection as the intermediate district's claim under this~~
2 ~~section bears to the total amount of claims under this subsection~~
3 ~~and, notwithstanding section 121, shall not be adjusted for prior~~
4 ~~year adjustments more than 2 years after the end of the state~~
5 ~~fiscal year for which payment under this subsection was made.~~

6 Sec. 57. (1) From the appropriation in section 11, there is
7 allocated an amount not to exceed \$600,000.00 each fiscal year
8 ~~for 2000-2001,~~ for 2001-2002 ~~—~~ AND FOR 2002-2003 to applicant
9 intermediate districts that provide support services for the edu-
10 cation of gifted and talented pupils. An intermediate district
11 is entitled to 75% of the actual salary, but not to exceed
12 \$25,000.00 reimbursement for an individual salary, of a support
13 services teacher approved by the department, and not to exceed
14 \$4,000.00 reimbursement for expenditures to support program
15 costs, excluding in-county travel and salary, as approved by the
16 department.

17 (2) From the appropriation in section 11, there is allocated
18 an amount not to exceed \$400,000.00 each fiscal year ~~for~~
19 ~~2000-2001,~~ for 2001-2002 ~~—~~ AND FOR 2002-2003 to support part
20 of the cost of summer institutes for gifted and talented
21 students. This amount shall be contracted to applicant interme-
22 diate districts in cooperation with a local institution of higher
23 education and shall be coordinated by the department.

24 (3) From the appropriation in section 11, there is allocated
25 ~~an amount not to exceed \$5,000,000.00 for 2000-2001,~~ an amount
26 not to exceed \$4,000,000.00 EACH FISCAL YEAR for 2001-2002 ~~—~~
27 AND FOR 2002-2003 for the development and operation of

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1 comprehensive programs for gifted and talented pupils. An
2 eligible district or consortium of districts shall receive an
3 amount not to exceed \$100.00 per K-12 pupil for up to 5% of the
4 district's or consortium's K-12 membership for the immediately
5 preceding fiscal year with a minimum total grant of \$6,000.00.
6 Funding shall be provided in the following order: the per pupil
7 allotment, and then the minimum total grant of \$6,000.00 to indi-
8 vidual districts. An intermediate district may act as the fiscal
9 agent for a consortium of districts. In order to be eligible for
10 funding under this subsection, the district or consortium of dis-
11 tricts shall submit each year a current 3-year plan for operating
12 a comprehensive program for gifted and talented pupils and the
13 district or consortium shall demonstrate to the department that
14 the district or consortium will contribute matching funds of at
15 least \$50.00 per K-12 pupil. The plan or revised plan shall be
16 developed in accordance with criteria established by the depart-
17 ment and shall be submitted to the department for approval.
18 Within the criteria, the department shall encourage the develop-
19 ment of consortia among districts of less than 5,000
20 memberships.

21 Sec. 61a. (1) From the appropriation in section 11, there
22 is allocated an amount not to exceed \$31,027,600.00 each fiscal
23 year ~~for 2000-2001,~~ for 2001-2002 ~~—~~ AND FOR 2002-2003 to
24 reimburse on an added cost basis districts, except for a district
25 that served as the fiscal agent for a vocational education con-
26 sortium in the 1993-94 school year, and secondary area
27 vocational-technical education centers for secondary-level

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1 vocational-technical education programs, including parenthood
2 education programs, according to rules approved by the
3 superintendent. Applications for participation in the programs
4 shall be submitted in the form prescribed by the department. The
5 department shall determine the added cost for each
6 vocational-technical program area. The allocation of added cost
7 funds shall be based on the type of vocational-technical programs
8 provided, the number of pupils enrolled, and the length of the
9 training period provided, and shall not exceed 75% of the added
10 cost of any program. With the approval of the department, the
11 board of a district maintaining a secondary vocational-technical
12 education program may offer the program for the period from the
13 close of the school year until September 1. The program shall
14 use existing facilities and shall be operated as prescribed by
15 rules promulgated by the superintendent.

