

Act No. 522
Public Acts of 2002
Approved by the Governor*
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*Item Vetoes

Sec. 211 (2)(e).

Entire Subdivision. (Page 7)

Sec. 221.

Entire Section. (Page 8)

**STATE OF MICHIGAN
91ST LEGISLATURE
REGULAR SESSION OF 2002**

Introduced by Senators Stille and Bennett

ENROLLED SENATE BILL No. 1103

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

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of education for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF EDUCATION

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	436.1	
GROSS APPROPRIATION		\$ 214,393,000
Interdepartmental grant revenues:		
Interdepartmental grant from corrections academy lease		1,000,000
Total interdepartmental grants and intradepartmental transfers		1,000,000
ADJUSTED GROSS APPROPRIATION		\$ 213,393,000
Federal revenues:		
Total federal revenues		165,731,500
Special revenue funds:		
Local cost sharing (schools for blind/deaf)		4,641,600
Local school district service fees		102,600
Total local revenues		4,744,200
Gifts, bequests, and donations		504,200
Private foundations		197,200
Total private revenues		701,400
Total local and private revenues		5,445,600

		For Fiscal Year Ending Sept. 30, 2003
Certification fees.....	\$	2,782,600
Commodity distribution fees		71,400
Driver fees		8,124,600
Lansing, Michigan school for the blind rent		739,000
Motorcycle license fees		1,543,800
Safety education fund		414,700
School loan exception fees.....		67,300
Student insurance revenue		205,100
Teacher testing fees.....		280,800
Training and orientation workshop fees.....		100,000
Total other state restricted revenues		14,329,300
State general fund/general purpose	\$	27,886,600

Sec. 102. STATE BOARD OF EDUCATION/OFFICE OF THE SUPERINTENDENT

Full-time equated unclassified positions	6.0	
Full-time equated classified positions.....	14.0	
State board of education, per diem payments.....	\$	24,400
Unclassified positions—6.0 FTE positions.....		515,600
State board/superintendent operations—14.0 FTE positions		1,984,400
GROSS APPROPRIATION.....	\$	2,524,400
Appropriated from:		
Federal revenues:		
Federal revenues		577,200
Special revenue funds:		
Private foundations		23,000
State general fund/general purpose	\$	1,924,200

Sec. 103. CENTRAL SUPPORT

Full-time equated classified positions	45.3	
Central support—45.3 FTE positions	\$	5,414,600
Worker's compensation.....		101,000
Education commission of the states		99,300
Building occupancy charges - property management services		1,439,600
Training and orientation workshops		100,000
Terminal leave payments		260,500
GROSS APPROPRIATION.....	\$	7,415,000
Appropriated from:		
Federal revenues:		
Federal revenues		4,066,400
Special revenue funds:		
Certification fees.....		172,000
Commodity distribution fees		6,100
Driver fees		24,700
Local cost sharing.....		48,900
Motorcycle license fees		4,600
Safety education fund		2,600
School loan exception fees.....		67,300
Teacher testing fees.....		11,000
Training and orientation workshop fees.....		100,000
State general fund/general purpose	\$	2,911,400

Sec. 104. SCHOOL SUPPORT SERVICES

Full-time equated classified positions	41.4	
School support operations—41.4 FTE positions	\$	5,260,800
GROSS APPROPRIATION.....	\$	5,260,800
Appropriated from:		
Federal revenues:		
Federal revenues		4,010,500

Special revenue funds:	
Commodity distribution fees	\$ 65,300
Driver fees	499,900
Motorcycle license fees	339,200
Safety education fund	117,800
State general fund/general purpose	\$ 228,100

Sec. 105. INFORMATION TECHNOLOGY SERVICES

Information technology operations.....	\$ 3,288,100
GROSS APPROPRIATION.....	\$ 3,288,100
Appropriated from:	
Interdepartmental grant revenues:	
Federal revenues:	
Federal revenues	1,063,800
Special revenue funds:	
Certification fees.....	168,200
State general fund/general purpose	\$ 2,056,100

Sec. 106. SPECIAL EDUCATION SERVICES

Full-time equated classified positions.....	69.6
Special education operations—69.6 FTE positions.....	\$ 11,477,300
GROSS APPROPRIATION.....	\$ 11,477,300
Appropriated from:	
Federal revenues:	
Federal revenues	11,139,700
Special revenue funds:	
Certification fees.....	35,200
State general fund/general purpose	\$ 302,400

Sec. 107. LANSING, MICHIGAN SCHOOL FOR THE BLIND FORMER SITE

General services	\$ 1,749,000
GROSS APPROPRIATION.....	\$ 1,749,000
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from corrections academy lease	1,000,000
Special revenue funds:	
Gifts, bequests, and donations.....	10,000
Lansing, Michigan school for the blind rent	739,000
State general fund/general purpose	\$ 0

