

HOUSE BILL No. 4419

March 19, 2003, Introduced by Rep. Plakas and referred to the Committee on Appropriations.

EXECUTIVE BUDGET BILL

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 11, 11f, 11g, 18, 19, 20, 22a, 22b, 24, 26a, 31a, 31d, 32d, 38, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 98, 101, 105, 107, and 147 (MCL 388.1603, 388.1606, 388.1611, 388.1611f, 388.1611g, 388.1618, 388.1619, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a, 388.1631a, 388.1631d, 388.1632d, 388.1638, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1701, 388.1705, 388.1707, and 388.1747),

sections 6, 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a, 31d, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 98, 107, and 147 as amended by 2002 PA 521, section 101 as amended by 2002 PA 476, sections 19, 38, and 105 as amended by 2002 PA 191, section 3 as amended by 2000 PA 297, and section 18 as amended by 1999 PA 119, and by adding sections 20k, 20l and 32j; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) "Average daily attendance", for the purposes of
2 complying with federal law, means 92% of the membership as defined in
3 section 6(4).

4 (2) "Board" means the governing body of a district or public
5 school academy.

6 (3) **"Center" means the Center for Educational Performance and**
7 **Information established in section 94a of this act.**

8 (4) ~~-(3)-~~ "Cooperative education program" means a written
9 voluntary agreement between and among districts to provide certain
10 educational programs for pupils in certain groups of districts. The
11 written agreement shall be approved by all affected districts at least
12 annually and shall specify the educational programs to be provided and
13 the estimated number of pupils from each district who will participate
14 in the educational programs.

15 (5) ~~-(4)-~~ "Department", except in ~~sections 67, 68,~~ **section 107,**
16 ~~and 108,~~ means the department of education.

17 (6) ~~-(5)-~~ "District" means a local school district established
18 under the revised school code, a local act school district, or, except
19 in sections 6(4), 6(6), 13, 20, 22a, 23, 31a, ~~32f,~~ 105, and 105c, a

1 public school academy. Except in sections 6(4), 6(6), 13, 20, 22a, 105,
2 and 105c, district also includes a university school.

3 (7) ~~-(6)-~~ "District of residence", except as otherwise provided in
4 this subsection, means the district in which a pupil's custodial parent
5 or parents or legal guardian resides. For a pupil described in section
6 24b, the pupil's district of residence is the district in which the
7 pupil enrolls under that section. For a pupil described in section
8 6(4)(d), the pupil's district of residence shall be considered to be the
9 district or intermediate district in which the pupil is counted in
10 membership under that section. For a pupil under court jurisdiction who
11 is placed outside the district in which the pupil's custodial parent or
12 parents or legal guardian resides, the pupil's district of residence
13 shall be considered to be the educating district or educating
14 intermediate district.

15 (8) ~~-(7)-~~ "District superintendent" means the superintendent of a
16 district, the chief administrator of a public school academy, or the
17 chief administrator of a university school.

18 Sec. 6. (1) "Center program" means a program operated by a
19 district or intermediate district for special education pupils from
20 several districts in programs for the autistically impaired, trainable
21 mentally impaired, severely mentally impaired, severely multiply
22 impaired, hearing impaired, physically and otherwise health impaired,
23 and visually impaired. Programs for emotionally impaired pupils housed
24 in buildings that do not serve regular education pupils also qualify.
25 Unless otherwise approved by the department, a center program either
26 shall serve all constituent districts within an intermediate district or
27 shall serve several districts with less than 50% of the pupils residing

1 in the operating district. In addition, special education center program
 2 pupils placed part-time in noncenter programs to comply with the least
 3 restrictive environment provisions of section 612 of part B of the
 4 individuals with disabilities education act, title VI of Public Law 91-
 5 230, 20 U.S.C. 1412, may be considered center program pupils for pupil
 6 accounting purposes for the time scheduled in either a center program or
 7 a noncenter program.

8 (2) "District ~~pupil retention~~ **and high school completion** rate"
 9 means the ~~proportion of pupils who have not dropped out of school in~~
 10 ~~the immediately preceding school year and is equal to 1 minus the~~
 11 ~~quotient of the number of pupils unaccounted for in the immediately~~
 12 ~~preceding school year, as determined pursuant to subsection (3), divided~~
 13 ~~by the pupils of the immediately preceding school year.~~ **annual**
 14 **completion and pupil dropout rate that is calculated pursuant to**
 15 **nationally recognized standards.**

16 (3) "District ~~pupil retention~~ **and high school completion** report"
 17 means a report of the number of pupils, excluding migrant and adult, in
 18 the district for the immediately preceding school year, adjusted for
 19 those pupils who have transferred into **or out of** the district ~~—~~
 20 ~~transferred out of the district,~~ **or** transferred to alternative
 21 programs, ~~and have graduated, to determine the number of pupils who are~~
 22 ~~unaccounted for. The number of pupils unaccounted for shall be~~
 23 ~~calculated as determined by the department.~~ **who leave high school with**
 24 **a diploma or other credential.**

25 (4) "Membership", except as otherwise provided in this act, means
 26 for a district, public school academy, university school, or
 27 intermediate district the sum of the product of ~~-.8~~ **.5** times the number

1 of full-time equated pupils in grades K to 12 actually enrolled and in
2 regular daily attendance on the pupil membership count day for the
3 current school year, plus the product of ~~—2—~~ .5 times the final audited
4 count from the supplemental count day for the immediately preceding
5 school year. All pupil counts used in this subsection are as determined
6 by the department and calculated by adding the number of pupils
7 registered for attendance plus pupils received by transfer and minus
8 pupils lost as defined by rules promulgated by the superintendent, and
9 as corrected by a subsequent department audit. The amount of the
10 foundation allowance for a pupil in membership is determined under
11 section 20. In making the calculation of membership, all of the
12 following, as applicable, apply to determining the membership of a
13 district, public school academy, university school, or intermediate
14 district:

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

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

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

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

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

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

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

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

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

24 (i) If operations begin before the pupil membership count day for
25 the fiscal year, membership is the average number of full-time equated
26 pupils in grades K to 12 actually enrolled and in regular daily
27 attendance on the pupil membership count day for the current school year

1 and on the supplemental count day for the current school year, as
2 determined by the department and calculated by adding the number of
3 pupils registered for attendance on the pupil membership count day plus
4 pupils received by transfer and minus pupils lost as defined by rules
5 promulgated by the superintendent, and as corrected by a subsequent
6 department audit, plus the final audited count from the supplemental
7 count day for the current school year, and dividing that sum by 2.

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

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

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

27 (l) Pupils to be counted in membership shall be not less than 5

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

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

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

24 (i) If the public school academy provides instruction for at least
25 1/2 of the class hours specified in subdivision (q), the public school
26 academy shall receive as its prorated share of the full-time equated
27 membership for each of those pupils an amount equal to 1 times the

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

6 (ii) If the public school academy provides instruction for less than
7 1/2 of the class hours specified in subdivision (q), the district
8 or intermediate district providing the remainder of the hours of
9 instruction shall receive as its prorated share of the full-time equated
10 membership for each of those pupils an amount equal to 1 times the
11 product of the hours of instruction the district or intermediate
12 district provides divided by the number of hours specified in
13 subdivision (q) for full-time equivalency, and the remainder of the
14 full-time membership for each of those pupils shall be allocated to the
15 public school academy.

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

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

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

1 number of class hours provided by the district to the pupil.

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

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

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

24 (u) If, as a result of a disciplinary action, a district
25 determines through the district's alternative or disciplinary education
26 program that the best instructional placement for a pupil is in the
27 pupil's home, if that placement is authorized in writing by the district

1 superintendent and district alternative or disciplinary education
2 supervisor, and if the district provides appropriate instruction as
3 described in this subdivision to the pupil at the pupil's home, the
4 district may count the pupil in membership on a pro rata basis, with the
5 proration based on the number of hours of instruction the district
6 actually provides to the pupil divided by the number of hours specified
7 in subdivision (q) for full-time equivalency. For the purposes of this
8 subdivision, a district shall be considered to be providing appropriate
9 instruction if all of the following are met:

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

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

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

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

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

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

1 day to include the pupil in the count.

2 (x) For a public school academy that has been in operation for at
3 least 2 years and that suspended operations for at least 1 semester and
4 is resuming operations, membership is the sum of the product of ~~.8~~ .5
5 times the number of full-time equated pupils in grades K to 12 actually
6 enrolled and in regular daily attendance on the first pupil membership
7 count day or supplemental count day, whichever is first, occurring after
8 operations resume, plus the product of ~~.2~~ .5 times the final audited
9 count from the most recent pupil membership count day or supplemental
10 count day that occurred before suspending operations, as determined by
11 the superintendent.

12 ~~(y) If a district's membership for a particular fiscal year, as~~
13 ~~otherwise calculated under this subsection, would be less than 1,550~~
14 ~~pupils and the district has 4.5 or fewer pupils per square mile, as~~
15 ~~determined by the department, the district's membership shall be~~
16 ~~considered to be the membership figure calculated under this~~
17 ~~subdivision. However, beginning in 2003-2004, this subdivision applies~~
18 ~~only to districts located in the Lower Peninsula. If a district educates~~
19 ~~and counts in its membership pupils in grades 9 to 12 who reside in a~~
20 ~~contiguous district that does not operate grades 9 to 12 and if 1 or~~
21 ~~both of the affected districts request the department to use the~~
22 ~~determination allowed under this sentence, the department shall include~~
23 ~~the square mileage of both districts in determining the number of pupils~~
24 ~~per square mile for each of the districts for the purposes of this~~
25 ~~subdivision. The membership figure calculated under this subdivision is~~
26 ~~the greater of the following:~~

27 ~~(i) The average of the district's membership for the 3 fiscal year~~

1 ~~period ending with that fiscal year, calculated by adding the district's~~
 2 ~~actual membership for each of those 3 fiscal years, as otherwise~~
 3 ~~calculated under this subsection, and dividing the sum of those 3~~
 4 ~~membership figures by 3.~~

5 ~~—— (ii) The district's actual membership for that fiscal year as~~
 6 ~~otherwise calculated under this subsection.~~

7 **(y)** ~~—(z)—~~ If a public school academy that is not in its first or
 8 second year of operation closes at the end of a school year and does not
 9 reopen for the next school year, the department shall adjust the
 10 membership count of the district in which a former pupil of the public
 11 school academy enrolls and is in regular daily attendance for the next
 12 school year to ensure that the district receives the same amount of
 13 membership aid for the pupil as if the pupil were counted in the
 14 district on the supplemental count day of the preceding school year.

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

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

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

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

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

27 (d) A pupil enrolled in a district other than the pupil's district

1 of residence under an intermediate district schools of choice pilot
2 program as described in section 91a or former section 91 if the
3 intermediate district and its constituent districts have been exempted
4 from section 105.

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

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

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

27 (i) "At school" means in a classroom, elsewhere on school

1 premises, on a school bus or other school-related vehicle, or at a
2 school-sponsored activity or event whether or not it is held on school
3 premises.

4 (ii) "Serious assault" means an act that constitutes a felony
5 violation of chapter XI of the Michigan penal code, 1931 PA 328, MCL
6 750.81 to 750.90g, or that constitutes an assault and infliction of
7 serious or aggravated injury under section 81a of the Michigan penal
8 code, 1931 PA 328, MCL 750.81a.

9 (h) A pupil enrolled in a district located in a contiguous
10 intermediate district, as described in section 105c, if the educating
11 district enrolls those nonresident pupils in accordance with section
12 105c.

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

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

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

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

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

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

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

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

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

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

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

16 (i) Fourth Wednesday in July.

17 (ii) Fourth Wednesday in September.

18 (iii) Second Wednesday in February.

19 (iv) Fourth Wednesday in April.

20 (8) "Pupils in grades K to 12 actually enrolled and in regular
21 daily attendance" means pupils in grades K to 12 in attendance and
22 receiving instruction in all classes for which they are enrolled on the
23 pupil membership count day or the supplemental count day, as applicable.
24 A pupil who is absent from any of the classes in which the pupil is
25 enrolled on the pupil membership count day or supplemental count day and
26 who does not attend each of those classes during the 10 consecutive
27 school days immediately following the pupil membership count day or

1 supplemental count day, except for a pupil who has been excused by the
2 district, shall not be counted as 1.0 full-time equated membership. In
3 addition, a pupil who is excused from attendance on the pupil membership
4 count day or supplemental count day and who fails to attend each of the
5 classes in which the pupil is enrolled within 30 calendar days after the
6 pupil membership count day or supplemental count day shall not be
7 counted as 1.0 full-time equated membership. Pupils not counted as 1.0
8 full-time equated membership due to an absence from a class shall be
9 counted as a prorated membership for the classes the pupil attended. For
10 purposes of this subsection, "class" means a period of time in 1 day
11 when pupils and a certificated teacher or legally qualified substitute
12 teacher are together and instruction is taking place.

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

15 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
16 380.1852.

17 (11) "School fiscal year" means a fiscal year that commences July
18 1 and continues through June 30.

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

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

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

26 (15) "Tuition pupil" means a pupil of school age attending school
27 in a district other than the pupil's district of residence for whom

1 tuition may be charged. Tuition pupil does not include a pupil who is a
2 special education pupil or a pupil described in subsection (6)(d) to
3 (k). A pupil's district of residence shall not require a high school
4 tuition pupil, as provided under section 111, to attend another school
5 district after the pupil has been assigned to a school district.

6 (16) "State school aid fund" means the state school aid fund
7 established in section 11 of article IX of the state constitution of
8 1963.

9 (17) "Taxable value" means the taxable value of property as
10 determined under section 27a of the general property tax act, 1893 PA
11 206, MCL 211.27a.

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

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

18 ~~Sec. 11. (1) For the fiscal year ending September 30, 2002, there~~
19 ~~is appropriated for the public schools of this state and certain other~~
20 ~~state purposes relating to education the sum of \$10,990,148,200.00 from~~
21 ~~the state school aid fund established by section 11 of article IX of the~~
22 ~~state constitution of 1963 and the sum of \$198,413,500.00 from the~~
23 ~~general fund. For the fiscal year ending September 30, 2003, there is~~
24 ~~appropriated for the public schools of this state and certain other~~
25 ~~state purposes relating to education the sum of \$11,259,441,400.00 from~~
26 ~~the state school aid fund established by section 11 of article IX of the~~
27 ~~state constitution of 1963, the sum of \$198,413,500.00 from the general~~

1 ~~fund, and the sum of \$700,000.00 from local revenues. However, if~~
2 ~~legislation authorizing the transfer of \$79,500,000.00 from the Michigan~~
3 ~~employment security act contingent fund, penalties and interest~~
4 ~~subaccount, is not enacted and in effect on or before October 1, 2002,~~
5 ~~there is instead appropriated from the general fund for 2002-2003 the~~
6 ~~sum of \$122,656,500.00. For the fiscal year ending September 30, 2004,~~
7 ~~there is appropriated for the public schools of this state and certain~~
8 ~~other state purposes relating to education the sum of~~
9 ~~\$11,246,667,400.00~~ **\$11,025,000,000.00** from the state school aid fund
10 established by section 11 of article IX of the state constitution of
11 1963. ~~and the sum of \$198,413,500.00 from the general fund. For the~~
12 **fiscal year ending September 30, 2004, there is appropriated for the**
13 **public schools of this state and certain other state purposes relating**
14 **to education \$198,600,000.00 from funds available in the state treasury**
15 **as a result of the implementation of section 12(4), 1971 PA 140, MCL**
16 **141.912. Also, upon certification from the state treasurer that the**
17 **school bond loan fund debt has been refinanced, the net proceeds from**
18 **such transaction shall be deposited in the school aid fund. In**
19 **addition, available federal funds are appropriated** ~~for each of those~~
20 ~~fiscal years~~ **for the fiscal year ending September 30, 2004.**

21 (2) The appropriations under this section shall be allocated as
22 provided in this act. ~~Money appropriated under this section from the~~
23 ~~general fund and from available federal funds shall be expended to fund~~
24 ~~the purposes of this act before the expenditure of money appropriated~~
25 ~~under this section from the state school aid fund. If the maximum amount~~
26 ~~appropriated under this section from the state school aid fund for a~~
27 ~~fiscal year exceeds the amount necessary to fully fund allocations under~~

1 this act from the state school aid fund, that excess amount shall not be
2 expended in that state fiscal year and shall not lapse to the general
3 fund, but instead shall remain in the state school aid fund.

4 (3) If the maximum amount appropriated under this section ~~and~~
5 ~~section 11f~~ from the state school aid fund for a fiscal year exceeds the
6 amount available for expenditure from the state school aid fund for that
7 fiscal year, payments under sections 11f, 11g, 22a, 31d, 51a(2), and 51c
8 shall be made in full. In addition, for districts beginning operations
9 after 1994-95 that qualify for payments under section 22b, payments
10 under section 22b shall be made so that the qualifying districts receive
11 **the lesser of** an amount equal to the 1994-95 foundation allowance of the
12 district in which the district beginning operations after 1994-95 is
13 located, **or \$5,500.00**. The amount of the payment to be made under
14 section 22b for these qualifying districts shall be as calculated under
15 section 22a, with the balance of the payment under section 22b, being
16 subject to the proration otherwise provided under this subsection. State
17 payments under each of the other sections of this act from all state
18 funding sources shall be prorated on an equal percentage basis as
19 necessary to reflect the amount available for expenditure from the state
20 school aid fund for that fiscal year. However, if the department of
21 treasury determines that proration will be required under this
22 subsection, the department of treasury shall notify the state budget
23 director, and the state budget director shall notify the legislature at
24 least 30 calendar days or 6 legislative session days, whichever is more,
25 before the department reduces any payments under this act because of the
26 proration. During the 30 calendar day or 6 legislative session day
27 period after that notification by the state budget director, the

1 department shall not reduce any payments under this act because of
 2 proration under this subsection. The legislature may prevent proration
 3 from occurring by, within the 30 calendar day or 6 legislative session
 4 day period after that notification by the state budget director,
 5 enacting legislation appropriating additional funds from the general
 6 fund, countercyclical budget and economic stabilization fund, state
 7 school aid fund balance, or another source to fund the amount of the
 8 projected shortfall.