16 (2) Except for a district that served as the fiscal agent
17 for a vocational education consortium in the 1993-94 school year,
18 districts and intermediate districts shall be reimbursed for
19 local vocational administration, shared time vocational adminis-
20 tration, and career education planning district
21 vocational-technical administration. The definition of what con-
22 stitutes administration and reimbursement shall be pursuant to
23 guidelines adopted by the superintendent. Not more than
24 \$800,000.00 of the allocation in subsection (1) shall be distrib-
25 uted under this subsection.

26 (3) From the allocation in subsection (1), there is
27 allocated an amount not to exceed \$388,700.00 each fiscal year to

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1 intermediate districts with constituent districts that had
2 combined state and local revenue per membership pupil in the
3 1994-95 state fiscal year of \$6,500.00 or more, served as a
4 fiscal agent for a state board designated area vocational educa-
5 tion center in the 1993-94 school year, and had an adjustment
6 made to their 1994-95 combined state and local revenue per mem-
7 bership pupil pursuant to section 20d. The payment under this
8 subsection to the intermediate district shall equal the amount of
9 the allocation to the intermediate district for 1996-97 under
10 this subsection.

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

12 (a) "Membership" means for a particular fiscal year the
13 total membership for the immediately preceding fiscal year of the
14 intermediate district and the districts constituent to the inter-
15 mediate district or the total membership for the immediately pre-
16 ceding fiscal year of the area vocational-technical program.

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

23 (c) "Taxable value" means the total taxable value of the
24 districts constituent to an intermediate district or area
25 vocational-technical education program, except that if a district
26 has elected not to come under sections 681 to 690 of the revised
27 school code, MCL 380.681 to 380.690, the membership and taxable

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1 value of that district shall not be included in the membership
2 and taxable value of the intermediate district. However, the
3 membership and taxable value of a district that has elected not
4 to come under sections 681 to 690 of the revised school code,
5 MCL 380.681 to 380.690, shall be included in the membership and
6 taxable value of the intermediate district if the district meets
7 both of the following:

8 (i) The district operates the area vocational-technical edu-
9 cation program pursuant to a contract with the intermediate
10 district.

11 (ii) The district contributes an annual amount to the opera-
12 tion of the program that is commensurate with the revenue that
13 would have been raised for operation of the program if millage
14 were levied in the district for the program under sections 681 to
15 690 of the revised school code, MCL 380.681 to 380.690.

16 (2) From the appropriation in section 11, there is allocated
17 an amount not to exceed \$9,810,000.00 ~~for 2000-2001, an amount~~
18 ~~not to exceed \$11,190,000.00 for 2001-2002,~~ FOR 2001-2002 AND AN
19 AMOUNT NOT TO EXCEED \$9,860,000.00 FOR 2002-2003 to reimburse
20 intermediate districts and area vocational-technical education
21 programs established under section 690(3) of the revised school
22 code, MCL 380.690, levying millages for area vocational-technical
23 education pursuant to sections 681 to 690 of the revised school
24 code, MCL 380.681 to 380.690. The purpose, use, and expenditure
25 of the reimbursement shall be limited as if the funds were gener-
26 ated by those millages.

