

Act No. 40  
Public Acts of 1993  
Approved by the Governor  
May 26, 1993  
Filed with the Secretary of State  
May 26, 1993

**STATE OF MICHIGAN**  
**87TH LEGISLATURE**  
**REGULAR SESSION OF 1993**

Introduced by Reps. Oxender, Gilmer, Bender, Dolan, Stille, McBryde, Middleton, Walberg and Bankes

# **ENROLLED HOUSE BILL No. 4464**

AN ACT to amend the title and sections 3, 4, 6, 7, 8, 11, 13, 14, 15, 17b, 18, 18a, 19, 21a, 21b, 22, 23a, 23c, 24, 26, 36, 37, 39, 41, 47, 51, 52, 53, 54, 56, 62, 64, 74, 75, 81, 83, 91, 99, 101, 101a, 102, 104, 104a, 107, 107a, 107b, 108, 109, 111, 117, 118, 122, 124, 145, 147, 149, 151, 152, 162, 163, 164, 165, 166, and 167 of Act No. 94 of the Public Acts of 1979, entitled as amended "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to prescribe penalties; and to repeal certain acts and parts of acts," sections 3, 6, 11, 13, 18, 19, 21a, 21b, 22, 23a, 23c, 24, 36, 37, 39, 41, 47, 51, 52, 53, 54, 56, 62, 74, 75, 81, 83, 91, 99, 101, 101a, 104, 104a, 107, 108, 111, 124, 145, 149, 164, 166, and 167 as amended and sections 17b, 18a, 107a, 107b, and 147 as added by Act No. 148 of the Public Acts of 1992, sections 4 and 151 as amended by Act No. 110 of the Public Acts of 1985, section 7 as amended and section 165 as added by Act No. 212 of the Public Acts of 1986, sections 8, 15, 102, and 152 as amended and sections 64 and 109 as added by Act No. 118 of the Public Acts of 1991, section 26 as amended by Act No. 355 of the Public Acts of 1990, section 118 as amended by Act No. 276 of the Public Acts of 1982, and sections 162 and 163 as amended by Act No. 207 of the Public Acts of 1990, being sections 388.1603, 388.1604, 388.1606, 388.1607, 388.1608, 388.1611, 388.1613, 388.1614, 388.1615, 388.1617b, 388.1618, 388.1618a, 388.1619, 388.1621a, 388.1621b, 388.1622, 388.1623a, 388.1623c, 388.1624, 388.1626, 388.1636, 388.1637, 388.1639, 388.1641, 388.1647, 388.1651, 388.1652, 388.1653, 388.1654, 388.1656, 388.1662, 388.1664, 388.1674, 388.1675, 388.1681, 388.1683, 388.1691, 388.1699, 388.1701, 388.1701a, 388.1702, 388.1704, 388.1704a, 388.1707, 388.1707a, 388.1707b, 388.1708, 388.1709, 388.1711, 388.1717, 388.1718, 388.1722, 388.1724, 388.1745, 388.1747, 388.1749, 388.1751, 388.1752, 388.1762, 388.1763, 388.1764, 388.1765, 388.1766, and 388.1767 of the Michigan Compiled Laws; to add sections 11a, 20, 20a, 20b, 20c, 61a, 71a, 98a, 98b, 107c, 107d, 146a, 149b, 149c, 149d, and 168; and to repeal certain parts of the act.

*The People of the State of Michigan enact:*

Section 1. The title and sections 3, 4, 6, 7, 8, 11, 13, 14, 15, 17b, 18, 18a, 19, 21a, 21b, 22, 23a, 23c, 24, 26, 36, 37, 39, 41, 47, 51, 52, 53, 54, 56, 62, 64, 74, 75, 81, 83, 91, 99, 101, 101a, 102, 104, 104a, 107, 107a, 107b, 108, 109, 111, 117, 118, 122, 124, 145, 147, 149, 151, 152, 162, 163, 164, 165, 166, and 167 of Act No. 94 of the Public Acts of 1979, sections 3, 6, 11, 13, 18, 19, 21a, 21b, 22, 23a, 23c, 24, 36, 37, 39, 41, 47, 51, 52, 53, 54, 56, 62, 74, 75, 81, 83, 91, 99, 101, 101a, 104, 104a, 107, 108, 111, 124, 145, 149, 164, 166, and 167 as amended and sections 17b, 18a, 107a, 107b, and 147 as added by Act No. 148 of the Public Acts of 1992, sections 4 and 151 as amended by Act No. 110 of the Public Acts of 1985, section 7 as amended and section 165 as added by Act No. 212 of the Public Acts of 1986, sections 8, 15, 102, and 152 as amended and sections 64 and 109 as added by Act No. 118 of the Public Acts of 1991, section 26 as amended by Act No. 355 of the Public Acts of 1990, section 118 as amended by Act No. 276 of the Public Acts of 1982, and sections 162 and 163 as amended by Act

No. 207 of the Public Acts of 1990, being sections 388.1603, 388.1604, 388.1606, 388.1607, 388.1608, 388.1611, 388.1613, 388.1614, 388.1615, 388.1617b, 388.1618, 388.1618a, 388.1619, 388.1621a, 388.1621b, 388.1622, 388.1623a, 388.1623c, 388.1624, 388.1626, 388.1636, 388.1637, 388.1639, 388.1641, 388.1647, 388.1651, 388.1652, 388.1653, 388.1654, 388.1656, 388.1662, 388.1664, 388.1674, 388.1675, 388.1681, 388.1683, 388.1691, 388.1699, 388.1701, 388.1701a, 388.1702, 388.1704, 388.1704a, 388.1707, 388.1707a, 388.1707b, 388.1708, 388.1709, 388.1711, 388.1717, 388.1718, 388.1722, 388.1724, 388.1745, 388.1747, 388.1749, 388.1751, 388.1752, 388.1762, 388.1763, 388.1764, 388.1765, 388.1766, and 388.1767 of the Michigan Compiled Laws, are amended and sections 11a, 20, 20a, 20b, 20c, 61a, 71a, 98a, 98b, 107c, 107d, 146a, 149b, 149c, 149d, and 168 are added to read as follows:

## TITLE

An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain reimbursements and for certain grants and other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to provide for the appropriation and disbursement to certain authorities as reimbursement for certain reductions in tax increment revenues caused by reductions in mills levied for school operating purposes; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to prescribe penalties; and to repeal certain acts and parts of acts.

Sec. 3. (1) "Average daily attendance", for the purposes of complying with section 1471 of subpart 5 of part 5 of chapter 1 of title I of the elementary and secondary education act, public law 89-10, 20 U.S.C. 2891, means 92% of the membership as defined in section 6(4).

(2) "Board" means the governing body of a district.

(3) "Department" means the department of education.

(4) "District" means a local school district established under part 2, 3, 4, 5, or 6 of the school code of 1976, a local act school district, or an instructional program implemented by a public university under section 23c that complies with the requirements of section 23c.

(5) "District superintendent" means the superintendent of a district or the chief administrator of an instructional program implemented by a public university under section 23c.

Sec. 4. (1) "Elementary pupil" means a pupil in membership in grades K to 8 in a district not maintaining classes above the eighth grade or in grades K to 6 in a district maintaining classes above the eighth grade.

(2) "End of the fiscal year" means September 30.

(3) "Extended school year" means an educational program conducted by a district in which pupils must be enrolled but not necessarily in attendance on the pupil membership count day in an extended year program. The mandatory days of student instruction and prescribed clock hours shall be completed by each pupil not more than 365 calendar days after the pupil's first day of classes for the school year prescribed. The department shall prescribe pupil, personnel, and other reporting requirements for the educational program.

(4) "Fiscal year" means the state fiscal year which commences October 1 and continues through September 30.

(5) "General educational development testing preparation program" or "G.E.D. preparation program" means a program that has high school level courses in writing skills, social studies, science, reading skills, and mathematics and that prepares a person to complete successfully the general educational development (G.E.D.) test.

(6) "High school pupil" means a pupil in membership in grades 7 to 12, except in a district not maintaining grades above the eighth grade.

Sec. 6. (1) "Center program" means a program operated by a district or intermediate district for special education pupils from several districts in programs for the autistically impaired, trainable mentally impaired, severely mentally impaired, severely multiply impaired, hearing impaired, physically and otherwise health impaired, and visually impaired. Programs for emotionally impaired pupils housed in buildings that do not serve regular education pupils shall also qualify. Unless otherwise approved by the department, a center program either shall serve all constituent districts within an intermediate district or shall serve several districts with less than 50% of the pupils residing in the operating district. In addition, pupils approved by the department, who formerly would have been placed in a center program, placed in noncenter programs to comply with the least restrictive environment provisions of section 612 of part B of the individuals with disabilities education act, public law 91-230, 20 U.S.C. 1412, may be counted under this section if all of the following are met:

(a) The pupil is special education eligible and receiving special education programs or services on the pupil count date.

(b) The pupil is eligible as autistically impaired, trainable mentally impaired, severely mentally impaired, and severely multiply impaired.

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

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

(4) "Membership", except as otherwise provided in this section and sections 56 and 62, means the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day in the immediately preceding school year, as determined by the department using the unaudited count completed by the department not later than 90 days after that pupil membership count day of the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the state board, and as corrected by a subsequent department audit. However, all of the following apply to determining the membership of a district or intermediate district:

(a) A district's or intermediate district's membership for all full-time pupils in grades K to 12 counted under section 24 is the number of those full-time pupils enrolled and in regular daily attendance in the district or intermediate district on the pupil membership count day in the current school year, as determined by the department using the unaudited membership count completed by the department not later than 90 days after that pupil membership count day and as corrected by a subsequent department audit.

(b) For the first year of operation only of an instructional program implemented by a public university under section 23c, the membership of that instructional program is the number of full-time pupils enrolled and in regular daily attendance in the instructional program on the pupil membership count day in the current school year, as determined by the department using the unaudited count completed by the department not later than 90 days after that pupil membership count day and as corrected by a subsequent department audit. After the first year of operation of the instructional program, the membership of the instructional program shall be determined as otherwise provided in this subsection. A pupil counted in membership under this subdivision in a fiscal year in an instructional program implemented by a public university under section 23c shall not be counted in membership in any district other than that instructional program in that fiscal year.

(c) In a district operating an extended school year program approved by the state board, a pupil enrolled, but not scheduled to be in regular daily attendance on the pupil membership count day, shall be counted.

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

(e) An individual who has obtained a high school diploma shall not be counted in membership. An individual who has obtained a general education development (G.E.D.) certificate shall not be counted in membership.

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

(g) The department may provide a district with an adjustment of the district's membership count upon the showing of a substantial increase in membership due to the closing of a nonpublic school or a substantial influx of new residents into the district resulting in a membership increase in a single building of at least 5% but not less than 25 pupils after the pupil membership count day.

(h) For 1993-94 a district that administers a department-approved K-12 alternative education program involving 2 or more districts and a public community college may count in its 1993-94 membership all full-time pupils who were not counted in the administering district in 1992-93 and are enrolled and in regular daily attendance on the pupil membership count day in the alternative education program. However, not more than 50 pupils may be counted in 1993-94 membership statewide under this subdivision. Upon request by the department, the administering district shall provide to the department a list by district of residence of the pupils enrolled in the alternative education program for 1992-93 and for 1993-94 and any other information the department needs to verify the eligibility of a pupil to be counted under this subdivision.

(i) For the purposes of this subsection, full-time equated memberships shall be determined by dividing the number of class hours scheduled and provided per year per pupil by 900.

(5) "Pupil" means a person in membership in a public school. A district must have the approval of the pupil's district of residence to count the pupil in membership, except approval by the pupil's district of residence shall not be required for nonpublic part-time pupils, for pupils receiving 1/2 or less of their instruction in a district other than their district of

residence, or for those pupils who were enrolled and in regular daily attendance and remain enrolled and in regular daily attendance in the district other than their district of residence before April 1, 1981.

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

(a) The fourth Friday following Labor day each school year.

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

(i) Fourth Friday in July.

(ii) Fourth Friday in October.

(iii) Fourth Friday in January.

(iv) Fourth Friday in April.

(7) "Rule" means a rule promulgated pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

(8) "The school code of 1976" means Act No. 451 of the Public Acts of 1976, as amended, being sections 380.1 to 380.1852 of the Michigan Compiled Laws.

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

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

(11) "Tuition pupil" means a pupil of school age attending school in a district other than the pupil's district of residence. A pupil's district of residence shall not require a high school tuition pupil, as provided under section 111, to attend another school district after the pupil has been assigned to a school district.

Sec. 7. Costs for school operating purposes include all of the following expenditures from the general fund of a district or from the operating funds of an intermediate district:

(a) Expenditures for instruction and support services, including salaries and employee benefits of teachers and other employees, including, but not limited to, payments to the public school employees retirement system and employer contributions for federal social security and medicare obligations, purchased services, textbooks, and other supplies and materials.

(b) Expenditures for furniture and equipment, for alterations necessary to maintain school facilities in a safe and sanitary condition, for funding the cost of energy conservation improvements in school facilities, and for deficiencies in operating expenses for the preceding year.

(c) Expenditures for school lunch programs, bookstore operations, interscholastic athletics, community services, and cooperative education projects.

(d) All or expenditures necessary to provide the programs and services under the school code of 1976.

Sec. 8. (1) Each district shall furnish to the department not later than December 1 of each year, on a form and in a manner prescribed by the department, the information requested by the department that is necessary for the preparation of the district pupil retention report defined in section 6(3).

(2) If a district does not comply with subsection (1), any funds due to the district under this act shall be withheld by the department until the district complies with subsection (1) or until the end of the fiscal year, whichever occurs first.

(3) On the basis of a district's pupil retention report as defined in section 6(3), the department shall calculate an annual pupil dropout rate for each district. In addition, the department shall calculate an annual pupil dropout rate for the state in the same manner as that used to calculate the pupil dropout rate for a district. The department shall report all pupil dropout rates to the senate and house education committees and appropriations committees and the department of management and budget not later than March 31 each year.

Sec. 11. (1) There is appropriated from the state school aid fund established by section 11 of article IX of the state constitution of 1963, for the fiscal year ending September 30, 1994, the sum necessary to fulfill the requirements of this act, and any deficiency is appropriated from the general fund by the legislature. In addition, available federal funds and certain funds from the health benefits reserve fund are appropriated. The appropriations shall be allocated as provided in this act.

(2) If general fund/general purpose revenue for the fiscal year ending September 30, 1994 exceeds the estimates for that revenue established at the revenue estimating conference conducted on January 29, 1993 under section 367b of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1367b of the Michigan Compiled Laws, an amount equal to 50% of that excess general fund/general purpose revenue growth is appropriated from the general fund to the public school employees retirement system health benefits reserve, up to a maximum of \$100,000,000.00.

Sec. 11a. (1) There is appropriated for the fiscal year ending September 30, 1993, in addition to any funds already appropriated, a supplemental appropriation of \$365,000,000.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(2) Notwithstanding the appropriation in section 11 of money from the state school aid fund for the fiscal year ending September 30, 1993, \$334,800,000.00 of the money appropriated under subsection (1) shall not be expended in the fiscal year ending September 30, 1993, and also shall not be counted as being in the state school aid fund in the fiscal year ending September 30, 1993 for the purpose of calculating the deficiency appropriated from the general fund under section 11 for the fiscal year ending September 30, 1993. This money shall not lapse to the general fund but shall remain in the state school aid fund and be carried forward in the state school aid fund to be expended in the fiscal year ending September 30, 1994 to partially fund adult education payments under section 107d and to partially fund the foundation guarantee under section 20 in the fiscal year ending September 30, 1994.

(3) From the general fund/general purpose money appropriated in section 11, there is allocated for 1992-93 an amount not to exceed \$5,200,000.00 to local governmental units to reimburse each county, city, and township for the cost of conducting the special election held June 2, 1993 in the amounts and in the manner as stated in this subsection. Payments shall not exceed the actual cost of the election. Payments shall be made upon presentation and approval of a verified account of actual costs to the department of state, elections division. Reimbursable costs shall not include salaries of local officials or employees other than temporary local employees; county and local employees or officials that have been given election day off from work with pay and do not work on election business; and costs of reusable supplies and equipment. A county, city, or township shall not be reimbursed for its costs of conducting the special election if the county, city, or township by action of the legislative body of the jurisdiction places or causes to be placed another question on the ballot at the special election. Costs not in compliance with this subsection shall be disapproved. To qualify for reimbursement, a county, city, or township shall submit its verified account of actual costs within 60 days after the date of the special election. The state treasurer shall issue a payment to a county, city, or township from the appropriation in subsection (1) after the secretary of state has notified the state treasurer of the approved amount.