Sec. 108. MICHIGAN SCHOOLS FOR THE DEAF AND BLIND

Full-time equated classified positions.....	96.0
Michigan schools for the deaf and blind operations—95.0 FTE positions	\$ 9,422,000
Summer institute	90,000
Camp Tuhsmeheeta—1.0 FTE position.....	250,100
Private gifts - blind	90,000
Private gifts - deaf.....	50,000
GROSS APPROPRIATION.....	\$ 9,902,100
Appropriated from:	
Federal revenues:	
Federal revenues	4,507,500
Special revenue funds:	
Local cost sharing (schools for blind/deaf)	4,592,700
Local school district service fees	102,600
Gifts, bequests, and donations.....	494,200
Student insurance revenue	205,100
State general fund/general purpose	\$ 0

Sec. 109. PROFESSIONAL PREPARATION SERVICES

Full-time equated classified positions.....	31.0	
Professional preparation operations—31.0 FTE positions.....		\$ 4,503,100
Department of attorney general.....		50,000
GROSS APPROPRIATION.....		\$ 4,553,100
Appropriated from:		
Federal revenues:		
Federal revenues.....		1,976,100
Special revenue funds:		
Certification fees.....		2,307,200
Teacher testing fees.....		269,800
State general fund/general purpose.....		\$ 0

Sec. 110. FIELD SERVICES

Full-time equated classified positions.....	44.0	
Field services operations—44.0 FTE positions.....		\$ 5,279,200
GROSS APPROPRIATION.....		\$ 5,279,200
Appropriated from:		
Federal revenues:		
Federal revenues.....		4,873,500
State general fund/general purpose.....		\$ 405,700

Sec. 111. OFFICE OF SCHOOL EXCELLENCE

Full-time equated classified positions.....	61.5	
School excellence operations—61.5 FTE positions.....		\$ 12,389,100
GROSS APPROPRIATION.....		\$ 12,389,100
Appropriated from:		
Federal revenues:		
Federal revenues.....		10,235,100
Private foundations.....		79,400
State general fund/general purpose.....		\$ 2,074,600

Sec. 112. GOVERNMENT SERVICES

Full-time equated classified positions.....	13.0	
Government services operations—13.0 FTE positions.....		\$ 1,284,800
GROSS APPROPRIATION.....		\$ 1,284,800
Appropriated from:		
Federal revenues:		
Federal revenues.....		828,900
State general fund/general purpose.....		\$ 455,900

Sec. 113. SAFE SCHOOLS AND ADMINISTRATIVE LAW

Full-time equated classified positions.....	11.5	
Safe schools operations—2.5 FTE positions.....		\$ 498,600
Administrative law operations—9.0 FTE positions.....		852,700
State tenure commission per diem.....		11,100
GROSS APPROPRIATION.....		\$ 1,362,400
Appropriated from:		
Federal revenues:		
Federal revenues.....		562,100
Special revenue funds:		
State general fund/general purpose.....		\$ 800,300

Sec. 114. EDUCATION OPTIONS, CHARTERS, AND CHOICE

Full-time equated classified positions.....	8.8	
Education options operations—8.8 FTE positions.....		\$ 1,412,700
GROSS APPROPRIATION.....		\$ 1,412,700
Appropriated from:		
Federal revenues:		
Federal revenues.....		986,600
State general fund/general purpose.....		\$ 426,100

Sec. 115. GRANTS AND DISTRIBUTIONS

FEDERAL PROGRAMS:

Class size reduction grants	\$	50,275,700
Eisenhower mathematics and science grants.....		12,940,000
Goals 2000 grants.....		6,000,000
Technology literacy challenge grants.....		6,000,000
Urgent school renovation.....		45,688,400

STATE PROGRAMS:

Christa McAuliffe grants.....	\$	94,800
Driver education		7,600,000
Motorcycle safety education		1,200,000
National board certification		100,000
Off-road vehicle safety training grant		294,300
School breakfast programs		6,274,900
School readiness grants		11,050,000
GROSS APPROPRIATION	\$	147,518,100

Appropriated from:

Federal revenues:

DED-OESE, class size reduction.....		50,275,700
DED-OESE, goals 2000.....		6,000,000
DED-OESE, Eisenhower mathematics and science administration.....		12,940,000
DED-OESE, technology literacy challenge fund.....		6,000,000
DED-OESE, urgent school renovation.....		45,688,400

Special revenue funds:

Certification fees.....		100,000
Driver fees		7,600,000
Motorcycle license fees		1,200,000
Safety education fund		294,300
Private foundations		94,800
State general fund/general purpose	\$	17,324,900