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1 (3) ~~Reimbursement for the millages levied in 1999-2000~~
2 ~~shall be made in 2000-2001 at an amount per 1999-2000 membership~~
3 ~~pupil computed by subtracting from \$114,300.00 the 1999-2000 tax-~~
4 ~~able value behind each membership pupil, and multiplying the~~
5 ~~resulting difference by the 1999-2000 millage levied.~~
6 Reimbursement for the millages levied in 2000-2001 shall be made
7 in 2001-2002 at an amount per 2000-2001 membership pupil computed
8 by subtracting from ~~-\$121,500.00~~ \$122,300.00 the 2000-2001 tax-
9 able value behind each membership pupil, and multiplying the
10 resulting difference by the 2000-2001 millage levied.
11 Reimbursement for the millages levied in 2001-2002 shall be made
12 in 2002-2003 at an amount per 2001-2002 membership pupil computed
13 by subtracting from ~~-\$127,600.00~~ \$130,200.00 the 2001-2002 tax-
14 able value behind each membership pupil, and multiplying the
15 resulting difference by the 2001-2002 millage levied.
16 ~~(4) From the allocation in subsection (2), there is allo-~~
17 ~~cated an amount not to exceed \$500,000.00 for 2000-2001, an~~
18 ~~amount not to exceed \$1,380,000.00 for 2001-2002, for payments to~~
19 ~~intermediate districts under this subsection that do not qualify~~
20 ~~for a payment under subsection (3) for reimbursement for changes~~
21 ~~as a result of revisions to the personal property tax deprecia-~~
22 ~~tion tables. To receive a payment under this subsection, an~~
23 ~~intermediate district shall file a claim by July 1 of the fiscal~~
24 ~~year to the department, detailing the loss of revenue to the~~
25 ~~intermediate district's vocational education millage attributable~~
26 ~~to those revisions. The amount of the payment under this~~
27 ~~subsection to each intermediate district shall be an amount equal~~

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1 ~~to the same proportion of the total amount of funding available~~
2 ~~under this subsection as the intermediate district's claim under~~
3 ~~this section bears to the total amount of claims under this sub-~~
4 ~~section and, notwithstanding section 121, shall not be adjusted~~
5 ~~for prior year adjustments more than 2 years after the end of the~~
6 ~~state fiscal year for which payment under this subsection was~~
7 ~~made.~~

8 Sec. 67. (1) From the general fund appropriation in section
9 11, there is allocated an amount not to exceed \$350,000.00 each
10 fiscal year ~~for 2000-2001,~~ for 2001-2002 ~~,~~ AND FOR 2002-2003
11 for Michigan career preparation system grants under this
12 section.

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

20 (3) From the allocation in subsection (1), there is allo-
21 cated \$100,000.00 each fiscal year for ~~2000-2001,~~ for 2001-2002
22 ~~,~~ AND FOR 2002-2003 to the department to provide information to
23 parents, pupils, school personnel, employers, and others regard-
24 ing opportunities to receive integrated academic and technical
25 preparation in the public schools of this state.

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

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1 2001-2002 ~~—~~ AND FOR 2002-2003 to the department to provide
2 technical assistance to eligible education agencies and workforce
3 development boards.

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

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

12 (i) Operation of programs for those career clusters identi-
13 fied by the department as being eligible for advanced career
14 academy status.

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

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

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

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

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

4 (d) "Department" means the department of career
5 development.

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

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

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

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

21 Sec. 68. (1) From the general fund appropriation in section
22 11, there is allocated an amount not to exceed \$21,850,000.00
23 each fiscal year ~~for 2000-2001,~~ for 2001-2002 ~~—~~ AND FOR
24 2002-2003 to be used to implement the Michigan career preparation
25 system in the corresponding school years as provided under this
26 section. In order to receive funds under this section, an
27 eligible education agency shall be part of an approved regional

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1 career preparation plan under subsection (2) and shall agree to
2 expend the funds required under this section in accordance with
3 the regional career preparation plan. Funds awarded under this
4 section that are not expended in accordance with this section may
5 be recovered by the department.

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

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

22 (b) The regional career preparation plan shall be developed
23 by representatives of the education advisory group of each work-
24 force development board in accordance with guidelines developed
25 under former section 67(5), and in accordance with subdivisions
26 (d) and (e). All of the following shall be represented on each
27 education advisory group: workforce development board members,

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1 other employers, labor, districts, intermediate districts,
2 postsecondary institutions, career/technical educators, parents
3 of public school pupils, and academic educators. The representa-
4 tives of districts, intermediate districts, and postsecondary
5 institutions appointed to the education advisory group by the
6 workforce development board shall be individuals designated by
7 the board of the district, intermediate district, or postsecond-
8 ary institution.