(4) From the general fund/general purpose money appropriated in section 11, there is allocated an amount not to exceed \$25,000,000.00 for 1992-93 for payments to authorities under subsection (8).

(5) As used in this section:

(a) "Advance" means any transfer of funds made by an incorporating unit to an authority or to any other person on behalf of the authority in anticipation of repayment by the authority. Evidence of the intent to repay an advance may include, but shall not be limited to, and executed agreement to repay, provisions contained in a tax increment financing plan approved prior to the advance, or a resolution of the authority or the incorporating unit.

(b) "Authority" means a downtown development authority created pursuant to Act No. 197 of the Public Acts of 1975, as amended, being sections 125.1651 to 125.1680 of the Michigan Compiled Laws, a tax increment finance authority created pursuant to Act No. 450 of the Public Acts of 1980, as amended, being sections 125.1801 to 125.1830 of the Michigan Compiled Laws, or a local development finance authority created pursuant to Act No. 281 of the Public Acts of 1986, as amended, being sections 125.2151 to 125.2174 of the Michigan Compiled Laws.

(c) "Captured assessed value" means that term as defined by the act pursuant to which the authority was incorporated.

(d) "Eligible advance" means an advance made before April 15, 1993.

(e) "Eligible obligation" means an obligation issued or incurred by an authority or by an incorporating unit on behalf of an authority before October 1, 1993, if the tax increment financing plan including the project for which the obligation was incurred was approved by the incorporating unit in accordance with law before July 1, 1993.

(f) "Fiscal year" means the fiscal year of the authority.

(g) "Incorporating unit" means the city, village, or township which established the authority pursuant to law.

(h) "Obligation" means any written promise to pay a third party, whether evidenced by a contract, agreement, lease, sublease, bond or note, or any requirement to pay a third party imposed by law, including but not limited to the following:

(i) A requirement to pay proceeds derived from ad valorem property taxes or taxes levied in lieu of ad valorem property taxes.

(ii) A management contract or a contract for professional services.

(iii) Any payment required on any contract, agreement, bond or note which an authority is required to make or to assume, if the requirement to assume the contract, agreement, bond or note arises before October 1, 1993.

(iv) A requirement to pay or reimburse a third party for the cost of any insurance for, or to maintain, property subject to a lease, land contract purchase agreement or other agreement.

(v) A letter of credit, paying agent, transfer agent, bond registrar, or trustee fee associated with a contract, agreement, bond or note.

An obligation does not include any payment required solely because of the default upon an obligation. An obligation does not include salaries of employees or consideration paid for the use of municipal offices.

(i) "On behalf of an authority" means, in relation to an eligible advance made or an eligible obligation issued or incurred by an incorporating unit, action taken by the incorporating unit in anticipation that an authority would transfer tax increment revenues or reimburse the incorporating unit from tax increment revenues in an amount sufficient to fully make payment required by the eligible obligation issued or incurred by the incorporating unit, if the anticipation of the transfer or receipt of tax increment revenues from the authority is pursuant to or evidenced by 1 or more of the following:

- (i) A reimbursement agreement between the incorporating unit and an authority it established.
- (ii) A requirement imposed by law that the authority transfer tax increment revenues to the incorporating unit.
- (iii) A resolution of the authority agreeing to make payments to the incorporating unit.
- (iv) Provisions in a tax increment financing plan describing the project for which the obligation was incurred.
- (k) "Specific local taxes" mean that term as defined by the act pursuant to which the authority was incorporated.
- (l) "State fiscal year" means the annual period commencing October 1 of each year.

(m) "Tax increment revenues" mean the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions upon the captured assessed value of the property from which ad valorem property taxes and specific local taxes may be captured by an authority. Tax increment revenues do not include any ad valorem property taxes or specific local taxes attributable either to any portion of the captured assessed value shared with taxing jurisdictions within the jurisdictional area of the authority or to any portion of value of property which may be excluded from captured assessed value. Tax increment revenues also do not include ad valorem property taxes and specific local taxes attributable to the application of those millage levies of taxing jurisdictions excluded by law or by the tax increment financing plan of the authority from the determination of the amount of tax increment to be transmitted to the authority.

(6) Not less than 30 days before the first day of the fiscal year, each authority eligible to receive a distribution under this section for that fiscal year shall file a claim for distribution with the department. The claim for distribution shall include the following information:

- (a) The property tax rates levied in 1992 for school operating purposes with the jurisdictional area of the authority.
- (b) The property tax rates levied or to be levied for the next fiscal year for school operating purposes within the jurisdictional area of the authority.
- (c) The tax increment revenues estimated to be received by the authority for that fiscal year based upon actual or anticipated property tax millage levies of all taxing jurisdictions within the jurisdictional area of the authority.
- (d) The tax increment revenues estimated to be received by the authority for that fiscal year from actual or anticipated property tax millage levies for school operating purposes.
- (e) The tax increment revenues the authority estimates it would have received for that fiscal year if the school operating property tax millage was levied at the rate imposed in the 1992 year for school operating purposes.
- (f) A list of eligible obligations or eligible advances and the payments due on those eligible obligations or eligible advances in the next fiscal year.
- (g) The amount of any other funds, other than tax increment revenues, estimated to be received in the next fiscal year by the authority which were primarily pledged to, and used for, the payment of an eligible obligation or an eligible advance. Other funds received by the authority for any fiscal year shall not include any excess tax increment revenues of the authority which are permitted by law to be retained by the authority for purposes which further the development program in accordance with the tax increment financing plan of the authority approved prior to July 1, 1993.
- (h) The amount of any distribution received pursuant to this act for any fiscal year in excess of or less than the distribution which would have been required if calculated upon actual tax increment revenues received for that fiscal year.

(7) For a fiscal year which commences in 1993, an authority may make a claim for distribution with all information required by subsection (2) at any time after the effective date of this section.

(8) There is hereby appropriated for the 1992-93 state fiscal year and each state fiscal year thereafter the amount determined pursuant to this subsection. After review and verification of claims submitted pursuant to this section, amounts appropriated pursuant to this subsection shall be distributed as 2 equal payments on March 1 and September 1 after receipt of a claim. An authority shall allocate any distribution it received for an eligible obligation issued on behalf of an incorporating unit to the incorporating unit.

(9) Subject to subsection (10), the aggregate amount to be appropriated and distributed pursuant to this section to any authority shall be the sum of the amounts determined pursuant to subdivisions (a) and (b) of this subsection minus the amount determined pursuant to subdivision (c) of this subsection:

(a) The difference between the tax increment revenues the authority would have received the fiscal year if the school operating property tax millage was levied at the rate imposed in 1992 for school operating purposes, as required to be reported pursuant to subsection (6)(e), and the tax increment revenues estimated to be received by the authority for the fiscal year based upon actual or anticipated property tax millage levies for school operating purposes, as required to be reported pursuant to subsection (6)(d).

(b) Any shortfall required to be reported pursuant to subsection (6)(h) which had not previously decreased a distribution.

(c) Any excess amount required to be reported pursuant to subsection (6)(h) which had not previously decreased a distribution.

(10) The amount distributed under subsection (9) shall not exceed the difference between the amount described in subsection (6)(f) and the sum of the amounts described in subsections (6)(c) and (6)(g).

(11) Any distribution under this section replacing any tax increment revenues pledged by an authority or an incorporating unit shall be subject to the lien of the pledge, whether or not there has been physical delivery.

(12) Obligations for which distributions are made pursuant to this section are not a debt or liability of the state and, except for the appropriation required by this section and section 6 of article IX of the state constitution of 1963, as amended, shall not create or constitute any indebtedness, liability, or obligation of the state or be or constitute a pledge of the faith and credit of the state.

Sec. 13. Except as otherwise provided in this act, the apportionments and limitations of the apportionments made under this act shall be made on the membership as defined in section 6(4) and number of teachers and other professionals approved by the superintendent of public instruction employed as of the pupil membership count day of each year, on the cost of pupil transportation for the preceding school year, and on the state equalized valuation and the operating millage of each district for the calendar year. Apportionments shall be made under this act for teachers and other personnel approved by the superintendent of public instruction in special education programs and services initiated after the pupil membership count day pursuant to section 53. In addition, a district maintaining school during the entire year, as provided in section 1561 of the school code of 1976, being section 380.1561 of the Michigan Compiled Laws, shall count memberships and teachers pursuant to rules promulgated by the state board.

Sec. 14. If the returns from an intermediate district or district upon which a statement of the amount to be disbursed or paid are defective, making it impracticable to ascertain the apportionment to be disbursed or paid, the department shall withhold the amount of the apportionment that cannot be ascertained until the department is able to ascertain by the best evidence available the facts upon which the ratio and amount of the apportionment depend, and then shall make the apportionment accordingly.

Sec. 15. (1) If a district or intermediate district fails to receive its proper apportionment, the department, upon satisfactory proof that the district or intermediate district was entitled justly, shall apportion the deficiency in the next apportionment. If a district or intermediate district has received more than its proper apportionment, the department, upon satisfactory proof, shall deduct the excess in the next apportionment, except that a deduction due to an adjustment by the state tax commission in the equalized valuation of a district or intermediate district shall be made in the apportionment for the fiscal year following the fiscal year in which the state tax commission finalizes the valuation. Notwithstanding any other provision in this act, state aid overpayments to a district, other than overpayments in payments for special education or special education transportation, may be recovered from any other payment made under this act. State aid overpayments made in special education or special education transportation payments may be recovered from subsequent special education or special education transportation payments.

(2) Unless the result of an audit conducted by the department affects the current fiscal year membership, in which case affected payments will be adjusted in the current fiscal year, a deduction due to an adjustment as a result of an audit conducted by or for the department shall be deducted from the district's apportionments within a 3-year period beginning in the next fiscal year after the fiscal year in which the adjustment is finalized. At the request of the district and upon the district presenting evidence satisfactory to the department of the hardship, the department may grant up to an additional 2 years for the adjustment if the district would otherwise experience a significant hardship.

Sec. 17b. (1) Not later than the twentieth day of each month from October to July, the department shall prepare a statement of the amount to be distributed under this act in the installment to the districts and intermediate districts and deliver the statement to the state treasurer, and the state treasurer shall pay the installments on each of those dates or on the next business day following each of those dates. The portion of the district's or intermediate district's state fiscal year entitlement to be included in each installment shall be 10%.

(2) Beginning with the payment to be received on July 20, 1994, each district and intermediate district shall accrue its July 20 payment each year to its school fiscal year ending the immediately preceding June 30.



(3) The state treasurer shall make payment under this section by drawing a warrant in favor of the treasurer of each district or intermediate district for the amount payable to the district or intermediate district according to the statement and delivering the warrant to the treasurer of each district or intermediate district, or if the state treasurer receives a written request by the treasurer of the district or intermediate district specifying an account, by electronic funds transfer to that account of the amount payable to the district or intermediate district according to the statement. The department may make adjustments in payments made under this section through additional payments when changes in law or errors in computation cause the regularly scheduled payment to be less than the amount to which the district or intermediate district is entitled pursuant to this act.

(4) Except as otherwise specified in this act, grant payments under this act shall be paid according to subsection (1).

(5) If part 7a of the school code of 1976, being sections 380.751 to 380.756 of the Michigan Compiled Laws, is repealed, as is the intent of the legislature, funds held in escrow shall be distributed in the manner provided in the escrow agreements reached between the litigants in the case of Macomb county taxpayers association, et al., v L'Anse Creuse public schools et al., Macomb county circuit court case no. 91-5119-CZ, for distribution of the funds as if the final appellate disposition of that case were that those sections of the school code of 1976 are unconstitutional, as determined by the department.

(6) Upon the written request of a district or intermediate district operating under an approved deficit reduction plan under section 102 and the submission of proof satisfactory to the department of a need of a temporary and nonrecurring nature, the superintendent, with the written concurrence of the state treasurer and the director of management and budget, may authorize an advance release of funds due a district or intermediate district under this act. Such an advance shall not cause funds to be paid to a district or intermediate district more than 30 days earlier than the established payment date for those funds.

Sec. 18. (1) Except as provided in another section of this act, each district or other entity shall apply the money received by the district or entity under this act to salaries of teachers and other employees, tuition, transportation, lighting, heating, ventilation, water service, the purchase of textbooks which are designated by the board to be used in the schools under the board's charge, other supplies, and any other school operating expenditures defined in section 7. An amount equal to not more than 5% of the total amount received by a district under article 2 may be transferred by the board to either the building and site fund or to the debt retirement fund for debt service. The money shall not be applied or taken for a purpose other than as provided in this section. The department shall determine the reasonableness of expenditures and may withhold from a recipient of funds under this act the apportionment otherwise due for the fiscal year following the discovery by the department of a violation by the recipient.

(2) For the purpose of determining the reasonableness of expenditures and whether a violation of this act has occurred, the department shall require that each district have an audit of the district's financial and pupil accounting records at least annually at the expense of the district by a certified public accountant or by the intermediate district superintendent, as may be required by the department, or in the case of a district of the first class by a certified public accountant, the intermediate superintendent, or the auditor general of the city. The financial and pupil accounting records audits shall be accompanied by the district's or intermediate district's annual financial audit, which shall include an analysis of the financial and pupil accounting data used as the basis for distribution of state school aid. The audits and management letters are subject to rules prescribed by the state board, in consultation with the state auditor general. A copy of the report of each audit shall be filed, as required by the state board, not later than 120 days after the end of each school fiscal year and shall be available to the public in compliance with the freedom of information act, Act No. 442 of the Public Acts of 1976, as amended, being sections 15.231 to 15.246 of the Michigan Compiled Laws. The department shall notify the department of management and budget and the legislative appropriation subcommittees responsible for review of the school aid budget not later than December 1 of districts that have not filed an audit required under this section for the school year ending in the immediately preceding fiscal year.

(3) Each district and intermediate district shall file with the department an annual comprehensive financial report on a form and in the manner prescribed by the department. A district shall file the report with the intermediate district not later than 120 days after the end of each school year. An intermediate district shall forward the reports for its constituent districts and the report for the intermediate district to the department by November 15 of each year.

(4) If a district does not comply with subsections (2) and (3), the department shall withhold all funds due to the district under this act until the district complies with subsections (2) and (3) or until the end of the fiscal year, whichever occurs first.

Sec. 18a. Grant funds awarded and allotted to a district, unless otherwise specified in this act, shall be expended by the grant recipient before the end of the school fiscal year immediately following the fiscal year in which the funds are received. A recipient of a grant shall return any unexpended grant funds to the department in the manner prescribed by the department not later than September 30 after the fiscal year in which the funds are received.

Sec. 19. (1) In order to receive all of the funds for which a district qualifies under this act in a timely manner, not later than September 15 of each year a district shall provide to the department the annual education report described in



section 1204a of the school code of 1976, being section 380.1204a of the Michigan Compiled Laws, for the previous school year, and shall provide the annual education report to the public not later than October 15. In developing this annual education report, the district shall use data disaggregated by gender and by race.

(2) For each school fiscal year beginning with the 1992-93 school fiscal year, each district and intermediate district shall provide to the department, in a form and manner prescribed by the department, information necessary for the development of an annual progress report on the implementation of sections 1204a, 1277, 1278, and 1280 of the school code of 1976, being sections 380.1204a, 380.1277, 380.1278, and 380.1280 of the Michigan Compiled Laws, commonly referred to as "Public Act 25 of 1990", and on the achievement of national education goals.

(3) If a district does not comply with subsections (1) and (2), or does not comply with sections 1277, 1278, and 1280 of the school code of 1976, being sections 380.1277, 380.1278, and 380.1280 of the Michigan Compiled Laws, the department shall withhold all funds due to the district under this act until the district complies with this section or until the end of the fiscal year, whichever occurs first.