9 (4) ~~Except for the allocation under section 26a, any general fund~~
 10 ~~allocations~~ **Allocations** under this act **from funds available in the state**
 11 **treasury as a result of the implementation of section 12(4), 1971 PA**
 12 **140, MCL 141.912,** that are not expended by the end of the state fiscal
 13 year are ~~transferred~~ **appropriated** to the state school aid fund.

14 Sec. 11f. (1) ~~In addition to any other money appropriated under~~
 15 ~~this act,~~ **From the appropriation in section 11,** there is ~~appropriated~~
 16 ~~from the state school aid fund~~ **allocated** an amount not to exceed
 17 \$32,000,000.00 ~~each fiscal year for the fiscal year ending September~~
 18 ~~30, 2002, for the fiscal year ending September 30, 2003,~~ for the fiscal
 19 year ending September 30, 2004, and for each succeeding fiscal year
 20 through the fiscal year ending September 30, 2008. Payments under this
 21 section will cease after September 30, 2008. These appropriations are
 22 for paying the amounts described in subsection (4) to districts and
 23 intermediate districts, other than those receiving a lump sum payment
 24 under subsection (2), that were not plaintiffs in the consolidated cases
 25 known as Durant v State of Michigan, Michigan supreme court docket no.
 26 104458-104492 and that, on or before March 2, 1998, submitted to the
 27 state treasurer a board resolution waiving any right or interest the

1 district or intermediate district has or may have in any claim or
2 litigation based on or arising out of any claim or potential claim
3 through September 30, 1997 that is or was similar to the claims asserted
4 by the plaintiffs in the consolidated cases known as Durant v State of
5 Michigan. The waiver resolution shall be in form and substance as
6 required under subsection (8). The state treasurer is authorized to
7 accept such a waiver resolution on behalf of this state. The amounts
8 described in this subsection represent offers of settlement and
9 compromise of any claim or claims that were or could have been asserted
10 by these districts and intermediate districts, as described in this
11 subsection.

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

1 on November 15, 1998 or on the next business day following that date.
2 The amounts paid under this subsection represent offers of settlement
3 and compromise of any claim or claims that were or could have been
4 asserted by these districts and intermediate districts, as described in
5 this subsection.

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

14 (4) The amount paid each fiscal year to each district or
15 intermediate district under subsection (1) shall be 1/20 of the total
16 amount listed in section 11h for each listed district or intermediate
17 district that qualifies for a payment under subsection (1). The amounts
18 listed in section 11h and paid in part under this subsection and in a
19 lump sum under subsection (2) are offers of settlement and compromise to
20 each of these districts or intermediate districts to resolve, in their
21 entirety, any claim or claims that these districts or intermediate
22 districts may have asserted for violations of section 29 of article IX
23 of the state constitution of 1963 through September 30, 1997, which
24 claims are or were similar to the claims asserted by the plaintiffs in
25 the consolidated cases known as Durant v State of Michigan. This
26 section, any other provision of this act, and section 353e of the
27 management and budget act, 1984 PA 431, MCL 18.1353e, shall not be

1 construed to constitute an admission of liability to the districts or
2 intermediate districts listed in section 11h or a waiver of any defense
3 that is or would have been available to the state or its agencies,
4 employees, or agents in any litigation or future litigation with a
5 district or intermediate district.

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

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

27 ~~(7) The appropriations under this section are from the money~~

1 ~~appropriated and transferred to the state school aid fund from the~~
 2 ~~countercyclical budget and economic stabilization fund under section~~
 3 ~~353e(2) and (3) of the management and budget act, 1984 PA 431, MCL~~
 4 ~~18.1353e.~~

5 (7) ~~-(8)-~~ The resolution to be adopted and submitted by a
 6 district or intermediate district under this section and section 11g
 7 shall read as follows:

8 "Whereas, the board of _____ (name of district or
 9 intermediate district) desires to settle and compromise, in their
 10 entirety, any claim or claims that the district (or intermediate
 11 district) has or had for violations of section 29 of article IX of the
 12 state constitution of 1963, which claim or claims are or were similar to
 13 the claims asserted by the plaintiffs in the consolidated cases known as
 14 Durant v State of Michigan, Michigan supreme court docket no. 104458-
 15 104492.

16 Whereas, the district (or intermediate district) agrees to settle
 17 and compromise these claims for the consideration described in sections
 18 11f and 11g of the state school aid act of 1979, 1979 PA 94, MCL
 19 388.1611f and 388.1611g, and in the amount specified for the district
 20 (or intermediate district) in section 11h of the state school aid act of
 21 1979, 1979 PA 94, MCL 388.1611h.

22 Whereas, the board of _____ (name of district or
 23 intermediate district) is authorized to adopt this resolution. Now,
 24 therefore, be it resolved as follows:

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

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

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

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

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

1 Sec. 11g. (1) From the ~~general fund money appropriated~~
2 **appropriations** in section 11, there is allocated an amount not to exceed
3 ~~\$40,000,000.00 for the fiscal year ending September 30, 2002,~~
4 ~~\$38,000,000.00 for the fiscal year ending September 30, 2003,~~ **\$0.00** for
5 the fiscal year ending September 30, 2004, and for **the fiscal year**
6 **ending September 30, 2005. There is allocated \$34,200,000.00** each
7 succeeding fiscal year through the fiscal year ending September 30,
8 2013. Payments under this section will cease after September 30, 2013.
9 These appropriations are for paying the amounts described in subsection
10 (3) to districts and intermediate districts, other than those receiving
11 a lump sum payment under section 11f(2), that were not plaintiffs in the
12 consolidated cases known as Durant v State of Michigan, Michigan supreme
13 court docket no. 104458-104492 and that, on or before March 2, 1998,
14 submitted to the state treasurer a waiver resolution described in
15 section 11f. The amounts paid under this section represent offers of
16 settlement and compromise of any claim or claims that were or could have
17 been asserted by these districts and intermediate districts, as
18 described in this section.

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

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

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

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

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

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

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

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

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

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

15 Sec. 18. (1) Except as provided in another section of this act,
16 each district or other entity shall apply the money received by the
17 district or entity under this act to salaries and other compensation of
18 teachers and other employees, tuition, transportation, lighting,
19 heating, ventilation, water service, the purchase of textbooks which are
20 designated by the board to be used in the schools under the board's
21 charge, other supplies, and any other school operating expenditures
22 defined in section 7. However, not more than 20% of the total amount
23 received by a district under article 2 or intermediate district under
24 article 8 may be transferred by the board to either the capital projects
25 fund or to the debt retirement fund for debt service. The money shall
26 not be applied or taken for a purpose other than as provided in this
27 section. The department shall determine the reasonableness of
28 expenditures and may withhold from a recipient of funds under this act

1 the apportionment otherwise due for the fiscal year following the
2 discovery by the department of a violation by the recipient.

3 (2) For the purpose of determining the reasonableness of
4 expenditures and whether a violation of this act has occurred, the
5 department shall require that each district and intermediate district
6 have an audit of the district's or intermediate district's financial and
7 pupil accounting records conducted at least annually at the expense of
8 the district or intermediate district, as applicable, by a certified
9 public accountant or by the intermediate district superintendent, as may
10 be required by the department, or in the case of a district of the first
11 class by a certified public accountant, the intermediate superintendent,
12 or the auditor general of the city. An intermediate district's annual
13 financial audit shall be accompanied by the intermediate district's
14 pupil accounting procedures report. A district's or intermediate
15 district's annual financial audit shall include an analysis of the
16 financial and pupil accounting data used as the basis for distribution
17 of state school aid. The pupil accounting records and reports, audits,
18 and management letters are subject to requirements established in the
19 auditing and accounting manuals approved and published by the
20 department. Except as otherwise provided in this subsection, a district
21 shall file the annual financial audit reports with the intermediate
22 district not later than 120 days after the end of each school fiscal
23 year and the intermediate district shall forward the annual financial
24 audit reports for its constituent districts and for the intermediate
25 district, and the pupil accounting procedures report for the pupil
26 membership count day and supplemental count day, to the department not
27 later than November 15 of each year. The annual financial audit reports

1 and pupil accounting procedures reports shall be available to the public
2 in compliance with the freedom of information act, 1976 PA 442, MCL
3 5.231 to 15.246. Not later than December 1 of each year, the department
4 shall notify the state budget director and the legislative
5 appropriations subcommittees responsible for review of the school aid
6 budget of districts and intermediate districts that have not filed an
7 annual financial audit and pupil accounting procedures report required
8 under this section for the school year ending in the immediately
9 preceding fiscal year.

10 (3) Each district and intermediate district shall ~~file with the~~
11 ~~department~~ **submit to the center, in a manner prescribed by the center,**
12 by November 15 of each year, ~~an~~ annual comprehensive-financial
13 ~~report, known as "Form B", on a form and, in the manner prescribed by~~
14 ~~the department.~~ **data consistent with accounting manuals and charts of**
15 **accounts approved and published by the department.**

16 (4) Each district and intermediate district shall file with the
17 department by September 30 of each year the special education actual
18 cost report, known as "SE-4096" on a form and in the manner prescribed
19 by the department.

20 (5) Each district and intermediate district shall file with the
21 department by October 7 of each year the transportation expenditure
22 report, known as "SE-4094" on a form and in the manner prescribed by the
23 department.

24 (6) ~~(4)~~ Not later than July 1, 1999, the department shall approve
25 and publish pupil accounting and pupil auditing manuals. The department
26 shall review those manuals at least annually and shall periodically
27 update those manuals to reflect changes in this act. The pupil

1 accounting manuals in effect for the 1996-97 school year, including
 2 subsequent revisions issued by the superintendent, shall be the interim
 3 manuals in effect until new manuals are approved and published. However,
 4 the clarification of class-by-class accounting provided in the
 5 department's April 15, 1998 memorandum on pupil accounting procedures
 6 shall be excluded from the interim manuals.

7 **(7)** ~~(5)~~ If a district that is a public school academy purchases
 8 property using money received under this act, the public school academy
 9 shall retain ownership of the property unless the public school academy
 10 sells the property at fair market value.

11 **(8)** ~~(6)~~ If a district or intermediate district does not comply with
 12 subsection (2), ~~or~~ (3), **(4) or (5)** the department shall withhold all
 13 state school aid due to the district or intermediate district under this
 14 act, beginning with the next payment due to the district or intermediate
 15 district, until the district or intermediate district complies with
 16 subsections (2), ~~and~~ (3), **(4) and (5)**. If the district or intermediate
 17 district does not comply with subsections (2) and (3) by the end of the
 18 fiscal year, the district or intermediate district forfeits the amount
 19 withheld.

20 Sec. 19. ~~(1) A district shall comply with the requirements of~~
 21 ~~sections 1204a, 1277, 1278, and 1280 of the revised school code, MCL~~
 22 ~~380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred to as~~
 23 ~~"public act 25 of 1990".~~

24 ~~(2) Each district and intermediate district shall provide to the~~
 25 ~~department, in a form and manner prescribed by the department,~~
 26 ~~information necessary for the development of an annual progress report~~
 27 ~~on the implementation of sections 1204a, 1277, 1278, and 1280 of the~~

1 ~~revised school code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280,~~
2 ~~commonly referred to as "public act 25 of 1990", and on the achievement~~
3 ~~of national education goals, and information necessary for the~~
4 ~~development of other performance reports.~~

5 (1) A district or intermediate district shall comply with all
6 applicable reporting requirements specified in the no child left behind
7 act of 2001, Public Law 107-110, 115 Stat. 1425 and any other reporting
8 required by the National Center for Education Statistics. Data provided
9 to the center, in a form and manner prescribed by the center, shall be
10 aggregated and disaggregated as required by the no child left behind act
11 of 2001, Public Law 107-110, 115 Stat. 1425 and any other reporting
12 required by the National Center for Education Statistics.

13 (2) Each district shall furnish to the center not later than seven
14 weeks after the fall count day, in a manner prescribed by the center,
15 the information necessary for the preparation of the district and high
16 school completion report as defined in section 6(3). The center shall
17 calculate an annual completion and pupil dropout rate for each high
18 school, district and the state, in compliance with nationally recognized
19 standards for such calculations. The center shall report all completion
20 and dropout rates to the senate and house education committees and
21 appropriations committees, the state budget director, and the department
22 no later than June 1 of each year.

23 (3) A district shall furnish to the center, in a manner prescribed
24 by the center, information related to teachers and other educational
25 personnel as necessary for reporting required by the no child left
26 behind act of 2001, Public Law 107-110, 115 Stat. 1425 and any other
27 reporting required by the Equal Employment Opportunity Commission,

1 Office of Civil Rights or the National Center for Education Statistics
2 no later than November 30 of each year.

3 (4) ~~(3)~~ If a district or intermediate district fails to meet the
4 requirements of ~~subsection (2) and sections 1204a, 1277, and 1278 of the~~
5 ~~revised school code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280,~~
6 **subsections (1), (2), or (3)**, the department shall withhold 5% of the
7 total funds for which the district or intermediate district qualifies
8 under this act until the district or intermediate district complies with
9 all of those ~~sections~~ **subsections**. If the district or intermediate
10 district does not comply with all of those ~~sections~~ **subsections** by the
11 end of the fiscal year, the department shall place the amount withheld
12 in an escrow account until the district or intermediate district
13 complies with all of those ~~sections~~ **subsections**.

14 (5) ~~(4)~~ If a school in a district is not accredited under
15 section 1280 of the revised school code, MCL 380.1280, or is not making
16 satisfactory progress toward meeting the standards for that
17 accreditation, the department shall withhold 5% of the total funds for
18 which the district qualifies under this act that are attributable to
19 pupils attending that school. The department shall place the amount
20 withheld from a district under this subsection in an escrow account and
21 shall not release the funds to the district until the district submits
22 to the department a plan for achieving accreditation for each of the
23 district's schools that are not accredited under section 1280 of the
24 revised school code, MCL 380.1280, or are not making satisfactory
25 progress.

26 Sec. 20. (1) ~~For 2001-2002, the basic foundation allowance is~~
27 ~~\$6,300.00 per membership pupil. For 2002-2003 and for 2003-2004, the~~

1 basic foundation allowance is \$6,700.00 per membership pupil.

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

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

9 (a) Except as otherwise provided in this subsection, for a
10 district that in the immediately preceding state fiscal year had a
11 foundation allowance in an amount at least equal to the amount of the
12 basic foundation allowance for the immediately preceding state fiscal
13 year, the district shall receive a foundation allowance in an amount
14 equal to the sum of the district's foundation allowance for the
15 immediately preceding state fiscal year plus the dollar amount of the
16 adjustment from the immediately preceding state fiscal year to the
17 current state fiscal year in the basic foundation allowance. ~~However,~~
18 ~~for 2002-2003, the foundation allowance for a district under this~~
19 ~~subdivision is an amount equal to the sum of the district's foundation~~
20 ~~allowance for the immediately preceding state fiscal year plus \$200.00.~~

21 (b) For a district that in the 1994-95 state fiscal year had a
22 foundation allowance greater than \$6,500.00, the district's foundation
23 allowance is an amount equal to the sum of the district's foundation
24 allowance for the immediately preceding state fiscal year plus the
25 lesser of the increase in the basic foundation allowance for the current
26 state fiscal year, as compared to the immediately preceding state fiscal
27 year, or the product of the district's foundation allowance for the

1 immediately preceding state fiscal year times the percentage increase in
2 the United States consumer price index in the calendar year ending in
3 the immediately preceding fiscal year as reported by the May revenue
4 estimating conference conducted under section 367b of the management and
5 budget act, 1984 PA 431, MCL 18.1367b. ~~For 2002-2003, for a district
6 that in the 1994-95 state fiscal year had a foundation allowance
7 greater than \$6,500.00, the district's foundation allowance is an amount
8 equal to the sum of the district's foundation allowance for the
9 immediately preceding state fiscal year plus the lesser of \$200.00 or
10 the product of the district's foundation allowance for the immediately
11 preceding state fiscal year times the percentage increase in the United
12 States consumer price index in the calendar year ending in the
13 immediately preceding fiscal year as reported by the May revenue
14 estimating conference conducted under section 367b of the management and
15 budget act, 1984 PA 431, MCL 18.1367b.~~

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

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

25 (4) Except as otherwise provided in this subsection, the state
26 portion of a district's foundation allowance is an amount equal to the
27 district's foundation allowance or \$6,500.00, whichever is less, minus

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

1 foundation allowance shall be calculated as if that reduction did not
2 occur. The \$6,500.00 amount prescribed in this subsection shall be
3 adjusted each year by an amount equal to the dollar amount of the
4 difference between the basic foundation allowance for the current state
5 fiscal year and \$5,000.00, **minus \$200.00**. ~~However, beginning in 2002-~~
6 ~~2003, the \$6,500.00 amount prescribed in this subsection shall be~~
7 ~~adjusted each year by an amount equal to the dollar amount of the~~
8 ~~difference between the basic foundation allowance for the current state~~
9 ~~fiscal year and \$5,000.00, minus \$200.00.~~

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

25 (6) Subject to subsection (7) and section 22b(3) and except as
26 otherwise provided in this subsection, for pupils in membership, other
27 than special education pupils, in a public school academy or a

1 university school, the allocation calculated under this section is an
2 amount per membership pupil other than special education pupils in the
3 public school academy or university school equal to the sum of the local
4 school operating revenue per membership pupil other than special
5 education pupils for the district in which the public school academy or
6 university school is located and the state portion of that district's
7 foundation allowance, or the sum of the basic foundation allowance under
8 subsection (1) plus \$500.00, **minus \$200.00**, whichever is less. ~~However,~~
9 ~~beginning in 2002-2003, this \$500.00 amount shall instead be \$300.00.~~
10 Notwithstanding section 101(2), for a public school academy that begins
11 operations in ~~2001-2002, 2002-2003, or 2003-2004~~, ~~as applicable,~~ after
12 the pupil membership count day, the amount per membership pupil
13 calculated under this subsection shall be adjusted by multiplying that
14 amount per membership pupil by the number of hours of pupil instruction
15 provided by the public school academy after it begins operations, as
16 determined by the department, divided by the minimum number of hours of
17 pupil instruction required under section 101(3). The result of this
18 calculation shall not exceed the amount per membership pupil otherwise
19 calculated under this subsection.

