

Act No. 121
Public Acts of 2001
Approved by the Governor*
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**STATE OF MICHIGAN
91ST LEGISLATURE
REGULAR SESSION OF 2001**

Introduced by Rep. Shulman

ENROLLED HOUSE BILL No. 4371

AN ACT to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to prescribe penalties; and to repeal acts and parts of acts," by amending sections 6, 11, 11f, 11g, 20, 20j, 22a, 22b, 22c, 24, 25b, 26a, 31a, 31d, 32a, 32b, 32c, 32d, 32e, 32f, 32g, 32h, 33, 41, 51a, 51c, 53a, 54, 56, 57, 61a, 62, 63, 67, 68, 74, 81, 94, 94a, 95, 96, 98, 99, 107, 108, and 147 (MCL 388.1606, 388.1611, 388.1611f, 388.1611g, 388.1620, 388.1620j, 388.1622a, 388.1622b, 388.1622c, 388.1624, 388.1625b, 388.1626a, 388.1631a, 388.1631d, 388.1632a, 388.1632b, 388.1632c, 388.1632d, 388.1632e, 388.1632f, 388.1632g, 388.1632h, 388.1633, 388.1641, 388.1651a, 388.1651c, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1663, 388.1667, 388.1668, 388.1674, 388.1681, 388.1694, 388.1694a, 388.1695, 388.1696, 388.1698, 388.1699, 388.1707, 388.1708, and 388.1747), sections 6, 11, 11f, 11g, 20, 20j, 24, 26a, 31a, 31d, 33, 41, 51a, 53a, 54, 56, 57, 61a, 62, 63, 67, 68, 74, 81, 94, 99, 107, and 147 as amended and sections 22a, 22b, 22c, 25b, 32a, 32b, 32c, 32d, 32e, 32g, 32h, 51c, 94a, 95, 96, 98, and 108 as added by 2000 PA 297 and section 32f as amended by 2000 PA 388, and by adding sections 18d and 25c; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

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

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

(3) "District pupil retention report" means a report of the number of pupils, excluding migrant and adult, in the district for the immediately preceding school year, adjusted for those pupils who have transferred into the district, transferred out of the district, transferred to alternative programs, and have graduated, to determine the number of

pupils who are unaccounted for. The number of pupils unaccounted for shall be calculated as determined by the department.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(s) For a district, university school, or public school academy that has pupils enrolled in a grade level that was not offered by the district, university school, or public school academy in the immediately preceding school year, the number of pupils enrolled in that grade level to be counted in membership is the average of the number of those pupils enrolled and in regular daily attendance on the pupil membership count day and the supplemental count day of the current school year, as determined by the department. Membership shall be calculated by adding the number of pupils registered for attendance in that grade level on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

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

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

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

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

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

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

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

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

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

(y) For 2000-2001 only, if a district's membership for that fiscal year, as otherwise calculated under this subsection, would be less than 1,550 pupils, the district's membership for that fiscal year shall be considered to be the membership figure calculated under this subdivision. For 2001-2002 only, if a district's membership for that fiscal year, as otherwise calculated under this subsection, would be less than 1,550 pupils and the district has 4.5 or fewer pupils per square mile, as determined by the department, the district's membership shall be considered to be the membership figure calculated under this subsection. The membership figure calculated under this subsection is the greater of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Fourth Wednesday in July.

(ii) Fourth Wednesday in September.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 11. (1) For the fiscal year ending September 30, 2001, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$10,306,721,500.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$385,613,500.00 from the general fund. For the fiscal year ending September 30, 2002, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$10,989,699,900.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$205,613,500.00 from the general fund. For the fiscal year ending September 30, 2003, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$10,985,960,300.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$420,613,500.00 from the general fund. In addition, available federal funds are appropriated for each of those fiscal years.

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

(3) If the maximum amount appropriated under this section and section 11f from the state school aid fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, payments under sections 11f, 11g, 22a, 31d, 51a(2), and 51c shall be made in full and payments under each of the other sections of this act shall be prorated on an equal percentage basis as necessary to reflect the amount available for expenditure from the state school aid fund for that fiscal year. However, if the department of treasury determines that proration will be required under this subsection, the department of treasury shall notify the state budget director, and the state budget director shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the state budget director, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the state budget director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall.

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

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

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

that date. The amounts paid under this subsection represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this subsection.

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

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

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

(6) Funds paid to a district or intermediate district under this section shall be used only for textbooks, electronic instructional material, software, technology, infrastructure or infrastructure improvements, school buses, school security, training for technology, or to pay debt service on voter-approved bonds issued by the district or intermediate district before the effective date of this section. For intermediate districts only, funds paid under this section may also be used for other nonrecurring instructional expenditures including, but not limited to, nonrecurring instructional expenditures for vocational education, or for debt service for acquisition of technology for academic support services. Funds received by an intermediate district under this section may be used for projects conducted for the benefit of its constituent districts at the discretion of the intermediate board. To the extent payments under this section are used by a district or intermediate district to pay debt service on debt payable from millage revenues, and to the extent permitted by law, the district or intermediate district may make a corresponding reduction in the number of mills levied for that debt service.

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

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

“Whereas, the board of _____ (name of district or intermediate district) desires to settle and compromise, in their entirety, any claim or claims that the district (or intermediate district) has or had for violations of section 29 of article IX of the state constitution of 1963, which claim or claims are or were similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492.

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

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

Now, therefore, be it resolved as follows:

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

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

3. The board of _____ (name of district or intermediate district) expressly agrees and understands that, if it takes any action to amend or rescind this resolution, the state, its agencies, employees, and agents shall have available to them any privilege, immunity, and/or defense that would otherwise have been available had the claims or potential claims been actually litigated in any forum.

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 18d. Any claim of a debt or financial obligation owed to the state and made against a district arising out of a membership count dispute occurring on or before March 1, 1997 shall be considered satisfied and discharged if not asserted in writing against the district by an executive agency or department of the state on or before July 1, 2001.

Sec. 20. (1) For 2000-2001, the basic foundation allowance is \$6,000.00 per membership pupil. For 2001-2002, the basic foundation allowance is \$6,300.00 per membership pupil. For 2002-2003, the basic foundation allowance is \$6,700.00 per membership pupil.

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

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

(a) Except as otherwise provided in this subsection, for a district that in the immediately preceding state fiscal year had a foundation allowance in an amount at least equal to the amount of the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year in the basic foundation allowance.

(b) For a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of the increase in the basic foundation allowance for the current state fiscal year, as compared to the immediately preceding state fiscal year, or the product of the district's foundation allowance for the immediately preceding state fiscal year times the percentage increase in the United States consumer price index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b.

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

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

(4) Except as otherwise provided in this subsection, the state portion of a district's foundation allowance is an amount equal to the district's foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils. For a district described in subsection (3)(b), the state portion of the district's foundation allowance is an amount equal to \$6,962.00 plus the difference between the district's foundation allowance for the current state fiscal year and the district's foundation allowance for 1998-99, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur. The \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.

(5) The allocation calculated under this section for a pupil shall be based on the foundation allowance of the pupil's district of residence. However, for a pupil enrolled pursuant to section 105 or 105c in a district other than the pupil's district of residence, the allocation calculated under this section shall be based on the lesser of the foundation allowance of the pupil's district of residence or the foundation allowance of the educating district. For a pupil in membership in a K-5, K-6, or K-8 district who is enrolled in another district in a grade not offered by the pupil's district of residence, the allocation calculated under this section shall be based on the foundation allowance of the educating district if the educating district's foundation allowance is greater than the foundation allowance of the pupil's district of residence. The calculation under this subsection shall take into account a district's per pupil allocation under section 20j(2).

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

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

(7) If more than 25% of the pupils residing within a district are in membership in 1 or more public school academies located in the district, then the amount per membership pupil calculated under this section for a public school academy located in the district shall be reduced by an amount equal to the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils, in the school fiscal year ending in the current state fiscal year, calculated as if the resident pupils in membership in 1 or more public school academies located in the district were in membership in the district. In order to receive state school aid under this act, a district described in this subsection shall pay to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy an amount equal to that local school operating revenue per membership pupil for each resident pupil in membership other than special education pupils in the public school academy, as determined by the department.