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

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

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

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

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

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

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

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

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

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

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

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1 either in related careers or postsecondary education. The
2 procedure for ranking of career clusters shall be determined by
3 the department.

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

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

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

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

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

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

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

24 (vii) Career placement services.

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

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

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

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

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

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

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

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

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

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

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

10 Sec. 81. (1) Except as otherwise provided in this section,
11 from the appropriation in section 11, there is allocated each
12 fiscal year ~~for 2000-2001,~~ for 2001-2002 ~~,~~ AND FOR 2002-2003
13 to the intermediate districts the sum necessary, but not to
14 exceed ~~-\$87,781,700.00 for 2000-2001, not to exceed~~
15 \$92,170,800.00 for 2001-2002 AND NOT TO EXCEED \$95,028,100.00 FOR
16 2002-2003 to provide state aid to intermediate districts under
17 this section. ~~Except as otherwise provided in this section,~~
18 ~~there shall be allocated to each intermediate district for~~
19 ~~2000-2001 an amount equal to 105.3% of the amount of funding~~
20 ~~actually received by the intermediate district under this subsec-~~
21 ~~tion for 1999-2000.~~ Except as otherwise provided in this sec-
22 tion, there shall be allocated to each intermediate district for
23 2001-2002 an amount equal to 105% of the amount of funding actu-
24 ally received by the intermediate district under this subsection
25 for 2000-2001. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,
26 THERE SHALL BE ALLOCATED TO EACH INTERMEDIATE DISTRICT FOR
27 2002-2003 AN AMOUNT EQUAL TO 103.1% OF THE AMOUNT OF FUNDING

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1 ACTUALLY RECEIVED BY THE INTERMEDIATE DISTRICT UNDER THIS
2 SUBSECTION FOR 2001-2002. Funding provided under this section
3 shall be used to comply with requirements of this act and the
4 revised school code that are applicable to intermediate dis-
5 tricts, and for which funding is not provided elsewhere in this
6 act, and to provide technical assistance to districts as autho-
7 rized by the intermediate school board.

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

18 (3) If an intermediate district participated in 1993-94 in a
19 consortium operating a regional educational media center under
20 section 671 of the revised school code, MCL 380.671, and rules
21 promulgated by the superintendent, and if the intermediate dis-
22 trict obtains written consent from each of the other intermediate
23 districts that participated in the consortium in 1993-94, the
24 intermediate district may notify the department not later than
25 December 30 of the current fiscal year that it is electing to
26 directly receive its payment attributable to participation in
27 that consortium. An intermediate district making that election,

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1 and that has obtained the necessary consent, shall receive each
2 fiscal year ~~for 2000-2001,~~ for 2001-2002 OR FOR 2002-2003, as
3 applicable, for each pupil in membership in the intermediate dis-
4 trict or a constituent district an amount equal to the quotient
5 of the 1993-94 allocation to the fiscal agent for that consortium
6 under former section 83, adjusted as determined by the department
7 to account for that election, divided by the combined total mem-
8 bership for the current fiscal year in all of the intermediate
9 districts that participated in that consortium and their constit-
10 uent districts. The amount allocated to an intermediate district
11 under this subsection for a fiscal year shall be deducted from
12 the total allocation for that fiscal year under this section to
13 the intermediate district that was the 1993-94 fiscal agent for
14 the consortium.

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

24 ~~(5) From the appropriation in section 11, there is allo-~~
25 ~~cated an amount not to exceed \$320,000.00 for 2000-2001, an~~
26 ~~amount not to exceed \$890,000.00 for 2001-2002, for payments to~~
27 ~~intermediate districts under this subsection for reimbursement~~

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

15 (5) ~~-(6)-~~ In order to receive funding under this section, an
16 intermediate district shall demonstrate to the satisfaction of
17 the department that the intermediate district employs at least 1
18 person who is trained in pupil counting procedures, rules, and
19 regulations.