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

1 the district in 1993-94 and the quotient of the ad valorem property tax
2 revenue of the district captured under 1975 PA 197, MCL 125.1651 to
3 125.1681, the tax increment finance authority act, 1980 PA 450, MCL
4 125.1801 to 125.1830, the local development financing act, 1986 PA 281,
5 MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act,
6 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's
7 membership excluding special education pupils, in the school fiscal year
8 ending in the current state fiscal year, calculated as if the resident
9 pupils in membership in 1 or more public school academies located in the
10 district were in membership in the district. In order to receive state
11 school aid under this act, a district described in this subsection shall
12 pay to the authorizing body that is the fiscal agent for a public school
13 academy located in the district for forwarding to the public school
14 academy an amount equal to that local school operating revenue per
15 membership pupil for each resident pupil in membership other than
16 special education pupils in the public school academy, as determined by
17 the department.

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

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

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

1 the number of mills levied in 1993, whichever is less.

2 ~~(10) For a district that is formed or reconfigured after June 1,~~
 3 ~~2002 by consolidation of 2 or more districts or by annexation, the~~
 4 ~~resulting district's foundation allowance under this section beginning~~
 5 ~~after the effective date of the consolidation or annexation shall be the~~
 6 ~~lesser of an amount equal to the sum of the highest foundation~~
 7 ~~allowance, as calculated under this section, among the original or~~
 8 ~~affected districts plus \$50.00 or an amount equal to \$6,500.00 adjusted~~
 9 ~~by the dollar amount of the difference between the basic foundation~~
 10 ~~allowance under this section for the current state fiscal year and~~
 11 ~~\$5,000.00. However, beginning in 2002-2003, the \$6,500.00 amount~~
 12 ~~prescribed in this subsection shall be adjusted each year by an amount~~
 13 ~~equal to the dollar amount of the difference between the basic~~
 14 ~~foundation allowance for the current state fiscal year and \$5,000.00,~~
 15 ~~minus \$200.00.~~

16 **(10)** ~~(11)~~ Each fraction used in making calculations under this
 17 section shall be rounded to the fourth decimal place and the dollar
 18 amount of an increase in the basic foundation allowance shall be rounded
 19 to the nearest whole dollar.

20 **(11)** ~~(12)~~ State payments related to payment of the foundation
 21 allowance for a special education pupil are not calculated under this
 22 section but are instead calculated under section 51a.

23 **(12)** ~~(13)~~ To assist the legislature in determining the basic
 24 foundation allowance for the subsequent state fiscal year, each revenue
 25 estimating conference conducted under section 367b of the management and
 26 budget act, 1984 PA 431, MCL 18.1367b, shall calculate a pupil
 27 membership factor, a revenue adjustment factor, and an index as follows:

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

11 (b) The revenue adjustment factor shall be computed by dividing
12 the sum of the estimated total state school aid fund revenue for the
13 subsequent state fiscal year plus the estimated total state school aid
14 fund revenue for the current state fiscal year, adjusted for any change
15 in the rate or base of a tax the proceeds of which are deposited in
16 that fund and excluding money transferred into that fund from the
17 countercyclical budget and economic stabilization fund under section
18 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, by the
19 sum of the estimated total school aid fund revenue for the current state
20 fiscal year plus the estimated total state school aid fund revenue for
21 the immediately preceding state fiscal year, adjusted for any change in
22 the rate or base of a tax the proceeds of which are deposited in that
23 fund. If a consensus revenue factor is not determined at the revenue
24 estimating conference, the principals of the revenue estimating
25 conference shall report their estimates to the house and senate
26 subcommittees responsible for school aid appropriations not later than 7
27 days after the conclusion of the revenue conference.

1 (c) The index shall be calculated by multiplying the pupil
2 membership factor by the revenue adjustment factor. **However, for 2003-**
3 **2004 only, the index shall be 1.00.** If a consensus index is not
4 determined at the revenue estimating conference, the principals of the
5 revenue estimating conference shall report their estimates to the house
6 and senate subcommittees responsible for school aid appropriations not
7 later than 7 days after the conclusion of the revenue conference.

8 (13) ~~(14)~~ If the principals at the revenue estimating conference
9 reach a consensus on the index described in subsection (13)(c), the
10 basic foundation allowance for the subsequent state fiscal year shall be
11 at least the amount of that consensus index multiplied by the basic
12 foundation allowance specified in subsection (1).

13 ~~(15) If at the January revenue estimating conference it is~~
14 ~~estimated that pupil membership, excluding intermediate district~~
15 ~~membership, for the subsequent state fiscal year will be greater than~~
16 ~~101% of the pupil membership, excluding intermediate district~~
17 ~~membership, for the current state fiscal year, then it is the intent of~~
18 ~~the legislature that the executive budget proposal for the school aid~~
19 ~~budget for the subsequent state fiscal year include a general~~
20 ~~fund/general purpose allocation sufficient to support the membership in~~
21 ~~excess of 101% of the current year pupil membership.~~

22 (14) ~~(16)~~ For a district that had combined state and local
23 revenue per membership pupil in the 1993-94 state fiscal year of more
24 than \$6,500.00, that had fewer than 7 pupils in membership in the 1993-
25 94 state fiscal year, that has at least 1 child educated in the district
26 in the current state fiscal year, and that levies the number of mills of
27 school operating taxes authorized for the district under section 1211 of

1 the revised school code, MCL 380.1211, a minimum amount of combined
2 state and local revenue shall be calculated for the district as provided
3 under this subsection. The minimum amount of combined state and local
4 revenue for 1999-2000 shall be \$67,000.00 plus the district's additional
5 expenses to educate pupils in grades 9 to 12 educated in other districts
6 as determined and allowed by the department. The minimum amount of
7 combined state and local revenue under this subsection, before adding
8 the additional expenses, shall increase each fiscal year by the same
9 percentage increase as the percentage increase in the basic foundation
10 allowance from the immediately preceding fiscal year to the current
11 fiscal year. The state portion of the minimum amount of combined state
12 and local revenue under this subsection shall be calculated by
13 subtracting from the minimum amount of combined state and local revenue
14 under this subsection the sum of the district's local school operating
15 revenue and an amount equal to the product of the sum of the state
16 portion of the district's foundation allowance plus the amount
17 calculated under section 20j times the district's membership. As used in
18 this subsection, "additional expenses" means the district's expenses for
19 tuition or fees, not to exceed \$6,500.00 as adjusted each year by an
20 amount equal to the dollar amount of the difference between the basic
21 foundation allowance for the current state fiscal year and \$5,000.00,
22 **minus \$200.00**, plus a room and board stipend not to exceed \$10.00 per
23 school day for each pupil in grades 9 to 12 educated in another
24 district, as approved by the department. ~~However, beginning in 2002-~~
25 ~~2003, the \$6,500.00 amount prescribed in this subsection shall be~~
26 ~~adjusted each year by an amount equal to the dollar amount of the~~
27 ~~difference between the basic foundation allowance for the current state~~

1 ~~fiscal year and \$5,000.00, minus \$200.00.~~

2 **(15)** ~~(17)~~ For a district in which 7.75 mills levied in 1992 for
3 school operating purposes in the 1992-93 school year were not renewed in
4 1993 for school operating purposes in the 1993-94 school year, the
5 district's combined state and local revenue per membership pupil shall
6 be recalculated as if that millage reduction did not occur and the
7 district's foundation allowance shall be calculated as if its 1994-95
8 foundation allowance had been calculated using that recalculated 1993-94
9 combined state and local revenue per membership pupil as a base. A
10 district is not entitled to any retroactive payments for fiscal years
11 before 2000-2001 due to this subsection.

12 **(16)** ~~(18)~~ For a district in which an industrial facilities
13 exemption certificate that abated taxes on property with a state
14 equalized valuation greater than the total state equalized valuation of
15 the district at the time the certificate was issued or \$700,000,000.00,
16 whichever is greater, was issued under 1974 PA 198, MCL 207.551 to
17 207.572, before the calculation of the district's 1994-95 foundation
18 allowance, the district's foundation allowance for 2002-2003 is an
19 amount equal to the sum of the district's foundation allowance for 2002-
20 2003, as otherwise calculated under this section, plus \$250.00.

21 **(17)** ~~(19)~~ For a district that received a grant under former
22 section 32e for 2001-2002, the district's foundation allowance for 2002-
23 2003 shall be adjusted to be an amount equal to the sum of the
24 district's foundation allowance, as otherwise calculated under this
25 section, plus the quotient of the amount of the grant award to the
26 district for 2001-2002 under former section 32e divided by the
27 district's membership for 2001-2002. A district qualifying for a

1 foundation allowance adjustment under this section shall use the funds
2 resulting from this adjustment for purposes allowable under former
3 section 32e as in effect for 2001-2002.

4 **(18)** ~~-(20)~~ For a district that is a qualifying school district
5 with a school reform board in place under part 5a of the revised school
6 code, MCL 380.371 to 380.376, the district's foundation allowance for
7 2002-2003 shall be adjusted to be an amount equal to the sum of the
8 district's foundation allowance, as otherwise calculated under this
9 section, plus the quotient of \$15,000,000.00 divided by the district's
10 membership for 2002-2003. If a district ceases to meet the requirements
11 of this subsection, the department shall adjust the district's
12 foundation allowance in effect at that time based on a 2002-2003
13 foundation allowance for the district that does not include the 2002-
14 2003 adjustment under this subsection.

15 **(19)** ~~-(21)~~ Payments to districts, university schools, or public
16 school academies shall not be made under this section. Rather, the
17 calculations under this section shall be used to determine the amount of
18 state payments under section 22b.

19 **(20)** ~~-(22)~~ If an amendment to section 2 of article VIII of the
20 state constitution of 1963 allowing state aid to some or all nonpublic
21 schools is approved by the voters of this state, each foundation
22 allowance or per pupil payment calculation under this section may be
23 reduced.

24 **(21)** ~~-(23)~~ As used in this section:

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

1 revenue.

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

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

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

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

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

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

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

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

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

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

26 (l) "Taxable value per membership pupil" means taxable value, as
27 certified by the department of treasury, for the calendar year ending in
28 the current state fiscal year divided by the district's membership

1 excluding special education pupils for the school year ending in the
2 current state fiscal year.

3 Sec. 20k. If the maximum amount appropriated under section 11 from
4 the state school aid fund for a fiscal year exceeds the amount
5 available for expenditure from the state school aid fund for that
6 fiscal year, the payments calculated under section 20j and made under
7 section 22b shall be considered to be foundation allowance payments for
8 the purpose of determining the maximum number of mills a school
9 district can levy under section 1211(3) of the revised school code, MCL
10 380.1211. However, the amount to be considered a foundation allowance
11 payment for this purpose shall not exceed the amount reduced from the
12 district's state aid payment as a result of the implementation of
13 section 11(3).

14 Sec. 20l. For a district that is formed or reconfigured after June
15 1,2002 by consolidation of 2 or more districts or by annexation, the
16 resulting district's foundation allowance under section 20 beginning
17 after the effective date of the consolidation or annexation shall be the
18 lesser of the average of the foundation allowances of each of the
19 original or affected districts plus \$10.00, calculated as provided in
20 section 20, weighted as to the percentage of pupils in total membership
21 in the resulting district who reside in the geographic area of each of
22 the original districts, or an amount equal to \$6,500.00 adjusted by the
23 dollar amount of the difference between the basic foundation allowance
24 under section 20 for the current state fiscal year and \$5,000.00, minus
25 \$200.00.

26 Sec. 22a. (1) From the appropriation in section 11, there is
27 allocated an amount not to exceed ~~\$7,022,000,000.00 for 2001-2002 and an~~

1 ~~amount not to exceed \$6,953,000,000.00 each fiscal year for 2002-2003~~
2 ~~and \$6,826,000,000.00~~ for 2003-2004 for payments to districts,
3 qualifying university schools, and qualifying public school academies to
4 guarantee each district, qualifying university school, and qualifying
5 public school academy an amount equal to its 1994-95 total state and
6 local per pupil revenue for school operating purposes under section 11
7 of article IX of the state constitution of 1963. Pursuant to section 11
8 of article IX of the state constitution of 1963, this guarantee does not
9 apply to a district in a year in which the district levies a millage
10 rate for school district operating purposes less than it levied in 1994.
11 However, subsection (2) applies to calculating the payments under this
12 section. Funds allocated under this section that are not expended in the
13 state fiscal year for which they were allocated, as determined by the
14 department, may be used to supplement the allocations under sections 22b
15 and 51c in order to fully fund those calculated allocations for the same
16 fiscal year.

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

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

1 mills or the number of mills of school operating taxes levied by the
2 district in 1993-94 and the quotient of the ad valorem property tax
3 revenue of the district captured under 1975 PA 197, MCL 125.1651 to
4 125.1681, the tax increment finance authority act, 1980 PA 450, MCL
5 125.1801 to 125.1830, the local development financing act, 1986 PA 281,
6 MCL 25.2151 to 125.2174, or the brownfield redevelopment financing act,
7 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's
8 membership. For a district that has a millage reduction required under
9 section 31 of article IX of the state constitution of 1963, the state
10 portion of the district's foundation allowance shall be calculated as if
11 that reduction did not occur.

12 (b) For a district that had a 1994-95 foundation allowance greater
13 than \$6,500.00, the state payment under this subsection shall be the sum
14 of the amount calculated under subdivision (a) plus the amount
15 calculated under this subdivision. The amount calculated under this
16 subdivision shall be equal to the difference between the district's
17 1994-95 foundation allowance minus \$6,500.00 and the current year hold
18 harmless school operating taxes per pupil. If the result of the
19 calculation under subdivision (a) is negative, the negative amount shall
20 be an offset against any state payment calculated under this
21 subdivision. If the result of a calculation under this subdivision is
22 negative, there shall not be a state payment or a deduction under this
23 subdivision. The taxable values per membership pupil used in the
24 calculations under this subdivision are as adjusted by ad valorem
25 property tax revenue captured under 1975 PA 197, MCL 125.1651 to
26 125.1681, the tax increment finance authority act, 1980 PA 450, MCL
27 125.1801 to 125.1830, the local development financing act, 1986 PA 281,

1 MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act,
2 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's
3 membership.

4 (3) For pupils in membership in a qualifying public school academy
5 or qualifying university school, there is allocated under this section
6 ~~each fiscal year for 2001-2002, for 2002-2003, and~~ for **fiscal year** 2003-
7 2004 to the authorizing body that is the fiscal agent for the qualifying
8 public school academy for forwarding to the qualifying public school
9 academy, or to the board of the public university operating the
10 qualifying university school, an amount equal to the 1994-95 per pupil
11 payment to the qualifying public school academy or qualifying university
12 school under section 20.

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

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

1 district's 1994-95 foundation allowance shall be considered for the
2 purpose of calculations under this subsection to be equal to the amount
3 of the 1994-95 basic foundation allowance.

4 (6) As used in this section:

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

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

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

16 (d) "Hold harmless millage" means, for a district with a 1994-95
17 foundation allowance greater than \$6,500.00, the number of mills by
18 which the exemption from the levy of school operating taxes on a
19 homestead and qualified agricultural property could be reduced as
20 provided in section 1211(1) of the revised school code, MCL 380.1211,
21 and the number of mills of school operating taxes that could be levied
22 on all property as provided in section 1211(2) of the revised school
23 code, MCL 380.1211, as certified by the department of treasury for the
24 1994 tax year.

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

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

1 calculation is made.

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

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

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

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

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

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

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

25 Sec. 22b. (1) From the appropriation in section 11, there is
26 allocated an amount not to exceed ~~\$2,368,000,000.00 for 2001-2002, an~~
27 ~~amount not to exceed \$2,883,500,000.00 for 2002-2003, and an amount not~~

1 ~~to exceed \$2,880,000,000.00~~ **\$2,873,000,000.00** for 2003-2004 for
2 discretionary nonmandated payments to districts under this section.
3 Funds allocated under this section that are not expended in the state
4 fiscal year for which they were allocated, as determined by the
5 department, may be used to supplement the allocations under sections 22a
6 and 51c in order to fully fund those calculated allocations for the same
7 fiscal year.

8 (2) Subject to subsection (3), subsections (5) to (9), and section
9 11, the allocation to a district under this section shall be an amount
10 equal to the sum of the amounts calculated under sections 20, 20j,
11 51a(2), 51a(3), and 51a(12), minus the sum of the allocations to the
12 district under sections 22a and 51c.