Sec. 20. (1) Except as otherwise provided in this act, from the appropriation in section 11 and from the amount appropriated under section 11a that is carried forward to the 1993-94 fiscal year and appropriated under section 11, there is allocated a foundation guarantee per membership pupil to each district that levies at least 18 mills in school operating taxes and to each district that levies less than 18 mills in school operating taxes because of a millage reduction required under section 31 of article IX of the state constitution of 1963. For 1993-94, the amount of the foundation guarantee per membership pupil, before adjustment under subsection (3), is \$4,800.00. For 1994-95 and each succeeding state fiscal year, the amount of the foundation guarantee per membership pupil, before adjustment under subsection (3), shall be an amount equal to the amount of the foundation allowance per membership pupil for the immediately preceding state fiscal year, before adjustment under subsection (3), adjusted by an index and determined as follows:

(a) The numerator of the fraction to be used in calculating the index is the sum of lottery net revenue for the immediately preceding state fiscal year, plus the total sales tax collections deposited in the state school aid fund for the immediately preceding state fiscal year, plus the total statewide collections on the first 18 mills of school operating taxes levied in the school fiscal year ending in the immediately preceding state fiscal year.

(b) The denominator of the fraction to be used in calculating the index is the sum of lottery net revenue for the second immediately preceding state fiscal year, plus the total sales tax collections deposited in the state school aid fund for the second immediately preceding state fiscal year, adjusted to reflect an equivalent full year of sales tax collections at the additional rate of 2% authorized under section 8 of article IX of the state constitution of 1963, plus the total statewide collections on the first 18 mills of school operating taxes levied in the school fiscal year ending in the second immediately preceding state fiscal year.

(c) The resulting fraction derived under subdivisions (a) and (b) shall then be adjusted for the change in membership used to distribute state school aid payments in the immediately preceding state fiscal year compared to the membership in the second immediately preceding state fiscal year, computed by dividing the membership for the second immediately preceding state fiscal year by the membership for the immediately preceding state fiscal year. This pupil adjustment factor shall be multiplied by the fraction derived under subdivisions (a) and (b) to determine the final index.

(d) The foundation guarantee per membership pupil for the immediately preceding state fiscal year shall be multiplied by the final index calculated under subdivision (c), and the result rounded to the nearest whole dollar. This result is the amount of the foundation guarantee per membership pupil.

(2) The estimated index to be used under subsection (1)(d) for each state fiscal year shall be a topic of each revenue estimating conference conducted under section 367b of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1367b of the Michigan Compiled Laws. If a revenue estimating conference fails to reach a consensus on the index, it shall be estimated by the state treasurer. The final index for each state fiscal year shall be computed by the state treasurer, and certified to the director of the department of management and budget and the superintendent of public instruction not later than 120 days following the end of the immediately preceding state fiscal year. If the certified index for a fiscal year differs from the estimated index used in the adoption of the state budget for a particular fiscal year, the department shall make any necessary payment adjustments, beginning with the March payment for that fiscal year.

(3) The amount of a district's foundation guarantee per membership pupil under subsection (1) shall be adjusted by all of the following that are applicable to the district, in the following order:

(a) The amount of a district's foundation guarantee per membership pupil for a state fiscal year shall not exceed an amount equal to 110% of the district's combined state and local revenue per membership pupil in the immediately preceding state fiscal year.

(b) The amount of a district's foundation guarantee per membership pupil shall be reduced by an amount equal to the amount of local school operating revenue per membership pupil, with school operating taxes calculated at a rate of 18 mills, received by the district in the school fiscal year ending in the current state fiscal year. For a district that levies less than 18 mills in school operating taxes because of a millage reduction required under section 31 of article IX of the

state constitution of 1963, the amount per membership pupil of local school operating revenue shall be calculated for the purposes of this subsection as if the district levied 18 mills in school operating taxes.

(4) In addition to the foundation guarantee per membership pupil allocated under subsection (1), from the appropriation in section 11 there is allocated for 1993-94 to each district that levies more than 18 mills of school operating taxes, up to the maximum of 27 mills, an amount per membership pupil sufficient to guarantee to the district a combined state-local yield per membership pupil of \$100.00 for each mill of school operating taxes levied in excess of 18 mills, up to the maximum of 27 mills or a proportional amount for each fraction of such a mill.

(5) In addition to the foundation guarantee per membership pupil allocated under subsection (1) and the allocation under subsection (4), from the appropriation in section 11 there is allocated a supplemental payment per membership pupil to each district that levies at least 27 mills in school operating taxes in the calendar year ending in the current state fiscal year, before application of section 31 of article IX of the state constitution of 1963, and there is allocated a supplemental payment per membership pupil to each district that levies less than 27 mills in school operating taxes in the school fiscal year ending in the current state fiscal year solely because the district is prevented from levying 27 mills due to the application of the 40-mill limitation contained in section 6 of article XI of the state constitution of 1963. For 1993-94, the amount of the supplemental payment per membership pupil under this subsection shall be an amount equal to the positive difference, if any, between 103% of the district's combined state and local revenue per membership pupil for the school fiscal year ending in 1992-93 minus the combined total of the district's foundation guarantee per membership pupil under subsection (1) and the district's combined state and local revenue per membership pupil attributable to the millage described in subsection (4) for the school fiscal year ending in 1993-94. For 1994-95, the amount of the supplemental payment per membership pupil under this subsection shall be an amount equal to the amount of the district's supplemental payment per membership pupil for the immediately preceding state fiscal year, reduced by the amount, if any, required to limit the percentage change in the current state fiscal year in the district's combined state and local revenue per membership pupil to the same percentage as the percentage change for the current state fiscal year in the foundation allowance under subsection (1).

(6) For 1993-94, payments under this section shall initially be calculated according to estimates by the department of treasury, and shall be adjusted as necessary by the department of treasury according to the department's calculations. Not later than October 15, 1993, the department of treasury shall provide to each district a statement of the department's determination of the district's combined state and local revenue per membership pupil for 1992-93 and of the department's millage rate determinations for the district under this section and of the data used by the department of treasury to make those determinations. Not later than November 15, 1993, a district may appeal the determinations made by the department of treasury for the district under this section. An appeal under this subsection shall be made to the superintendent of public instruction, who may assign the appeal to a hearing officer. An appeal shall address only the interpretation and application of this section. The superintendent of public instruction shall offer any appealing district an appeal conference to attempt to resolve the issues raised in the appeal without a hearing. If the appeal conference does not resolve the issues, the superintendent of public instruction or hearing officer may conduct a hearing. Based upon the appeal, the information submitted by the district, and the information provided by the department of treasury, the hearing officer shall submit a proposed decision to the superintendent of public instruction either affirming the determinations made by the department of treasury or directing the department of treasury to make specific adjustments. Not later than 30 days after receiving the proposed decision, the superintendent of public instruction shall issue a final decision either affirming the determinations made by the department of treasury or directing the department of treasury to make specific adjustments and provide a copy to the district.

(7) State equalization allocations to a district under this section shall be adjusted by subtracting from the allocations money received under section 3(1) of title I of chapter 1124, 64 Stat. 1100, 20 U.S.C. 238, in the same proportion as the total local revenues covered under the state equalization program are to total local revenues for education in the district, except that not more than the lesser of 50% of the money received under section 3(1) of title I of chapter 1124, 64 Stat. 1100, 20 U.S.C. 238, or \$160.00 per pupil shall be subtracted. The proportion shall be based on prior year revenue and prior year impact aid. A deduction in any year shall not exceed the amount of deductible impact aid for which a district is eligible under section 3(1) of title I of chapter 1124, 64 Stat. 1100, 20 U.S.C. 238. Any deductions made under this act shall be consistent with the requirements of section 5 of title I of chapter 1124, 64 Stat. 1100, 20 U.S.C. 240, and its regulations.

(8) A district may use any funds allocated under this section in conjunction with any federal funds for which the district otherwise would be eligible.

(9) As used in this section:

(a) "Combined state and local revenue per membership pupil" means the aggregate of the district's state school aid received by or paid on behalf of the district under this section, except for payments received because of an adjustment in the district's state school aid for a prior fiscal year, and the district's local school operating revenue, divided by the district's membership. However, for the purpose of calculating a district's combined state and local revenue per membership pupil in 1992-93 only, combined state and local revenue for membership pupil means the aggregate of the following, divided by the district's 1992-93 membership for K-12 only:

(i) Total state school aid received by or paid on behalf of the district pursuant to this act in 1992-93, except for payments received because of an adjustment in the district's state school aid for a prior fiscal year, including the amount of a district's August 1993 payment delayed under section 17b and excluding all of the following received by the district for 1992-93:

(A) Money received by the district under section 17b for restoring the delayed August 1992 payment.

(B) Consolidation grants under section 22.

(C) Early childhood grants under section 36.

(D) Payments for bilingual education under section 41.

(E) Payments for gifted and talented programs under section 47.

(F) All payments under article 5.

(G) Special education transportation under former section 71, as calculated under former section 72.

(H) Payments under former section 21(3).

(I) Payments for mathematics and science centers under section 99.

(J) Extended school year grants under section 101a.

(K) Payments under section 107a.

(L) Edge program payments under section 107b.

(M) Payments under former section 21(1) for adult education membership in 1992-93, after adjustments. These payments shall be calculated by multiplying the district's gross membership allowance by the district's full-time equated adult education pupils enrolled on the pupil membership count day in adult basic education, adult high school completion, which includes participants in G.E.D. preparation programs, and alternative education in adult education, minus adjustments.

(ii) Local school operating revenue.

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

(c) "Local school operating revenue" means school operating taxes plus the aggregate of a district's revenue from the following received and retained by the district for school operating purposes:

(i) Industrial facilities tax levied under section 11 of Act No. 198 of the Public Acts of 1974, being section 207.561 of the Michigan Compiled Laws, and retained by the district pursuant to an exemption certificate issued after December 31, 1991, and, for a district that received membership aid under former section 21 of this act in the state fiscal year 1992-93, tax levied and retained pursuant to an exemption certificate issued before 1992.

(ii) Commercial facilities tax levied under section 12 of the commercial redevelopment act, Act No. 255 of the Public Acts of 1978, being section 207.662 of the Michigan Compiled Laws, and retained by a district that received membership aid under former section 21 of this act in the state fiscal year 1992-93.

(iii) Technology park facilities tax levied under section 12 of the technology park development act, Act No. 385 of the Public Acts of 1984, being section 207.712 of the Michigan Compiled Laws, and retained by the district pursuant to an exemption certificate issued after December 31, 1991, and, for a district that received membership aid under former section 21 of this act in the state fiscal year 1992-93, tax levied and retained pursuant to an exemption certificate issued before 1992.

(iv) Enterprise zone facilities tax levied under section 21 of the enterprise zone act, Act No. 224 of the Public Acts of 1985, being section 125.2121 of the Michigan Compiled Laws, and retained by the district pursuant to an exemption certificate issued after December 31, 1991, and, for a district that received membership aid under former section 21 of this act in the state fiscal year 1992-93, tax levied and retained pursuant to an exemption certificate issued before 1992.

(v) Neighborhood enterprise zone tax levied under section 9 of the neighborhood enterprise zone act, Act No. 147 of the Public Acts of 1992, being section 207.779 of the Michigan Compiled Laws, and retained by the district.

(vi) Commercial forest specific tax described in section 7a of Act No. 94 of the Public Acts of 1925, being section 320.307a of the Michigan Compiled Laws, and retained by a district that received membership aid under former section 21 of this act in the state fiscal year 1992-93.

(d) "Local school operating revenue per membership pupil" means a district's local school operating revenue divided by the district's membership.

(e) "School operating purposes" means the purposes included in the operation costs of the district as prescribed in section 7.

(f) "School operating taxes" means local ad valorem property taxes levied and retained for school operating purposes. "School operating taxes" does not include any of the following:

(i) The number of mills of property tax levied by a district for payment of principal or interest on notes or bonds issued to fund an operating deficit pursuant to section 1356 of the school code of 1976, being section 380.1356 of the Michigan Compiled Laws.

(ii) The number of mills of property taxes levied by a district for operating a community college under part 25 of the school code of 1976, being sections 380.1601 to 380.1607 of the Michigan Compiled Laws, as reported by the district to the department for the purpose of compiling the activity classification structure data under section 204 of Act No. 150 of the Public Acts of 1992.

(iii) The number of mills of property taxes levied by a district that is a school district of the first class that are attributable to payments by the district to a public library commission pursuant to section 11(d) of the property tax limitation act, Act No. 62 of the Public Acts of 1933, being section 211.211 of the Michigan Compiled Laws.

(iv) The number of mills of property taxes levied by a district for the operation of a library established pursuant to Act No. 261 of the Public Acts of 1913, being sections 397.261 to 397.262 of the Michigan Compiled Laws, or levied by a district for operation of a library under section 1451 of the school code of 1976, being section 380.1451 of the Michigan Compiled Laws, that were not included in the operating millage reported to the department by the district as of April 1, 1993, except that districts certified by June 15, 1993, by the state treasurer to be levying less than 27 school operating mills for 1993-94 may have until June 30, 1993, to notify the department of a change in the classification of their millage for purpose of payments under this act for 1993-94.

(v) The number of mills of property taxes levied by a district under section 1212 of the school code of 1976, being section 380.1212 of the Michigan Compiled Laws.

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

Sec. 20a. From the appropriation in section 11 there is allocated for 1993-94 to each district that is a school district of the first class under the school code of 1976 and that levies taxes authorized before June 2, 1993 under section 1356(4) of the school code of 1976, being section 380.1356 of the Michigan Compiled Laws, an amount per membership pupil sufficient to guarantee to the district a combined state-local yield per membership pupil of \$100.00 for each mill of taxes levied under section 1356(4) of the school code of 1976 and authorized before June 2, 1993.

Sec. 20b. (1) From the general fund/general purpose money appropriated in section 11, there is allocated an amount not to exceed \$50,000,000.00 for 1993-94 for payments to authorities under this section.

(2) As used in this section:

(a) "Advance" means any transfer of funds made by an incorporating unit to an authority or to any other person on behalf of the authority in anticipation of repayment by the authority. Evidence of the intent to repay an advance may include, but shall not be limited to, an executed agreement to repay, provisions contained in a tax increment financing plan approved prior to the advance, or a resolution of the authority or the incorporating unit.

(b) "Authority" means a downtown development authority created pursuant to Act No. 197 of the Public Acts of 1975, as amended, being sections 125.1651 to 125.1680 of the Michigan Compiled Laws, a tax increment finance authority created pursuant to Act No. 450 of the Public Acts of 1980, as amended, being sections 125.1801 to 125.1830 of the Michigan Compiled Laws, or a local development finance authority created pursuant to Act No. 281 of the Public Acts of 1986, as amended, being sections 125.2151 to 125.2174 of the Michigan Compiled Laws.

(c) "Captured assessed value" means that term as defined by the act pursuant to which the authority was incorporated.

(d) "Eligible advance" means an advance made before April 15, 1993.

(e) "Eligible obligation" means an obligation issued or incurred by an authority or by an incorporating unit on behalf of an authority before October 1, 1993, if the tax increment financing plan including the project for which the obligation was incurred was approved by the incorporating unit in accordance with law before July 1, 1993.

(f) "Fiscal year" means the fiscal year of the authority.

(g) "Incorporating unit" means the city, village, or township which established the authority pursuant to law.

(h) "Obligation" means any written promise to pay a third party, whether evidenced by a contract, agreement, lease, sublease, bond or note, or any requirement to pay a third party imposed by law, including but not limited to the following:

(i) A requirement to pay proceeds derived from ad valorem property taxes or taxes levied in lieu of ad valorem property taxes.

(ii) A management contract or a contract for professional services.

(iii) Any payment required on any contract, agreement, bond or note which an authority is required to make or to assume, if the requirement to assume the contract, agreement, bond or note arises before October 1, 1993.

(iv) A requirement to pay or reimburse a third party for the cost of any insurance for, or to maintain, property subject to a lease, land contract purchase agreement or other agreement.

(v) A letter of credit, paying agent, transfer agent, bond registrar, or trustee fee associated with a contract, agreement, bond or note.

An obligation does not include any payment required solely because of the default upon an obligation. An obligation does not include salaries of employees or consideration paid for the use of municipal offices.