20 Sec. 94. From the general fund money appropriated in sec-
21 tion 11, there is allocated to the department ~~an amount not to~~
22 ~~exceed \$3,000,000.00 for 2000-2001,~~ an amount not to exceed
23 \$3,000,000.00 ~~for 2001-2002,~~ EACH FISCAL YEAR FOR 2001-2002 AND
24 FOR 2002-2003 to provide technical assistance to districts for
25 school accreditation purposes as described in section 1280 of the
26 revised school code, MCL 380.1280.

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1 Sec. 94a. (1) From the general fund appropriation in
2 section 11, there is allocated ~~an amount not to exceed~~
3 ~~\$2,160,000.00 for 2000-2001,~~ an amount not to exceed
4 \$2,332,000.00 for ~~2002,~~ 2001-2002 for payments to the center
5 for educational performance and information created pursuant to
6 ~~executive order~~ EXECUTIVE REORGANIZATION ORDER NO. 2000-6,
7 MCL 388.996. ~~(2) The goals of the center for educational per-~~
8 ~~formance and information~~ FROM THE GENERAL FUND APPROPRIATION IN
9 SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED
10 \$4,500,000.00 FOR 2002-2003 TO THE DEPARTMENT OF INFORMATION
11 TECHNOLOGY TO SUPPORT THE COMPREHENSIVE COLLECTION, ANALYSIS, AND
12 DISSEMINATION OF K-12 EDUCATIONAL DATA, THE PURPOSE OF WHICH
13 shall be to improve the quality and quantity of educational data
14 available to teachers, school administrators, parents, taxpayers,
15 and others.
16 ~~(3) A portion of the funds allocated under this section may~~
17 ~~be used for funding to districts to cover additional costs~~
18 ~~resulting from implementation of the center for educational per-~~
19 ~~formance and information.~~
20 (2) ~~(4)~~ Funds allocated under this section that are not
21 expended in the fiscal year in which they were allocated may be
22 carried forward to a subsequent fiscal year. From the funds
23 allocated for 1999-2000 that were carried forward under this sub-
24 section AND FROM THE FUNDS APPROPRIATED UNDER THIS SECTION FOR
25 2002-2003, the center OR THE DEPARTMENT OF INFORMATION TECHNOLO-
26 GY, AS APPLICABLE, shall pay districts grants for net costs
27 incurred from 1998-1999 through 2002-2003 due to the

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1 implementation of the single record student database. The center
2 OR THE DEPARTMENT OF INFORMATION TECHNOLOGY, AS APPLICABLE, shall
3 also pay intermediate districts grants for net costs incurred
4 from 1998-1999 through 2002-2003 due to the implementation of the
5 single record student database on behalf of constituent
6 districts. Net costs shall be determined and the amount of the
7 grant calculated in a manner determined by the center OR THE
8 DEPARTMENT OF INFORMATION TECHNOLOGY, AS APPLICABLE. Purposes
9 for which the center OR THE DEPARTMENT OF INFORMATION TECHNOLOGY,
10 AS APPLICABLE, shall make grants to districts and intermediate
11 districts may include purchases of software to submit data files
12 to the Michigan education information system or new student
13 information management systems compatible with the single record
14 student database or costs associated with the development of the
15 single record student database. The district or intermediate
16 district shall provide written justification of these net costs
17 to the center ~~for education performance and information~~ OR THE
18 DEPARTMENT OF INFORMATION TECHNOLOGY, AS APPLICABLE. Purposes
19 for which a grant is made must be approved by the center OR THE
20 DEPARTMENT OF INFORMATION TECHNOLOGY, AS APPLICABLE. This reim-
21 bursement shall not exceed a total of \$2.00 per pupil for each
22 district or intermediate district.