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

(9) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00 and that had fewer than 350 pupils in membership, if the district elects not to reduce the number of mills from which a homestead and qualified agricultural property are exempt and not to levy school operating taxes on a homestead and qualified agricultural property as provided in section 1211(1) of the revised school code, MCL 380.1211, and not to levy school operating taxes on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, there is calculated under this subsection for 1994-95 and each succeeding fiscal year a separate supplemental amount in an amount equal to the amount the district would have received per membership pupil had it levied school operating taxes on a homestead and qualified agricultural property at the rate authorized for the district under section 1211(1) of the revised school code, MCL 380.1211, and levied school operating taxes on all property at the rate authorized for the district under section 1211(2) of the revised school code, MCL 380.1211, as determined by the department of treasury. If in the calendar year ending in the fiscal year a district does not levy 18 mills or the number of mills of school operating taxes levied by the district in 1993, whichever is less, on property that is not a homestead or qualified agricultural property, the amount calculated under this subsection will be reduced by the same percentage as the millage actually levied compares to the 18 mills or the number of mills levied in 1993, whichever is less.

(10) For a district that is formed or reconfigured after June 1, 1994 by consolidation of 2 or more districts or by annexation, the resulting district's foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the foundation allowances of each of the original or affected districts, calculated as provided in this section, weighted as to the percentage of pupils in total membership in the resulting district who reside in the geographic area of each of the original districts. If an affected district's foundation allowance is less than the basic foundation allowance, the amount of that district's foundation allowance shall be considered for the purpose of calculations under this subsection to be equal to the amount of the basic foundation allowance.

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

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

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

(a) The pupil membership factor shall be computed by dividing the estimated membership in the school year ending in the current state fiscal year, excluding intermediate district membership, by the estimated membership for the school year ending in the subsequent state fiscal year, excluding intermediate district membership. If a consensus membership factor is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

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

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

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

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

(16) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00, that had fewer than 7 pupils in membership in the 1993-94 state fiscal year, that has at least 1 child educated in the district in the current state fiscal year, and that levies the number of mills of school operating taxes authorized for the district under section 1211 of the revised school code, MCL 380.1211, a minimum amount of combined state and local revenue shall be calculated for the district as provided under this subsection. The minimum amount of combined state and local revenue for 1999-2000 shall be \$67,000.00 plus the district's additional expenses to educate pupils in grades 9 to 12 educated in other districts as determined and allowed by the department. The minimum amount of combined state and local revenue under this subsection, before adding the additional expenses, shall increase each fiscal year by the same percentage increase as the percentage increase in the basic foundation allowance from the immediately preceding fiscal year to the current fiscal year. The state portion of the minimum amount of combined state and local revenue under this subsection shall be calculated by subtracting from the minimum amount of combined state and local revenue under this subsection the sum of the district's local school operating revenue and an amount equal to the product of the sum of the state portion of the district's foundation allowance plus the amount calculated under section 20j times the district's membership. As used in this subsection, "additional expenses" means the district's expenses for tuition or fees, not to exceed \$6,500.00 as adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, plus a room and board stipend not to exceed \$10.00 per school day for each pupil in grades 9 to 12 educated in another district, as approved by the department. However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.

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

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

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

(20) As used in this section:

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

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

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

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

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

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

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

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

(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. 20j. (1) Foundation allowance supplemental payments to districts that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00 shall be calculated under this section.

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

(3) If a district's local revenue per pupil does not exceed the sum of its foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the per pupil allocation under subsection (2) multiplied by the district's membership excluding special education pupils. If a district's local revenue per pupil exceeds the foundation allowance under section 20 but does not exceed the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the difference between the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2) minus the local revenue per pupil multiplied by the district's membership excluding special education pupils. If a district's local revenue per pupil exceeds the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), there is no payment calculated under this section for the district.

(4) Payments to districts shall not be made under this section. Rather, the calculations under this section shall be made and used to determine the amount of state payments under section 22b.

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 for 2001-2002, and an amount not to exceed \$6,956,000,000.00 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 rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the payments under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used

to supplement the allocations under sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

(a) Except as otherwise provided in this subsection, the state portion of a district's 1994-95 foundation allowance is an amount equal to the district's 1994-95 foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur.

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

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

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

(5) For a district that is formed or reconfigured after June 1, 2000 by consolidation of 2 or more districts or by annexation, the resulting district's 1994-95 foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the 1994-95 foundation allowances of each of the original or affected districts, calculated as provided in this section, weighted as to the percentage of pupils in total membership in the resulting district in the state fiscal year in which the consolidation takes place who reside in the geographic area of each of the original districts. If an affected district's 1994-95 foundation allowance is less than the 1994-95 basic foundation allowance, the amount of that district's 1994-95 foundation allowance shall be considered for the purpose of calculations under this subsection to be equal to the amount of the 1994-95 basic foundation allowance.

(6) As used in this section:

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

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

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

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

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

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

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

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

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

(j) "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.

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

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

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

Sec. 22b. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$1,864,000,000.00 for 2000-2001, an amount not to exceed \$2,377,200,000.00 for 2001-2002, and an amount not to exceed \$2,845,000,000.00 for 2002-2003 for discretionary payments to districts under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

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

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

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

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

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

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

Sec. 25b. (1) Beginning in 2000-2001, this section applies to an educating district's enrollment of a pupil if the educating district is not a school district of the first class under the revised school code and if all of the following apply:

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

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

(c) The pupil was a resident of the educating district on the pupil membership count day or met other eligibility criteria under section 6(4) or (6) to be counted in membership in the educating district if the pupil had been enrolled in the educating district on the pupil membership count day.

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

(2) If the conditions specified in subsection (1) are met, and a pupil transfers from 1 of the 3 other specified districts described in subsection (1)(d) and enrolls during a school year in the educating district, the educating district shall report the enrollment information to the department and to the district in which the pupil is counted in membership, and the district in which the pupil is counted in membership shall pay to the educating district an amount equal to the amount of the foundation allowance or per pupil payment as calculated under section 20 for the district in which the pupil is counted in membership, prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the educating district compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4). If a district does not make the payment required under this section within 30 days after receipt of the report, the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act, and shall pay that amount to the educating district. The district in which the pupil is counted in membership and the educating district shall provide to the department all information the department requires to enforce this section.

(3) In determining the total amount a district owes to the educating district under this section, regardless of whether that district is otherwise eligible for payment from the educating district under this section, the district may calculate and subtract from the amount owed, using the calculation described in subsection (1), any amount applicable to pupils who transfer to that district from the educating district and meet the requirements of subsection (1)(a) to (c).

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

Sec. 25c. (1) Beginning in 2000-2001, this section applies to an educating district's enrollment of a pupil if the educating district is a school district of the first class under the revised school code and if all of the following apply:

(a) The pupil transfers from another district and enrolls in the educating district after the pupil membership count day.

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

(c) The pupil was a resident of the educating district on the pupil membership count day or met other eligibility criteria under section 6(4) or (6) to be counted in membership in the educating district if the pupil had been enrolled in the educating district on the pupil membership count day.

(d) The total number of pupils enrolled in the district who are described in subdivisions (a), (b), and (c) is at least equal to 25.

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

(3) In determining the total amount a district owes to the educating district under this section, regardless of whether that district is otherwise eligible for payment from the educating district under this section, the district may calculate and subtract from the amount owed, using the calculation described in subsection (1), any amount applicable to pupils who transfer to that district from the educating district and meet the requirements of subsection (1)(a) to (c).

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

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

Sec. 31a. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2000-2001 an amount not to exceed \$304,000,000.00, for 2001-2002 an amount not to exceed \$314,200,000.00, and for 2002-2003 an amount not to exceed \$319,095,200.00 for payments to eligible districts and eligible public school academies under this section. Subject to subsection (10), the amount of the additional allowance under this section shall be based on the number of actual pupils in membership in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined under the Richard B. Russell national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, and reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year. However, for a public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the Richard B. Russell national school lunch act.