(i) "On behalf of an authority" means, in relation to an eligible advance made or an eligible obligation issued or incurred by an incorporating unit, action taken by the incorporating unit in anticipation that an authority would transfer tax increment revenues or reimburse the incorporating unit from tax increment revenues in an amount sufficient to fully make payment required by the eligible obligation issued or incurred by the incorporating unit, if the anticipation of the transfer or receipt of tax increment revenues from the authority is pursuant to or evidenced by 1 or more of the following:

(i) A reimbursement agreement between the incorporating unit and an authority it established.

(ii) A requirement imposed by law that the authority transfer tax increment revenues to the incorporating unit.

(iii) A resolution of the authority agreeing to make payments to the incorporating unit.

(iv) Provisions in a tax increment financing plan describing the project for which the obligation was incurred.

(k) "Specific local taxes" mean that term as defined by the act pursuant to which the authority was incorporated.

(l) "State fiscal year" means the annual period commencing October 1 of each year.

(m) "Tax increment revenues" mean the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions upon the captured assessed value of the property from which ad valorem property taxes and specific local taxes may be captured by an authority. Tax increment revenues do not include any ad valorem property taxes or specific local taxes attributable either to any portion of the captured assessed value shared with taxing jurisdictions within the jurisdictional area of the authority or to any portion of value of property which may be excluded from captured assessed value. Tax increment revenues also do not include ad valorem property taxes and specific local taxes attributable to the application of those millage levies of taxing jurisdictions excluded by law or by the tax increment financing plan of the authority from the determination of the amount of tax increment to be transmitted to the authority.

(3) Not less than 30 days before the first day of a fiscal year, each authority eligible to receive a distribution under this section for that fiscal year shall file a claim for distribution with the department. The claim for distribution shall include the following information:

(a) The property tax rates levied in 1992 for school operating purposes with the jurisdictional area of the authority.

(b) The property tax rates levied or to be levied for the next fiscal year for school operating purposes within the jurisdictional area of the authority.

(c) The tax increment revenues estimated to be received by the authority for that fiscal year based upon actual or anticipated property tax millage levies of all taxing jurisdictions within the jurisdictional area of the authority.

(d) The tax increment revenues estimated to be received by the authority for that fiscal year from actual or anticipated property tax millage levies for school operating purposes.

(e) The tax increment revenues the authority estimates it would have received for that fiscal year if the school operating property tax millage was levied at the rate imposed in the 1992 year for school operating purposes.

(f) A list of eligible obligations or eligible advances and the payments due on those eligible obligations or eligible advances in the next fiscal year.

(g) The amount of any other funds, other than tax increment revenues, estimated to be received in the next fiscal year by the authority which were primarily pledged to, and used for, the payment of an eligible obligation or an eligible advance. Other funds received by the authority for any fiscal year shall not include any excess tax increment revenues of the authority which are permitted by law to be retained by the authority for purposes which further the development program in accordance with the tax increment financing plan of the authority approved prior to July 1, 1993.

(h) The amount of any distribution received pursuant to this act for any fiscal year in excess of or less than the distribution which would have been required if calculated upon actual tax increment revenues received for that fiscal year.

(4) For a fiscal year which commences in 1993, an authority may make a claim for distribution with all information required by subsection (2) at any time after the effective date of this section.

(5) There is hereby appropriated for the 1992-93 state fiscal year and each state fiscal year thereafter the amount determined pursuant to this subsection. After review and verification of claims submitted pursuant to this section, amounts appropriated pursuant to this subsection shall be distributed as 2 equal payments on March 1 and September 1

after receipt of a claim. An authority shall allocate any distribution it receives for an eligible obligation issued on behalf of an incorporating unit to the incorporating unit.

(6) Subject to subsections (7) and (8), the aggregate amount to be appropriated and distributed pursuant to this section to any authority shall be the sum of the amounts determined pursuant to subdivisions (a) and (b) of this subsection minus the amount determined pursuant to subdivision (c) of this subsection:

(a) The difference between the tax increment revenues the authority would have received for the fiscal year if the school operating property tax millage was levied at the rate imposed in 1992 for school operating purposes, as required to be reported pursuant to subsection (3)(e), and the tax increment revenues estimated to be received by the authority for the fiscal year based upon actual or anticipated property tax millage levies for school operating purposes, as required to be reported pursuant to subsection (3)(d).

(b) Any shortfall required to be reported pursuant to subsection (3)(h) which had not previously decreased a distribution.

(c) Any excess amount required to be reported pursuant to subsection (3)(h) which had not previously decreased a distribution.

(7) The amount distributed under subsection (6) shall not exceed the difference between the amount described in subsection (3)(f) and the sum of the amounts described in subsections (3)(c) and (3)(g).

(8) If, based upon the tax increment financing plan in effect on July 1, 1993, the payment due on eligible obligations or eligible advances anticipate the use of any excess prior year tax increment revenues permitted by law to be retained by the authority, and if the sum of the amounts described in subsections (3)(c) and (3)(g) plus the amount to be distributed pursuant to subsections (6) and (7) is less than the amount described in subsection (3)(f), the amount distributed under subsections (6) and (7) shall be increased by the amount of the shortfall. However, the amount authorized to be distributed pursuant to this section shall not exceed that portion of the cumulative difference, for each preceding fiscal year, between the amount which could have been distributed pursuant to subsection (6) and the amount actually distributed pursuant to subsections (6), (7) and this subsection.

(9) Any distribution under this section replacing any tax increment revenues pledged by an authority or an incorporating unit shall be subject to the lien of the pledge, whether or not there has been physical delivery.

(10) Obligations for which distributions are made pursuant to this section are not a debt or liability of the state and, except for the appropriation required by this section and section 6 of article IX of the state constitution of 1963, as amended, shall not create or constitute any indebtedness, liability, or obligation of the state or be or constitute a pledge of the faith and credit of the state.

Sec. 20c. From the appropriation in section 11, there is allocated an amount not to exceed \$49,000,000.00 for 1993-94 for grants to districts that levy more than 18 mills of school operating taxes, that levied in 1992 a total of at least 38 mills in combined school operating taxes and deficit reduction taxes pursuant to section 1356 of the school code of 1976, and that are determined by the department to have in 1993-94 state equalized valuation per membership pupil of \$120,000.00 or less, and for payments to a district not otherwise eligible under this section that levies more than 18 mills of school operating taxes, that received a membership allowance under former section 21(1) in 1991-92, that did not receive a membership allowance under former section 21(1) in 1992-93, and that had fewer pupils in membership in 1992-93 than in 1991-92. The amount to be paid to each district under this section shall be an amount per membership pupil of \$50.00 for each mill of school operating taxes levied in excess of 18 mills up to 20 mills, or a proportional amount for each fraction of such a mill.

Sec. 21a. From the appropriation in section 11, there is allocated an amount not to exceed \$2,400,000.00 for 1993-94 to applicant intermediate districts and consortia of intermediate districts to provide support services and technical assistance for school improvement planning, core curriculum development, accreditation, development of annual education reports, and the development of state board-approved employability skills assessment programs for districts. In order to receive funds under this subsection, an intermediate district or consortium of intermediate districts, as applicable, shall submit an application in accordance with criteria established by the department.

Sec. 21b. (1) Subject to subsection (2), a district shall use funds allocated under this act to support the attendance of a district pupil at a public or private degree-granting postsecondary institution if all of the following conditions are met:

(a) The pupil has earned sufficient credits so that he or she is in grade 12 and needs 5 or fewer credits to achieve the total required for high school graduation, but he or she has not yet completed those graduation requirements.

(b) The pupil is enrolled in the district for at least the number of credits he or she needs to fulfill the graduation requirements of the district and is also enrolled in the postsecondary institution during the district's regular academic year.

(2) A district shall pay tuition and fees under this section only for a course that is not offered by the district and that is an academic course not ordinarily taken as an activity course. If the pupil is enrolled in a postsecondary institution for

more than 1 course qualifying under this subsection for tuition and fee support, the district shall pay an amount under subsection (4) only for the qualifying course with the lowest amount of tuition and fees.

(3) Not later than August 15 of each year, a district shall provide to each pupil who will be in grade 12 in the upcoming school year a letter describing the conditions under which a pupil is eligible for tuition and fee support under the criteria specified in this section. Upon request by an eligible pupil or his or her parent or guardian, the district shall provide to the eligible pupil a letter signed by the pupil's principal indicating the pupil's eligibility.

(4) If the pupil provides the postsecondary institution with written proof of eligibility for tuition and fee support from the district, a postsecondary institution enrolling a pupil described in this section shall transmit to the district a bill detailing the tuition and fees for the dual-enrollment course of the dually-enrolled pupil. A district shall pay the postsecondary institution \$50.00 per credit hour to be applied to the pupil's tuition and fees. However, the total amount of tuition and fee support to be paid by a district for a pupil for a postsecondary course shall not exceed either of the following: (a) the proportion of the total amount of state school aid the district received per pupil in the immediately preceding fiscal year that is equal to the ratio of the length of the postsecondary course for which tuition and fee support is paid to the length of the district's school year, in weeks; or (b) the total amount of the tuition and fees for the course. The pupil is responsible for payment of the remainder of the tuition and fees associated with his or her dual enrollment.

(5) Upon completion of the district's high school graduation requirements, a pupil is no longer eligible for tuition and fee support under this section.

(6) If a dually-enrolled pupil does not complete the postsecondary course, the postsecondary institution shall forward to the district any funds that are refundable due to noncompletion of the course.

(7) Each intermediate district shall collect from its constituent districts and provide to the department at the time of submission of form B data a report on the dollars expended for dually-enrolled pupils and the number of dually-enrolled pupils during the immediately preceding school year in each of its constituent districts. Not later than February 1 of each year, the department shall prepare and submit to the house and senate fiscal agencies and the department of management and budget a summary annual report based on the information received under this subsection.

(8) A district shall not restrict a pupil's attendance at a postsecondary institution described in subsection (1) based solely on whether or not the pupil is eligible for tuition and fee support under this section.

Sec. 22. (1) A district formed before July 31 of a fiscal year by the consolidation or annexation of 2 or more districts or the attachment of a total district to another district is entitled to receive in the next succeeding fiscal year the same total allocation under section 20 that the individual districts that make up the new district would have been entitled to receive as separate districts.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$200,000.00 for 1993-94 for reorganization planning study grants and annual payments to districts formed by the consolidation or annexation of 2 or more districts, the attachment of a total district to another district, or the formation of a joint high school district under part 3a of the school code of 1976 not later than the second Monday in June of the immediately preceding fiscal year. Applications for reorganization planning study grants shall be submitted in a form and manner prescribed by the department. In order to be eligible to receive reorganization payments, districts shall have been formed by the consolidation or annexation of 2 or more districts, the attachment of a total district to another district, or the formation of a joint high school district under part 3a of the school code of 1976 not later than the second Monday in June immediately preceding the fiscal year in which the payments are to be received. Payments to eligible reorganized districts shall be, in the first year of the reorganization, the sum of \$850.00 per pupil for each transferred pupil in membership on the pupil membership count day or tuition pupil as provided for in section 111 in the school fiscal year immediately preceding the reorganization in the district contributing the least number of pupils to the reorganized district, \$600.00 per each such pupil in the second year of the reorganization, and \$350.00 per each such pupil in the third year of the reorganization. As an alternative an eligible reorganized district resulting from the merger of 3 or more total districts may elect a payment that shall be \$850.00 per pupil in the first year of the reorganization for each transferred pupil in membership on the pupil membership count date or tuition pupil as provided for in section 111 in the school fiscal year immediately preceding the reorganization in the districts other than the district contributing the largest number of pupils to the reorganized district, \$600.00 per each such pupil in the second year of the reorganization, and \$350.00 per each such pupil in the third year of the reorganization, except that payment shall not be made for more than 1,000 pupils to any 1 reorganized district under this alternative provision. A reorganized district is not eligible for payments under this subsection for more than 3 years.

Sec. 23a. (1) Each district that operates more than 1 school offering instruction at the same grade level and that is not exempt under subsection (12) shall have established a schools of choice planning committee not later than November 15, 1991. The schools of choice planning committee shall consist of representative parents, businesspersons, teachers, and building principals and other school administrators. At least 2/3 of the members of the schools of choice planning committee shall be parents who are not employees of the district.



(2) Not later than April 1, 1993, the schools of choice planning committee in each district that is not exempt under subsection (12) shall have developed and submitted to the district board for approval an in-district schools of choice program that complies with subsection (8).

(3) Each district that operates more than 1 school offering instruction at the same grade level and that is not exempt under subsection (12) shall implement beginning in the 1993-94 school year an in-district schools of choice program based on its in-district schools of choice plan unless both of the following have occurred:

(a) At least 60 days before the district's last regularly scheduled school election or, for a fourth class or primary district, district annual meeting, before the beginning of the 1993-94 school year, the board of the district adopted a resolution exempting the district from implementing an in-district schools of choice program.

(b) Not later than the last regularly scheduled school election or, for a fourth class or primary district, district annual meeting, before the beginning of the 1993-94 school year, a majority of the district's school electors voting at the election or meeting supported the board's action by approving a ballot proposal exempting the district from implementing schools of choice program. The ballot proposal shall be substantially in the following form:

"Shall the [insert name of district] school district be exempt from having schools of choice within the school district?

Yes [ ]

No [ ]".

(4) If the requirements under subsection (3) for an exemption under that subsection from implementing an in-district schools of choice program in the 1993-94 school year cannot be met in a district described in subsection (3) because the district's last regularly scheduled school election or district annual meeting before the beginning of the 1993-94 school year occurred within 120 days after the effective date of this section, that district is not required to implement an in-district schools of choice program in the 1993-94 school year. However, the district shall implement beginning in the 1994-95 school year an in-district schools of choice program based on its in-district schools of choice plan unless both of the following occur:

(a) At least 60 days before the district's last regularly scheduled school election or, for a fourth class or primary district, district annual meeting, before the beginning of the 1994-95 school year, the board of the district adopts a resolution exempting the district from implementing an in-district schools of choice program.

(b) Not later than the last regularly scheduled school election or, for a fourth class or primary district, district annual meeting, before the beginning of the 1994-95 school year, a majority of the district's school electors voting at the election or meeting support the board's action by approving a ballot proposal exempting the district from implementing an in-district schools of choice program. The ballot proposal shall be substantially in the following form:

"Shall the [insert name of district] school district be exempt from having schools of choice within the school district?

Yes [ ]

No [ ]".

(5) After the 1993-94 school year, a district that is not exempt under subsection (12) that has implemented an in-district schools of choice program under subsection (3) or (4) or rescinded an exemption under subsection (6) shall offer the schools of choice program in each school year unless a majority of the district's school electors voting at a school election or, for a fourth class or primary district, district annual meeting, approve a ballot proposal exempting the district from offering an in-district schools of choice program. The proposal may be placed on the ballot by board resolution adopted at least 60 days before the school election or district annual meeting or by a petition signed by at least 10% of the district's school electors and submitted to the board at least 60 days before the school election or district annual meeting. The ballot proposal shall be in substantially the form specified in subsection (3)(b).

(6) An exemption from offering an in-district schools of choice program approved under subsection (3), (4), or (5) may be rescinded if a majority of the district's school electors voting at a school election or, for a fourth class or primary district, district annual meeting, approve a ballot proposal rescinding the exemption from offering an in-district schools of choice program. The proposal may be placed on the ballot by board resolution adopted at least 60 days before the school election or district annual meeting or by a petition signed by at least 10% of the district's school electors and submitted to the board at least 60 days before the school election or district annual meeting. The ballot proposal shall be substantially in the following form:

"Shall the previously approved exemption from having schools of choice within the [insert name of district] school district be rescinded?

Yes [ ]

No [ ]".

(7) The question of exempting a district under subsection (5) from offering a schools of choice program or of rescinding an exemption under subsection (6) shall not be voted upon by the school electors of the district more than once in a 2-year period.

(8) An in-district schools of choice program shall include at least all of the following:

(a) A plan to ensure that the parent, legal guardian, or person in loco parentis of each school-aged child residing within the district is provided with both of the following:

(i) Adequate information about the schools of choice program to allow the parent, legal guardian, or person in loco parentis to make informed decisions about which school his or her child will attend.