Sec. 116. EARLY RETIREMENT AND BUDGETARY SAVINGS

Early retirement savings	\$	(721,900)
Budgetary savings.....		(301,200)
GROSS APPROPRIATION	\$	(1,023,100)

Appropriated from:

State general fund/general purpose	\$	(1,023,100)
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PART 2

PROVISIONS CONCERNING APPROPRIATIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$42,215,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$16,436,800.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

GRANTS AND DISTRIBUTIONS

STATE PROGRAMS:

Driver education	\$	7,600,000
School readiness grants		1,626,900
Motorcycle safety education		890,000
Off-road vehicle safety training grant		45,000
School lunch and breakfast		6,274,900
TOTAL	\$	16,436,800

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

Sec. 203. As used in this act:

- (a) "DED-OESE" means the United States department of education office of elementary and secondary education.
- (b) "Department" means the Michigan department of education.
- (c) "District" means a local school district as defined in section 6 of the revised school code, 1976 PA 451, MCL 380.6, or a public school academy as defined in section 5 of the revised school code, 1976 PA 451, MCL 380.5.
- (d) "FTE" means full-time equated.

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

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

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

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

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

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$250,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

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

Sec. 207. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. The department shall place reports on the Internet or Intranet site and shall transmit all required reports by electronic mail to the senate and house appropriations subcommittees on education, the house and senate fiscal agencies, and the state budget office.

Sec. 208. The department may carry into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 and that do not require additional state matching funds are appropriated for the purposes intended.

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

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

Sec. 211. (1) Upon receipt of the federal drug free grant, the department shall allocate \$225,000.00 of the grant to the office for safe schools within the department. The office for safe schools shall work with local school boards, law

enforcement agencies, community leaders, and the office of drug control policy for the prevention of school violence. The office for safe schools shall develop and implement, and serve as coordinator of, a statewide clearinghouse for information, program development, model programs and policies, and technical assistance on school violence prevention.

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

(a) Evaluate the effectiveness of, and make recommendations to local school boards concerning public school violence prevention programs, including, but not limited to, programs aimed at reducing the possession of weapons and the incidence of other violent behaviors on school campuses, violence prevention curricula, conflict resolution and peer mediation training, interagency cooperative referral and treatment programs, parental involvement programs, and school safety planning.

(b) In consultation with appropriate organizations, develop and distribute to school districts and public school academies a model code of conduct for pupils.

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

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

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

Sec. 212. The department shall require all public school districts to maintain complete records within the personnel file of a teacher or school employee of any disciplinary actions taken by the local school board against the teacher or employee for sexual misconduct. The records shall not be destroyed or removed from the teacher's or employee's personnel file except as required by a court order.

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

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

Sec. 215. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

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

Sec. 217. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

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

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

Sec. 220. (1) The department of management and budget and each principal executive department and agency shall provide to the senate and house of representatives standing committees on appropriations and the senate and house

fiscal agencies a monthly report on all personal service contracts awarded without competitive bidding, pricing, or rate-setting. The notification shall include all of the following:

- (a) The total dollar amount of the contract.
- (b) The duration of the contract.
- (c) The name of the vendor.
- (d) The type of service to be provided.

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

- (a) The total dollar amount of the contract.
- (b) The duration of the contract.
- (c) The name of the vendor.
- (d) The type of service to be provided.

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

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

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

Sec. 222. (1) The negative appropriation for early retirement savings in part 1 shall be satisfied by savings realized from not filling all of the positions lost due to the early retirement plan for state employees enacted in 2002 PA 93 amendments to the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69. Any position funded with 100% of federal or restricted funds is exempt from the early retirement replacement policy.

(2) The negative appropriation for budgetary savings in part 1 shall be satisfied by savings from the hiring freeze imposed under section 205, efficiencies, and other savings identified by the department director and approved by the state budget director.

(3) Appropriation authorization adjustments required due to negative appropriations for early retirement savings and budgetary savings shall be made only after the approval of transfers by the legislature under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 223. (1) Subject to subsection (2), in addition to the amounts appropriated under part 1, \$1,200,000.00 is appropriated to school readiness grants from the state general fund.

(2) The appropriation in subsection (1) shall become effective only if the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 30 cents or more per pack of cigarettes on or before September 30, 2002.

STATE BOARD/OFFICE OF THE SUPERINTENDENT

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

- (a) State board of education - president..... \$ 110.00 per day
 - (b) State board of education - member other than president \$ 100.00 per day
 - (c) State tenure commission - member..... \$ 50.00 per day
- (2) A state board of education member shall not be paid a per diem for more than 30 days per year.