23 (3) THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION
24 SHALL ACCEPT SUBMISSIONS OF DATA FROM DISTRICTS AND INTERMEDIATE
25 DISTRICTS FOR THE FEBRUARY 2002 SUPPLEMENTAL PUPIL COUNT USING
26 EITHER THE SINGLE RECORD STUDENT DATABASE SYSTEM OR A PARALLEL
27 SUBMISSION USING BOTH THE SINGLE RECORD STUDENT DATABASE SYSTEM

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1 AND THE EDUCATION DATA NETWORK SYSTEM. IF A DISTRICT OR
2 INTERMEDIATE DISTRICT USES THIS PARALLEL SUBMISSION PROCESS, THE
3 CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION SHALL USE THE
4 DATA THAT RESULTS IN THE HIGHER AUDITED PUPIL COUNT.

5 (4) THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION
6 SHALL ENSURE THAT DISTRICTS AND INTERMEDIATE DISTRICTS ARE PRO-
7 VIDED WITH AMPLE OPPORTUNITY TO SUBMIT CORRECTIONS OR ADJUSTMENTS
8 TO PUPIL COUNT DATA SUBMITTED TO THE CENTER BEFORE THE CENTER
9 MAKES THE FINAL DETERMINATIONS FROM THE DATA FOR THE PURPOSE OF
10 CALCULATING PAYMENTS.

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

16 Sec. 96. (1) From the state school aid fund money appropri-
17 ated in section 11, there is allocated an amount not to exceed
18 ~~\$8,000,000.00 each fiscal year for 1999-2000, for 2000-2001,~~
19 \$0.00 for 2001-2002 ~~—~~ and \$132,000.00 for 2002-2003 for golden
20 apple awards under this section. The awards shall be based on
21 elementary school achievement on the fourth grade and fifth grade
22 Michigan education assessment program (MEAP) tests.

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

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

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

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

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

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

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

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

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

24 (ii) The test scores for the pupils in the school who took
25 the applicable MEAP tests are among the highest elementary school
26 scores statewide, as determined by the department of treasury,
27 for that school year.

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1 (3) A golden apple award under this section shall be
2 allocated to and used by a district exclusively for the purpose
3 of distributing funds to each eligible elementary school. ~~A~~
4 ~~golden apple award shall consist of \$1,000.00 per each full-time~~
5 ~~employee who works in the eligible elementary school plus~~
6 ~~\$10,000.00 to be allocated to the principal of the school for~~
7 ~~school improvements, but shall not be less than \$50,000.00 per~~
8 ~~recipient school.~~ BEGINNING IN 2002-2003, THE MONETARY AMOUNT OF
9 A GOLDEN APPLE AWARD SHALL BE \$1,000.00 TO BE ALLOCATED TO EACH
10 ELIGIBLE ELEMENTARY SCHOOL. All money allocated under this sec-
11 tion ~~per full-time employee~~ shall be used for school improve-
12 ments, as determined collectively by a majority vote of ~~those~~
13 THE FULL-TIME employees OF THE ELIGIBLE ELEMENTARY SCHOOL.

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

17 Sec. 98. (1) From the general fund money appropriated in
18 section 11, there is allocated ~~an amount not to exceed~~
19 ~~\$15,000,000.00 for 2000-2001, and~~ an amount not to exceed
20 \$1,500,000.00 each fiscal year for 2001-2002 AND FOR 2002-2003 to
21 the department to provide a grant each fiscal year to the
22 Michigan virtual university for the development, implementation,
23 and operation of the Michigan virtual high school.

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

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

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

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

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

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

14 (f) Grant high school diplomas through a dual enrollment
15 method with districts.

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

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

22 (a) Information technology courses.

23 (b) College level equivalent courses, as defined in section
24 1471 of the revised school code, MCL 380.1471.

25 (c) Courses and dual enrollment opportunities.

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

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1 (e) General education development test preparation courses
2 for adjudicated youth.

3 (f) Special interest courses.

4 (g) Professional development programs and services for
5 teachers.