(ii) Access to counseling about the schools of choice program.

(b) A plan to ensure that each pupil has an equal opportunity for enrollment within the open enrollment availability provided in the school that his or her parent, legal guardian, or person in loco parentis chooses for him or her. The plan shall provide that, if the number of pupil applicants exceeds the number allowed by the district for a particular school, pupils will be selected to attend the school through a random selection process. However, if in 1990-91 a district operated 1 or more schools for which admission was based on testing or performance, such as a science or performing arts school, the district may continue to use such an admission process for that school or schools. The plan may give priority in placement in a school to a sibling of a pupil already enrolled in the school.

(c) A provision that if the district has joined an athletic association, the pupils and schools of the district will remain subject to the rules of that association.

(d) A plan to ensure that the district maintains all existing standards of racial and ethnic integration within the district.

(9) At the option of the district, an in-district schools of choice program implemented under this section in 1993-94 may include provision for transportation of pupils to the school of choice within the district.

(10) A district is not required to adopt a program under subsection (8) that would force pupils from neighborhood schools.

(11) To implement this section, the department shall do all of the following:

(a) Develop and provide to each district a guide to the criteria used in determining eligibility for additional transportation assistance for implementing an in-district schools of choice program.

(b) Provide technical assistance and administrative support to districts as requested.

(c) Disseminate information to districts, the public, and the legislature on the characteristics and outcomes of the various in-district schools of choice plans implemented under this section.

(d) Monitor all in-district schools of choice programs implemented under this section to ensure that they comply with the transportation requirements described in subdivision (a).

(e) Develop guidelines and recommendations for a possible transition to an intermediate district schools of choice program within the boundaries of an intermediate district.

(12) A district that had a schools of choice or similar open enrollment program in effect in the district before October 1, 1991 is exempt from this section as long as the district's schools of choice or similar open enrollment program remains in effect.

(13) The state board may promulgate rules to implement this section.

(14) If a district that is not exempt under this section does not comply with this section, then any funds due to the district under this act shall be withheld by the department until the district complies with this section or until the end of the fiscal year, whichever occurs first.

Sec. 23c. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$200,000.00 for 1993-94 for grants to public universities to plan for operating an instructional program for 1994-95 for pupils in grades K-6, 6-8, or 9-12 or any combination of those grades. The instructional program may be a joint venture between the university and a district. The amount of a planning grant for each university shall be \$50,000.00.

(2) A public university that is in a joint venture with a district shall demonstrate that the instructional program will be developed with the direct involvement in the planning process of the teachers and building-level administrators from each district whose pupils are eligible to attend. The representatives of the teachers and the building-level administrators in the planning process shall be selected by their respective collective-bargaining agents, if they are represented by collective-bargaining agents.

(3) In order to receive funds under this section, a public university shall submit an application to the department on a form and in a manner prescribed by the department. The application shall include at least all of the following:

(a) Identification of the proposed grade levels for which the university plans to operate an instructional program.

(b) Identification of the districts from which pupils would be eligible to attend the instructional program.

(c) A description of the process for the random selection of pupils for enrollment.

(d) A description of the proposed curriculum features that will be given highest priority in the instructional program.

(e) If the public university intends to operate the instructional program as a joint venture with a district, a description of how the public university plans to involve in the planning process the teachers and building-level administrators from each district whose pupils are eligible to enroll in the instructional program.

(4) Not later than March 31, 1994, each university that receives a grant under this section in 1993-94 shall provide to the department of education, the department of management and budget, and the respective K-12 appropriations subcommittees of the house of representatives and senate an updated preliminary version of its implementation plan and proposed staffing pattern for the offering of an instructional program described in this section in an upcoming fiscal year.

(5) In order to receive funds under this act as a district, an instructional program implemented under this section by a public university for pupils in grades K-6, 6-8, 9-12, or a combination of those grades shall have submitted an application to the department on a form and in a manner prescribed by the department. The application shall have included at least all of the following:

(a) Identification of the proposed grade levels for which the university plans to operate an instructional program.

(b) Identification of the districts from which pupils would be eligible to attend the instructional program.

(c) A description of the process for the random selection of pupils for enrollment.

(d) A description of the proposed curriculum features that will be given highest priority in the instructional program.

(e) If the public university intends to operate the instructional program as a joint venture with a district, a description of how the public university plans to involve in the planning process the teachers and building-level administrators from each district whose pupils are eligible to enroll in the instructional program.

(6) If the operation of an instructional program under this section is not a joint venture with a district, the university shall receive for each pupil enrolled an amount equal to the foundation guarantee under section 20(1).

(7) In order to receive funding under this act as a district, an instructional program implemented by a public university under this section shall comply with all of the requirements of sections 1204a, 1277, 1278, and 1280 of the school code of 1976, being sections 380.1204a, 380.1277, 380.1278, and 380.1280 of the Michigan Compiled Laws, commonly referred to as "public act 25 of 1990".

(8) An instructional program implemented under this section is eligible for all applicable categorical and federal aid.

(9) An employee of a public university employed in an instructional program funded under this section is not an employee of a school district for purposes of Act No. 4 of the Public Acts of the Extra Session of 1937, being sections 38.71 to 38.191 of the Michigan Compiled Laws.

(10) An employee of a public university employed in an instructional program funded under this section is not eligible to be a member of the public school employees retirement system established by Act No. 300 of the Public Acts of 1980, being sections 38.1301 to 38.1408 of the Michigan Compiled Laws, unless other employees of the university are eligible for membership in that retirement system.

Sec. 24. (1) A pupil under court jurisdiction who is placed in a private home or in a private or public institution located outside the district in which the pupil's parents or legal guardians reside, or an intermediate school district operating a program in a home operated by the juvenile division of the probate court under section 628 of the school code of 1976, being section 380.628 of the Michigan Compiled Laws, may be counted as a resident of the district of attendance if other than the district of the pupil's parents or legal guardian. The pupil shall be counted in membership by the district of attendance. The total membership of these pupils shall be computed by adding the membership days attended by the pupils before April 1 of the current school year and dividing the total by the number of days in the school year of the district before April 1 of the current school year. The membership thus obtained shall be certified by the district to the department, which shall adjust the total membership of the district accordingly in determining the school aid to be paid during the fiscal year.

(2) Special education pupils funded under section 53 shall not be counted under this section.

Sec. 26. For purposes of computations made under this act, the valuation of a district or intermediate district shall not include the captured assessed value included in a tax increment financing plan established within the district or intermediate district pursuant to Act No. 197 of the Public Acts of 1975, as amended, being sections 125.1651 to 125.1681 of the Michigan Compiled Laws, the tax increment finance authority act, Act No. 450 of the Public Acts of 1980, being sections 125.1801 to 125.1830 of the Michigan Compiled Laws, or the local development financing act, Act No. 281 of the Public Acts of 1986, being sections 125.2151 to 125.2174 of the Michigan Compiled Laws. A district or intermediate district receiving money pursuant to section 14 of Act No. 197 of the Public Acts of 1975, as amended, being section 125.1664 of the Michigan Compiled Laws, section 13 of Act No. 450 of the Public Acts of 1980, being section 125.1813 of the Michigan Compiled Laws, or section 12 of Act No. 281 of the Public Acts of 1986, being section 125.2162 of the Michigan Compiled Laws, shall have its funds received under section 20, 56, or 62 reduced by an amount equal to the added local money.

Sec. 36. From the appropriation in section 11, there is allocated an amount not to exceed \$27,564,700.00 for 1993-94 to enable eligible districts to develop or expand, in conjunction with whatever federal funds may be available, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, Public Law 89-10, 102 Stat. 140, chapter 1 of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, and the head start act, subchapter B of chapter 8 of subtitle A of title VI of Public Law 97-35, 42 U.S.C. 9831 to 9852, comprehensive compensatory education programs designed to improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who show evidence of 2 or more "at-risk" factors as defined in the state board report entitled "children at risk" that was adopted by the state board on April 5, 1988. A comprehensive compensatory education program funded under this section may include health screening for participating children and the district may use funds received under this section to fund that health screening.

Sec. 37. A district is eligible for an allocation under section 36 if, in a manner and on forms prescribed by the department, all of the following apply:

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

(b) The district provides for the active and continuous participation of parents or guardians of the children in the program, and describes the district's participation plan as part of the application.

(c) The district only employs for this program either of the following:

(i) Teachers possessing proper training, including, but not limited to, a valid teaching certificate and, beginning September 1, 1994, an early childhood (ZA) endorsement. This provision does not apply to a district that subcontracts with an eligible child development program. In that situation a teacher must have a valid teaching certificate and may have a child development associate credential (CDA) instead of an early childhood (ZA) endorsement.

(ii) Paraprofessionals possessing proper training in early childhood development, including, but not limited to, a child development associate credential (CDA) or associate degree in child development or other similar program, as approved by the department.

(d) The district identifies in its application all of the following:

(i) The estimated total number of children in the community who meet the criteria of section 36.

(ii) The estimated number of children in the community who meet the criteria of section 36 and are being served by other early childhood development programs operating in the community.

(iii) The estimated number of children who meet the criteria of section 36 who will remain unserved after the district and community early childhood programs have met their funded enrollments. The school district shall maintain a waiting list of identified unserved eligible children who would be served when openings are available.

(iv) All collaborative activities between the district and other operators of early childhood development programs.

(e) The district has submitted for approval a program budget that includes only those costs not reimbursed or reimbursable by federal funding, that are clearly and directly attributable to the early childhood readiness program, and that would not be incurred if the program were not being offered. If children other than those determined to be educationally disadvantaged participate in the program, state reimbursement under section 36 shall be limited to the portion of approved costs attributable to educationally disadvantaged children.

(f) The district has established a committee on early childhood education curriculum consisting of, at a minimum, classroom teachers for prekindergarten, kindergarten, and first grade, a parent of a prekindergarten child, the district curriculum director or equivalent administrator, and, if feasible, a school psychologist, school social worker, or school counselor. The committee shall do both of the following:

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

(ii) Review all referrals for participation in the early childhood program and recommend children for placement.

(g) The district has submitted for departmental approval a plan to conduct and report annual early childhood program evaluations using criteria approved by the department. At a minimum, the evaluations shall include assessment of the gains in educational readiness and progress through first grade of children participating in the early childhood program.

(h) The district has established a community advisory committee that shall be involved in the planning and evaluation of the program and has provided for collaboration with and the involvement of appropriate community, volunteer, social service agencies and organizations, and parents in addressing all aspects of educational disadvantage.

(i) At least 18 of the district's resident children of the age group specified in section 36, as described in section 36 and calculated under section 38, are construed to be in need of special readiness assistance. A district shall also be eligible for an allocation under section 36 if at least 50 children, as described in section 36 and calculated under section 38, are

construed to be in need of special readiness assistance, regardless of the percentage they comprise of the district's resident children of the age group specified in section 36. In addition, a consortium of 2 or more districts shall be eligible for an allocation under section 36 if each of those districts has less than 18 but more than 5 of its resident children of the age group specified in section 36, as described in section 36 and calculated under section 38, and in combination the districts' number of children who are construed to be in need of special readiness assistance equals or exceeds 18. A district or intermediate district may administer a consortium described in this subdivision.

Sec. 39. (1) The tentative allocation to each eligible district under section 36 shall be determined by multiplying the number of children determined in section 38 by \$2,500.00 and shall be distributed among districts in decreasing order of concentration of eligible children as determined by section 38 until the money allocated in section 36 is distributed. Not later than October 1, each eligible district shall submit to the department a resolution adopted by its board certifying the number of 4-year-old children who will receive comprehensive compensatory education funded under this section. Any tentative allocation subsequently shall be adjusted based in part on the number of children certified in the board resolution. Any funds unallocated shall be redistributed to eligible districts pursuant to this section.

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

(3) A district that received funds under this section in at least 1 of the 2 immediately preceding fiscal years shall receive priority in funding over other eligible districts and shall receive funding for not less than the number of children for whom the district received funding in the immediately preceding fiscal year. However, funding beyond 3 state fiscal years is contingent upon the availability of funds and documented evidence satisfactory to the department of compliance with all operational, fiscal, administrative, and other program requirements.

(4) For any district with 315 or more eligible pupils, the number of eligible pupils shall be 55% of the number calculated under section 38. However, none of these districts may have less than 315 pupils for purposes of calculating the tentative allocation under section 36.

Sec. 41. From the appropriation in section 11 there is allocated an amount not to exceed \$4,212,000.00 for 1993-94 to applicant districts and intermediate districts offering programs of bilingual instruction for pupils of limited English-speaking ability pursuant to sections 1152 to 1158 of the school code of 1976, being sections 380.1152 to 380.1158 of the Michigan Compiled Laws. Reimbursement shall be on a per pupil basis and shall be based on the number of pupils of limited English-speaking ability in membership on the pupil membership count day. Funds allocated under this section shall be used solely for the bilingual instruction in speaking, reading, writing, or comprehension of pupils of limited English-speaking ability. As required by section 1155 of the school code of 1976, a child of limited English-speaking ability residing in a school district operating or participating in a bilingual instruction program pursuant to section 1153 of the school code of 1976 shall be enrolled in the bilingual instruction program for 3 years or until the child achieves a level of proficiency in English language skills sufficient to receive an equal educational opportunity in the regular school program, whichever occurs first.

Sec. 47. (1) From the appropriation in section 11 there is allocated an amount not to exceed \$600,000.00 for 1993-94 to applicant intermediate districts that provide support services for the education of gifted and talented pupils. An intermediate district is entitled to 75% of the actual salary, but not to exceed \$25,000.00 reimbursement for an individual salary, of a support services teacher approved by the department, and not to exceed \$4,000.00 reimbursement for expenditures to support program costs, excluding in-county travel and salary, as approved by the department.

(2) From the appropriation in section 11 there is allocated an amount not to exceed \$400,000.00 for 1993-94 to support part of the cost of summer institutes for gifted and talented students. This amount shall be contracted to applicant intermediate districts in cooperation with a local institution of higher education and shall be coordinated by the department.

(3) From the appropriation in section 11 there is allocated an amount not to exceed \$4,000,000.00 for 1993-94 for the development and operation of comprehensive programs for gifted and talented pupils. A district or consortium of districts may be eligible to receive an amount not to exceed \$50.00 per K-12 pupil for up to 5% of the district's or consortium's K-12 membership with a minimum total grant of \$3,000.00. Funding shall be provided in the following order: the per pupil allotment, and then the minimum total grant of \$3,000.00 to individual districts. An intermediate district may act as the fiscal agent for a consortium of districts. In order to be eligible for funding under this subsection, the district or consortium of districts shall submit each year a current 3-year plan for operating a comprehensive program for gifted and talented pupils and the district or consortium shall demonstrate to the department that the district or consortium will contribute matching funds of at least \$50.00 per K-12 pupil. The plan or revised plan shall be developed in accordance with criteria established by the department and shall be submitted to the department for approval. Within the criteria, the department shall encourage the development of consortia among districts of less than 5,000 memberships.

Sec. 51. (1) From the appropriation in section 11, there is allocated \$185,355,000.00 for 1993-94 to consist of an amount not to exceed \$121,355,000.00 from state sources and \$64,000,000.00 in federal funding under sections 611 to 620 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1420, plus any carryover federal funds from previous year appropriations, for the purpose of reimbursing districts and intermediate districts for special education programs, services, and special education personnel as prescribed in article 3 of the school code of 1976; net tuition payments made by intermediate districts to the Michigan school for the blind and the Michigan school for the deaf; and programs for pupils handicapped by learning disabilities as defined by the department. For meeting the costs of special education programs and services not reimbursed under this article, a district or intermediate district may use money in general funds or special education funds, not otherwise restricted, or contributions from districts to intermediate districts, tuition payments, gifts and contributions from individuals, or federal funds that may be available for this purpose, as determined by the intermediate district plan prepared pursuant to article 3 of the school code of 1976, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws.

(2) State funds shall be allocated on an added cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$4,000,000.00 may be allocated by the department to districts or intermediate districts on a competitive grant basis for programs, equipment, and services that the department determines to be designed to benefit or improve special education on a statewide scale.