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

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

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

(3) Except as otherwise provided in this subsection, an eligible district or eligible public school academy shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the Richard B. Russell national school lunch act and as reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year, an amount per pupil equal to 11.5% of the sum of the district’s foundation allowance or public school academy’s per pupil allocation under section 20, plus the amount of the district’s per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00, or of the public school academy’s per membership pupil allocation under section 20 for the current state fiscal year. However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00. A public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year shall receive under this section for each membership pupil in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the Richard B. Russell national school lunch act and as reported to the department by October 31 of the current fiscal year and adjusted not later than December 31 of the current fiscal year, an amount per pupil equal to 11.5% of the public school academy’s per membership pupil allocation under section 20 for the current state fiscal year.

(4) Except as otherwise provided in this section, a district or public school academy receiving funding under this section shall use that money only to provide instructional programs and direct noninstructional services, including, but not limited to, medical or counseling services, for at-risk pupils and for the purposes of subsection (5) or section 32e and

shall not use any of that money for administrative costs or to supplant another program or other funds, except for funds allocated to the district or public school academy under this section in the immediately preceding year and already being used by the district or public school academy for at-risk pupils. The instruction or direct noninstructional services provided under this section may be conducted before or after regular school hours or by adding extra school days to the school year and may be conducted using a tutorial method, with paraprofessionals working under the supervision of a certificated teacher. The ratio of pupils to paraprofessionals shall be between 10:1 and 15:1. Only 1 certificated teacher is required to supervise instruction using a tutorial method. As used in this subsection, "to supplant another program" means to take the place of a previously existing instructional program or direct noninstructional services funded from a funding source other than funding under this section.

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

(6) Each district or public school academy receiving funds under this section shall submit to the department by July 15 of each fiscal year a report, not to exceed 10 pages, on the usage by the district or public school academy of funds under this section, which report shall include at least a brief description of each program conducted by the district or public school academy using funds under this section, the amount of funds under this section allocated to each of those programs, the number of at-risk pupils eligible for free or reduced price school lunch who were served by each of those programs, and the total number of at-risk pupils served by each of those programs. If a district or public school academy does not comply with this subsection, the department shall withhold an amount equal to the August payment due under this section until the district or public school academy complies with this subsection. If the district or public school academy does not comply with this subsection by the end of the state fiscal year, the withheld funds shall be forfeited to the school aid fund.

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

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

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

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

(11) If a district is formed by consolidation after June 1, 1995, and if 1 or more of the original districts was not eligible before the consolidation for an additional allowance under this section, the amount of the additional allowance under this section for the consolidated district shall be based on the number of pupils described in subsection (1) enrolled in the consolidated district who reside in the territory of an original district that was eligible before the consolidation for an additional allowance under this section.

(12) A district or public school academy that does not meet the eligibility requirement under subsection (2)(a) is eligible for funding under this section if at least 1/4 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1), and at least 4,500 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1). A district or public school academy that is eligible for funding under this section because the district meets the requirements of this subsection shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as determined and reported as described in subsection (1), an amount per pupil equal to 5.75% of the sum of the district's foundation allowance or public school academy's per pupil allocation under section 20, plus the amount of the district's per pupil allocation under section 20j(2),

not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.

(13) As used in this section, "at-risk pupil" means a pupil for whom the district has documentation that the pupil meets at least 2 of the following criteria: is a victim of child abuse or neglect; is below grade level in English language and communication skills or mathematics; is a pregnant teenager or teenage parent; is eligible for a federal free or reduced-price lunch subsidy; has atypical behavior or attendance patterns; or has a family history of school failure, incarceration, or substance abuse. For pupils for whom the results of at least the applicable Michigan education assessment program (MEAP) test have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve at least a score of moderate on the most recent MEAP reading test for which results for the pupil have been received, did not achieve at least a score of moderate on the most recent MEAP mathematics test for which results for the pupil have been received, or did not achieve at least a score of novice on the most recent MEAP science test for which results for the pupil have been received. For pupils in grades K-3, at-risk pupil also includes a pupil who is at risk of not meeting the district's core academic curricular objectives in English language, communication skills, or mathematics.

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

(2) The amounts allocated under this section shall be used to pay the amount necessary to reimburse districts for 6.0127% of the necessary costs of the state mandated portion of the school lunch programs provided by those districts. The amount due to each district under this section shall be computed by the department using the methods of calculation adopted by the Michigan supreme court in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492.

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

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

Sec. 32a. (1) From the state school aid fund appropriation in section 11, there is allocated an amount not to exceed \$231,350,000.00 for 2000-2001, an amount not to exceed \$189,250,000.00 for 2001-2002, and an amount not to exceed \$99,250,000.00 for 2002-2003 to fund the all students achieve program (ASAP) as provided under sections 32b to 32h. In addition, from the general fund appropriations in section 11, there is allocated an amount not to exceed \$21,250,000.00 for 2000-2001, an amount not to exceed \$2,200,100.00 for 2001-2002, and an amount not to exceed \$200,000.00 for 2002-2003 for the purposes of sections 32b to 32h. The programs funded through this section are for the purposes of improving parenting skills, improving school readiness, reducing the number of pupils retained in grade, and reducing the number of pupils requiring special education services.

(2) Each grant recipient approved by the department shall implement department-approved data collection methods and evaluation or assessment tools to measure the impact of the proposed program.

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

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

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

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

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

(ii) Group meetings of participating families.

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

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

(v) Connection with quality preschool programs.

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

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

(a) Provide a plan for the delivery of the program components described in subsection (2).

(b) Demonstrate an adequate collaboration of local entities involved in providing programs and services for preschool children and their parents.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 32d. (1) From the state school aid fund allocation under section 32a(1), there is allocated an amount not to exceed \$72,600,000.00 each fiscal year for 2000-2001, 2001-2002, and 2002-2003 for school readiness grants to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, Public Law 89-10, 108 Stat. 3519, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 89-10, 102 Stat. 140, and the head start act, subchapter B of chapter 8 of subtitle A of title VI of the omnibus budget reconciliation act of 1981, Public Law 97-35, comprehensive compensatory programs designed to improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who show evidence of 2 or more risk factors as defined in the state board report entitled "children at risk" that was adopted by the state board on April 5, 1988. A comprehensive compensatory program funded under this section shall include an age-appropriate educational curriculum, nutritional services, health screening for participating children, a plan for parent and legal guardian involvement, and provision of referral services for families eligible for community social services. In addition, from the general fund allocations under section 32a(1), there is allocated an amount not to exceed \$16,250,000.00 for 2000-2001 for the purposes of subsections (2) and (3) and an amount not to exceed \$200,000.00 each fiscal year for 2001-2002 and for 2002-2003 for the purposes of subsection (2).

(2) From the general fund allocation in subsection (1), there is allocated each fiscal year for 2000-2001, 2001-2002, and 2002-2003 an amount not to exceed \$200,000.00 for a competitive grant to continue a longitudinal evaluation of children who have participated in the Michigan school readiness program.

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

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

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

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

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

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

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

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

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

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

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

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

(5) Except as otherwise provided in this section, funding to districts under this section for 2000-2001 is intended to be for the third of 5 years of funding under this section and former section 31c, funding to districts under this section for 2001-2002 is intended to be for the fourth of 5 years of funding under this section and former section 31c, and funding under this section for 2002-2003 is intended to be for the fifth of 5 years of funding under this section and former section 31c. For districts receiving funding under this section for the first time from the additional \$6,900,000.00 allocated under this section for 2000-2001, as compared to the funding under former section 31c, funding to those districts under this section for 2000-2001 is intended to be for the first of 3 years of funding, funding to those districts under this section for 2001-2002 is intended to be for the second of 3 years of funding, and funding to those districts under this section for 2002-2003 is intended to be for the third of 3 years of funding.