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

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

MICHIGAN SCHOOLS FOR THE DEAF AND BLIND

Sec. 401. The employees at the Michigan schools for the deaf and blind who work on a school year basis shall be considered annual employees for purposes of service credits, retirement, and insurance benefits.

Sec. 402. For each student enrolled at the Michigan schools for the deaf and blind, the department shall assess the intermediate school district of residence 100% of the cost of operating the student's instructional program. The amount shall exclude room and board related costs and the cost of weekend transportation between the school and the student's home.

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

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

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

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

(5) If the department leases real property to a person or organization that is not a department of state government, the department shall not expend funds in excess of the lease revenue received to replace, renovate, or repair that real property. This section shall not apply to emergency repairs or costs associated with technological renovations.

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

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

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

(2) In addition to those funds appropriated in part 1, the department may receive and expend additional funds from lease agreements at the Michigan schools for the deaf and blind Flint campus that have been negotiated with the approval of the department of management and budget. These funds are appropriated to the department for the operation, maintenance, and renovation expenses associated with the leased space.

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

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

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

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

Sec. 406. (1) The Michigan schools for the deaf and blind may promote its residential program as a possible appropriate option for children who are deaf or hard of hearing or who are blind or visually impaired. The Michigan schools for the deaf and blind shall distribute information detailing its services to all intermediate school districts in the state.

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

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

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

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

Sec. 409. The department shall ensure that rental payments made by each tenant for space at the Michigan school for the blind former site are used for operation, maintenance, and renovation expenses associated with the leased space designated in the tenant's lease agreement.

PROFESSIONAL PREPARATION SERVICES

Sec. 501. From the funds appropriated in part 1 for professional preparation services, the department shall maintain the professional personnel register and certificate revocation/felony conviction files.

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

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

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

EDUCATION OPTIONS, CHARTERS, AND CHOICE

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

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

GRANTS AND DISTRIBUTIONS

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

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

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

(b) Payment is made for each breakfast served meeting standards prescribed in subdivision (a).

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

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

Sec. 703. (1) The funds appropriated in part 1 for school readiness programs shall be made available through a competitive application process as follows:

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

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

(c) Applications shall be reviewed by a diverse interagency committee composed of representatives of the department, appropriate community, volunteer, and social service agencies and organizations, and parents.

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

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

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

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

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

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

(vi) The extent to which these funds will be targeted to children who will be at least 4, but less than 5, years of age as of December 1 of the year in which the programs are offered and who show evidence of 2 or more "at-risk" factors as defined in the state board of education report entitled, "children at risk" that was adopted by the state board on April 5, 1988.

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

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

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

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

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

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

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

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

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

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

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

Sec. 704. From the funds appropriated in part 1 for national board certification, the department shall pay 1/2 of the application fee for teachers who are deemed by the department to be qualified to apply to the national board for professional teaching standards for professional teaching certificates or licenses and to provide grants to recognize and reward teachers who receive certification or licensure.

Sec. 706. The innovative program demonstration (IPD) grants established under 2000 PA 263 awarded grants to programs in areas of school safety, parental involvement, and curriculum development. No later than September 30, 2002, a district that received funding under the IPD program shall report to the department results achieved by each program. No later than November 29, 2002, the department shall compile the information from each grant recipient and forward a comprehensive report to the house and senate standing committees on education, the house and senate fiscal agencies, the state budget director, and the state board of education. This report shall be compiled in accordance with the requirements of 2000 PA 263. The reports shall be posted on the department's website.

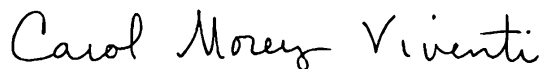
Sec. 708. Before expending funds for DED-OESE, title IV, part A, community service grants and DED-OESE, title IV, part B, 21st century community learning centers, the department shall provide an assurance to the United States department of education that the application was developed in consultation and coordination with appropriate state officials, including the chief state school officer, and other state agencies administering before and after school programs, the heads of the state health and mental health agencies or their designees, and representatives of teachers, parents, students, the business community, and community-based organizations.

INFORMATION TECHNOLOGY

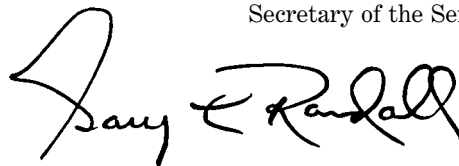
Sec. 901. The department shall work in collaboration with the center for educational performance and information to support the comprehensive educational information system and all data collection efforts of the department.

Sec. 902. The department and the Michigan virtual university shall work collaboratively to implement section 98 of the state school aid act of 1979, 1979 PA 94, MCL 388.1698, in accordance with all applicable federal laws and regulations.

This act is ordered to take immediate effect.



Secretary of the Senate.



Clerk of the House of Representatives.

Approved _____

Governor.