13 (3) In order to receive an allocation under this section, each
14 district shall administer in each grade level that it operates in grades
15 1 to 5 a standardized assessment approved by the department of grade-
16 appropriate basic educational skills. A district may use the Michigan
17 literacy progress profile to satisfy this requirement for grades 1 to 3.
18 Also, if the revised school code is amended to require annual
19 assessments at additional grade levels, in order to receive an
20 allocation under this section each district shall comply with that
21 requirement.

22 (4) From the allocation in subsection (1), the department shall
23 expend funds to pay for necessary costs associated with resolving
24 matters pending in federal court impacting payments to districts,
25 including, but not limited to, expert witness fees. Beginning in 2001-
26 2002, from the allocation in subsection (1), the department shall also
27 pay up to \$1,000,000.00 in litigation costs incurred by this state

1 associated with lawsuits filed by 1 or more districts or intermediate
2 districts against this state. If the allocation under this section is
3 insufficient to fully fund all payments required under this section, the
4 payments under this subsection shall be made in full before any
5 proration of remaining payments under this section.

6 ~~(5) It is the intent of the legislature that all constitutional~~
7 ~~obligations of this state have been fully funded under sections 22a,~~
8 ~~31d, 51a, and 51e. If a claim is made by an entity receiving funds under~~
9 ~~this act that challenges the legislative determination of the adequacy~~
10 ~~of this funding or alleges that there exists an unfunded constitutional~~
11 ~~requirement, the state budget director may escrow or allocate from the~~
12 ~~discretionary funds for nonmandated payments under this section the~~
13 ~~amount as may be necessary to satisfy the claim before making any~~
14 ~~payments to districts under subsection (2). If funds are escrowed, the~~
15 ~~escrowed funds are a work project appropriation and the funds are~~
16 ~~carried forward into the following fiscal year. The purpose of the work~~
17 ~~project is to provide for any payments that may be awarded to districts~~
18 ~~as a result of litigation. The work project shall be completed upon~~
19 ~~resolution of the litigation.~~

20 ~~—— (6) If the local claims review board or a court of competent~~
21 ~~jurisdiction makes a final determination that this state is in violation~~
22 ~~of section 29 of article IX of the state constitution of 1963 regarding~~
23 ~~state payments to districts, the state budget director shall use work~~
24 ~~project funds under subsection (5) or allocate from the discretionary~~
25 ~~funds for nonmandated payments under this section the amount as may be~~
26 ~~necessary to satisfy the amount owed to districts before making any~~
27 ~~payments to districts under subsection (2).~~

1 ~~—— (7) If a claim is made in court that challenges the legislative~~
2 ~~determination of the adequacy of funding for this state's constitutional~~
3 ~~obligations or alleges that there exists an unfunded constitutional~~
4 ~~requirement, any interested party may seek an expedited review of the~~
5 ~~claim by the local claims review board. If the claim exceeds~~
6 ~~\$10,000,000.00, this state may remove the action to the court of~~
7 ~~appeals, and the court of appeals shall have and shall exercise~~
8 ~~jurisdiction over the claim.~~

9 ~~—— (8) If payments resulting from a final determination by the local~~
10 ~~claims review board or a court of competent jurisdiction that there has~~
11 ~~been a violation of section 29 of article IX of the state constitution~~
12 ~~of 1963 exceed the amount allocated for discretionary nonmandated~~
13 ~~payments under this section, the legislature shall provide for adequate~~
14 ~~funding for this state's constitutional obligations at its next~~
15 ~~legislative session.~~

16 ~~—— (9) If a lawsuit challenging payments made to districts related to~~
17 ~~costs reimbursed by federal title XIX medicaid funds is filed against~~
18 ~~this state during 2001-2002, 2002-2003, or 2003-2004, 50% of the amount~~
19 ~~allocated in subsection (1) not previously paid out for 2002-2003 and~~
20 ~~each succeeding fiscal year is a work project appropriation and the~~
21 ~~funds are carried forward into the following fiscal year. The purpose of~~
22 ~~the work project is to provide for any payments that may be awarded to~~
23 ~~districts as a result of the litigation. The work project shall be~~
24 ~~completed upon resolution of the litigation. In addition, this state~~
25 ~~reserves the right to terminate future federal title XIX medicaid~~
26 ~~reimbursement payments to districts if the amount or allocation of~~
27 ~~reimbursed funds is challenged in the lawsuit. As used in this~~

1 subsection, "title XIX" means title XIX of the social security act,
2 chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6 and 1396r-8 to
3 1396v.

4 Sec. 24. (1) Subject to subsection (2), from the appropriation in
5 section 11, there is allocated ~~each fiscal year for 2001-2002, for 2002-~~
6 ~~2003, and~~ for **fiscal year** 2003-2004 to the educating district or
7 intermediate district an amount equal to 100% of the added cost each
8 fiscal year for educating all pupils assigned by a court or the family
9 independence agency to reside in or to attend a juvenile detention
10 facility or child caring institution licensed by the family independence
11 agency or the department of consumer and industry services and approved
12 by the department to provide an on-grounds education program. The total
13 amount to be paid under this section for added cost shall not exceed
14 ~~\$8,400,000.00 for 2001-2002 and \$8,900,000.00 each fiscal year for 2002-~~
15 ~~2003 and~~ **\$10,900,000.00** for 2003-2004. For the purposes of this section,
16 "added cost" shall be computed by deducting all other revenue received
17 under this act for pupils described in this section from total costs, as
18 approved by the department, for educating those pupils in the on-grounds
19 education program or in a program approved by the department that is
20 located on property adjacent to a juvenile detention facility or child
21 caring institution. Costs reimbursed by federal funds are not included.

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

1 grounds educational program that was longer than 181 days but not longer
2 than 233 days and that was operated by a district or intermediate
3 district.

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

6 Sec. 26a. From the ~~general fund~~ appropriation in section 11, **from**
7 **the funds available in the state treasury as a result of the**
8 **implementation of section 12(4), 1971 PA 140, MCL 141.912,** there is
9 allocated an amount not to exceed ~~\$8,800,000.00 for 2001-2002 and an~~
10 ~~amount not to exceed \$10,174,000.00 each fiscal year for 2002-2003 and~~
11 **\$27,910,000.00** for 2003-2004 to reimburse districts, intermediate
12 districts, and the state school aid fund pursuant to section 12 of the
13 Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes
14 levied in ~~2001, 2002, and 2003. , respectively.~~ This reimbursement
15 shall be made by adjusting payments under section 22a to eligible
16 districts, adjusting payments under section 56, 62, or 81 to eligible
17 intermediate districts, and adjusting the state school aid fund. The
18 adjustments shall be made not later than 60 days after the department of
19 treasury certifies to the department and to the state budget director
20 that the department of treasury has received all necessary information
21 to properly determine the amounts due to each eligible recipient.

22 Sec. 31a. (1) From the ~~state school aid fund money appropriated~~
23 **appropriation** in section 11, there is allocated ~~for 2001-2002 an amount~~
24 ~~not to exceed \$314,200,000.00 and there is allocated each fiscal year~~
25 ~~for 2002-2003 and~~ for 2003-2004 an amount not to exceed \$314,200,000.00
26 for payments to eligible districts and eligible public school academies
27 under this section. Subject to subsection (11), the amount of the

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

17 (2) To be eligible to receive funding under this section, other
18 than funding under subsection (6), a district or public school academy
19 that has not been previously determined to be eligible shall apply to
20 the department, in a form and manner prescribed by the department, and a
21 district or public school academy must meet all of the following:

22 (a) The sum of the district's or public school academy's combined
23 state and local revenue per membership pupil in the current state fiscal
24 year, as calculated under section 20, plus the amount of the district's
25 per pupil allocation under section 20j(2), is less than or equal to
26 \$6,500.00 adjusted by the dollar amount of the difference between the
27 basic foundation allowance under section 20 for the current state fiscal

1 year and \$5,000.00, **minus \$200.00**. ~~However, beginning in 2002-2003, the~~
2 ~~\$6,500.00 amount prescribed in this subdivision shall be adjusted each~~
3 ~~year by an amount equal to the dollar amount of the difference between~~
4 ~~the basic foundation allowance for the current state fiscal year and~~
5 ~~\$5,000.00, minus \$200.00.~~

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

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

1 ~~\$5,000.00, minus \$200.00.~~ A public school academy that began operations
2 as a public school academy after the pupil membership count day of the
3 immediately preceding school year shall receive under this section for
4 each membership pupil in the public school academy who met the income
5 eligibility criteria for free breakfast, lunch, or milk, as determined
6 under the Richard B. Russell national school lunch act and as reported
7 to the department by October 31 of the current fiscal year and adjusted
8 not later than December 31 of the current fiscal year, an amount per
9 pupil equal to 11.5% of the public school academy's per membership pupil
10 amount calculated under section 20 for the current state fiscal year.

11 (4) Except as otherwise provided in this section, a district or
12 public school academy receiving funding under this section shall use
13 that money only to provide instructional programs and direct
14 noninstructional services, including, but not limited to, medical or
15 counseling services, for at-risk pupils; for school health clinics; and
16 for the purposes of subsection (5) or (6), and shall not use any of that
17 money for administrative costs or to supplant another program or other
18 funds, except for funds allocated to the district or public school
19 academy under this section in the immediately preceding year and already
20 being used by the district or public school academy for at-risk pupils.
21 The instruction or direct noninstructional services provided under this
22 section may be conducted before or after regular school hours **and may**
23 **include but is not limited to tutorial services, and programs that**
24 **combine academic, enrichment, and recreational activities,** or by adding
25 extra school days to the school year. ~~and may be conducted using a~~ **A**
26 tutorial method ~~—~~ **may be conducted** with paraprofessionals working under
27 the supervision of a certificated teacher. The ratio of pupils to

1 paraprofessionals shall be between 10:1 and 15:1. Only 1 certificated
2 teacher is required to supervise instruction using a tutorial method. As
3 used in this subsection, "to supplant another program" means to take the
4 place of a previously existing instructional program or direct
5 noninstructional services funded from a funding source other than
6 funding under this section.

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

13 (6) From the funds allocated under subsection (1), there is
14 ~~allocated for 2001-2002 an amount not to exceed \$2,400,000.00 to support~~
15 ~~teen health centers. These 2001-2002 funds shall be distributed to~~
16 ~~existing teen health centers in a manner determined by the department in~~
17 ~~collaboration with the department of community health. From the funds~~
18 ~~allocated under subsection (1), there is allocated each fiscal year for~~
19 ~~2002-2003 and for~~ **beginning in** 2003-2004 an amount not to exceed
20 \$3,743,000.00 ~~for competitive grants~~ to support teen health centers.
21 These grants ~~for 2002-2003 and 2003-2004~~ shall be awarded **for three**
22 **consecutive years beginning in fiscal year 2003-2004** in a form and
23 manner approved jointly by the department and the department of
24 community health. **Each grant recipient shall remain in compliance with**
25 **the terms of the grant award or shall forfeit the grant for the**
26 **remaining time of the grant award.** If any funds allocated under this
27 subsection are not used for the purposes of this subsection for the

1 fiscal year in which they are allocated, those unused funds shall be
2 used that fiscal year to avoid or minimize any proration that would
3 otherwise be required under subsection (11) for that fiscal year.

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

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

25 (9) Subject to subsections (5) and (6), any district may use up to
26 100% of the funds it receives under this section to reduce the ratio of
27 pupils to teachers in grades K-6, or any combination of those grades, in

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

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

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

27 ~~(12) Funds allocated under this section that are unexpended and~~

1 unencumbered at the end of the fiscal year for which they were allocated
2 shall be carried forward and used in subsequent fiscal years to avoid or
3 minimize any proration that would otherwise be required under subsection
4 ~~(11)~~.

5 **(12)** ~~-(13)-~~ If a district is formed by consolidation after June 1,
6 1995, and if 1 or more of the original districts was not eligible before
7 the consolidation for an additional allowance under this section, the
8 amount of the additional allowance under this section for the
9 consolidated district shall be based on the number of pupils described
10 in subsection (1) enrolled in the consolidated district who reside in
11 the territory of an original district that was eligible before the
12 consolidation for an additional allowance under this section.

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

1 fiscal year, as determined and reported as described in subsection (1),
2 an amount per pupil equal to ~~5.75% for 2001-2002 and 11.5% for 2002-2003~~
3 ~~and subsequent fiscal years~~ of the sum of the district's foundation
4 allowance or public school academy's per pupil allocation under section
5 20, plus the amount of the district's per pupil allocation under section
6 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the
7 difference between the basic foundation allowance under section 20 for
8 the current state fiscal year and \$5,000.00, **minus \$200.00.** ~~However,~~
9 ~~beginning in 2002-2003, the \$6,500.00 amount prescribed in this~~
10 ~~subsection shall be adjusted each year by an amount equal to the dollar~~
11 ~~amount of the difference between the basic foundation allowance for the~~
12 ~~current state fiscal year and \$5,000.00, minus \$200.00.~~

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

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

6 Sec. 31d. (1) From the ~~state school aid fund~~ appropriation in
7 section 11, there is allocated an amount not to exceed ~~\$16,477,700.00~~
8 ~~for 2001-2002 and an amount not to exceed \$17,337,200.00 each fiscal~~
9 ~~year for 2002-2003 and \$21,300,000.00 for 2003-2004, and from the~~
10 ~~general fund appropriation in section 11, there is allocated an amount~~
11 ~~not to exceed \$722,300.00 for 2001-2002 and an amount not to exceed~~
12 ~~\$762,800.00 each fiscal year for 2002-2003 and for 2003-2004~~ for the
13 purpose of making payments to districts ~~7~~ and ~~intermediate districts, and~~
14 ~~other eligible entities~~ **public school academies** under this section.

15 (2) The amounts allocated from state sources under this section
16 shall be used to pay the amount necessary to reimburse districts for
17 6.0127% of the necessary costs of the state mandated portion of the
18 school lunch programs provided by those districts. The amount due to
19 each district under this section shall be computed by the department
20 using the methods of calculation adopted by the Michigan supreme court
21 in the consolidated cases known as Durant v State of Michigan, Michigan
22 supreme court docket no. 104458-104492.

23 (3) The payments made under this section include all state
24 payments made to districts so that each district receives at least
25 6.0127% of the necessary costs of operating the state mandated portion
26 of the school lunch program in a fiscal year.

27 (4) From the federal funds appropriated in section 11, there is

1 ~~Allocated each fiscal year for 2002-2003 and for~~ **fiscal year** 2003-2004
2 all available federal funding, estimated at \$272,125,000.00 ~~each fiscal~~
3 ~~year,~~ for the national school lunch program and all available federal
4 funding, estimated at \$2,506,000.00, for the emergency food assistance
5 program.

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

9 Sec. 32d.(1) ~~From the state school aid fund allocation under section~~
10 ~~32a(1), there is allocated an amount not to exceed \$72,600,000.00 for~~
11 ~~2001-2002, and from the state school aid fund money allocated under~~
12 ~~section 32a,~~ **appropriation in section 11,** there is allocated an amount
13 not to exceed ~~-\$72,600,000.00 each fiscal year for 2002-2003 and~~
14 **\$72,800,000.00** for 2003-2004, for school readiness grants to enable
15 eligible districts, as determined under section 37, to develop or
16 expand, in conjunction with whatever federal funds may be available,
17 including, but not limited to, federal funds under title I of the
18 elementary and secondary education act of 1965, Public Law 89-10, 108
19 Stat. 3519, chapter 1 of title I of the Hawkins-Stafford elementary and
20 secondary school improvement amendments of 1988, Public Law 89-10, 102
21 Stat. 140, and the head start act, subchapter B of chapter 8 of subtitle
22 A of title VI of the omnibus budget reconciliation act of 1981, Public
23 Law 97-35, comprehensive compensatory programs designed to improve the
24 readiness and subsequent achievement of educationally disadvantaged
25 children as defined by the department who will be at least 4, but less
26 than 5 years of age, as of December 1 of the school year in which the
27 programs are offered, and who show evidence of 2 or more risk factors as

1 defined in the state board report entitled "children at risk" that was
2 adopted by the state board on April 5, 1988. A comprehensive
3 compensatory program funded under this section shall include an age-
4 appropriate educational curriculum, nutritional services, health
5 screening for participating children, a plan for parent and legal
6 guardian involvement, and provision of referral services for families
7 eligible for community social services. ~~In addition, from the general
8 fund allocations under section 32a(1), there is allocated an amount not
9 to exceed \$200,000.00 for 2001-2002 for the purposes of subsection (2),
10 and from the general fund money allocated under section 32a, there is
11 allocated an amount not to exceed \$200,000.00 each fiscal year for 2002-
12 2003 and for 2003-2004 for the purposes of subsection (2).~~

13 (2) From the ~~general fund~~ allocation in subsection (1), there is
14 Allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-
15 2004~~ an amount not to exceed \$200,000.00 for a ~~competitive grant to a
16 **qualifying intermediate school district**~~ to continue a longitudinal
17 evaluation of children who have participated in the Michigan school
18 readiness program.

19 (3) A district receiving a grant under this section may contract for
20 the provision of the comprehensive compensatory program and retain for
21 administrative services an amount equal to not more than 5% of the grant
22 amount.