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

Sec. 32f. (1) From the state school aid fund allocation under section 32a(1), there is allocated for 2000-2001 an amount not to exceed \$57,500,000.00, for 2001-2002 an amount not to exceed \$45,000,000.00, and for 2002-2003 \$0.00, for grants under this section. From the general fund allocation under section 32a(1), there is allocated for 2000-2001 an amount not to exceed \$2,750,000.00 for the purposes of subsections (4) and (5), and there is allocated each fiscal year for 2001-2002 and for 2002-2003 \$0.00 for the purposes of subsection (4).

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

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

(4) From the general fund allocation in subsection (1), there is allocated to the department an amount not to exceed \$2,500,000.00 for 2000-2001 and \$0.00 each fiscal year for 2001-2002 and for 2002-2003 for the development and dissemination of read, educate, and develop youth (READY) kits to parents of preschool and kindergarten children to provide these parents with information about how they can prepare their children for reading success.

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

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

(7) From the allocation in subsection (1), there is allocated for 2000-2001 an amount not to exceed \$50,000,000.00, for 2001-2002 an amount not to exceed \$43,000,000.00, and for 2002-2003 \$0.00, for competitive grants to eligible districts, to intermediate districts, and to public school academies located within eligible districts for reading improvements programs for pupils in grades K to 4, reading disorders and reading methods programs, mentoring programs, language and literacy outreach programs, or cognitive development programs. For 2001-2002, grants under this subsection shall be paid to grant recipients in the same proportion of the total allocation under this subsection as for 2000-2001. If the legislature enacts legislation authorizing the appropriation of federal funds for reading improvement programs for 2001-2002 or for 2002-2003, then it is the intent of the legislature that these funds be used to the extent possible for the purposes of this subsection. Federal funds received for reading improvement programs that can be used for substantially similar purposes as described under this section shall be first expended for the purposes of this subsection before funds appropriated from the state school aid fund allocated under this subsection, and the expenditure of funds under this subsection from the state school aid fund shall be reduced by an amount equal to the amount of the expenditure of federal funds under this subsection. If any conflict exists between federal reading program guidelines and this section, federal law will control.

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

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

(b) The program shall be a research-based, validated, structured reading program.

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

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

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

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

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

(11) Except as otherwise provided under subsection (18), to qualify for funding under this section, a proposed cognitive development program must be a research-based, validated educational service program, focused on assessing and building essential cognitive and perceptual learning abilities to strengthen pupil concentration and learning.

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

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

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

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

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

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

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

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

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

Sec. 32g. (1) From the state school aid fund allocation under section 32a(1), there is allocated an amount not to exceed \$28,000,000.00 for 2000-2001 for payments to districts to provide summer school instruction in reading and mathematics for pupils in grade 1, 2, 3, or 4.

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

(3) To be eligible to participate in summer school instruction funded under this section during a particular summer, a pupil shall have been enrolled in grade 1, 2, 3, or 4 in the school year that just ended and shall meet at least 1 of the following criteria:

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

(b) Scored in the low performance category of the mathematics or reading portion of the grade 4 Michigan education assessment program (MEAP) test.

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

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

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

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

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

(a) Eighty percent of the amount provided to a grant recipient shall be based on enrollment of eligible participants.

(b) Twenty percent of the amount provided to a grant recipient shall be based on measured improvement in reading or mathematics, as applicable.

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

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

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

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

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

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

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

Sec. 33. (1) From the state school aid fund appropriation in section 11, there is allocated an amount not to exceed \$15,000,000.00 each fiscal year for 2000-2001 and for 2001-2002 to a district that is a qualifying school district under part 5a of the revised school code, MCL 380.371 to 380.376, or that is the subject of intervention under a substantially similar provision of the revised school code. If more than 1 district qualifies for funding under this subsection, the funds shall be allocated on an equal per-pupil basis.

(2) Funds allocated under this section are for measures to improve student performance, including, but not limited to, enhanced school security and reading readiness programs.

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

Sec. 51a. (1) From the appropriation in section 11, there is allocated for 2000-2001 an amount not to exceed \$739,021,900.00 from state sources and all available federal funding under sections 611 to 619 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1419, estimated at \$160,000,000.00, plus any carryover federal funds from previous year appropriations; there is allocated for 2001-2002 an amount not to exceed \$794,821,900.00 from state sources and all available federal funding, estimated at \$203,000,000.00, plus any carryover federal funds from previous year appropriations; and there is allocated for 2002-2003 an amount not to exceed \$848,661,900.00 from state sources and all available federal funding, estimated at \$235,000,000.00, plus any carryover federal funds from previous year appropriations. The allocations under this subsection are for the purpose of reimbursing districts and intermediate districts for special education programs, services, and special education personnel as prescribed in article 3 of the revised school code, MCL 380.1701 to 380.1766; net tuition payments made by intermediate districts to the Michigan schools for the deaf and blind; and special education programs and services for pupils who are eligible for special education programs and services according to statute or rule. For meeting the costs of special education programs and services not reimbursed under this article, a district or intermediate district may use money in general funds or special education funds, not otherwise restricted, or contributions from districts to intermediate districts, tuition payments, gifts and contributions from individuals, or federal funds that may be available

for this purpose, as determined by the intermediate district plan prepared pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766.

(2) From the funds allocated under subsection (1), there is allocated for 2000-2001, for 2001-2002, and for 2002-2003 the amount necessary, estimated at \$128,200,000.00 for 2000-2001, \$138,000,000.00 for 2001-2002, and \$148,000,000.00 for 2002-2003, for payments toward reimbursing districts and intermediate 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. Allocations under this subsection shall be made as follows:

(a) The initial amount allocated to a district under this subsection toward fulfilling the specified percentages shall be calculated by multiplying the district's special education pupil membership, excluding pupils described in subsection (12), times the sum of the foundation allowance under section 20 of the pupil's district of residence plus the amount of the district's per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00, or, for a special education pupil in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil calculated under section 20(6). For an intermediate district, the amount allocated under this subdivision toward fulfilling the specified percentages shall be an amount per special education membership pupil, excluding pupils described in subsection (12), and shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00, and that district's per pupil allocation under section 20j(2). However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subdivision shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.

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

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

(4) If the department determines that the sum of the amounts allocated for a fiscal year to a district or intermediate district under subsection (2)(a) and (b) is not sufficient to fulfill the specified percentages in subsection (2), then the shortfall shall be paid to the district or intermediate district during the fiscal year beginning on the October 1 following the determination and payments under subsection (3) shall be adjusted as necessary. If the department determines that the sum of the amounts allocated for a fiscal year to a district or intermediate district under subsection (2)(a) and (b) exceeds the sum of the amount necessary to fulfill the specified percentages in subsection (2), then the department shall deduct the amount of the excess from the district's or intermediate district's payments under this act for the fiscal year beginning on the October 1 following the determination and payments under subsection (3) shall be adjusted as necessary. However, if the amount allocated under subsection (2)(a) in itself exceeds the amount necessary to fulfill the specified percentages in subsection (2), there shall be no deduction under this subsection.

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

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

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

(a) "Total approved costs of special education" shall be determined in a manner specified by the department and may include indirect costs, but shall not exceed 115% of approved direct costs for section 52 and section 53a programs. The

total approved costs include salary and other compensation for all approved special education personnel for the program, including payments for social security and medicare and public school employee retirement system contributions. The total approved costs do not include salaries or other compensation paid to administrative personnel who are not special education personnel as defined in section 6 of the revised school code, MCL 380.6. Costs reimbursed by federal funds, other than those federal funds included in the allocation made under this article, are not included. Special education approved personnel not utilized full time in the evaluation of students or in the delivery of special education programs, ancillary, and other related services shall be reimbursed under this section only for that portion of time actually spent providing these programs and services, with the exception of special education programs and services provided to youth placed in child caring institutions or juvenile detention programs approved by the department to provide an on-grounds education program.