(3) From the amount allocated in subsection (1), there is allocated an amount not to exceed \$3,100,000.00 for 1993-94 to reimburse 100% of the net increase in necessary costs incurred by a district or intermediate district in implementing the revisions in the administrative rules for special education that became effective on July 1, 1987. As used in this subsection, "net increase in necessary costs" means the necessary additional costs incurred solely because of new or revised requirements in the administrative rules minus cost savings permitted in implementing the revised rules. Net increase in necessary costs shall be determined in a manner specified by the department.

(4) For purposes of this article:

(a) "Added costs" shall be computed by deducting, from the total approved costs of special education programs and services, a gross allowance for each full-time equated special education pupil counted in membership in the district or intermediate district whose primary educational or training program, as determined by the department, is a special education program and service as defined in section 6(7) of the school code of 1976, being section 380.6 of the Michigan Compiled Laws.

(b) "Total approved costs of special education programs and services" shall be determined in a manner specified by the department and may include indirect costs, but shall not exceed 115% of approved direct costs for section 52 and section 53 programs. They shall not include salaries or other compensation paid to administrative personnel who are not special education personnel as defined in section 6(6) of the school code of 1976. Costs reimbursed by federal funds, other than those federal funds included in the allocation made under this article, shall not be included. Special education approved personnel not utilized full time in the evaluation of students or in the delivery of special education programs, ancillary, and other related services shall be reimbursed under this section only for that portion of time actually spent providing these programs and services, with the exception of special education programs and services provided to youth placed in juvenile detention facilities as defined in R 340.1757 of the Michigan administrative code. Only salaries and other compensation paid teacher aides required in rules promulgated by the department or as otherwise approved by the department shall be included.

(c) Reimbursement for ancillary and other related services, as defined by R 340.1701 of the Michigan administrative code, shall not be provided when those services are covered and available by private group health insurance carriers or federally reimbursed program sources. Expenses, other than the incidental expense of filing, shall not be borne by the parent. In addition, the filing of claims shall not delay the education of a pupil. A school district shall be responsible for payment of a deductible amount and for an advance payment required until the time a claim is paid.

(d) Each district or intermediate district that received a membership and gross allowance under this subdivision in 1992-93 shall receive for each pupil counted in membership under this section in 1993-94 an amount equal to 103% of the district's membership and gross allowance per pupil received under this subdivision in 1992-93.

A pupil who is enrolled in a full-time special education program conducted or administered by an intermediate district or a pupil who is enrolled in the Michigan school for the blind or the Michigan school for the deaf shall not be included in the membership count of a district, but shall be counted in membership in the intermediate district of residence. A district operating a center program for pupils from several districts, pursuant to an approved intermediate district plan, may elect to have the pupils counted in membership in the intermediate district.

(e) The contribution of the resident district, if a pupil's special education program is operated by another district or by an intermediate district, shall be determined by subtracting the foundation guarantee per membership pupil under section 20, categorical aid, and the intermediate district reimbursement for each pupil from the total cost of the education program.

(5) Special education personnel transferred from 1 district to another to implement the school code of 1976 shall be entitled to the rights, benefits, and tenure to which the person would otherwise be entitled had that person been employed by the receiving district originally.

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

Sec. 52. (1) Reimbursement for the necessary costs of special education programs and services shall be a portion determined by the amount appropriated, but not to exceed 75% of the added costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the school code of 1976 for special education pupils other than those programs funded under section 53, and of the costs of programs and services for trainable mentally impaired persons, day training programs, and services for severely mentally impaired persons, the added costs of summer programs and services, and the added costs of providing room and board for special education pupils, as approved by the department. If the state financed proportion of reimbursement of the necessary costs of a special education activity or service required by article 3 of the school code of 1976, which is in addition to or different from the special education activities or services required under sections 611 to 620 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1420, is less than the state financed proportion of the necessary costs of that activity or service in 1978-79, the portion of the amount appropriated shall be increased to reimburse that activity or service accordingly.

(2) The added costs of transportation for special education pupils shall not be funded under this section but shall be reimbursed under article 7.

Sec. 53. (1) Reimbursement shall be 100% of the added costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the school code of 1976, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws, for the following special education pupils:

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

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

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

(d) Pupils placed in a district by a parent for the purpose of seeking a suitable home, and the parent does not reside in the same intermediate district as the pupil's placement.

(e) Pupils who are residents of nursing homes whose educational programs are approved by the department.

(f) Pupils who are residents of special placement homes approved by the department.

(g) Pupils who are dependents of foreign diplomats who reside in this state and who are placed in a center program.

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

(2) The costs of transportation shall be funded under this section but shall not be reimbursed under article 7.

(3) Not more than \$24,000,000.00 of the allocation in section 51(1) shall be allocated under this section.

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

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

(a) "Membership" means, for 1993-94 only, the total membership of the intermediate school and the districts constituent to the intermediate district, using the definition of membership in effect under section 6(4) in 1992-93.

(b) "Millage levied" means the millage levied for special education pursuant to part 30 of the school code of 1976, including a levy for debt service obligations.

(c) "State equalized valuation" means the total state equalized valuation of the districts constituent to an intermediate district, except that if a district has elected not to come under part 30 of the school code of 1976,



membership and state equalized valuation of the district shall not be included in the membership and state equalized valuation of the intermediate district.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$30,500,000.00 for 1993-94 to reimburse intermediate districts levying millages for special education pursuant to part 30 of the school code of 1976. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the school code of 1976. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan that utilizes as a required local contribution at least an amount equal to the amount the intermediate district receives under section 51(4)(d), divided by the number of pupils served under section 51(4)(d) within the intermediate district.

(3) Reimbursement for those millages levied in 1992-93 shall be made in 1993-94 at an amount per 1992-93 membership pupil computed by subtracting from \$79,800.00 the 1992-93 state equalized valuation behind each membership pupil, and multiplying the resulting difference by the 1992-93 millage levied.

Sec. 61a. (1) From the appropriation in section 11 there is allocated an amount not to exceed \$10,200,000.00 for 1993-94 to reimburse on an added cost basis intermediate districts operating or acting as the fiscal agent for secondary-level vocational-technical education centers, consortia, or shared-time programs, including parenthood education programs. However, an intermediate district that qualifies for reimbursement under this section as a fiscal agent shall not receive reimbursement under this section unless the intermediate district also acted as the fiscal agent for the center, consortium, or program in 1992-93. Applications for participation in the programs shall be filed in the form prescribed by the department. The department shall determine the added cost for each vocational-technical program area. The allocation of added cost funds shall be based on the type of vocational-technical programs provided, the number of pupils enrolled, and the length of the training period provided, and shall not exceed 75% of the added cost of any program.

(2) Intermediate districts shall be reimbursed for local vocational administration, shared time vocational administration, and career education planning district vocational-technical administration. The definition of what constitutes administration and reimbursement shall be pursuant to guidelines adopted by the state board. Not more than \$800,000.00 of the allocation in subsection (1) shall be distributed under this subsection.

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

(a) "Membership" means, for 1993-94 only, the total membership of the intermediate district and the districts constituent to the intermediate district or the total membership of the area vocational-technical education program, using the definition of membership in effect under section 6(4) in 1992-93.

(b) "Millage levied" means the millage levied for area vocational-technical education pursuant to sections 681 to 690 of the school code of 1976, being sections 380.681 to 380.690 of the Michigan Compiled Laws, including a levy for debt service obligations incurred as the result of borrowing for capital outlay projects and in meeting building and site fund requirements of area vocational-technical education.

(c) "State equalized valuation" means the total state equalized valuation of the districts constituent to an intermediate district or area vocational-technical education program, except that if a district has elected not to come under sections 681 to 690 of the school code of 1976, the membership and state equalized valuation of the district shall not be included in the membership and state equalized valuation of the intermediate district.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$7,150,000.00 for 1993-94 to reimburse intermediate districts and area vocational-technical education programs established under section 690(3) of the school code of 1976, levying millages for area vocational-technical education pursuant to sections 681 to 690 of the school code of 1976. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by those millages.

(3) Reimbursement for the millages levied in 1992-93 shall be made in 1993-94 at an amount per 1992-93 membership pupil computed by subtracting from \$79,800.00 the 1992-93 state equalized valuation behind each membership pupil, and multiplying the resulting difference by the 1992-93 millage levied. However, the department shall prorate the allocations as necessary.

Sec. 64. (1) A district may provide vocational education training in partnership with a business entity. Such a district may receive vocational education funds under this act only if there is a contract between the district and the business entity that includes at least all of the following terms and conditions:

(a) The basic competency skills curriculum will be established by the district in consultation with the business partner.

(b) The district will provide the basic competency skills training and the business partner will provide the specified job-skills training.

(c) The identification of specific training objectives based on an objective level of attained skills proficiency that is required of each partner providing the specified job-skills training, and agreement by the partners on the skills levels that will satisfy the training objectives.

(d) The business partner will guarantee a predetermined number of specified jobs and bona fide offers of job placement that are directly related to the pupil's area of training for partnership pupils. The jobs shall be for a minimum period of 180 days. The business partner will not be obligated to provide a job or an offer for a pupil who completes a job-skills training program but is unable to attain the specific training objectives described in subdivision (c) or for a pupil who declines a bona fide offer of job placement.

(e) If the business partner fails to fulfill its contractual obligations for job placement, the business partner will reimburse the state for all state funds that it received under the contract.

(2) Not later than 30 days following agreement on a partnership contract or any contract revision under this section, the district shall submit to the department a copy of the contract or contract revision.

(3) Not later than 15 days after a pupil completes a specified job-skills training program, the business partner shall make an offer to the pupil of employment or job placement starting within 30 days after the offer.

(4) Not later than 30 days following completion of a specified job-skills training program, the district shall provide to the department a report listing the job placements of those persons who completed the training program.

(5) If a pupil fails to complete a job-skills training program under this section, the business partner shall reimburse the state for that portion of state funds proportional to the time remaining in the training program for that pupil.

(6) The department shall maintain a current record of all partnership contracts and contract revisions, and shall require districts to provide additional reports as necessary for the department to administer this section. A district shall provide those reports to the department.

Sec. 71a. (1) From the appropriation in section 11 there is allocated an amount not to exceed \$25,405,000.00 for 1993-94 to fund districts and intermediate districts for transporting pupils whose primary educational or training program, as determined by the department, is a special education program as defined in section 6(7) of the school code of 1976, being section 380.6 of the Michigan Compiled Laws, from their homes or schools to approved special education programs, including summer programs, for which the district or intermediate district receives added-cost reimbursement under section 52, and back again.

(2) Transportation aid under subsection (1) is based upon an allowance for each pupil transported and calculated for each district and intermediate district by the department on the basis of all of the following factors:

(a) An overhead allowance of \$10.00 per pupil based upon the following:

(i) Transportation staff per 100 pupils transported.

(ii) Bus fleet capacity per pupil transported.

(b) A regional allowance of between \$15.00 and \$37.00 per pupil, depending on the region, based upon the following:

(i) Transportation staff salary.

(ii) Regional cost variation.

(c) An amortization cost per pupil of 100% of cost, with a minimum of \$20.00 per pupil, for pupil transportation vehicles.

(d) An insurance cost per pupil of 100% of cost for pupil transportation vehicles.

(e) Authorized miles traveled per pupil of \$1.00 per mile, with an adjustment for districts or intermediate districts with low mileage per pupil such that the \$1.00 may be increased on a sliding scale up to \$1.20 per mile.

The special education transportation allocation is based upon current year data reported by the districts and intermediate districts. The total transportation allowance for a district or intermediate district is calculated by using the vehicle as the funding unit and using factors (a), (b), (c), (d), and (e). The rate of aid for contracted transportation services or transportation services provided through the use of public transit systems is comparable for district-owned bus fleets.

(3) Districts and intermediate districts may apply to the department for exceptions to the district's or intermediate district's formula transportation allowance under this section regarding the costs of transporting pupils when exceptional conditions or circumstances impose unavoidably unusual expenses for transporting pupils to their regularly scheduled classes. The department shall report not later than August 1 of each year to the house and senate appropriations and education committees all exceptions granted under this subsection for the current year.

Sec. 74. From the amount appropriated in section 11, there is allocated an amount not to exceed \$1,500,000.00 for 1993-94 for payments to state supported colleges or universities and intermediate districts providing school bus driver safety instruction or driver skills road tests pursuant to section 51 of the pupil transportation act, Act No. 187 of the Public Acts of 1990, being section 257.1851 of the Michigan Compiled Laws. The payments shall be an amount

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

Sec. 75. From the amount appropriated in section 11, there is allocated an amount not to exceed \$125,000.00 for 1993-94 to pay the reasonable costs of nonspecial education auxiliary services transportation provided pursuant to section 1323 of the school code of 1976, being section 380.1323 of the Michigan Compiled Laws. School districts funded under this section shall not receive funding under any other section of this act for nonspecial education auxiliary services transportation.

Sec. 81. (1) Subject to subsection (2), from the appropriation in section 11, there is allocated to the intermediate districts the sum necessary, but not to exceed \$23,050,000.00 for 1993-94, to provide state aid to intermediate districts under this subsection and subsection (2). There shall be allocated to each intermediate district an amount obtained by adding 103% of the prior year's aid received under this section and 103% of the product of the prior year's state equalized valuation and the prior year's operating millage, and subtracting from that sum the product of the current year's state equalized valuation and the prior year's operating millage. However, an intermediate district shall not receive less than an amount per pupil equal to 100% of the amount of aid per pupil received under this subsection for the immediately preceding state fiscal year.

(2) From the appropriation in section 11, there is allocated to an intermediate district, formed by the consolidation or annexation of 2 or more intermediate districts or the attachment of a total intermediate district to another intermediate school district or the annexation of all of the constituent K-12 districts of a previously existing intermediate school district which has disorganized, an additional allotment of \$3,500.00 each fiscal year for each intermediate district included in the new intermediate district for 3 years following consolidation, annexation, or attachment.

Sec. 83. From the appropriation in section 11, there is allocated to intermediate districts an amount not to exceed \$3,478,100.00 for 1993-94 to operate educational media centers under section 671 of the school code of 1976 and the rules promulgated by the state board.

Sec. 91. (1) From the amount appropriated in section 11 there is allocated an amount not to exceed \$200,000.00 for 1993-94 to provide funds to the intermediate districts that received planning grants under this section in 1992-93 for implementation of pilot intermediate district schools of choice programs in the 1993-94 fiscal year. The amount of a grant to an intermediate district under this section shall be \$100,000.00 for an intermediate district that serves a population of 100,000 or more and \$50,000.00 for an intermediate district that serves a population of less than 100,000. An intermediate district shall not apply for a grant under this section unless the boards of at least 1/2 of its constituent districts have first adopted a resolution stating that the constituent district is willing to participate in a pilot intermediate district schools of choice program.

(2) An intermediate district receiving a grant under this section shall notify all participating constituent school districts of the names of any participating constituent school district that is not in compliance with sections 1204a, 1277, 1278, and 1280 of the school code of 1976, being sections 380.1204a, 380.1277, 380.1278, and 380.1280 of the Michigan Compiled Laws, commonly referred to as "Public Act 25 of 1990", and the participating constituent districts shall make that information available to all parents electing to participate in the schools of choice program.

(3) To be approved by the department, a pilot intermediate district schools of choice program shall include at least all of the following:

(a) Each participating constituent district allows an open enrollment opportunity of at least 1% of its enrollment for pupils residing in other participating constituent districts, based upon a random selection of those pupils.

(b) Pupil assignment and transfer policies that maintain standards of racial and ethnic integration within the participating constituent districts.

(c) A provision that a pupil who transfers to a different school within the intermediate district under the pilot program shall be ineligible to participate in interscholastic athletics for a period of 1 school year from the date he or she transfers.