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

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

9 **Sec. 32j. (1) From the appropriation in section 11, there is**
10 **allocated an amount not to exceed \$3,326,000.00 for 2003-2004 for grants**
11 **to intermediate districts to provide programs for parents with preschool**
12 **children. The purpose of these programs is to improve school readiness**
13 **and foster the maintenance of stable families by encouraging positive**
14 **parenting skills.**

15 **(2) To qualify for funding under this section, a program shall**
16 **provide services to all families with children age 5 or younger residing**
17 **within the intermediate district who choose to participate, including at**
18 **least all of the following services:**

19 **(a) Providing parents with information on child development from**
20 **birth to age 5.**

21 **(b) Providing parents with methods to enhance parent-child**
22 **interaction; including but not limited to, encouraging parents to read**
23 **to their preschool children at least one-half hour per day.**

24 **(c) Providing parents with examples of learning opportunities to**
25 **promote intellectual, physical, and social growth of preschoolers.**

26 **(d) Promoting access to needed community services through a**
27 **community-school-home partnership.**

1 (3) To compete for a grant under this section, an intermediate
2 district shall apply to the department not later than October 1, 2003 in
3 the form and manner prescribed by the department. To be considered for a
4 grant under this section, a grant application must provide all of the
5 following in a manner prescribed by the department:

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

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

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

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

27 (5) The department shall do all of the following:

1 (a) The department shall make applications available for the
2 purposes of this section not later than August 15, 2003.

3 (b) The superintendent shall approve or disapprove applications and
4 notify the applying intermediate district of that decision not later
5 than November 15, 2003. The amount of each approved grant shall not
6 exceed 3.5% of the intermediate district's 2002-2003 payment under
7 section 81.

8 (c) The department shall ensure that all programs funded under this
9 section utilize the most current validated research-based methods and
10 curriculum for providing the program components described in subsection
11 (2).

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

15 (6) An intermediate district receiving funds under this section
16 shall use the funds only for the program funded under this section. An
17 intermediate district receiving funds under this section may carry over
18 any unexpended funds received under this section to subsequent fiscal
19 years and may expend those unused funds in subsequent fiscal years.

20 Sec. 38. The maximum number of prekindergarten children construed to
21 be in need of special readiness assistance under section 32d shall be
22 calculated **in the spring for the next school year** for each district in
23 the following manner: one-half of the percentage of the district's
24 pupils in grades 1-5 who are eligible for free lunch, as determined by
25 the district's October count in the ~~immediately preceding~~ school year
26 **preceding the current year** under the Richard B. Russell national school
27 lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to

1 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, as
 2 reported to the department not later than December 31 of the ~~immediately~~
 3 ~~preceding~~ fiscal year **preceding the current year**, shall be multiplied by
 4 the average kindergarten enrollment of the district on the pupil
 5 membership count day of the 2 ~~immediately preceding~~ **school** years
 6 **preceding the current year**.

7 Sec. 39a.(1) From the appropriation in section 11, there is
 8 allocated ~~each fiscal year for 2002-2003 and~~ for 2003-2004 to districts,
 9 intermediate districts, and other eligible entities all available
 10 federal funding, estimated at ~~\$634,919,400.00 each fiscal year~~
 11 **\$660,956,900.00** for the federal programs under the no child left behind
 12 act of 2001, Public Law 107-110, 115 Stat. 1425. These funds are
 13 allocated for each fiscal year as follows:

14 (a) An amount estimated at \$1,666,300.00 for community service state
 15 grants, funded from DED-OESE, community service state grant funds.

16 (b) An amount estimated at ~~\$15,520,100.00~~ **\$15,946,200.00** to provide
 17 students with drug- and violence-prevention programs and to implement
 18 strategies to improve school safety, funded from DED-OESE, drug-free
 19 schools and communities funds.

20 (c) An amount estimated at ~~\$22,572,000.00~~ **\$19,425,300.00** for the
 21 purpose of improving teaching and learning through a more effective use
 22 of technology, funded from DED-OESE, educational technology state grant
 23 funds.

24 (d) An amount estimated at ~~\$104,568,800.00~~ **\$105,570,600.00** for the
 25 purpose of preparing, training, and recruiting high-quality teachers and
 26 class size reduction, funded from DED-OESE, improving teacher quality
 27 funds.

1 (e) An amount estimated at \$4,647,700.00 for programs to teach
2 English to limited English proficient (LEP) children, funded from DED-
3 OESE, language acquisition state grant funds.

4 (f) An amount estimated at \$8,550,000.00 for the Michigan charter
5 school subgrant program, funded from DED-OESE, charter school funds.

6 (g) An amount estimated at \$247,600.00 for Michigan model
7 partnership for character education programs, funded from DED-OESE, title
8 X, fund for improvement of education funds.

9 (h) An amount estimated at ~~\$1,909,600.00~~ **\$2,010,100.00** for rural
10 and low income schools, funded from DED-OESE, rural and low income
11 school funds.

12 (i) An amount estimated at \$11,123,700.00 to help schools develop
13 and implement comprehensive school reform programs, funded from DED-OESE,
14 title I and title X, comprehensive school reform funds.

15 (j) An amount estimated at ~~\$401,388,600.00~~ **\$427,000,000.00** to
16 provide supplemental programs to enable educationally disadvantaged
17 children to meet challenging academic standards, funded from DED-OESE,
18 title I, disadvantaged children funds.

19 (k) An amount estimated at \$8,246,600.00 for the purpose of
20 providing unified family literacy programs, funded from DED-OESE, title
21 I, even start funds.

22 (l) An amount estimated at \$8,953,100.00 for the purpose of
23 identifying and serving migrant children, funded from DED-OESE, title I,
24 migrant education funds.

25 (m) An amount estimated at \$22,779,000.00 to promote high-quality
26 school reading instruction for grades K-3, funded from DED-OESE, title
27 I, reading first state grant funds.

1 (n) An amount estimated at ~~\$11,585,100.00~~ **\$13,629,500.00** for the
2 purpose of implementing innovative strategies for improving student
3 achievement, funded from DED-OESE, title VI, innovative strategies
4 funds.

5 (o) An amount estimated at \$11,161,200.00 for the purpose of
6 providing high-quality extended learning opportunities, after school and
7 during the summer, for children in low-performing schools, funded from
8 DED-OESE, twenty-first century community learning center funds.

9 (2) From the federal funds appropriation in section 11, there is
10 allocated ~~each fiscal year for 2002-2003 and~~ for 2003-2004 to districts,
11 intermediate districts, and other eligible entities all available
12 federal funding, estimated at ~~-\$6,495,300.00~~ **\$5,421,800.00** each fiscal
13 year, for the following programs that are funded by federal grants:

14 (a) An amount estimated at \$600,000.00 for acquired immunodeficiency
15 syndrome education grants, funded from HHS-center for disease control,
16 AIDS funding.

17 ~~(b) An amount estimated at \$976,000.00 for at risk child care,~~
18 ~~funded from HHS ACF, at risk child care funds.~~

19 **(b)** ~~(e)~~ An amount estimated at \$1,553,500.00 for emergency services
20 to immigrants, funded from DED-OBEMLA, emergency immigrant education
21 assistance funds.

22 **(c)** ~~(d)~~ An amount estimated at \$1,468,300.00 to provide services to
23 homeless children and youth, funded from DED-OVAE, homeless children and
24 youth funds.

25 **(d)** ~~(e)~~ An amount estimated at ~~-\$400,000.00~~ **\$1,000,000.00** for
26 refugee children school impact grants, funded from HHS-ACF, refugee
27 children school impact funds.

1 ~~(f) An amount estimated at \$857,500.00 for school age child care~~
 2 ~~grants, funded from HHS ACF, dependent care block grant funds.~~

3 **(e)** ~~(g)~~ An amount estimated at ~~-\$640,000.00~~ **\$800,000.00** for serve
 4 America grants, funded from the corporation for national and community
 5 service funds.

6 (3) All federal funds allocated under this section shall be
 7 distributed in accordance with federal law and with flexibility
 8 provisions outlined in Public Law 107-116 and in the education
 9 flexibility partnership act of 1999, Public Law 106-25, 113 Stat. 41.
 10 Notwithstanding section 17b, payments of federal funds to districts,
 11 intermediate districts, and other eligible entities under this section
 12 shall be paid on a schedule determined by the department.

13 (4) As used in this section:

14 (a) "DED" means the United States department of education.

15 (b) "DED-OBEMLA" means the DED office of bilingual education and
 16 minority languages affairs.

17 (c) "DED-OESE" means the DED office of elementary and secondary
 18 education.

19 (d) "DED-OVAE" means the DED office of vocational and adult
 20 education.

21 (e) "HHS" means the United States department of health and human
 22 services.

23 (f) "HHS-ACF" means the HHS administration for children and
 24 families.

25 Sec. 41. From the appropriation in section 11, there is allocated an
 26 amount not to exceed \$4,212,000.00 ~~each fiscal year for 2001-2002, for~~
 27 ~~2002-2003, and~~ for 2003-2004 to applicant districts and intermediate
 28 districts offering programs of bilingual instruction for pupils of

1 limited English-speaking ability under section 1153 of the revised
 2 school code, MCL 380.1153. Reimbursement shall be on a per pupil basis
 3 and shall be based on the number of pupils of limited English-speaking
 4 ability in membership on the pupil membership count day. Funds allocated
 5 under this section shall be used solely for bilingual instruction in
 6 speaking, reading, writing, or comprehension of pupils of limited
 7 English-speaking ability.

8 Sec. 51a.(1) From the appropriation in section 11, ~~there is~~
 9 ~~allocated for 2001-2002 an amount not to exceed \$796,401,900.00 from~~
 10 ~~state sources and all available federal funding under sections 611 to 619~~
 11 ~~of part B of the individuals with disabilities education act, title VI of~~
 12 ~~Public Law 91-230, 20 U.S.C. 1411 to 1419, estimated at \$203,000,000.00,~~
 13 ~~plus any carryover federal funds from previous year appropriations; and~~
 14 there is allocated each fiscal year for 2002-2003 and for 2003-2004 an
 15 amount not to exceed ~~\$852,721,900.00~~ **\$885,183,000.00** from state sources
 16 and all available federal funding ~~—~~ **under sections 611 to 619 of part B**
 17 **of the individuals with disabilities education act, title VI of Public**
 18 **Law 91-230, 20 U.S.C. 1411 to 1419,** estimated at \$235,000,000.00 ~~each~~
 19 ~~fiscal year,~~ plus any carryover federal funds from previous year
 20 appropriations. The allocations under this subsection are for the
 21 purpose of reimbursing districts and intermediate districts for special
 22 education programs, services, and special education personnel as
 23 prescribed in article 3 of the revised school code, MCL 380.1701 to
 24 380.1766; net tuition payments made by intermediate districts to the
 25 Michigan schools for the deaf and blind; and special education programs
 26 and services for pupils who are eligible for special education programs
 27 and services according to statute or rule. For meeting the costs of

1 special education programs and services not reimbursed under this
2 article, a district or intermediate district may use money in general
3 funds or special education funds, not otherwise restricted, or
4 contributions from districts to intermediate districts, tuition
5 payments, gifts and contributions from individuals, or federal funds
6 that may be available for this purpose, as determined by the
7 intermediate district plan prepared pursuant to article 3 of the revised
8 school code, MCL 380.1701 to 380.1766. All federal funds allocated under
9 this section in excess of those allocated under this section for 2001-
10 2002 may be distributed in accordance with 34 C.F.R. 300.234 and section
11 613(a)(2)(D) of part B of title VI of the individuals with disabilities
12 education act, Public Law 91-230, 20 U.S.C. 1413. Notwithstanding
13 section 17b, payments of federal funds to districts, intermediate
14 districts, and other eligible entities under this section shall be paid
15 on a schedule determined by the department.

16 (2) From the funds allocated under subsection (1), there is
17 allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-~~
18 2004 the amount necessary, estimated at ~~\$139,200,000.00 for 2001-2002 and~~
19 ~~\$149,500,000.00 each fiscal year for 2002-2003 and~~ **\$160,500,000.00** for
20 2003-2004, for payments toward reimbursing districts and intermediate
21 districts for 28.6138% of total approved costs of special education,
22 excluding costs reimbursed under section 53a, and 70.4165% of total
23 approved costs of special education transportation. Allocations under
24 this subsection shall be made as follows:

25 (a) The initial amount allocated to a district under this subsection
26 toward fulfilling the specified percentages shall be calculated by
27 multiplying the district's special education pupil membership, excluding

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

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

1 (3) From the funds allocated under subsection (1), there is
2 allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-~~
3 2004 the amount necessary, estimated at ~~-\$2,000,000.00 each fiscal year,~~
4 **\$1,800,000.00** to make payments to districts and intermediate districts
5 under this subsection. If the amount allocated to a district or
6 intermediate district for a fiscal year under subsection (2)(b) is less
7 than the sum of the amounts allocated to the district or intermediate
8 district for 1996-97 under sections 52 and 58, there is allocated to the
9 district or intermediate district for the fiscal year an amount equal to
10 that difference, adjusted by applying the same proration factor that was
11 used in the distribution of funds under section 52 in 1996-97 as
12 adjusted to the district's or intermediate district's necessary costs of
13 special education used in calculations for the fiscal year. This
14 adjustment is to reflect reductions in special education program
15 operations between 1996-97 and subsequent fiscal years. Adjustments for
16 reductions in special education program operations shall be made in a
17 manner determined by the department and shall include adjustments for
18 program shifts.

19 (4) If the department determines that the sum of the amounts
20 allocated for a fiscal year to a district or intermediate district under
21 subsection (2)(a) and (b) is not sufficient to fulfill the specified
22 percentages in subsection (2), then the shortfall shall be paid to the
23 district or intermediate district during the fiscal year beginning on
24 the October 1 following the determination and payments under subsection
25 (3) shall be adjusted as necessary. If the department determines that
26 the sum of the amounts allocated for a fiscal year to a district or
27 intermediate district under subsection (2)(a) and (b) exceeds the sum of

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

9 (5) State funds shall be allocated on a total approved cost basis.
10 Federal funds shall be allocated under applicable federal requirements,
11 except that an amount not to exceed \$3,500,000.00 ~~each fiscal year~~ may
12 be allocated by the department ~~for 2001-2002, for 2002-2003, and~~ for
13 2003-2004 to districts or intermediate districts on a competitive grant
14 basis for programs, equipment, and services that the department
15 determines to be designed to benefit or improve special education on a
16 statewide scale.

17 (6) From the amount allocated in subsection (1), there is allocated
18 an amount not to exceed \$2,200,000.00 ~~each fiscal year for 2001-2002,~~
19 ~~for 2002-2003, and~~ for 2003-2004 to reimburse 100% of the net increase
20 in necessary costs incurred by a district or intermediate district in
21 implementing the revisions in the administrative rules for special
22 education that became effective on July 1, 1987. As used in this
23 subsection, "net increase in necessary costs" means the necessary
24 additional costs incurred solely because of new or revised requirements
25 in the administrative rules minus cost savings permitted in implementing
26 the revised rules. Net increase in necessary costs shall be determined
27 in a manner specified by the department.

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

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

22 (b) Reimbursement for ancillary and other related services, as
23 defined by R 340.1701 of the Michigan administrative code, shall not be
24 provided when those services are covered by and available through
25 private group health insurance carriers or federal reimbursed program
26 sources unless the department and district or intermediate district
27 agree otherwise and that agreement is approved by the state budget
28 director. Expenses, other than the incidental expense of filing, shall

1 not be borne by the parent. In addition, the filing of claims shall not
2 delay the education of a pupil. A district or intermediate district
3 shall be responsible for payment of a deductible amount and for an
4 advance payment required until the time a claim is paid.

5 (8) From the allocation in subsection (1), there is allocated ~~each~~
6 ~~fiscal year for 2001-2002, for 2002-2003, and~~ for 2003-2004 an amount
7 not to exceed \$15,313,900.00 ~~each fiscal year~~ to intermediate districts.
8 The payment under this subsection to each intermediate district shall be
9 equal to the amount of the 1996-97 allocation to the intermediate
10 district under subsection (6) of this section as in effect for 1996-97.

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

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

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

27 (12) From the funds allocated in subsection (1), there is allocated

1 ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004 the~~
2 ~~amount necessary, estimated at \$7,200,000.00 each fiscal year,~~
3 **\$6,900,000.00** to pay the foundation allowances for pupils described in
4 this subsection. The allocation to a district under this subsection
5 shall be calculated by multiplying the number of pupils described in
6 this subsection who are counted in membership in the district times the
7 sum of the foundation allowance under section 20 of the pupil's district
8 of residence plus the amount of the district's per pupil allocation
9 under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar
10 amount of the difference between the basic foundation allowance under
11 section 20 for the current fiscal year and \$5,000.00, **minus \$200.00**, or,
12 for a pupil described in this subsection who is counted in membership in
13 a district that is a public school academy or university school, times
14 an amount equal to the amount per membership pupil under section 20(6).
15 The allocation to an intermediate district under this subsection shall
16 be calculated in the same manner as for a district, using the foundation
17 allowance under section 20 of the pupil's district of residence, not to
18 exceed \$6,500.00 adjusted by the dollar amount of the difference between
19 the basic foundation allowance under section 20 for the current fiscal
20 year and \$5,000.00, **minus \$200.00**, and that district's per pupil
21 allocation under section 20j(2). ~~However, beginning in 2002-2003, the~~
22 ~~\$6,500.00 amount prescribed in this subsection shall be adjusted each~~
23 ~~year by an amount equal to the dollar amount of the difference between~~
24 ~~the basic foundation allowance for the current state fiscal year and~~
25 ~~\$5,000.00, minus \$200.00.~~ This subsection applies to all of the
26 following pupils:

27 (a) Pupils described in section 53a.

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

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

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

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

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

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

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

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

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

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

20 Sec. 51c. As required by the court in the consolidated cases known
21 as Durant v State of Michigan, Michigan supreme court docket no. 104458-
22 104492, from the allocation under section 51a(1), there is allocated
23 ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004 the~~
24 ~~amount necessary, estimated at -\$576,100,000.00 for 2001-2002 and~~
25 ~~\$621,900,000.00 each fiscal year for 2002-2003 and for 2003-2004,~~
26 **\$647,100,000.00** for payments to reimburse districts for 28.6138% of
27 total approved costs of special education excluding costs reimbursed

1 under section 53a, and 70.4165% of total approved costs of special
2 education transportation. Funds allocated under this section that are
3 not expended in the state fiscal year for which they were allocated, as
4 determined by the department, may be used to supplement the allocations
5 under sections 22a and 22b in order to fully fund those calculated
6 allocations for the same fiscal year.