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

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

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

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

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

(12) From the funds allocated in subsection (1), there is allocated each fiscal year for 2000-2001, for 2001-2002, and for 2002-2003 the amount necessary, estimated at \$6,700,000.00 for 2000-2001, \$7,100,000.00 for 2001-2002, and \$7,300,000.00 for 2002-2003 to pay the foundation allowances for pupils described in this subsection. The allocation to a district under this subsection shall be calculated by multiplying the number of pupils described in this subsection who are counted in membership in the district times the sum of the foundation allowance under section 20 of the pupil's district of residence plus the amount of the district's per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00, or, for a pupil described in this subsection who is counted in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil under section 20(6). The allocation to an intermediate district under this subsection shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00, and that district's per pupil allocation under section 20j(2). However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00. This subsection applies to all of the following pupils:

(a) Pupils described in section 53a.

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

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

(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 for 2001-2002, and \$611,000,000.00 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, 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. 53a. (1) For districts, reimbursement for pupils described in subsection (2), reimbursement shall be 100% of the total approved costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766, minus the district's foundation allowance calculated under section 20, and minus the amount of the district's per pupil allocation under section 20j(2). For intermediate districts, reimbursement for pupils described in section (2) shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00, and that district's per pupil allocation under section 20j(2). However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00.

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

(a) Pupils assigned to a district or intermediate district through the community placement program of the courts or a state agency, if the pupil was a resident of another intermediate district at the time the pupil came under the jurisdiction of the court or a state agency.

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

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

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

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

(3) Only those costs that are clearly and directly attributable to educational programs for pupils described in subsection (2), and that would not have been incurred if the pupils were not being educated in a district or intermediate district, are reimbursable under this section.

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

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

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

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

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

(a) "Membership" means for a particular fiscal year the total membership for the immediately preceding fiscal year of the intermediate district and the districts constituent to the intermediate district.

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

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

(2) From the allocation under section 51a(1), there is allocated an amount not to exceed \$38,120,000.00 for 2000-2001, \$44,720,000.00 for 2001-2002, and \$45,360,000.00 for 2002-2003 to reimburse intermediate districts levying millages for special education pursuant to part 30 of the revised school code, MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan.

(3) Reimbursement for those millages levied in 1999-2000 shall be made in 2000-2001 at an amount per 1999-2000 membership pupil computed by subtracting from \$111,700.00 the 1999-2000 taxable value behind each membership pupil, and multiplying the resulting difference by the 1999-2000 millage levied. Reimbursement for those millages levied in 2000-2001 shall be made in 2001-2002 at an amount per 2000-2001 membership pupil computed by subtracting from \$118,000.00 the 2000-2001 taxable value behind each membership pupil and multiplying the resulting difference by the 2000-2001 millage levied. Reimbursement for those millages levied in 2001-2002 shall be made in 2002-2003 at an amount per 2001-2002 membership pupil computed by subtracting from \$123,500.00 the 2001-2002 taxable value behind each membership pupil and multiplying the resulting difference by the 2001-2002 millage levied.

(4) From the allocation in subsection (2), there is allocated an amount not to exceed \$2,440,000.00 for 2000-2001, an amount not to exceed \$6,820,000.00 for 2001-2002, and an amount not to exceed \$7,240,000.00 for 2002-2003 for payments to intermediate districts under this subsection that do not qualify for a payment under subsection (3) for reimbursement for changes as a result of revisions to the personal property tax depreciation tables. To receive a payment under this subsection, an intermediate district shall file a claim by July 1 of the fiscal year to the department, detailing the loss of revenue to the intermediate district's special education millage attributable to those revisions. The amount of the payment under this subsection to each intermediate district shall be an amount equal to the same proportion of the total amount of funding available under this subsection as the intermediate district's claim under this section bears to the total amount of claims under this subsection and, notwithstanding section 121, shall not be adjusted for prior year adjustments more than 2 years after the end of the state fiscal year for which payment under this subsection was made.

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

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

(3) From the appropriation in section 11, there is allocated an amount not to exceed \$5,000,000.00 for 2000-2001, an amount not to exceed \$4,000,000.00 for 2001-2002, and an amount not to exceed \$4,000,000.00 for 2002-2003 for the development and operation of comprehensive programs for gifted and talented pupils. An eligible district or consortium of districts shall receive an amount not to exceed \$100.00 per K-12 pupil for up to 5% of the district's or consortium's K-12 membership for the immediately preceding fiscal year with a minimum total grant of \$6,000.00. Funding shall be provided in the following order: the per pupil allotment, and then the minimum total grant of \$6,000.00 to individual districts. An intermediate district may act as the fiscal agent for a consortium of districts. In order to be eligible for funding under this subsection, the district or consortium of districts shall submit each year a current 3-year plan for operating a comprehensive program for gifted and talented pupils and the district or consortium shall demonstrate to the department that the district or consortium will contribute matching funds of at least \$50.00 per K-12 pupil. The plan or revised plan shall be developed in accordance with criteria established by the department and shall be submitted to the department for approval. Within the criteria, the department shall encourage the development of consortia among districts of less than 5,000 memberships.

Sec. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$31,027,600.00 each fiscal year for 2000-2001, for 2001-2002, and for 2002-2003 to reimburse on an added cost basis districts, except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, and secondary area vocational-technical education centers for secondary-level vocational-technical education programs, including parenthood education programs, according to rules approved by the superintendent. Applications for participation in

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

(2) Except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, districts and intermediate districts shall be reimbursed for local vocational administration, shared time vocational administration, and career education planning district vocational-technical administration. The definition of what constitutes administration and reimbursement shall be pursuant to guidelines adopted by the superintendent. Not more than \$800,000.00 of the allocation in subsection (1) shall be distributed under this subsection.

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

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

(a) "Membership" means for a particular fiscal year the total membership for the immediately preceding fiscal year of the intermediate district and the districts constituent to the intermediate district or the total membership for the immediately preceding fiscal year of the area vocational-technical program.

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

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

(i) The district operates the area vocational-technical education program pursuant to a contract with the intermediate district.

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

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

(3) Reimbursement for the millages levied in 1999-2000 shall be made in 2000-2001 at an amount per 1999-2000 membership pupil computed by subtracting from \$114,300.00 the 1999-2000 taxable value behind each membership pupil, and multiplying the resulting difference by the 1999-2000 millage levied. Reimbursement for the millages levied in 2000-2001 shall be made in 2001-2002 at an amount per 2000-2001 membership pupil computed by subtracting from \$121,500.00 the 2000-2001 taxable value behind each membership pupil, and multiplying the resulting difference by the 2000-2001 millage levied. Reimbursement for the millages levied in 2001-2002 shall be made in 2002-2003 at an amount per 2001-2002 membership pupil computed by subtracting from \$127,600.00 the 2001-2002 taxable value behind each membership pupil, and multiplying the resulting difference by the 2001-2002 millage levied.

(4) From the allocation in subsection (2), there is allocated an amount not to exceed \$500,000.00 for 2000-2001, an amount not to exceed \$1,380,000.00 for 2001-2002, and an amount not to exceed \$1,470,000.00 for 2002-2003 for payments to intermediate districts under this subsection that do not qualify for a payment under subsection (3) for reimbursement for changes as a result of revisions to the personal property tax depreciation tables. To receive a payment under this subsection, an intermediate district shall file a claim by July 1 of the fiscal year to the department, detailing the loss of revenue to the intermediate district's vocational education millage attributable to those revisions. The amount of the payment under this subsection to each intermediate district shall be an amount equal to the same proportion of the total

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

Sec. 63. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$1,800,000.00 for 2000-2001 for implementation of the Michigan manufacturing technology program for the corresponding school years as provided under this section.

(2) From the allocation in subsection (1), there is allocated \$1,800,000.00 to the department, in conjunction with the department of career development, to award competitive grants for the purpose of improving manufacturing technology programs offered by public education agencies. The maximum amount of a grant under this subsection shall not exceed \$50,000.00 for each public education agency determined to be eligible for funding.