Sec. 98a. (1) From the appropriation in section 11 there is allocated an amount not to exceed \$500,000.00 for 1993-94 for up to 10 grants of up to \$50,000.00 each to applicant districts to enter into a contract with the international center for leadership in education to assist in the identification of the skills and competency levels that students will need as adults, development and integration of new curricula and assessment techniques relating to those skills and competencies, and creation of comprehensive staff development plans. To the extent allowed by the applications that are received for grants described in this subsection, the department shall ensure that grants awarded under this section are balanced geographically and among urban, suburban, and rural districts, and that at least 1 grant is awarded to a

district located in the Upper Peninsula and 1 grant is awarded to a first-class school district. To be eligible for a grant under this section, a district shall apply to the department, in a form and manner prescribed by the department, not later than October 1, 1993. The department shall award grants not later than December 1, 1993. Grant payments shall be made in 2 equal installments on December 20, 1993 and March 20, 1994.

(2) Of the \$50,000.00 grant provided to each district under this section, at least \$10,000.00 shall be used for staff development.

(3) Not later than March 15 of the fiscal year, the international center for leadership in education and each district receiving a grant under this section shall submit a written report to the house and senate K-12 appropriations subcommittees, the house and senate fiscal agencies, the department, and the department of management and budget detailing how funds received under this section have been expended, the activities achieved with those funds, and other information as prescribed by the department.

Sec. 98b. From the appropriation in section 11, there is allocated to the department an amount not to exceed \$200,000.00 for implementation of section 1287a of the school code of 1976, being section 380.1287a of the Michigan Compiled Laws, relating to a statewide cabinet on professional and technical standards and development of a statewide plan on skill level needs in the workplace.

Sec. 99. (1) From the general fund/general purpose appropriation in section 11, there is allocated an amount not to exceed \$2,850,000.00 for 1993-94 for planning/start-up/development grants, outreach grants, or continuing support grants for mathematics and science centers that received a grant under this section in 1992-93. A mathematics and science center that receives a continuing support grant is not eligible to receive any other grant under this section.

(2) Within a service area designated locally and approved by the department, a mathematics and science center shall provide accelerated and innovative instruction in mathematics, science, and computer science for qualified pupils or serve as a resource and support center for teacher training, curriculum development, enrichment programs, and other activities and programs related to the overall improvement of mathematics or science education, or both.

(3) A district, an intermediate district, a state board-approved institution of higher education, or a nonprofit science or technological museum acting in conjunction with a district or intermediate district is eligible for funding from this section. In order to receive funds under subsection (6), (7), or (8), a district, an intermediate district, a state board-approved institution of higher education, or a science or technological museum acting in conjunction with a district or intermediate district shall submit to the department an application on a form and in a manner prescribed by the department. An application for funding under subsection (7) or (8) shall include at least all of the following:

(a) A detailed statement of the projected impact of the mathematics and science center on mathematics and science outcomes contained in the core curriculum and how the mathematics and science center can provide leadership for systemic change.

(b) A plan describing how the applicant's pupil selection process will ensure fair access to center programs for all qualified pupils and professional staff of schools formally participating in center programs. Participation shall be made available to nonpublic school pupils in the designated service area.

(c) A statement of the working relationships to be established with professional development programs.

(4) The department shall not award grants under this section to more than 25 mathematics and science centers, and shall not award a grant under this section to more than 1 mathematics and science center located in a particular intermediate district unless each of the grants serves a distinct target population or provides a service that does not duplicate another program in the intermediate district.

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

(6) Continuing support grants shall be awarded to all established mathematics and science centers. An established mathematics and science center is one that has completed the planning/start-up/development stages. The maximum amount of a grant under this subsection is \$250,000.00 for a mathematics and science center that provides service to an area with a population of over 500,000, \$200,000.00 for a mathematics and science center that provides service to an area with a population of over 100,000 and up to 500,000, and \$150,000.00 for a mathematics and science center that provides service to an area with a population of 100,000 or less. The grants shall be paid to each mathematics and science center in 2 equal payments on October 20, 1993 and on March 20, 1994. The mathematics and science centers that received continuing support grants in 1991-92 shall each receive grants in each succeeding fiscal year as specified in this subsection.

(7) In making outreach grants, the department shall first award outreach grants to the eligible mathematics and science centers that received outreach grants in 1 or more previous fiscal years. Outreach grants shall be paid to the mathematics and science centers by December 31, 1993.

(8) The department shall make planning/start-up/development grants only to areas that qualify for an eligible mathematics and science center. In making planning/start-up/development grants, the department shall first award planning/start-up/development grants to the areas that received planning/start-up/development grants in 1 or more previous fiscal years and that have not completed the planning/start-up/development stages. After a mathematics and science center has completed the planning/start-up/development stages, the mathematics and science center shall receive continuing support grants as specified in subsection (6). The maximum amount of a grant under this subsection is \$250,000.00 for a mathematics and science center that will serve an area with a population of over 500,000, \$200,000.00 for a mathematics and science center that will serve an area with a population of over 100,000 and up to 500,000, and \$150,000.00 for a mathematics and science center that will serve an area with a population of 100,000 or less. Planning/start-up/development grants shall be paid by December 31, 1993.

(9) Notwithstanding any other provision in this section, for 1993-94 only the department shall award a grant under this section to each mathematics and science center that received a grant under this section in 1992-93. The amount of the 1993-94 grant to a mathematics and science center shall be calculated as follows:

(a) Each eligible mathematics and science center shall receive an amount equal to the amount of the mathematics and science center's 1992-93 grant under this section, even if the 1993-94 grant is a different type of grant than the 1992-93 grant.

(b) From the balance of the allocation under this section, the department shall award additional amounts to the mathematics and science centers that it determines to have the greatest need for the additional funds, up to the maximum amounts specified in this section for the particular type of grant.

(10) Each recipient of a grant under this section shall submit an annual report of activities, accomplishments, and expenditures by September 30 of the fiscal year to the department, the house and senate fiscal agencies, and the department of management and budget.

Sec. 101. (1) Not later than the third Friday following the pupil membership count day, each district superintendent through the secretary of the district's board shall file with the intermediate superintendent a certified and sworn copy of the district's enrollment for the current school year. In addition, a district maintaining school during the entire year, as provided under section 1561 of the school code of 1976, being section 380.1561 of the Michigan Compiled Laws, shall file with the intermediate superintendent a certified and sworn copy of the enrollment for the current school year pursuant to rules promulgated by the state board. Not later than the fifth Monday after the pupil membership count day, the intermediate district shall transmit to the department the data filed by each of its constituent districts. If a district fails to file the sworn and certified copy by 30 calendar days after the pupil membership count day or if an intermediate district fails to transmit the data in its possession by the fifth Monday after the pupil membership count day, any funds due to be distributed under this act shall be withheld from the defaulting district or intermediate district pursuant to subsection (7). A person who willfully falsifies a figure or statement in the certified and sworn copy of enrollment shall be punished in the manner prescribed by the laws of this state.

(2) Each district shall provide a minimum of 180 days of pupil instruction. Except as provided in subsections (3) and (5), a district failing to hold 180 days of pupil instruction is subject to subsection (7). A district failing to comply with rules promulgated by the state board, which rules establish the minimum time pupil instruction is to be provided to pupils for the regular school year, is subject to subsection (7). Not later than January 31 of each fiscal year, the board of each district shall certify to the department the planned number of days of pupil instruction in the district for the school year ending in the fiscal year. After January 31, a district may revise its certification of the number of planned days of pupil instruction. Days lost because of strikes or teachers' conferences shall not be counted as days of pupil instruction. A district not having 75% of the district's membership in attendance on any day is subject to subsection (7). The state board shall promulgate rules for the implementation of this subsection.

(3) The first 2 days when pupil instruction is not provided because of conditions not within the control of school authorities, such as severe storms, fires, epidemics, or health conditions as defined by the city, county, or state health authorities, shall be counted as days of pupil instruction. Subsequent such days shall not be counted as days of pupil instruction.

(4) If the department determines that at the end of the preceding school fiscal year the amount of funds on hand in a district available for the payment of the operation cost in the district exceeded the amount of money expended for operation cost in the district during the preceding school fiscal year, the district is subject to subsection (7).

(5) A district that adopts or has in existence an alternative scheduling program for pupils in kindergarten, which program is approved by the state board, is not subject to subsection (7) with respect to that program.

(6) Upon application by the district for a particular fiscal year, the state board may waive the 180-day requirement of subsection (2) for a district if the district has adopted an experimental school year schedule in 1 or more buildings in the district if the experimental school year schedule provides 900 or more hours of pupil instruction and is consistent with all state board policies on school improvement and restructuring. If a district applies for and receives a waiver under this subsection and complies with the terms of the waiver, for the fiscal year covered by the waiver the district is not subject to subsection (7) for the specific building or program covered by the waiver.

(7) If a district does not comply with this section, any funds due to the district under this act shall be withheld by the department until the district complies with this section or until the end of the fiscal year, whichever occurs first.

Sec. 101a. (1) From the appropriation in section 11 there is allocated for 1993-94 an amount not to exceed \$4,000,000.00 for grants to applicant districts to implement the extension of a school year to at least 990 class hours and 200 days, of which not less than 195 are pupil instruction days, for pupils in all or a subset of grades 1 to 12. An application for an implementation grant may be submitted for a proposal that extends the school year for 1 or more classrooms, 1 or more grade levels, 1 or more school buildings, the entire school district, or for students who are at risk of not achieving academic outcomes for an age-appropriate grade level. An application for an implementation grant shall be in the form and manner prescribed by the department and shall include at least all of the following:

(a) A description of the proposed method for increasing a school year to at least 990 class hours and 200 days, of which not less than 195 are pupil instruction days, for all or a subset of pupils in grades 1 to 12. However, the department may award not more than 3 implementation grants to districts that will provide a school year that has less than 195 but at least 190 pupil instruction days.

(b) A proposed timeline for implementing the extension of the school year in 1993-94.

(c) A board-adopted resolution indicating the district's commitment to implementing an extension of the school year in 1993-94.

(d) An evaluation plan that identifies specific measures that will be used to assess the impact of an extension of the school year on student academic outcomes, which may include student retention rates.

(2) Implementation grant awards made by the state board of education under subsection (1) shall be in amounts as follows:

(a) For a district that implements an extended school year for all pupils in the district, an amount not to exceed \$285.00 per pupil.

(b) For a district that implements an extended school year for less than all of the pupils in the district, an amount not to exceed \$250.00 per pupil or the cost of the extended school year project, whichever is less. Grants under this subdivision shall be prorated by the department as necessary.

(3) In awarding grants under this section, the department shall have first priority to districts described in subsection (2)(a).

(4) A recipient of an implementation grant is not eligible for receipt of an implementation grant under this section for more than a total of 3 fiscal years.

(5) A grant under this section shall not be used to supplant existing programs, regardless of funding source.

(6) The department shall conduct at least 1 site visit to a district during each fiscal year in which the district receives or expends funds allocated under this section.

Sec. 102. (1) A district receiving money under this act shall not adopt or operate under a deficit budget, and a district shall not incur an operating deficit in a fund during a school fiscal year. A district having an existing deficit or which incurs a deficit shall not be allotted or paid a further sum under this act until the district submits to the department for approval a budget for the current school fiscal year and a plan to eliminate the district's deficit not later than the end of the second school fiscal year after the deficit was incurred. Withheld state aid payments shall be released after the department approves the deficit reduction plan and ensures that the budget for the current school fiscal year is balanced.

(2) If a district violates subsection (1), the department shall withhold all funds due to the district under this act until the district complies with subsection (1) or until the end of the fiscal year, whichever occurs first.

(3) Not later than December 1 of each year, the department shall prepare a report of deficits incurred by districts and the progress made in reducing those deficits and submit the report to the standing committees of the legislature responsible for K-12 education legislation, the appropriations subcommittees of the legislature responsible for K-12 education appropriations, the house and senate fiscal agencies, the state treasurer, and the department of management and budget. The department shall also submit interim reports concerning district deficits as necessary.

(4) The amount of the permissible deficit for each school fiscal year shall not exceed the amount of state aid reduced by an executive order during that school fiscal year.

(5) A district with an existing deficit or which incurs a deficit shall submit a monthly expenditure report to the department.

(6) If a district is not able to comply with the provisions of this section, a district shall submit to the department a plan to eliminate its deficit. Upon approval of the plan submitted, the superintendent of public instruction may continue allotment and payment of funds under this act, extend the period of time in which a district has to eliminate its deficit, and set special conditions that the district must meet during the period of the extension.

(7) For the purposes of this section, a district is considered to have incurred an operating deficit if the district incurs any withholding of or financial penalty against any portion of its total state school aid allocation under this act.

Sec. 104. (1) To be eligible to receive state aid under this act, a district shall provide and maintain until the pupil leaves high school a student portfolio. The portfolio shall be maintained for each pupil who began high school at the start of the 1992-93 school year and each pupil beginning ninth grade at the start of the 1993-94 school year, and shall be extended beginning in 1994-95 to include each pupil who begins the eighth grade at the start of the school year. The portfolio, which may be reviewed by the pupil's parents, guardian, or person in loco parentis, shall be given to the pupil upon or before graduation or upon leaving the district, and shall include at least all of the following categories of records:

- (a) A record of the pupil's annual academic and nonacademic plans that the pupil intends to follow.
  - (b) A record of academic achievement that includes at least academic transcripts and the results of any statewide subject matter assessment test and nationally or locally normed achievement test that the pupil has taken.
  - (c) A record of career preparation that includes at least records of vocational-technical training under school auspices that may help prepare the pupil for a job or career, career exploration, postsecondary education exploration, job-seeking preparation, job experience, problem solving experience, and lifelong learning preparation.
  - (d) A record of recognitions and accomplishments that includes at least nonacademic competencies, awards, and certificates.
- (2) Each pupil is responsible for submitting records of activities outside the regular school day for inclusion in the portfolio.
- (3) If a district does not comply with this section, the department shall withhold all funds due to the district under this act until the district complies with this section or until the end of the fiscal year, whichever occurs first.

Sec. 104a. (1) A district shall award a state-endorsed high school diploma to an eligible graduate as provided in this section. For a pupil scheduled to graduate in 1994, 1995, or 1996 to be eligible for a state-endorsement in 1 or more of the subject areas of communication arts, mathematics, or science, the pupil must achieve at least 1 of the following:

- (a) A passing score on locally-adopted and state-approved basic proficiency tests measuring proficiency in 1 or more of the subject areas specified in this subsection.
  - (b) If the pupil is eligible to take the general education development (G.E.D.) test, a passing score in 1 or more of the subject areas specified in this subsection and tested in the G.E.D. test.
  - (c) For a state endorsement in communications arts, at least category 2 on the reading portion of the Michigan educational assessment program (MEAP) grade 10 test; for a state endorsement in mathematics, at least 50% of the objectives on the mathematics portion of the MEAP grade 10 test; and, for a state endorsement in science, at least 50% of the objectives on the science portion of the MEAP grade 11 test.
- (2) Beginning with pupils scheduled to graduate in 1997, if a pupil achieves the outcomes required by the state board, and as measured by an assessment instrument developed under subsection (9), for a state-endorsed high school diploma in 1 or more of the subject areas of communications skills, mathematics, and science, the pupil's district shall award a state endorsement on the pupil's diploma in each of the subject areas in which the pupil demonstrated the required proficiency. A district shall not award a state endorsement to a pupil unless the pupil meets the applicable requirements for the endorsement, as described in this subsection. A pupil scheduled to graduate in 1997 or thereafter who successfully completes local district requirements established in accordance with state law for high school graduation is eligible for a high school diploma from the district regardless of whether the pupil is eligible for any state endorsement.
- (3) A district that offers a pupil the opportunity to pass a basic proficiency test described in subsection (1)(a) as 1 means to obtain a state-endorsed diploma in 1994, 1995, or 1996 may submit the district's own basic proficiency test to the department for approval to be used by the district to assess proficiency.
- (4) Not later than April 1, 1992, the department shall take the necessary steps to seek any waiver or permission that may be necessary to allow pupils under age 18 to take the general education development (G.E.D.) test for the purposes of subsection (1)(b).