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

9 Sec. 99. (1) From the state school aid fund appropriation
10 in section 11, there is allocated ~~an amount not to exceed~~
11 ~~\$9,270,000.00 for 2000-2001,~~ an amount not to exceed
12 \$9,684,300.00 ~~for 2001-2002~~ EACH FISCAL YEAR FOR 2001-2002 AND
13 FOR 2002-2003, and from the general fund appropriation in
14 section 11 there is allocated ~~an amount not to exceed~~
15 ~~\$475,100.00 for 2000-2001,~~ an amount not to exceed \$548,000.00
16 ~~for 2001-2002~~ EACH FISCAL YEAR FOR 2001-2002 AND FOR 2002-2003,
17 for implementing the comprehensive master plan for mathematics
18 and science centers developed by the department and approved by
19 the state board on February 17, 1993.

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

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

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

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

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

24 (7) From the state school aid fund allocation under subsec-
25 tion (1), there is allocated an amount not to exceed \$611,800.00
26 each fiscal year for ~~2000-2001,~~ 2001-2002 ~~—~~, AND FOR 2002-2003
27 for additional funding under this subsection for mathematics and

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1 science centers that have come into compliance with the
2 comprehensive master plan described in subsection (1). These
3 amounts are in addition to the funding determined under subsec-
4 tion (5) and are as follows for each of those fiscal years:

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

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

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

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

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

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

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

21 (A) THE DEPARTMENT.

22 (B) THE DEPARTMENT OF COMMUNITY HEALTH.

23 (C) THE HEALTH ADMINISTRATION IN THE DEPARTMENT OF COMMUNITY
24 HEALTH.

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

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(E) THE FAMILY INDEPENDENCE AGENCY.

(F) THE DEPARTMENT OF STATE POLICE.

(2) UPON WRITTEN OR ORAL REQUEST BY A PUPIL WHO IS AT LEAST 18 YEARS OF AGE OR A PARENT OR LEGAL GUARDIAN OF A PUPIL LESS THAN 18 YEARS OF AGE, SCHOOL OFFICIALS SHALL INFORM THE PUPIL OR PARENT, WITHIN A REASONABLE PERIOD OF TIME AFTER THE REQUEST IS MADE, OF THE CONTENT OF A COURSE IN THE HEALTH EDUCATION CURRICULUM AND SHALL ALLOW THE PUPIL OR PARENT TO EXAMINE TEXTBOOKS AND OTHER CLASSROOM MATERIALS THAT ARE PROVIDED TO THE PUPIL OR MATERIALS THAT ARE PRESENTED TO THE PUPIL IN THE CLASSROOM. THIS SUBSECTION DOES NOT REQUIRE A DISTRICT TO PERMIT PUPIL OR PARENTAL EXAMINATION OF TEST QUESTIONS AND ANSWERS, SCORING KEYS, OR OTHER EXAMINATION INSTRUMENTS OR DATA USED TO ADMINISTER AN ACADEMIC EXAMINATION.

Sec. 107. (1) From the appropriation in section 11, there is allocated ~~an amount not to exceed \$80,000,000.00 for 2000-2001 and~~ an amount not to exceed \$75,000,000.00 ~~each fiscal year~~ for 2001-2002 AND AN AMOUNT NOT TO EXCEED \$80,000,000.00 FOR 2002-2003 for adult education programs authorized under this section.

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

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

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

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

11 (iii) Is enrolled in an English as a second language
12 program.

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

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

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

19 (a) For districts and consortia that received payments for
20 1995-96 under former section 107f and that received payments for
21 1996-97 under subsection (4) of this section as in effect in
22 1996-97, the amount allocated to each ~~for 2000-2001,~~ for
23 2001-2002 ~~—~~ AND FOR 2002-2003 shall be an amount each fiscal
24 year equal to 36.76% of the amount the district or consortium
25 received for 1995-96 under former section 107f.

26 (b) For districts and consortia that received payments under
27 subsection (3) of this section as in effect for 1996-97, the

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1 amount allocated to each ~~for 2000-2001,~~ for 2001-2002 ~~—,~~ AND
2 FOR 2002-2003 shall be an amount each fiscal year equal to the
3 product of the number of full-time equated participants actually
4 enrolled and in attendance during the 1996-97 school fiscal year
5 in the program funded under subsection (3) of this section as in
6 effect for 1996-97 as reported to the department OF CAREER
7 DEVELOPMENT, audited, and adjusted according to subsection (10)
8 of this section as in effect for 1996-97, multiplied by
9 \$2,750.00.