7 Sec. 51d.(1) From the federal funds appropriated in section 11,
8 there is allocated ~~each fiscal year for 2002-2003 and~~ for 2003-2004 all
9 available federal funding, estimated at \$59,837,200.00 each fiscal year,
10 for special education programs that are funded by federal grants. All
11 federal funds allocated under this section shall be distributed in
12 accordance with federal law. Notwithstanding Section 17b, payments of
13 federal funds to districts, intermediate districts, and other eligible
14 entities under this section shall be paid on a schedule determined by
15 the department.

16 (2) From the federal funds allocated under subsection (1), the
17 following amounts are allocated ~~each fiscal year for 2002-2003 and~~ for
18 2003-2004:

19 (a) An amount estimated at \$16,000,000.00 for handicapped infants
20 and toddlers, funded from DED-OSERS, handicapped infants and toddlers
21 funds.

22 (b) An amount estimated at \$13,500,000.00 for preschool grants
23 (Public Law 94-142), funded from DED-OSERS, handicapped preschool
24 incentive funds.

25 (c) An amount estimated at \$30,337,200.00 for special education
26 programs funded by DED-OSERS, handicapped program, individuals with
27 disabilities act funds.

28 (3) As used in this section, "DED-OSERS" means the United States

1 department of education office of special education and rehabilitative
2 services.

3 Sec. 53a.(1) For districts, reimbursement for pupils described
4 in subsection (2), reimbursement shall be 100% of the total approved
5 costs of operating special education programs and services approved by
6 the department and included in the intermediate district plan adopted
7 pursuant to article 3 of the revised school code, MCL 380.1701 to
8 380.1766, minus the district's foundation allowance calculated under
9 section 20, and minus the amount calculated for the district under
10 Section 20j. For intermediate districts, reimbursement for pupils
11 described in section (2) shall be calculated in the same manner as for a
12 district, using the foundation allowance under section 20 of the pupil's
13 district of residence, not to exceed \$6,500.00 adjusted by the dollar
14 amount of the difference between the basic foundation allowance under
15 section 20 for the current fiscal year and the amount calculated for
16 that district \$5,000.00, **minus \$200.00**, and under section 20j. ~~However,~~
17 ~~beginning in 2002-2003, the \$6,500.00 amount prescribed in this~~
18 ~~subsection shall be adjusted each year by an amount equal to the dollar~~
19 ~~amount of the difference between the basic foundation allowance for the~~
20 ~~current state fiscal year and \$5,000.00, minus \$200.00.~~

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

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

27 (b) Pupils who are residents of institutions operated by the

1 department of community health.

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

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

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

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

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

19 (5) Not more than ~~\$14,800,000.00 each fiscal year for 2001-2002, for~~
20 ~~2002-2003, and~~ **\$12,800,000.00** for 2003-2004 of the allocation in section
21 51a(1) shall be allocated under this section.

22 ~~(6) From the allocation in subsection (5), there is allocated each~~
23 ~~fiscal year for 2001-2002, for 2002-2003, and for 2003-2004 an amount~~
24 ~~not to exceed \$150,000.00 to an intermediate district that received at~~
25 ~~least \$1,000,000.00 for 1999-2000 under subsection (4).~~

26 Sec. 54. In addition to the aid received under section 52, each
27 intermediate district shall receive an amount per pupil for each pupil

1 in attendance at the Michigan schools for the deaf and blind. The amount
2 shall be proportionate to the total instructional cost at each school.
3 Not more than \$1,688,000.00 ~~each fiscal year for 2001-2002, for 2002-~~
4 ~~2003, and~~ for 2003-2004 of the allocation in section 51a(1) shall be
5 allocated under this section.

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

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

10 (b) "Millage levied" means the millage levied for special education
11 pursuant to part 30 of the revised school code, MCL 380.1711 to
12 380.1743, including a levy for debt service obligations.

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

19 (2) From the allocation under section 51a(1), there is allocated an
20 amount not to exceed ~~\$37,900,000.00 for 2001-2002 and an amount not to~~
21 ~~exceed \$38,120,000.00 each fiscal year for 2002-2003 and~~ **\$36,881,100.00**
22 for 2003-2004 to reimburse intermediate districts levying millages for
23 special education pursuant to part 30 of the revised school code, MCL
24 380.1711 to 380.1743. The purpose, use, and expenditure of the
25 reimbursement shall be limited as if the funds were generated by these
26 millages and governed by the intermediate district plan adopted pursuant
27 to article 3 of the revised school code, MCL 380.1701 to 380.1766. As a

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

5 (3) ~~Reimbursement for those millages levied in 2000-2001 shall be~~
6 ~~made in 2001-2002 at an amount per 2000-2001 membership pupil computed~~
7 ~~by subtracting from \$119,200.00 the 2000-2001 taxable value behind each~~
8 ~~membership pupil and multiplying the resulting difference by the 2000-~~
9 ~~2001 millage levied. Reimbursement for those millages levied in 2001-~~
10 ~~2002 shall be made in 2002-2003 at an amount per 2001-2002 membership~~
11 ~~pupil computed by subtracting from \$125,900.00 the 2001-2002 taxable~~
12 ~~value behind each membership pupil and multiplying the resulting~~
13 ~~difference by the 2001-2002 millage levied. Reimbursement for those~~
14 millages levied in 2002-2003 shall be made in 2003-2004 at an amount per
15 2002-2003 membership pupil computed by subtracting from ~~\$125,900.00~~
16 **\$132,275.00** the 2002-2003 taxable value behind each membership pupil and
17 multiplying the resulting difference by the 2002-2003 millage levied.

18 Sec. 61a. (1) From the appropriation in section 11, there is
19 allocated an amount not to exceed ~~\$31,027,600.00 each fiscal year for~~
20 ~~2001-2002, for 2002-2003, and~~ **\$30,019,200.00** for 2003-2004 to reimburse
21 on an added cost basis districts, except for a district that served as
22 the fiscal agent for a vocational education consortium in the 1993-94
23 school year, and secondary area vocational-technical education centers
24 for secondary-level vocational-technical education programs, including
25 parenthood education programs, according to rules approved by the
26 superintendent. Applications for participation in the programs shall be
27 submitted in the form prescribed by the department. The department shall

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

11 (2) Except for a district that served as the fiscal agent for a
12 vocational education consortium in the 1993-94 school year, districts
13 and intermediate districts shall be reimbursed for local vocational
14 administration, shared time vocational administration, and career
15 education planning district vocational-technical administration. The
16 definition of what constitutes administration and reimbursement shall be
17 pursuant to guidelines adopted by the superintendent. Not more than
18 \$800,000.00 of the allocation in subsection (1) shall be distributed
19 under this subsection.

20 (3) From the allocation in subsection (1), there is allocated an
21 amount not to exceed \$388,700.00 ~~each fiscal year for 2003-3004~~ to
22 intermediate districts with constituent districts that had combined
23 state and local revenue per membership pupil in the 1994-95 state fiscal
24 year of \$6,500.00 or more, served as a fiscal agent for a state board
25 designated area vocational education center in the 1993-94 school year,
26 and had an adjustment made to their 1994-95 combined state and local
27 revenue per membership pupil pursuant to section 20d. The payment under

1 this subsection to the intermediate district shall equal the amount of
2 the allocation to the intermediate district for 1996-97 under this
3 subsection.

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

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

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

16 (c) "Taxable value" means the total taxable value of the districts
17 constituent to an intermediate district or area vocational-technical
18 education program, except that if a district has elected not to come
19 under sections 681 to 690 of the revised school code, MCL 380.681 to
20 380.690, the membership and taxable value of that district shall not be
21 included in the membership and taxable value of the intermediate
22 district. However, the membership and taxable value of a district that
23 has elected not to come under sections 681 to 690 of the revised school
24 code, MCL 380.681 to 380.690, shall be included in the membership and
25 taxable value of the intermediate district if the district meets both of
26 the following:

27 (i) The district operates the area vocational-technical education

1 program pursuant to a contract with the intermediate district.

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

7 (2) From the appropriation in section 11, there is allocated an
8 amount not to exceed ~~-\$9,810,000.00 for 2001-2002 and an amount not to~~
9 ~~exceed \$9,860,000.00 each fiscal year for 2002-2003 and~~ **\$9,539,600.00**
10 for 2003-2004 to reimburse intermediate districts and area vocational-
11 technical education programs established under section 690(3) of the
12 revised school code, MCL 380.690, levying millages for area vocational-
13 technical education pursuant to sections 681 to 690 of the revised
14 school code, MCL 380.681 to 380.690. The purpose, use, and expenditure
15 of the reimbursement shall be limited as if the funds were generated by
16 those millages.

17 (3) ~~Reimbursement for the millages levied in 2000-2001 shall be made~~
18 ~~in 2001-2002 at an amount per 2000-2001 membership pupil computed by~~
19 ~~subtracting from \$122,300.00 the 2000-2001 taxable value behind each~~
20 ~~membership pupil, and multiplying the resulting difference by the 2000-~~
21 ~~2001 millage levied. Reimbursement for the millages levied in 2001-2002~~
22 ~~shall be made in 2002-2003 at an amount per 2001-2002 membership pupil~~
23 ~~computed by subtracting from \$130,200.00 the 2001-2002 taxable value~~
24 ~~behind each membership pupil, and multiplying the resulting difference~~
25 ~~by the 2001-2002 millage levied. Reimbursement for the millages levied~~
26 in 2002-2003 shall be made in 2003-2004 at an amount per 2002-2003
27 membership pupil computed by subtracting from ~~-\$130,200.00~~ **\$137,700.00**

1 the 2002-2003 taxable value behind each membership pupil and multiplying
2 the resulting difference by the 2002-2003 millage levied.

3 Sec. 74. (1) From the amount appropriated in section 11, there is
4 allocated an amount not to exceed \$1,625,000.00 ~~each fiscal year for~~
5 ~~2001-2002, for 2002-2003, and~~ for 2003-2004 for the purposes of
6 subsections (2) and (3).

7 (2) From the allocation in subsection (1), there is allocated each
8 fiscal year the amount necessary for payments to state supported
9 colleges or universities and intermediate districts providing school bus
10 driver safety instruction or driver skills road tests pursuant to
11 sections 51 and 52 of the pupil transportation act, 1990 PA 187, MCL
12 257.1851 and 257.1852. The payments shall be in an amount determined by
13 the department not to exceed 75% of the actual cost of instruction and
14 driver compensation for each public or nonpublic school bus driver
15 attending a course of instruction. For the purpose of computing
16 compensation, the hourly rate allowed each school bus driver shall not
17 exceed the hourly rate received for driving a school bus. Reimbursement
18 compensating the driver during the course of instruction or driver
19 skills road tests shall be made by the department to the college or
20 university or intermediate district providing the course of instruction.

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

1 Sec. 81.(1) Except as otherwise provided in this section, from
2 the appropriation in section 11, there is allocated ~~each fiscal year for~~
3 ~~2001-2002, for 2002-2003, and~~ for **the fiscal year** 2003-2004 to the
4 intermediate districts the sum necessary, but ~~not to exceed~~
5 ~~\$92,170,800.00 for 2001-2002 and not to exceed \$95,028,100.00 each~~
6 ~~fiscal year for 2002-2003 and for 2003-2004~~ **\$88,721,800.00** to provide
7 state aid to intermediate districts under this section. ~~Except as~~
8 ~~otherwise provided in this section, there shall be allocated to each~~
9 ~~intermediate district for 2001-2002 an amount equal to 105% of the~~
10 ~~amount of funding actually received by the intermediate district under~~
11 ~~this subsection for 2000-2001.~~ Except as otherwise provided in this
12 section, there shall be allocated to each intermediate district ~~each~~
13 ~~fiscal year for 2002-2003 and~~ for 2003-2004 an amount equal to ~~103.1%~~
14 ~~actually received by the intermediate district under~~ **93.36% of the**
15 **amount appropriated in P.A. 521 of 2002 under this** subsection for ~~2001-~~
16 ~~2002~~ **2002-2003 before the reduction under section 11(3).** Funding
17 provided under this section shall be used to comply with requirements of
18 this act and the revised school code that are applicable to intermediate
19 districts, and for which funding is not provided elsewhere in this act,
20 and to provide technical assistance to districts as authorized by the
21 intermediate school board.

22 (2) From the allocation in subsection (1), there is allocated to an
23 intermediate district, formed by the consolidation or annexation of 2 or
24 more intermediate districts or the attachment of a total intermediate
25 district to another intermediate school district or the annexation of
26 all of the constituent K-12 districts of a previously existing
27 intermediate school district which has disorganized, an additional

1 allotment of \$3,500.00 ~~each fiscal year~~ for each intermediate district
2 included in the new intermediate district for 3 years following
3 consolidation, annexation, or attachment.

4 ~~(3) If an intermediate district participated in 1993-94 in a~~
5 ~~consortium operating a regional educational media center under section~~
6 ~~671 of the revised school code, MCL 380.671, and rules promulgated by~~
7 ~~the superintendent, and if the intermediate district obtains written~~
8 ~~consent from each of the other intermediate districts that participated~~
9 ~~in the consortium in 1993-94, the intermediate district may notify the~~
10 ~~department not later than December 30 of the current fiscal year that it~~
11 ~~is electing to directly receive its payment attributable to~~
12 ~~participation in that consortium. An intermediate district making that~~
13 ~~election, and that has obtained the necessary consent, shall receive~~
14 ~~each fiscal year for 2001-2002, for 2002-2003, or for 2003-2004, as~~
15 ~~applicable, for each pupil in membership in the intermediate district or~~
16 ~~a constituent district an amount equal to the quotient of the 1993-94~~
17 ~~allocation to the fiscal agent for that consortium under former section~~
18 ~~83, adjusted as determined by the department to account for that~~
19 ~~election, divided by the combined total membership for the current~~
20 ~~fiscal year in all of the intermediate districts that participated in~~
21 ~~that consortium and their constituent districts. The amount allocated to~~
22 ~~an intermediate district under this subsection for a fiscal year shall~~
23 ~~be deducted from the total allocation for that fiscal year under this~~
24 ~~section to the intermediate district that was the 1993-94 fiscal agent~~
25 ~~for the consortium.~~

26 ~~(3) -(4)-~~ During a fiscal year, the department shall not increase an
27 intermediate district's allocation under subsection (1) because of an

1 adjustment made by the department during the fiscal year in the
2 intermediate district's taxable value for a prior year. Instead, the
3 department shall report the adjustment and the estimated amount of the
4 increase to the house and senate fiscal agencies and the state budget
5 director not later than June 1 of the fiscal year, and the legislature
6 shall appropriate money for the adjustment in the next succeeding fiscal
7 year.

8 (4) ~~—(5)—~~ In order to receive funding under this section, an
9 intermediate district shall demonstrate to the satisfaction of the
10 department that the intermediate district employs at least 1 person who
11 is trained in pupil counting procedures, rules, and regulations.

12 Sec. 94a. (1) There is created within the office of the state budget
13 director in the department of management and budget the center for
14 educational performance and information. **The department of management**
15 **and budget shall provide administrative support to the center for**
16 **educational performance and information.** The center shall do all of the
17 following:

18 (a) Coordinate the collection of all data required by state and
19 federal law from all entities receiving funds under this act.

20 (b) Collect data in the most efficient manner possible in order to
21 reduce the administrative burden on reporting entities.

22 (c) Establish procedures to ensure the validity and reliability of
23 the data and the collection process.

24 (d) Develop state and model local data collection policies,
25 including, but not limited to, policies that ensure the privacy of
26 individual student data. State privacy policies shall ensure that
27 student social security numbers are not released to the public for any

1 purpose.

2 (e) Provide data in a useful manner to allow state and local
3 policymakers to make informed policy decisions.

4 (f) Provide reports to the citizens of this state to allow them to
5 assess allocation of resources and the return on their investment in the
6 education system of this state.

7 (g) Assist all entities receiving funds under this act in complying
8 with audits performed according to generally accepted accounting
9 procedures.

10 (h) Other functions as assigned by the state budget director.

11 (2) The state budget director shall appoint a CEPI advisory
12 committee, consisting of the following members:

13 (a) One representative from the house fiscal agency.

14 (b) One representative from the senate fiscal agency.

15 (c) One representative from the office of the state budget director.

16 (d) One representative from the state education agency.

17 (e) One representative each from the department of career
18 development and the department of treasury.

19 (f) Three representatives from intermediate school districts.

20 (g) One representative from each of the following educational
21 organizations:

22 (i) Michigan association of school boards.

23 (ii) Michigan association of school administrators.

24 (iii) Michigan school business officials.

25 (h) One representative representing private sector firms responsible
26 for auditing school records.

27 (i) Other representatives as the state budget director determines

1 are necessary.

2 (3) The CEPI advisory committee appointed under subsection (2) shall
3 provide advice to the director of the center regarding the management of
4 the center's data collection activities, including, but not limited to:

5 (a) Determining what data is necessary to collect and maintain in
6 order to perform the center's functions in the most efficient manner
7 possible.

8 (b) Defining the roles of all stakeholders in the data collection
9 system.

10 (c) Recommending timelines for the implementation and ongoing
11 collection of data.

12 (d) Establishing and maintaining data definitions, data transmission
13 protocols, and system specifications and procedures for the efficient
14 and accurate transmission and collection of data.