(3) Applications for grants under subsection (2) shall be submitted in a form and manner determined by the department, in conjunction with the department of career development. Criteria for funding shall include all of the following:

(a) The public education agency operates a manufacturing technology program, is a participating agency in a regional career preparation plan described in section 68, and has the support of the local workforce development board for submission of the grant application.

(b) The public education agency offers employer-provided instruction for its pupils as part of its manufacturing technology curriculum.

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

(d) Any other criteria determined by the department, in conjunction with the department of career development.

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

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

(6) Grants under subsection (2) shall be awarded by the department no later than May 31 before the beginning of the fiscal year and paid out to the grant recipients in total no later than October 1 of the fiscal year for which the grant is awarded. Funds may be used by grant recipients to support allowable expenditures in the following school year.

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

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

(3) From the allocation in subsection (1), there is allocated \$100,000.00 each fiscal year for 2000-2001, for 2001-2002, and for 2002-2003 to the department to provide information to parents, pupils, school personnel, employers, and others regarding opportunities to receive integrated academic and technical preparation in the public schools of this state.

(4) From the allocation in subsection (1), there is allocated \$100,000.00 each fiscal year for 2000-2001, for 2001-2002, and for 2002-2003 to the department to provide technical assistance to eligible education agencies and workforce development boards.

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

(a) "Advanced career academy" means a career-technical education program operated by a district, by an intermediate district, or by a public school academy, that applies for and receives advanced career academy designation from the department. To receive this designation, a career-technical education program shall meet criteria established by the department, which criteria shall include at least all of the following:

(i) Operation of programs for those career clusters identified by the department as being eligible for advanced career academy status.

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

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

(iv) Demonstration of an established career preparation system resulting in industry-validated career ladders for graduates of the program, including, but not limited to, written articulation agreements with postsecondary institutions to allow pupils to receive advanced college placement and credit or federally registered apprenticeships, as applicable.

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

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

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

(e) "Eligible education agency" means a district, intermediate district, or advanced career academy that participates in an approved regional career preparation plan.

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

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

(h) "Strategic plan" means a department-approved comprehensive plan prepared by a workforce development board with input from local representatives, including the education advisory group, that includes career preparation system goals and objectives for the region.

Sec. 68. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$21,850,000.00 each fiscal year for 2000-2001, for 2001-2002, and for 2002-2003 to be used to implement the Michigan career preparation system in the corresponding school years as provided under this section. In order to receive funds under this section, an eligible education agency shall be part of an approved regional career preparation plan under subsection (2) and shall agree to expend the funds required under this section in accordance with the regional career preparation plan. Funds awarded under this section that are not expended in accordance with this section may be recovered by the department.

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

(a) A 3-year regional career preparation plan shall be developed under subdivisions (b), (c), and (d) for all public education agencies participating as part of a regional career preparation system within the geographical boundaries of a workforce development board, and revised annually. If an intermediate district is located within the geographical boundaries of more than 1 workforce development board, the board of the intermediate district shall choose 1 workforce development board with which to align and shall notify the department of this choice not later than October 31, 1997.

(b) The regional career preparation plan shall be developed by representatives of the education advisory group of each workforce development board in accordance with guidelines developed under former section 67(5), and in accordance with subdivisions (d) and (e). All of the following shall be represented on each education advisory group: workforce development board members, other employers, labor, districts, intermediate districts, postsecondary institutions, career/technical educators, parents of public school pupils, and academic educators. The representatives of districts, intermediate districts, and postsecondary institutions appointed to the education advisory group by the workforce development board shall be individuals designated by the board of the district, intermediate district, or postsecondary institution.

(c) By majority vote, the education advisory group may nominate 1 education representative, who may or may not be a member of the education advisory group, for appointment to the workforce development board. This education representative shall be in addition to existing education representation on the workforce development board. This education representative shall meet all workforce development board membership requirements.

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

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

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

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

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

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

(vi) Identification of all federal, state, local, and private sources of funding available for career preparation activities in the region.

(e) The education advisory group shall develop a 3-year regional career preparation plan consistent with the workforce development board's strategic plan and submit the plan to the department for final approval. The submission to the department shall also include statements signed by the chair of the education advisory group and the chair of the workforce development board certifying that the plan has been reviewed by each entity. Upon department approval, all

eligible education agencies designated in the regional career preparation plan as part of the career preparation delivery system are eligible for funding under this section.

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

(a) For 2000-2001, the department shall rank all career clusters, including career exploration, guidance, and counseling. Rank determination will be based on median salary data in career clusters and employment opportunity data provided by the council for career preparation standards. In addition, rank determination shall be based on placement data available for prior year graduates of the programs in the career clusters either in related careers or postsecondary education. The procedure for ranking of career clusters shall be determined by the department.

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

- (i) Career exploration, guidance, and counseling.
- (ii) Curriculum development, including integration of academic and technical content, and professional development for teachers directly related to career preparation.
- (iii) Technology and equipment determined to be necessary.
- (iv) Supplies and materials directly related to career preparation programs.
- (v) Work-based learning expenses for pupils, teachers, and counselors.
- (vi) Evaluation, including career competency testing and peer review.
- (vii) Career placement services.
- (viii) Student leadership organizations integral to the career preparation system.
- (ix) Up to 10% of the allocation to an eligible education agency may be expended for planning, coordination, direct oversight, and accountability for the career preparation system.

(c) For 2000-2001, the department shall calculate career preparation costs per FTE for each career cluster, including career exploration, guidance, and counseling, by dividing the allowable costs for each career cluster by the prior year FTE enrollment for each career cluster. Distribution to eligible education agencies shall be the product of 50% of career preparation costs per FTE times the current year FTE enrollment of each career cluster. This allocation shall be distributed to eligible education agencies in decreasing order of the career cluster ranking described in subdivision (a) until the money allocated for grant recipients in this section is distributed. Beginning in 2001-2002, funds shall be distributed to eligible education agencies according to workforce development board geographic area consistent with subsection (2)(a) based upon the proportion of each workforce development board area's K-12 public school membership to the total state K-12 public school membership.

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

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

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

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

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

(2) From the allocation in subsection (1), there is allocated each fiscal year the amount necessary for payments to state supported colleges or universities and intermediate districts providing school bus driver safety instruction or driver skills road tests pursuant to sections 51 and 52 of the pupil transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The payments shall be in an amount determined by the department not to exceed 75% of the actual cost of instruction and driver compensation for each public or nonpublic school bus driver attending a course of instruction. For the purpose of computing compensation, the hourly rate allowed each school bus driver shall not exceed the hourly rate received for driving a school bus. Reimbursement compensating the driver during the course of instruction or driver skills road tests shall be made by the department to the college or university or intermediate district providing the course of instruction.

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

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated each fiscal year for 2000-2001, for 2001-2002, and for 2002-2003 to the intermediate districts the sum necessary, but not to exceed \$87,781,700.00 for 2000-2001, not to exceed \$92,170,800.00 for 2001-2002, and not to exceed \$95,028,100.00 for 2002-2003 to provide state aid to intermediate districts under this section. Except as otherwise provided in this section, there shall be allocated to each intermediate district for 2000-2001 an amount equal to 105.3% of the amount of funding actually received by the intermediate district under this subsection for 1999-2000. Except as otherwise provided in this section, there shall be allocated to each intermediate district for 2001-2002 an amount equal to 105% of the amount of funding actually received by the intermediate district under this subsection for 2000-2001. Except as otherwise provided in this section, there shall be allocated to each intermediate district for 2002-2003 an amount equal to 103.1% of the amount of funding actually received by the intermediate district under this subsection for 2001-2002. Funding provided under this section shall be used to comply with requirements of this act and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board.

(2) From the allocation in subsection (1), there is allocated to an intermediate district, formed by the consolidation or annexation of 2 or more intermediate districts or the attachment of a total intermediate district to another intermediate school district or the annexation of all of the constituent K-12 districts of a previously existing intermediate school district which has disorganized, an additional allotment of \$3,500.00 each fiscal year for each intermediate district included in the new intermediate district for 3 years following consolidation, annexation, or attachment.