10 (c) For districts and consortia that meet the conditions of
11 both subdivisions (a) and (b), the amount allocated each fiscal
12 year ~~for 2000-2001,~~ for 2001-2002 ~~—,~~ and for 2002-2003 shall
13 be the sum of the allocations to the district or consortium under
14 subdivisions (a) and (b).

15 (d) A district or consortium that received funding in
16 1996-97 under this section as in effect for 1996-97 may operate
17 independently of a consortium or join or form a consortium ~~for~~
18 ~~2000-2001,~~ for 2001-2002 ~~—,~~ or for 2002-2003. The allocation
19 ~~for 2000-2001,~~ for 2001-2002 ~~—,~~ or for 2002-2003 to the dis-
20 trict or the newly formed consortium under this subsection shall
21 be determined by the department OF CAREER DEVELOPMENT and shall
22 be based on the proportion of the amounts specified in
23 subdivision (a) or (b), or both, that are attributable to the
24 district or consortium that received funding in 1996-97. A dis-
25 trict or consortium described in this subdivision shall notify
26 the department OF CAREER DEVELOPMENT of its intention with regard

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1 to ~~2000-2001,~~ 2001-2002 ~~,~~ or 2002-2003 by October 1 of the
2 affected fiscal year.

3 (4) A district that operated an adult education program in
4 1996-97 and does not intend to operate a program in ~~2000-2001,~~
5 2001-2002 ~~,~~ or 2002-2003 shall notify the department OF CAREER
6 DEVELOPMENT by October 1 of the affected fiscal year of its
7 intention. The funds intended to be allocated under this section
8 to a district that does not operate a program in ~~2000-2001,~~
9 2001-2002 ~~,~~ or 2002-2003 and the unspent funds originally allo-
10 cated under this section to a district or consortium that subse-
11 quently operates a program at less than the level of funding
12 allocated under subsection (3) shall instead be proportionately
13 reallocated to the other districts described in subsection (3)(a)
14 that are operating an adult education program in ~~2000-2001,~~
15 2001-2002 ~~,~~ or 2002-2003 under this section.

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

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

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

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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:

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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.

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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

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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

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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 \$5,000,000.00 FOR
12 2002-2003 for partnership for adult learning programs authorized
13 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.

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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 \$4,800,000.00 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

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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.

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1 (c) The local workforce development board shall develop a
2 strategic plan that incorporates adult learning programs in the
3 region. ~~Beginning in 2001-2002, a~~ 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

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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

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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

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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

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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

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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.

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

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

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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.

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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

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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 \$11,217,961,700.00 and state appropriations to be paid to local
18 units of government for fiscal year 2001-2002 are estimated at
19 \$11,172,132,400.00; 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 \$11,449,885,900.00 and
22 state appropriations to be paid to local units of government for
23 fiscal year 2002-2003 are estimated at \$11,412,374,100.00.

24 Enacting section 2. (1) Sections 32g, 32h, 63, 95, 97,
25 164c, and 166d of the state school aid act of 1979, 1979 PA 94,
26 MCL 388.1632g, 388.1632h, 388.1663, 388.1695, 388.1697,
27 388.1764c, and 388.1766d, are repealed.

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1 (2) Sections 22c, 32a, 32b, 32c, 32e, 32f, and 33 of the
2 state school aid act of 1979, 1979 PA 94, MCL 388.1622c,
3 388.1632a, 388.1632b, 388.1632c, 388.1632e, 388.1632f, and
4 388.1633, are repealed effective October 1, 2002.

5 Enacting section 3. Section 19 of the state school aid act
6 of 1979, 1979 PA 94, MCL 388.1619, as amended by this amendatory
7 act, takes effect October 1, 2002.