15 (e) Establishing and maintaining a process for ensuring the accuracy
16 of the data.

17 (f) Establishing and maintaining state and model local policies
18 related to data collection, including, but not limited to, privacy
19 policies related to individual student data.

20 (g) Ensuring the data is made available to state and local
21 policymakers and citizens of this state in the most useful format
22 possible.

23 (h) Other matters as determined by the state budget director or the
24 director of the center.

25 (4) The center may enter into any interlocal agreements necessary to
26 fulfill its functions.

27 ~~(5) From the general fund appropriation in section 11, there is~~

1 ~~allocated an amount not to exceed \$2,332,000.00 for 2001-2002 for~~
 2 ~~payments to the center.~~ From the ~~general fund~~ appropriation in section
 3 11, **from the funds available in the state treasury as a result of the**
 4 **implementation of section 12(4), 1971 PA 140, MCL 141.912(4),** there is
 5 allocated an amount not to exceed ~~\$4,500,000.00 each fiscal year for~~
 6 ~~2002-2003 and~~ **\$863,400.00** for 2003-2004 to the **office of the state**
 7 **budget in the** department of management and budget to support the
 8 operations of the center. The center shall cooperate with the state
 9 education agency to ensure that this state is in compliance with federal
 10 law and is maximizing opportunities for increased federal funding to
 11 improve education in this state. In addition, from the federal funds
 12 appropriated in section 11 ~~for 2002-2003 and~~ for 2003-2004, there is
 13 allocated the following amounts ~~each fiscal year~~ in order to fulfill
 14 federal reporting requirements:

15 (a) An amount estimated at \$1,000,000.00 funded from DED-OESE, title
 16 I, disadvantaged children funds.

17 (b) An amount estimated at \$284,700.00 funded from DED-OESE, title
 18 I, reading first state grant funds.

19 (c) An amount estimated at ~~\$46,750.00~~ **\$46,800.00** funded from DED-
 20 OESE, title I, migrant education funds.

21 (d) An amount estimated at \$500,000.00 funded from DED-OESE,
 22 improving teacher quality funds.

23 (e) An amount estimated at ~~\$526,100.00~~ **\$100,000.00** funded from DED-
 24 OESE, drug-free schools and communities funds.

25 (6) ~~Funds~~ **Federal funds** allocated under this section that are not
 26 expended in the fiscal year in which they were allocated may be carried
 27 forward to a subsequent fiscal year. ~~From the funds allocated for 1999-~~

~~1 2000 that were carried forward under this section and from the general
2 funds appropriated under this section for 2002-2003, the center shall
3 make grants to intermediate districts for the purpose of assisting the
4 intermediate districts and their constituent districts in data
5 collection required by state and federal law or necessary for audits
6 according to generally accepted accounting procedures. Grants to each
7 intermediate district shall be made at the rate of \$2.00 per each full-
8 time equated membership pupil times the total number of 2000-2001 pupils
9 in membership in the intermediate district and its constituent
10 districts. An intermediate district shall develop a plan in cooperation
11 with its constituent districts to distribute the grants between the
12 intermediate district and its constituent districts. These grants shall
13 be paid to intermediate districts no later than the next regularly
14 scheduled school aid payment after the effective date of this section.~~

~~15 (7) If the applicable intermediate district determines that the
16 pupil counts submitted by a district for the February 2002 supplemental
17 pupil count using the single record student database cannot be audited by
18 the intermediate district pursuant to section 101, all of the following
19 apply:~~

~~20 — (a) The district may submit its pupil count data for the February
21 2002 supplemental pupil count using the education data network system.~~

~~22 — (b) If the applicable intermediate district determines that the
23 pupil counts submitted by the district for the 2002-2003 pupil membership
24 count day using the single record student database cannot be audited by
25 the intermediate district pursuant to section 101, the district may
26 submit its pupil count data for the 2002-2003 pupil membership count day
27 using the education data network system.~~

1 ~~—— (8) At least 30 days before implementing a proposed electronic data~~
 2 ~~collection, submission, or collation process, or a proposed change to 1~~
 3 ~~or more of those processes, the center shall submit the proposal and an~~
 4 ~~analysis of the proposal to the senate and house of representatives~~
 5 ~~appropriations subcommittees responsible for this act. The analysis~~
 6 ~~shall include at least a determination of the cost of the proposal for~~
 7 ~~districts and intermediate districts and of available funding for~~
 8 ~~districts and intermediate districts.~~

9 (7) The center is authorized to bill departments as necessary in
 10 order to fulfill reporting requirements of the no child left behind act
 11 of 2001, Public Law 107-110, 115 Stat. 1425 and any other reporting
 12 required by the Equal Employment Opportunity Commission, Office of Civil
 13 Rights or the National Center for Education Statistics.

14 (8) ~~(9)~~ As used in this section:

15 (a) "Center" means the center for educational performance and
 16 information created under this section.

17 (b) "DED-OESE" means the United States department of education
 18 office of elementary and secondary education.

19 (c) "State education agency" means the department.

20 Sec. 98.(1) From the ~~general fund money appropriated~~ appropriation
 21 in section 11, **from the funds available in the state treasury as a**
 22 **result of the implementation of section 12(4), 1971 PA 140, MCL 141.912,**
 23 there is allocated an amount not to exceed ~~\$1,500,000.00 for 2001-2002~~
 24 ~~and an amount not to exceed \$5,000,000.00 each fiscal year for 2002-2003~~
 25 ~~and \$2,000,000.00 for 2003-2004 to the department to provide a grant to~~
 26 the Michigan virtual university for the development, implementation, and
 27 operation of the Michigan virtual high school and to fund other purposes

1 described in this section. In addition, from the federal funds
 2 appropriated in section 11, there is allocated ~~each fiscal year for~~
 3 ~~2001-2002, for 2002-2003, and~~ for 2003-2004 the following amounts:

4 (a) An amount estimated at ~~\$3,251,800.00~~ **\$2,250,000.00** from DED-
 5 OESE, title II, improving teacher quality funds.

6 (b) An amount estimated at ~~\$1,188,000.00~~ **\$4,334,700.00** from DED-
 7 OESE, title II, educational technology grants funds.

8 ~~(c) An amount estimated at \$2,044,400.00 from DED-OESE, title V,~~
 9 ~~innovative strategies grants funds.~~

10 ~~—— (d) An amount estimated at \$100,500.00 from DED-OESE, title VI,~~
 11 ~~rural and low income schools grants funds.~~

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

13 (a) Significantly expand curricular offerings for high schools
 14 across this state through agreements with districts or licenses from
 15 other recognized providers. The Michigan virtual university shall explore
 16 options for providing rigorous civics curricula online.

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

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

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

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

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

1 districts.

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

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

7 (a) Information technology courses.

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

10 (c) Courses and dual enrollment opportunities.

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

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

14 (f) Special interest courses.

15 (g) Professional development programs and services for teachers.

16 (4) From the allocation in subsection (1), there is allocated
17 ~~\$3,500,000.00 each fiscal year for 2002-2003 and~~ **\$1,000,000.00** for
18 2003-2004 for the purpose of developing innovative strategies to use
19 wireless technology to improve student academic achievement in this
20 state. The Michigan virtual university shall identify not more than 5
21 pilot project sites for these initiatives. The pilot project sites shall
22 be geographically diverse and at least 1 of the pilot project sites
23 shall be in the Upper Peninsula. The pilot projects shall be funded
24 through public-private partnerships. In addition, the Michigan virtual
25 university shall establish local fund matching requirements for the
26 pilot project sites.

27 (5) The state education agency shall sign a memorandum of

1 understanding with the Michigan virtual university regarding the DED-
2 OESE, title II, improving teacher quality funds as provided under this
3 subsection. To the extent allowed under federal law, the Michigan
4 virtual university shall address the unique issues of providing
5 educational opportunities in rural communities. The memorandum of
6 understanding under this subsection shall require that the Michigan
7 virtual university coordinate the following activities related to DED-
8 OESE, title II, improving teacher quality funds in accordance with
9 federal law:

10 (a) Develop, and assist districts in the development and use of,
11 proven, innovative strategies to deliver intensive professional
12 development programs that are both cost-effective and easily accessible,
13 such as strategies that involve delivery through the use of technology,
14 peer networks, and distance learning.

15 (b) Encourage and support the training of teachers and
16 administrators to effectively integrate technology into curricula and
17 instruction.

18 (c) Coordinate the activities of eligible partnerships that include
19 higher education institutions for the purposes of providing professional
20 development activities for teachers, paraprofessionals, and principals
21 as defined in federal law.

22 (6) The state education agency shall sign a memorandum of
23 understanding with the Michigan virtual university regarding DED-OESE,
24 title II, educational technology grants as provided under this
25 subsection. The Michigan virtual university shall coordinate activities
26 described in this subsection with the pilot project sites identified in
27 subsection (4). The memorandum of understanding shall require that the
28 Michigan virtual university coordinate the following state activities

1 related to DED-OESE, title II, educational technology grants in
2 accordance with federal law:

3 (a) Assist in the development of innovative strategies for the
4 delivery of specialized or rigorous academic courses and curricula
5 through the use of technology, including distance learning technologies.

6 (b) Establish and support public-private initiatives for the
7 acquisition of educational technology for students in high-need
8 districts.

9 (7) The state education agency shall sign a memorandum of
10 understanding with the Michigan virtual university regarding DED-OESE,
11 title V, innovative strategies grants as provided under this subsection.
12 The Michigan virtual university shall coordinate activities described in
13 this subsection with the pilot project sites identified in subsection
14 (4). The memorandum of understanding shall require the Michigan virtual
15 university to coordinate the following state-level activities related to
16 DED-OESE, title V, innovative strategies grants in accordance with
17 federal law:

18 (a) Programs for the development or acquisition and use of
19 instructional and educational materials, including computer software and
20 hardware for instructional use, that will be used to improve student
21 academic achievement as part of an overall education reform strategy.

22 (b) Programs and activities that expand learning opportunities
23 through best-practice models designed to improve classroom learning and
24 teaching.

25 (8) The state education agency shall sign a memorandum of
26 understanding with the Michigan virtual university requiring that the
27 Michigan virtual university coordinate the awarding of competitive

1 grants to districts and state-level activities related to DED-OESE,
2 title VI, rural and low income schools grants in accordance with federal
3 law for the following purposes:

4 (a) Teacher professional development, including programs that train
5 teachers to utilize technology, programs to improve teaching, and
6 programs to train special needs teachers.

7 (b) Educational technology, including software and hardware, as
8 described in federal law.

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

12 (10) The state education agency and the Michigan virtual university
13 shall complete the memoranda of understanding required under this
14 section within 60 days after the effective date of the amendatory act
15 that added this subsection. It is the intent of the legislature that all
16 plans or applications submitted by the state education agency to the
17 United States department of education relating to the distribution of
18 federal funds under this section shall be for the purposes described in
19 this section.

20 (11) As used in this section:

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

23 (b) "State education agency" means the department.

24 Sec. 101. (1) To be eligible to receive state aid under this act,
25 not later than the fifth Wednesday after the pupil membership count day
26 and not later than the fifth Wednesday after the supplemental count day,
27 each district superintendent through the secretary of the district's

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

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

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

20 (3) Except as otherwise provided in this section, each district
21 shall provide at least 180 days of pupil instruction and a number of
22 hours of pupil instruction at least equal to the required minimum number
23 of hours of pupil instruction required for 2000-2001 under section 1284
24 of the revised school code, MCL 380.1284. Except as otherwise provided in
25 this act, a district failing to hold 180 days of pupil instruction shall
26 forfeit from its total state aid allocation for each day of failure an
27 amount equal to 1/180 of its total state aid allocation. Except as

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

26 (4) Except as otherwise provided in this subsection, the first 2
27 days for which pupil instruction is not provided because of conditions

1 not within the control of school authorities, such as severe storms,
2 fires, epidemics, or health conditions as defined by the city, county, or
3 state health authorities, shall be counted as days of pupil instruction.
4 ~~In addition, for 2001-2002 only, the department shall count as days of~~
5 ~~pupil instruction not more than 4 additional days, and shall count as~~
6 ~~hours of pupil instruction not more than 24 hours, for which pupil~~
7 ~~instruction was not provided in a district after May 27, 2002 due to a~~
8 ~~train derailment involving hazardous materials. Subsequent such days~~
9 ~~shall not be counted as days of pupil instruction.~~

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

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

27 (7) Not later than April 15 of each fiscal year, the board of each

1 district shall certify to the department the planned number of days and
2 hours of pupil instruction in the district for the school year ending in
3 the fiscal year. In addition to any other penalty or forfeiture under
4 this section, if at any time the department determines that 1 or more of
5 the following has occurred in a district, the district shall forfeit in
6 the current fiscal year beginning in the next payment to be calculated
7 by the department a proportion of the funds due to the district under
8 this act that is equal to the proportion below 180 days and the required
9 minimum number of hours of pupil instruction under subsection (3), as
10 specified in the following:

11 (a) The district fails to operate its schools for at least 180 days
12 and the required minimum number of hours of pupil instruction under
13 subsection (3) in a school year, including days counted under subsection
14 (4).

15 (b) The board of the district takes formal action not to operate its
16 schools for at least 180 days and the required minimum number of hours
17 of pupil instruction under subsection (3) in a school year, including
18 days counted under subsection (4).

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

23 (a) Except as otherwise provided in this subsection, a pupil must be
24 scheduled for at least the required minimum number of hours of
25 instruction, excluding study halls, or at least the sum of 90 hours plus
26 the required minimum number of hours of instruction, including up to 2
27 study halls.

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

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

9 (d) If a pupil in grades 9 to 12 who is enrolled in a cooperative
10 education program or a special education pupil cannot receive the
11 required minimum number of hours of pupil instruction solely because of
12 travel time between instructional sites during the school day, that
13 travel time, up to a maximum of 3 hours per school week, shall be
14 considered to be pupil instruction time for the purpose of determining
15 whether the pupil is receiving the required minimum number of hours of
16 pupil instruction. However, if a district demonstrates to the
17 satisfaction of the department that the travel time limitation under
18 this subdivision would create undue costs or hardship to the district,
19 the department may consider more travel time to be pupil instruction
20 time for this purpose.

21 (9) The department shall apply the guidelines under subsection (8)
22 in calculating the full-time equivalency of pupils.

23 (10) Upon application by the district for a particular fiscal year,
24 the superintendent may waive for a district the 180 days or minimum
25 number of hours of pupil instruction requirement of subsection (3) for a
26 department-approved alternative education program. If a district applies
27 for and receives a waiver under this subsection and complies with the

1 terms of the waiver, for the fiscal year covered by the waiver the
2 district is not subject to forfeiture under this section for the
3 specific program covered by the waiver.

4 (11) Beginning in 2000-2001, a district may count up to 51 hours of
5 professional development for teachers as hours of pupil instruction. A
6 district that elects to use this exception shall notify the department
7 of its election.

8 Sec. 105. (1) In order to avoid a penalty under this section, and in
9 order to count a nonresident pupil residing within the same intermediate
10 district in membership without the approval of the pupil's district of
11 residence, a district shall comply with this section.

12 (2) Except as otherwise provided in this section, a district shall
13 determine whether or not it will accept applications for enrollment by
14 nonresident applicants residing within the same intermediate district
15 for the next school year. If the district determines to accept
16 applications for enrollment of a number of nonresidents, beyond those
17 entitled to preference under this section, the district shall use the
18 following procedures for accepting applications from and enrolling
19 nonresidents:

20 (a) The district shall publish the grades, schools, and special
21 programs, if any, for which enrollment may be available to, and for
22 which applications will be accepted from, nonresident applicants
23 residing within the same intermediate district.

24 (b) If the district has a limited number of positions available for
25 nonresidents residing within the same intermediate district in a grade,
26 school, or program, all of the following apply to accepting applications
27 for and enrollment of nonresidents in that grade, school, or program:

1 (i) The district shall do all of the following not later than the
2 second Friday in August:

3 (A) Provide notice to the general public that applications will be
4 taken for a 15-day period from nonresidents residing within the same
5 intermediate district for enrollment in that grade, school, or program.
6 The notice shall identify the 15-day period and the place and manner for
7 submitting applications.

8 (B) During the application period under sub-subparagraph (A), accept
9 applications from nonresidents residing within the same intermediate
10 district for enrollment in that grade, school, or program.

11 (C) Within 15 days after the end of the application period under
12 sub-subparagraph (A), using the procedures and preferences required
13 under this section, determine which nonresident applicants will be
14 allowed to enroll in that grade, school, or program, using the random
15 draw system required under subsection (13) as necessary, and notify the
16 parent or legal guardian of each nonresident applicant of whether or not
17 the applicant may enroll in the district. The notification to parents or
18 legal guardians of nonresident applicants accepted for enrollment shall
19 contain notification of the date by which the applicant must enroll in
20 the district and procedures for enrollment.

21 (ii) Beginning on the third Monday in August and not later than the
22 end of the first week of school, if any positions become available in a
23 grade, school, or program due to accepted applicants failing to enroll
24 or to more positions being added, the district may enroll nonresident
25 applicants from the waiting list maintained under subsection (13),
26 offering enrollment in the order that applicants appear on the waiting
27 list. If there are still positions available after enrolling all

1 applicants from the waiting list who desire to enroll, the district may
2 not fill those positions until the second semester enrollment under
3 subsection (3), as provided under that subsection, or until the next
4 school year.