(3) If an intermediate district participated in 1993-94 in a consortium operating a regional educational media center under section 671 of the revised school code, MCL 380.671, and rules promulgated by the superintendent, and if the intermediate district obtains written consent from each of the other intermediate districts that participated in the consortium in 1993-94, the intermediate district may notify the department not later than December 30 of the current fiscal year that it is electing to directly receive its payment attributable to participation in that consortium. An intermediate district making that election, and that has obtained the necessary consent, shall receive each fiscal year for 2000-2001, for 2001-2002, and for 2002-2003, as applicable, for each pupil in membership in the intermediate district or a constituent district an amount equal to the quotient of the 1993-94 allocation to the fiscal agent for that consortium under former section 83, adjusted as determined by the department to account for that election, divided by the combined total membership for the current fiscal year in all of the intermediate districts that participated in that consortium and their constituent districts. The amount allocated to an intermediate district under this subsection for a fiscal year shall be deducted from the total allocation for that fiscal year under this section to the intermediate district that was the 1993-94 fiscal agent for the consortium.

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

(5) From the appropriation in section 11, there is allocated an amount not to exceed \$320,000.00 for 2000-2001, an amount not to exceed \$890,000.00 for 2001-2002, and an amount not to exceed \$940,000.00 for 2002-2003 for payments to intermediate districts under this subsection for reimbursement for changes as a result of revisions to the personal property tax depreciation tables. To receive a payment under this subsection, an intermediate district shall file a claim by July 1 of the fiscal year to the department, detailing the loss of revenue to the intermediate district's operational millage attributable to those revisions. The amount of the payment under this subsection to each intermediate district shall be an amount equal to the same proportion of the total amount of funding available under this subsection as the intermediate district's claim under this subsection bears to the total amount of the claims under this subsection and, notwithstanding section 121, shall not be adjusted for prior year adjustments more than 2 years after the end of the state fiscal year for which payment under this subsection was made.

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

Sec. 94. From the general fund money appropriated in section 11, there is allocated to the department an amount not to exceed \$3,000,000.00 for 2000-2001, an amount not to exceed \$3,000,000.00 for 2001-2002, and an amount not to exceed \$5,000,000.00 for 2002-2003 to provide technical assistance to districts for school accreditation purposes as described in section 1280 of the revised school code, MCL 380.1280.

Sec. 94a. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$2,160,000.00 for 2000-2001, an amount not to exceed \$2,332,000.00 for 2002, and an amount not to exceed \$2,519,000.00 for 2002-2003 for payments to the center for educational performance and information created pursuant to executive order.

(2) The goals of the center for educational performance and information shall be to improve the quality and quantity of educational data available to teachers, school administrators, parents, taxpayers, and others.

(3) A portion of the funds allocated under this section may be used for funding to districts to cover additional costs resulting from implementation of the center for educational performance and information.

(4) Funds allocated under this section that are not expended in the fiscal year in which they were allocated may be carried forward to a subsequent fiscal year. From the funds allocated for 1999-2000 that were carried forward under this subsection, the center shall pay districts grants for net costs incurred from 1998-1999 through 2002-2003 due to the implementation of the single record student database. The center shall also pay intermediate districts grants for net costs incurred from 1998-1999 through 2002-2003 due to the implementation of the single record student database on behalf of constituent districts. Net costs shall be determined and the amount of the grant calculated in a manner determined by the center. Purposes for which the center shall make grants to districts and intermediate districts may include purchases of software to submit data files to the Michigan education information system or new student information management systems compatible with the single record student database or costs associated with the development of the single record student database. The district or intermediate district shall provide written justification of these net costs to the center for education performance and information. Purposes for which a grant is made must be approved by the center. This reimbursement shall not exceed a total of \$2.00 per pupil for each district or intermediate district.

Sec. 95. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$0.00 each fiscal year for 2000-2001, 2001-2002, and for 2002-2003 for payments to districts and intermediate districts under this section.

(2) If a district or intermediate district provides a teacher professional development training program required under section 1527 of the revised school code, MCL 380.1527, during time that is not part of the time scheduled for pupil instruction in the district's or intermediate district's school calendar and if the district does not elect to use the hours of pupil instruction exception under section 101(11), there is allocated to the district or intermediate district an amount sufficient to reimburse the district or intermediate district for the full per diem compensation paid to the participants in that program.

Sec. 96. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$50,000.00 for 2000-2001 for adjusting golden apple awards under this section for 1999-2000. The awards shall be based on elementary school achievement on the fourth grade and fifth grade Michigan education assessment program (MEAP) tests, as determined by the department of treasury.

(2) Subject to subsection (4), to be eligible for a golden apple award, an elementary school shall meet all of the following requirements:

(a) The elementary school has at least 50 pupils in membership.

(b) At least 90% of the fourth and fifth grade pupils enrolled and in regular daily attendance in the elementary school on the pupil membership count day in that school year took the applicable MEAP tests, and 1 or both of the following are met:

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

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

(3) In calculating the percentage of pupils that took the applicable MEAP tests for the purposes of subsection (2), the department of treasury shall not count a special education pupil as part of the elementary school's enrollment if all of the following apply:

(a) The pupil's individualized education program provides that the pupil will not take any of the applicable MEAP tests.

(b) At least 10% of the grade 4 and 5 pupils enrolled in the elementary school are special education pupils, as determined by the department.

(4) If an elementary school consists of multiple schools, with grade 4 operated by a different school or schools than grade 5, then for the elementary school to be eligible for a golden apple award, the elementary school must meet the requirements under subsection (2) and shall provide to the department of treasury any information the department of treasury considers necessary to make the determination of whether that elementary school meets those requirements.

A determination by the department of treasury under this subsection is final. If an elementary school qualifies under this subsection for a golden apple award, the award to the elementary school shall be paid to the district that operates the elementary school. The district shall distribute the award to the component school operating grade 4.

(5) A golden apple award under this section shall be allocated to and used by a district exclusively for the purpose of distributing funds to each eligible elementary school. A golden apple award shall consist of \$1,000.00 per each full-time employee who works in the school operating grade 4 plus \$10,000.00 to be allocated to the principal of that school for school improvements, but shall not be less than \$50,000.00 per recipient elementary school. All money allocated under this section per full-time employee shall be used for school improvements focused on grades K to 5, as determined collectively by a majority vote of the full-time employees who work at the school operating grade 4.

(6) As used in this section, "elementary school" means a school operating both grades 4 and 5, or a combination of a school operating grade 4 and 1 or more other schools that operate grade 5 and receive pupils from the school operating grade 4.

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

(2) The Michigan virtual high school shall have the following goals:

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

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

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

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

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

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

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

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

(a) Information technology courses.

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

(c) Courses and dual enrollment opportunities.

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

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

(f) Special interest courses.

(g) Professional development programs and services for teachers.

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

Sec. 99. (1) From the state school aid fund appropriation in section 11, there is allocated an amount not to exceed \$9,270,000.00 for 2000-2001, an amount not to exceed \$9,684,300.00 for 2001-2002, and an amount not to exceed \$9,784,500.00 for 2002-2003, and from the general fund appropriation in section 11 there is allocated an amount not to exceed \$475,100.00 for 2000-2001, an amount not to exceed \$548,000.00 for 2001-2002, and an amount not to exceed \$596,000.00 for 2002-2003 for implementing the comprehensive master plan for mathematics and science centers developed by the department and approved by the state board on February 17, 1993.

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

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

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

(5) Allocations under this section to support the activities and programs of mathematics and science centers shall be continuing support grants to all 25 established mathematics and science centers and, subject to subsection (9), the 8 satellite extensions that were funded in 1996-97. Beginning in 2000-2001, each established mathematics and science center that was funded in 1999-2000 shall receive an amount equal to 105.3% of the amount it received under this section in 1999-2000.