5 (c) For a grade, school, or program that has an unlimited number of
6 positions available for nonresidents residing within the same
7 intermediate district, all of the following apply to enrollment of
8 nonresidents in that grade, school, or program:

9 (i) The district may accept applications for enrollment in that
10 grade, school, or program, and may enroll nonresidents residing within
11 the same intermediate district in that grade, school, or program, until
12 the end of the first week of school. The district shall provide notice
13 to the general public of the place and manner for submitting
14 applications and, if the district has a limited application period, the
15 notice shall include the dates of the application period. The
16 application period shall be at least a 15-day period.

17 (ii) Not later than the end of the first week of school, the district
18 shall notify the parent or legal guardian of each nonresident applicant
19 who is accepted for enrollment that the applicant has been accepted for
20 enrollment in the grade, school, or program and of the date by which the
21 applicant must enroll in the district and the procedures for enrollment.

22 (3) If a district determines during the first semester of a school
23 year that it has positions available for enrollment of a number of
24 nonresidents residing within the same intermediate district, beyond
25 those entitled to preference under this section, for the second semester
26 of the school year, the district may accept applications from and enroll
27 nonresidents residing within the same intermediate district for the

1 second semester using the following procedures:

2 (a) Not later than 2 weeks before the end of the first semester, the
3 district shall publish the grades, schools, and special programs, if
4 any, for which enrollment for the second semester may be available to,
5 and for which applications will be accepted from, nonresident applicants
6 residing within the same intermediate district.

7 (b) During the last 2 weeks of the first semester, the district
8 shall accept applications from nonresidents residing within the same
9 intermediate district for enrollment for the second semester in the
10 available grades, schools, and programs.

11 (c) By the beginning of the second semester, using the procedures
12 and preferences required under this section, the district shall determine
13 which nonresident applicants will be allowed to enroll in the district
14 for the second semester and notify the parent or legal guardian of each
15 nonresident applicant residing within the same intermediate district of
16 whether or not the applicant may enroll in the district. The
17 notification to parents or legal guardians of nonresident applicants
18 accepted for enrollment shall contain notification of the date by which
19 the applicant must enroll in the district and procedures for enrollment.

20 (4) If deadlines similar to those described in subsection (2) or (3)
21 have been established in an intermediate district, and if those
22 deadlines are not later than the deadlines under subsection (2) or (3),
23 the districts within the intermediate district may use those deadlines.

24 (5) A district offering to enroll nonresident applicants residing
25 within the same intermediate district may limit the number of
26 nonresident pupils it accepts in a grade, school, or program, at its
27 discretion, and may use that limit as the reason for refusal to enroll

1 an applicant.

2 (6) A nonresident applicant residing within the same intermediate
3 district shall not be granted or refused enrollment based on
4 intellectual, academic, artistic, or other ability, talent, or
5 accomplishment, or lack thereof, or based on a mental or physical
6 disability, except that a district may refuse to admit a nonresident
7 applicant if the applicant does not meet the same criteria, other than
8 residence, that an applicant who is a resident of the district must meet
9 to be accepted for enrollment in a grade or a specialized, magnet, or
10 intra-district choice school or program to which the applicant applies.

11 (7) A nonresident applicant residing within the same intermediate
12 district shall not be granted or refused enrollment based on age, except
13 that a district may refuse to admit a nonresident applicant applying for
14 a program that is not appropriate for the age of the applicant.

15 (8) A nonresident applicant residing within the same intermediate
16 district shall not be granted or refused enrollment based upon religion,
17 race, color, national origin, sex, height, weight, marital status, or
18 athletic ability, or, generally, in violation of any state or federal
19 law prohibiting discrimination.

20 (9) A district may refuse to enroll a nonresident applicant if the
21 applicant is, or has been within the preceding 2 years, suspended from
22 another school or if the applicant has ever been expelled from another
23 school.

24 (10) A district shall continue to allow a pupil who was enrolled in
25 and attended the district under this section in the school year or
26 semester immediately preceding the school year or semester in question
27 to enroll in the district until the pupil graduates from high school.

1 This subsection does not prohibit a district from expelling a pupil
2 described in this subsection for disciplinary reasons.

3 (11) A district shall give preference for enrollment under this
4 section over all other nonresident applicants residing within the same
5 intermediate district to other school-age children who reside in the
6 same household as a pupil described in subsection (10).

7 (12) If a nonresident pupil was enrolled in and attending school in
8 a district as a nonresident pupil in the 1995-96 school year and
9 continues to be enrolled continuously each school year in that district,
10 the district shall allow that nonresident pupil to continue to enroll in
11 and attend school in the district until high school graduation, without
12 requiring the nonresident pupil to apply for enrollment under this
13 section. This subsection does not prohibit a district from expelling a
14 pupil described in this subsection for disciplinary reasons.

15 (13) If the number of qualified nonresident applicants eligible for
16 acceptance in a school, grade, or program does not exceed the positions
17 available for nonresident pupils in the school, grade, or program, the
18 school district shall accept for enrollment all of the qualified
19 nonresident applicants eligible for acceptance. If the number of
20 qualified nonresident applicants residing within the same intermediate
21 district eligible for acceptance exceeds the positions available in a
22 grade, school, or program in a district for nonresident pupils, the
23 district shall use a random draw system, subject to the need to abide by
24 state and federal antidiscrimination laws and court orders and subject
25 to preferences allowed by this section. The district shall develop and
26 maintain a waiting list based on the order in which nonresident
27 applicants were drawn under this random draw system.

1 (14) If a district, or the nonresident applicant, requests the
2 district in which a nonresident applicant resides to supply information
3 needed by the district for evaluating the applicant's application for
4 enrollment or for enrolling the applicant, the district of residence
5 shall provide that information on a timely basis.

6 (15) If a district is subject to a court-ordered desegregation plan,
7 and if the court issues an order prohibiting pupils residing in that
8 district from enrolling in another district or prohibiting pupils
9 residing in another district from enrolling in that district, this
10 section is subject to the court order.

11 (16) This section does not require a district to provide
12 transportation for a nonresident pupil enrolled in the district under
13 this section or for a resident pupil enrolled in another district under
14 this section. However, at the time a nonresident pupil enrolls in the
15 district, a district shall provide to the pupil's parent or legal
16 guardian information on available transportation to and from the school
17 in which the pupil enrolls.

18 ~~(17) If the total number of pupils enrolled and counted in number of~~
19 ~~membership in a district for 2001-2002 is less than 90% of the total~~
20 ~~pupils residing in the district who are enrolled and counted in~~
21 ~~membership in either that district or 1 or more other districts for~~
22 ~~2001-2002, the total amount of money allocated to that district for~~
23 ~~2001-2002 under sections 22a and 22b shall be adjusted so that the~~
24 ~~district receives a total allocation under those sections equal to the~~
25 ~~amount the district would receive under those sections if exactly 90% of~~
26 ~~the pupils residing in the district who are enrolled and counted in~~
27 ~~either that district or 1 or more other districts were enrolled and~~
28 ~~counted in membership in that district.~~

29 ~~—— (18) Beginning in 2002-2003, if the total number of pupils enrolled~~

1 and counted in membership in a district for a fiscal year is less than
2 90% of the sum of the total number of pupils residing in the district
3 who are enrolled and counted in membership for the fiscal year in that
4 district plus the total number of pupils residing in that district who
5 are enrolled and counted in membership for the fiscal year in 1 or more
6 other districts under this section or section 105c, the department shall
7 calculate the total amount of money that would be allocated to that
8 district for the fiscal year under sections 22a and 22b if exactly 90%
9 of the sum of the total number of pupils residing in the district who
10 are enrolled and counted in membership for the fiscal year in that
11 district plus the total number of pupils residing in that district who
12 are enrolled and counted in membership for the fiscal year in 1 or more
13 other districts under this section or section 105c were enrolled and
14 counted in membership in that district for the fiscal year. The
15 department shall use this calculation to calculate a payment under
16 subsection (19).

17 ~~—— (19) Subject to subsection (20), beginning in 2002-2003, the~~
18 ~~department shall make a payment to a district described in subsection~~
19 ~~(18) in an amount equal to a percentage of the difference between the~~
20 ~~total amount of money the district would receive under sections 22a and~~
21 ~~22b for the particular fiscal year as otherwise calculated under this~~
22 ~~act and the amount calculated under subsection (18). This percentage is~~
23 ~~as follows:~~

24 ~~—— (a) For 2002-2003, 75%.~~

25 ~~—— (b) For 2003-2004, 50%.~~

26 ~~—— (c) For 2004-2005, 25%.~~

27 ~~—— (d) For 2005-2006 and succeeding fiscal years, 0%.~~

1 ~~———— (20) A district is not eligible for a payment under subsection (19)~~
2 ~~if the district receives additional funding for the applicable fiscal~~
3 ~~year due to the membership calculation under section 6(4)(y).~~

4 **(17)** ~~—(21)—~~ A district may participate in a cooperative education
5 program with 1 or more other districts or intermediate districts whether
6 or not the district enrolls any nonresidents pursuant to this section.

7 **(18)** ~~—(22)—~~ A district that, pursuant to this section, enrolls a
8 nonresident pupil who is eligible for special education programs and
9 services according to statute or rule, or who is a child with
10 disabilities, as defined under the individuals with disabilities
11 education act, title VI of Public Law 91-230, shall be considered to be
12 the resident district of the pupil for the purpose of providing the
13 pupil with a free appropriate public education. Consistent with state
14 and federal law, that district is responsible for developing and
15 implementing an individualized education plan annually for a nonresident
16 pupil described in this subsection.

17 **(19)** ~~—(23)—~~ If a district does not comply with this section, the
18 district forfeits 5% of the total state school aid allocation to the
19 district under this act.

20 **(20)** ~~—(24)—~~ Upon application by a district, the superintendent may
21 grant a waiver for the district from a specific requirement under this
22 section for not more than 1 year.

23 Sec. 107.(1) From the appropriation in section 11, there is
24 allocated an amount not to exceed ~~\$75,000,000.00 for 2001-2002 and an~~
25 ~~amount not to exceed \$77,500,000.00 each fiscal year for 2002-2003 and~~
26 **\$20,000,000.00** for 2003-2004 for adult education programs authorized
27 under this section.

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

7 (a) If the individual has obtained a high school diploma or a
8 general education development (G.E.D.) certificate, the individual meets
9 1 of the following:

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

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

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

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

18 (b) If the individual has not obtained a high school diploma or
19 G.E.D. certificate, the individual meets 1 of the following:

20 (i) Is at least 20 years of age on September 1 of the school year.

21 (ii) Is at least 16 years of age on September 1 of the school year,
22 has been permanently expelled from school under section 1311(2) or 1311a
23 of the revised school code, MCL 380.1311 and 380.1311a, and has no
24 appropriate alternative education program available through his or her
25 district of residence.

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

1 (a) For districts and consortia that received payments for ~~1995-96~~
2 ~~2002-2003~~ under former **this** section, ~~107f~~ and that received payments for
3 ~~1996-97~~ under subsection (4) of this section as in effect in ~~1996-97~~,
4 the amount allocated to each for ~~2001-2002~~, for ~~2002-2003~~, and for 2003-
5 2004 shall be an amount each fiscal year equal to ~~36.76%~~ **26.66%** of the
6 amount the district or consortium received for ~~1995-96~~ **2001-2002** under
7 former **this** section. ~~107f~~.

8 ~~(b) For districts and consortia that received payments under~~
9 ~~subsection (3) of this section as in effect for 1996-97, the amount~~
10 ~~allocated to each for 2001-2002, for 2002-2003, and for 2003-2004 shall~~
11 ~~be an amount each fiscal year equal to the product of the number of~~
12 ~~full-time equated participants actually enrolled and in attendance~~
13 ~~during the 1996-97 school fiscal year in the program funded under~~
14 ~~subsection (3) of this section as in effect for 1996-97 as reported to~~
15 ~~the department of career development, audited, and adjusted according to~~
16 ~~subsection (10) of this section as in effect for 1996-97, multiplied by~~
17 ~~\$2,750.00.~~

18 ~~—— (c) For districts and consortia that meet the conditions of both~~
19 ~~subdivisions (a) and (b), the amount allocated each fiscal year for~~
20 ~~2001-2002, for 2002-2003, and for 2003-2004 shall be the sum of the~~
21 ~~allocations to the district or consortium under subdivisions (a) and~~
22 ~~(b).~~

23 ~~(b) —(d)—~~ A district or consortium that received funding in ~~1996-97~~
24 ~~2002-2003~~ under this section as in effect for ~~1996-97~~ **2002-2003** may
25 operate independently of a consortium or join or form a consortium ~~for~~
26 ~~2001-2002, for 2002-2003, or for 2003-2004.~~ The allocation ~~for 2001-~~
27 ~~2002, for 2002-2003, or for 2003-2004~~ to the district or the newly

1 formed consortium under this subsection shall be determined by the
2 department of career development and shall be based on the proportion of
3 the amounts ~~specified in subdivision (a) or (b), or both,~~ that are
4 attributable to the district or consortium that received funding in
5 ~~1996-97~~ **2002-2003**. A district or consortium described in this
6 subdivision shall notify the department of career development of its
7 intention with regard to ~~2001-2002, 2002-2003, or for~~ 2003-2004 by
8 October 1 of the affected fiscal year.

9 (4) A district that operated an adult education program in ~~1996-97~~
10 **2002-2003** and does not intend to operate a program in ~~2001-2002, 2002-~~
11 ~~2003, or~~ 2003-2004 shall notify the department of career development by
12 October 1 ~~of the affected fiscal year~~ of its intention. The funds
13 intended to be allocated under this section to a district that does not
14 operate a program in ~~2001-2002, 2002-2003, or~~ 2003-2004 and the unspent
15 funds originally allocated under this section to a district or
16 consortium that subsequently operates a program at less than the level
17 of funding allocated under subsection (3) shall instead be
18 proportionately reallocated to the other districts described in
19 subsection (3)(a) that are operating an adult education program in ~~2001-~~
20 ~~2002, 2002-2003, or~~ 2003-2004 under this section.

21 (5) The amount allocated under this section per full-time equated
22 participant is ~~-\$2,850.00~~ **\$880.00** for a 450-hour program. The amount
23 shall be proportionately reduced for a program offering less than 450
24 hours of instruction.

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

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

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

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

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

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

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

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

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

21 The department of career development shall provide information to a
22 funding recipient regarding appropriate assessment instruments for this
23 program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (a) Ninety percent for enrollment of eligible participants.

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

26 (11) As used in this section, "participant" means the sum of the
27 number of full-time equated individuals enrolled in and attending a

1 department-approved adult education program under this section, using
2 quarterly participant count days on the schedule described in section
3 6(7)(b).

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

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

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

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

23 (15) A district or intermediate district receiving funds under this
24 section may establish a sliding scale of tuition rates based upon a
25 participant's family income. A district or intermediate district may
26 charge a participant tuition to receive adult education services under
27 this section from that sliding scale of tuition rates on a uniform

1 basis. The amount of tuition charged per participant shall not exceed
2 the actual operating cost per participant minus any funds received
3 under this section per participant. A district or intermediate
4 district may not charge a participant tuition under this section if the
5 participant's income is at or below 200% of the federal poverty
6 guidelines published by the United States department of health and
7 human services.

8 Sec. 147. (1) ~~The allocations for 2001-2002, for 2002-2003, and The~~
9 **allocation** for 2003-2004 for the public school employees' retirement
10 system pursuant to the public school employees retirement act of 1979,
11 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the entry age
12 normal cost actuarial method and risk assumptions adopted by the public
13 school employees retirement board and the department of management and
14 budget. The annual level percentage of payroll contribution rate is
15 estimated at ~~12.17% for the 2001-2002 state fiscal year and at 12.99%~~
16 ~~for the 2002-2003 state fiscal year~~ **14.37% for the 2003-2004 state**
17 **fiscal year.** However, if all districts participating in the school bond
18 loan authority assist the state treasurer in the refinancing of school
19 bond loan authority debt, the annual level percentage of payroll
20 contribution rate for all districts is estimated to be **12.99% for the**
21 **2003-2004 fiscal year.** The portion of the contribution rate assigned to
22 districts and intermediate districts for each fiscal year is all of the
23 total percentage points. This contribution rate reflects an amortization
24 period of ~~35 years for 2001-2002, 34 years for 2002-2003, and~~ 33 years
25 for 2003-2004. The public school employees' retirement system board
26 shall notify each district and intermediate district by February 28 of
27 each fiscal year of the estimated contribution rate for the next fiscal

1 year.

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

7 Enacting section 1. In accordance with section 30 of article IX of
8 the state constitution of 1963, total state spending in this amendatory
9 act and in 2002 PA 521, 2002 PA 191, 2001 PA 121, from state sources
10 for fiscal year 2003-2004 is estimated at \$11,223,600.00 and state
11 appropriations to be paid to local units of government for fiscal year
12 2003-2004 are estimated at \$11,220,737,000.00.

13 Enacting section 2. Sections 8, 8c, 11j, 18d, 32a, 32b, 32c, 32f,
14 32i, 55, 57, 67, 68, 94, 96, 99, 99a, 108, 121a, 158, 164c, and 166 of
15 the state school aid act of 1979, 1979 PA 94, MCL 388.1608, 388.1608c,
16 388.1611j, 388.1618d, 388.1632a, 388.1632b, 388.1632c, 388.1632f,
17 388.1632i, 388.1655, 388.1657, 388.1667, 388.1668, 388.1694, 388.1696,
18 388.1699, 388.1699a, 388.1708, 388.1721a, 388.1758, 388.1764c, and
19 388.1766, are repealed effective October 1, 2003.

20 Enacting section 3. (1) Except as otherwise specified in subsection
21 (2), this act shall take effect October 1, 2003.

22 (2) Sections 20l, 20k and 32j, as amended by this amendatory act,
23 takes effect upon enactment of this amendatory act.