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

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

(a) \$68,000.00 each to the central Michigan science, mathematics, and technology center; the Hillsdale-Lenawee-Monroe mathematics and science center; the St. Clair mathematics, science, and technology network; the Saginaw valley state university regional center; the Genesee area mathematics, science, and technology center; the Grand Traverse area regional mathematics, science, and technology center; and the Livingston/Washtenaw mathematics and science center.

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

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

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

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

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 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:

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

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

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

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

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

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

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

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

(b) For districts and consortia that received payments under subsection (3) of this section as in effect for 1996-97, the amount allocated to each for 2000-2001, for 2001-2002, and for 2002-2003 shall be an amount each fiscal year equal to the product of the number of full-time equated participants actually enrolled and in attendance during the 1996-97 school fiscal year in the program funded under subsection (3) of this section as in effect for 1996-97 as reported to the department, audited, and adjusted according to subsection (10) of this section as in effect for 1996-97, multiplied by \$2,750.00.

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

(d) A district or consortium that received funding in 1996-97 under this section as in effect for 1996-97 may operate independently of a consortium or join or form a consortium for 2000-2001, for 2001-2002, or for 2002-2003. The allocation for 2000-2001, for 2001-2002, or for 2002-2003 to the district or the newly formed consortium under this subsection shall be determined by the department and shall be based on the proportion of the amounts specified in subdivision (a) or (b), or both, that are attributable to the district or consortium that received funding in 1996-97. A district or consortium described in this subdivision shall notify the department of its intention with regard to 2000-2001, 2001-2002, or 2002-2003 by October 1 of the affected fiscal year.

(4) A district that operated an adult education program in 1996-97 and does not intend to operate a program in 2000-2001, 2001-2002, or 2002-2003 shall notify the department by October 1 of the affected fiscal year of its intention. The funds intended to be allocated under this section to a district that does not operate a program in 2000-2001, 2001-2002, or 2002-2003 and the unspent funds originally allocated under this section to a district or consortium that subsequently operates a program at less than the level of funding allocated under subsection (3) shall instead be proportionately reallocated to the other districts described in subsection (3)(a) that are operating an adult education program in 2000-2001, 2001-2002, or 2002-2003 under this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Ninety percent for enrollment of eligible participants.

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

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

(12) A person who is not eligible to be a participant funded under this section may receive adult education services upon the payment of tuition. In addition, a person who is not eligible to be served in a program under this section due to the program limitations specified in subsection (6), (7), (8), or (9) may continue to receive adult education services in that program upon the payment of tuition. The tuition level shall be determined by the local or intermediate district conducting the program.

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

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

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

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

Sec. 108. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$20,000,000.00 for 2000-2001 and there is allocated \$0.00 each fiscal year for 2001-2002 and for 2002-2003 for partnership for adult learning programs authorized under this section.

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

(a) If the individual has obtained a high school diploma or a general education development (G.E.D.) certificate, the individual is determined to have English language proficiency, reading, writing, or math skills below workforce readiness standards as determined by department-approved tests and is not enrolled in a postsecondary institution. An individual who has obtained a high school diploma is not eligible for enrollment in a G.E.D. test preparation program funded under this section.

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

(3) From the allocation under subsection (1), an amount not to exceed \$19,800,000.00 is allocated for 2000-2001 and \$0.00 is allocated each fiscal year for 2001-2002 and for 2002-2003 to local workforce development boards for the purpose of providing regional adult learning programs. An application for a grant under this subsection shall be in the form and manner prescribed by the department. Subject to subsections (4), (5), and (6), the amount allocated to each local workforce development board shall be as provided in this subsection, except that an eligible local workforce development board shall not receive an initial allocation under this section that is less than \$70,000.00. The maximum amount of a grant awarded to an eligible local workforce development board shall be the sum of the following components:

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

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

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

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

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

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

(a) The local workforce development board shall document the need for adult learning programs in the local workforce development region.

(b) The local workforce development board shall report participant outcomes and other measurements of program performance.

(c) The local workforce development board shall develop a strategic plan that incorporates adult learning programs in the region.

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

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

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

(a) Not less than 85% of a grant award shall be used to support programs that improve reading, writing, and math skills to workforce readiness standards; English as a second language programs; G.E.D. preparation programs; high school completion programs; or workforce readiness programs in the local workforce development board region. These programs may include the provision of career and educational information, counseling services, and assessment services.

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

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

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

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

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

(d) Whether the program is of sufficient intensity and duration for participants to achieve substantial learning gains.

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

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

(g) Whether the programs are staffed by well-trained teachers, counselors, and administrators.

(h) Whether the activities coordinate with other available resources in the community, such as schools, postsecondary institutions, job training programs, and social service agencies.

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

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

(k) Whether the provider can maintain an information management system that has the capacity to report participant outcomes and monitor program performance against department-approved performance measures.

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

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

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

(10) Local workforce development boards shall reimburse eligible adult learning providers under this section as follows:

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

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

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

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

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

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

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

(c) A provider is eligible for reimbursement for a participant in an English as a second language program until the participant is assessed as having attained basic English proficiency or the participant fails to show progress on 2 successive assessments as determined by the department.

(d) A provider is eligible for reimbursement for a participant in a G.E.D. test preparation program until the participant passes the G.E.D. test or the participant fails to show progress on 2 successive assessments as determined by the department.

(e) A provider is eligible for reimbursement for a participant in a high school completion program until the participant earns a high school diploma or the participant fails to show progress as determined by the department.

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

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

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

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

(a) Develop and provide guidelines to local workforce development boards for the development of strategic plans that incorporate adult learning.

(b) Develop and provide adult learning minimum program performance standards to be implemented by local workforce development boards.

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

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

(15) Of the amount allocated in subsection (1), up to \$200,000.00 is allocated to the department for the development and administration of a standardized data collection system.

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

(17) As used in this section:

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

(b) "Adult learning program" means a department-approved program that improves reading, writing, and math skills to workforce readiness standards; an English as a second language program; a G.E.D. preparation program; a high school completion program; or a workforce readiness program that enhances employment opportunities.

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

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

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

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

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

(h) "Workforce readiness standard" means a department-approved level of English language, reading, writing, or mathematics proficiency, or any and all of these, as determined by results from assessments approved for use by the department.

Sec. 147. (1) The allocations for 2000-2001, 2001-2002, and 2002-2003 for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. The annual level percentage of payroll contribution rate for the 2000-2001 state fiscal year is estimated at 12.16% and the annual level percentage of payroll contribution rate for the 2001-2002 state fiscal year is estimated at 12.17%. The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This contribution rate reflects an amortization period of 36 years for 2000-2001 and 35 years for 2001-2002. The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

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

Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 1999 PA 119 and 2000 PA 297 from state sources for fiscal year 2000-2001 is estimated at \$10,724,335,000.00 state appropriations to be paid to local units of government for fiscal year 2000-2001 are estimated at \$10,666,875,300.00; total state spending in this amendatory act and 2000 PA 297 from state sources for fiscal year 2001-2002 is estimated at \$11,227,313,400.00 and state appropriations to be paid to local units of government for fiscal year 2001-2002 are estimated at \$11,211,486,600.00; and total state spending in this amendatory act and 2000 PA 297 from state sources for fiscal year 2002-2003 is estimated at \$11,438,573,800.00 and state appropriations to be paid to local units of government for fiscal year 2002-2003 are estimated at \$11,422,560,100.00.

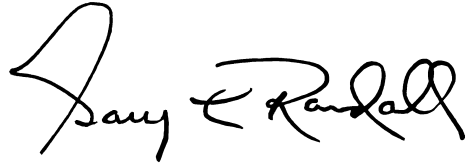
Enacting section 2. (1) Sections 11k and 35 of the state school aid act of 1979, 1979 PA 94, MCL 388.1611k and 388.1635, are repealed.

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

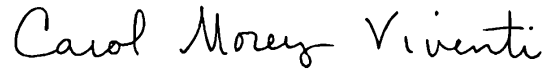
(3) Section 1282a of the revised school code, 1976 PA 451, MCL 380.1282a, is repealed.

(4) Section 221 of 2001 PA 42 is repealed.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved _____

Governor.