(5) A pupil who does not achieve at least 1 of the requirements listed in subsection (1) or the requirements of subsection (2), as applicable, may be reevaluated each school year until the pupil achieves an applicable requirement for a state-endorsed diploma. In addition, the board of the district in which the pupil is enrolled shall provide that there be at least 1 meeting attended by at least the pupil and a member of the district's staff or a local or intermediate district consultant who is proficient in the measurement and evaluation of pupils. The district may provide the meeting as a group meeting for pupils in similar circumstances. If the pupil is a minor, the district shall invite and encourage the pupil's parent, legal guardian, or person in loco parentis to attend the meeting and shall mail a notice of the meeting to the pupil's parent, legal guardian, or person in loco parentis. The purpose of this meeting and any subsequent meeting under this subsection shall be to determine an educational program for the pupil designed to have the pupil reach proficiency in each subject or skill area in which he or she was assessed by the testing as not proficient. In addition, a district may provide for subsequent meetings with the pupil conducted by a high school counselor or teacher designated



by the pupil's high school principal, and shall invite and encourage the pupil's parent, legal guardian, or person in loco parentis to attend the subsequent meetings. The board may provide special programs for the pupil or may develop a program using the educational programs regularly provided by the district. A pupil may be reevaluated at any time the district administers an applicable assessment instrument.

(6) For a state-endorsed diploma, a pupil must achieve at least 1 of the requirements listed in subsection (1) or the requirements of subsection (2), as applicable, in addition to any other requirements established by law or by the board of a district for a high school diploma. If the board of a district determines that a pupil qualifies for a state-endorsed diploma, the board shall indicate on the pupil's high school diploma and transcript that the pupil achieved the proficiency necessary for receipt of a state-endorsed diploma.

(7) An individual may repeat any of the tests or assessment instruments specified in subsection (1) or subsection (2), as applicable, at any time the district regularly offers the test or assessment or, for the MEAP tests described in subsection (1)(c), during the month of April or first 2 weeks of May, and, upon achieving at least 1 of the requirements listed in subsection (1) or the requirements of subsection (2), as applicable, and completing all other applicable requirements for a high school diploma, shall be awarded a state-endorsed diploma.

(8) A district shall provide accommodations to a pupil with disabilities for the proficiency testing or assessment required under this section, as provided under section 504 of title V of the rehabilitation act of 1973, Public Law 93-112, 29 U.S.C. 794, and regulations under that section.

(9) Not later than July 31, 1993, for the purposes of this section, the state board shall develop or select and approve assessment instruments to determine pupil proficiency in communications skills, mathematics, and science. The assessment instruments shall be based on the state board model core curriculum outcomes.

(10) Not later than July 31, 1994, the state board may develop or select and approve assessment instruments for the purpose of awarding state endorsements of advanced mastery in specified subject areas.

(11) If a district does not comply with this section, the department shall withhold all funds due to the district under this act until the district complies with this section or until the end of the fiscal year, whichever occurs first.

Sec. 107. (1) The participant count day for counting participants in adult education programs under section 107d is the fourth Friday following the first Monday in September.

(2) The prorated allocation for an adult education participant under section 107d who is 16 years of age or older on September 1 of a school year shall be computed by applying a ratio that is the relation between the number of hours of student instruction received and 480 clock hours of classroom instruction. Time required to pass to and from classes, and up to 5 hours of tutorial assistance provided to a pupil to make up for an equal number of hours of excused absence by the pupil, as documented and reported by the district, shall be counted as classroom instruction, but meal time, study halls, or recess time shall not be counted. A district that counts participants under this subsection shall have its board approve a districtwide plan for adult education. The plan shall address goals and objectives for the adult education program. The district shall submit to the department, not later than November 1 each year for each fiscal year in which funding is received for the adult education program, a resolution adopted by its board indicating that the district complies with all of the following requirements:

(a) The district has incorporated into its plan as required under subsection (2) as guidelines the adult education standards of quality approved by the state board.

(b) The district has implemented an adult education participant retention plan.

(c) The district has implemented an adult education plan that includes placement, follow-up, and evaluation.

(3) For purposes of determining the number of participants under section 107d, a district may count toward classroom instruction not more than 20 credits as specified in subdivisions (a) through (e) in the following courses and number of credit hours:

(a) Except as provided in subdivision (e), a total of 10 credits of English or communication skills, mathematics, science, and social science, with not more than 3 credits each of mathematics, science, and social science and not more than 4 credits of English or communication skills.

(b) Except as provided in subdivision (e), 1 credit of health.

(c) Except as provided in subdivision (e), 4 credits of a foreign language, vocational-technical education as approved by the department, occupational skills training as approved by the department, or any combination thereof.

(d) Except as provided in subdivision (e), 1 credit of computer education, or the equivalent, as approved by the department.

(e) A total of 4 additional credits of any of the subjects specified in subdivisions (a) through (d), fine and performing arts or practical arts, or any combination thereof, as approved by the department. Pupils enrolled in fine and performing arts or practical arts classes shall also be enrolled and attend within the same semester at least 1 of the classes listed in subdivisions (a) through (d) in order to generate membership for the fine and performing arts or practical arts class.

(4) For purposes of subsection (3), a credit hour shall not exceed 120 clock hours of classroom instruction, and credit hours earned by a participant during previous school years shall be counted. Participants enrolled and making progress in adult basic education, which is instruction in mathematics, reading, or English at or below the eighth grade level, may be prorated.

(5) In order to be eligible to count adult education participants under section 107d, a district shall allow those participants who have more than the total of 20 credits specified in subsection (3) to attend those classes needed in order to complete graduation requirements. The district shall not assess a fee or receive funding under section 107d for these credits.

(6) A district that counts adult education participants under section 107d, and complies with the requirements of this section and section 108 shall receive regularly scheduled state aid payments for which the district qualifies under this act in accordance with the following:

(a) For contracted programs offered by the district through a contract with a private entity, the adult education payment criteria shall be as follows, up to a maximum of 100%:

(i) 10% for demonstration of a completed comprehensive assessment as required by section 108(1)(c).

(ii) 40% for enrollment of eligible participants.

(iii) 20% for attainment of a high school diploma; for passage of the general education development (G.E.D.) test; for completion of the adult basic education objectives by achieving an eighth grade level in reading, English, or mathematics; or for completion of the class and demonstrated proficiency in the academic or vocational skills to be learned in the class.

(iv) Not more than 40% for classroom attendance.

(b) For noncontracted adult education programs or for contracted programs offered by the district through a contract with a public, nonprofit entity, the adult education payment criteria shall be as follows, up to a maximum of 100%:

(i) 10% for demonstration of a completed comprehensive assessment as required by section 108(1)(c).

(ii) 70% for enrollment of eligible participants.

(iii) 10% for attainment of a high school diploma; for passage of the general education development (G.E.D.) test; for completion of the adult basic education objectives by achieving an eighth grade level in reading, English, or mathematics; or for completion of the class and demonstrated proficiency in the academic or vocational skills to be learned in the class.

(iv) Not more than 20% for classroom attendance.

(7) For purposes of subsection (5), classroom attendance shall be measured by the total cumulative participant clock hours of classroom instruction. The total cumulative participant clock hours of classroom instruction shall be determined by multiplying the total number of participants by 480 hours. Credit for cumulative participant clock hours of classroom instruction shall be determined by dividing the total number of clock hours of classroom instruction attended by the total number of cumulative participant clock hours. The specific percentage allowable for attendance shall be based on a percentage allowance for each percent of attendance of eligible pupils as follows: (a) For programs contracted with a private entity, 0.4% for each 1% of attendance, and (b) For noncontracted programs and programs contracted with a public nonprofit entity, 0.2% for each 1% of attendance. Rounding to the nearest whole percent may be used in determining percent of attendance.

(8) A district that counts adult education participants under section 107d shall allow access for the department or the department's designee to audit all records related to the adult education program for all entities that receive money, either directly or indirectly through a contract, from the participants counted under section 107d. The district or contractor, if any, shall reimburse the state for all disallowances found in the audit.

(9) A district receiving funds from the job training partnership act, Public Law 97-300, 96 Stat. 1322, or a district operating a training program approved by the department may amend the number of participants counted under section 107d to include individuals participating in the job training partnership act program or a training program approved by the department. The participant count day for these participants shall be the third Friday after the first Monday after the start of instruction for the program. Payments received under section 107d for these participants shall be reduced 1/480 for each hour of classroom instruction the participants are scheduled to receive under 480 hours and further reduced to ensure that the combined section 107d and the job training partnership act or other approved training program aid for the programs do not exceed the cost of the programs as verified by the intermediate school district of the district operating the programs.

(10) An individual 26 years of age or older residing in a mental health institution or a nursing home and receiving educational services on site shall not be counted as an adult education participant under section 107d unless prior approval is received from the department.

Sec. 107a. (1) From the general fund/general purpose money appropriated in section 11, there is allocated an amount not to exceed \$40,000,000.00 for 1993-94 for economic development job training, including existing social services/vocational job club training and placement programs, which shall be allocated through a competitive application process as follows:

(a) An applicant may be a district, intermediate district, community college, public or private nonprofit college or university that awards at least 25% associate degrees among the total number of degrees it awards, nonprofit organization that provides school-to-work transition programs and state licensed accredited vocational or technical education programs, proprietary school licensed by the state board, or a consortium consisting of any combination of districts, intermediate districts, community colleges, nonprofit organizations described in this subdivision, licensed proprietary schools, or public or private nonprofit colleges or universities described in this subdivision. A grant to a licensed proprietary school shall be awarded and used only for the purpose of economic development job training for individuals with a high school diploma.

(b) Applications for grants shall be submitted to the governor's workforce commission established by executive order 1993-3 not later than a date to be determined by the commission. Applications shall be submitted in a form and manner as prescribed by the commission. Each department represented on the governor's workforce commission shall assign appropriate and necessary staff to carry out the intent of this section.

(c) Applications for all grants shall contain at least all of the following:

(i) A description of the specific job skills that will be taught.

(ii) A clear statement of the project's scope of activities, number of students to be involved, a management plan and description of staff responsibilities.

(iii) A plan to maintain student records in a form and manner required by the commission.

(iv) A budget that demonstrates how the budget relates to the proposed activities and various program components and whether the estimated costs are reasonable and justified. Costs shall include, but are not limited to, necessary child care, necessary transportation, the cost of an annual audit performed by a certified public accountant, and the cost for any tests required to demonstrate successful completion of a program. Budgets shall include revenues from all sources of funding, total costs, and costs per student.

(v) Evidence that the grant will not supplant other available public or private job training funds.

(vi) Evidence of collaboration with appropriate community and business organizations.

(d) Priority in the commission's awarding of grants shall be based upon the following criteria:

(i) Demonstrated need for the type of training offered and prospects for participant job placement and job retention and for strengthening the state's economic base.

(ii) Qualifications of the project director and key personnel who will be used in the program.

(iii) Availability of appropriate classroom space, materials, and equipment.

(iv) Cost per pupil and pupil contact hours of training.

(v) Strength of commitment to guaranteed job placement upon completion of training.

(vi) Collaboration with appropriate community and business organizations.

(vii) Inclusion of an evaluation plan that will provide an assessment of the impact of the training program on participant job placement and job retention and on strengthening the state's economic base.

(viii) The extent to which the proposals maximize other federal, local, private, or in-kind financial contributions.

(ix) Other criteria determined by the commission to be important in achieving the objectives of the program.

(2) Participants in economic development job training programs shall be 16 years or older and not enrolled and counted in membership in a district or intermediate district.

(3) Not later than 60 days after completion of the grant period, a recipient of a grant under this section shall provide to the commission in a form and manner prescribed by the commission an evaluation report on the educational and employment outcomes of the participants in the program funded under this section.

(4) A recipient of a grant under this section shall not charge tuition or fees to participants in the program funded by the grant.

(5) If a participant in a program funded under this section is an employee of a business organization that is participating in the job training aspects of the program, or has been an employee of the business organization within 90 days before becoming a participant in the program, the business organization shall provide at least 25% of the funding for the participant's training under the program. The percentage of funding the business organization provides may include in-kind contributions. This subsection does not apply to an individual who becomes an employee of a business organization as a result of the individual's participation in the program.

(6) Except as provided in subsection (7), a grant under this section shall be paid to the grant recipient according to the following schedule:

(a) 25% of the grant amount shall be paid within 30 days after the grant is awarded.

(b) 25% of the grant amount shall be paid at the completion of the training period, after the grant recipient submits to the commission an interim report specifying actual costs of the training program and training outcomes of the participants.

(c) 50% of the grant amount shall be paid at the conclusion of the grant period, as determined by the commission.

(7) A grant awarded to an economic development job training grant recipient that guarantees a predetermined number of specified jobs for new employees that are directly related to the student's area of training shall be paid to the grant recipient according to the following schedule:

(a) 40% of the grant amount shall be paid within 30 days after the grant is awarded.

(b) 40% of the grant amount shall be paid at the completion of the training period, after the grant recipient submits to the commission an interim report specifying actual costs of the training program and training outcomes of the students.

(c) 20% of the grant amount shall be paid at the conclusion of the grant period, as determined by the commission.

(8) A recipient of a grant under this section shall allow access for the department or the department's designee to audit all records related to the grant for all entities that receive money, either directly or indirectly through a contract, from the grant funds. A grant recipient shall reimburse the state for all disallowances found in the audit.

(9) A training program receiving a grant under this section may extend beyond the end of the fiscal year in which the grant is awarded and the funds awarded for the grant may be carried over into the next fiscal year for payment in the next fiscal year.

Sec. 107b. (1) From the general fund/general purpose money appropriated in section 11, there is allocated for 1993-94 a sum not to exceed \$32,000,000.00 for grants to provide a JOBS grant program, which includes the education designed for gainful employment (EDGE) adult education program. An applicant may be a district, intermediate district, community college, public or private nonprofit college or university that awards at least 25% associate degrees among the total number of degrees it awards, nonprofit organization that provides school-to-work transition programs and state licensed accredited vocational or technical education programs, proprietary school licensed by the state board, or a consortium consisting of any combination of districts, intermediate districts, community colleges, nonprofit organizations described in this subdivision, licensed proprietary schools, or public or private nonprofit colleges or universities described in this subdivision.

(2) JOBS participants shall be limited to recipients of aid to families of dependent children under section 56 of the social welfare act, Act No. 280 of the Public Acts of 1939, being section 400.56 of the Michigan Compiled Laws, and may include such individuals referred to a job club program by a county department of social services or a county friend of the court as long as the participation in the job club is part of an application made under this section.

(3) Except as provided in subsection (4), a grant recipient under this section shall receive funds only after signing a contract with the governor's workforce commission established by executive order 1993-3. The funding shall be disbursed by the commission. The commission may prorate the payments as necessary.

(4) A program that received a grant under this section in 1992-93 may apply to the governor's workforce commission established by executive order 1993-3 for a first semester grant in 1993-94. Upon approval by the commission and after signing a contract with the commission, a grant recipient described in this subsection shall receive a grant under this section for the first semester of 1993-94 under the same procedures as in effect in 1992-93. After the first semester of 1993-94, a grant recipient under this subsection is not eligible for further funding under this subsection unless it applies and is awarded funding as otherwise provided in this section.

(5) Participants in the JOBS program shall not be counted in membership.

(6) A grant recipient conducting a JOBS program under this section shall allow access for the commission or the commission's designee to audit all records related to the program for all entities that receive money, either directly or indirectly through a contract, under this section. The recipient or contractor, if any, shall reimburse the state for all disallowances found in the audit.

(7) The commission shall submit to the house and senate fiscal agencies and the department of management and budget by March 15 of each fiscal year an interim report on the JOBS program, including at least a listing of the number of JOBS participants in each program that received a grant under this section. A grant recipient under this section shall provide appropriate data on participants in a form and manner prescribed by the commission.

(8) If funds allocated under this section are not awarded as grants by June 30 of the fiscal year, the remaining funds shall be used for the purposes of section 107d.

Sec. 107c. From the general fund/general purpose money appropriated in section 11, there is allocated \$125,000.00 for 1993-94 for literacy project grants to nonprofit organizations. The governor's workforce commission established by

executive order 1993-3 shall develop grant criteria and shall award the grants on a competitive basis. Priority shall be given to projects that assist in eliminating illiteracy in Michigan's workforce. Project grants shall not exceed \$20,000.00.

Sec. 107d. (1) From the appropriation in section 11 and the amount of the appropriation in section 11a that is carried forward to 1993-94 and appropriated under section 11, there is allocated an amount not to exceed \$292,000,000.00 for 1993-94 for adult education categorical payments to districts that received funding in 1992-93 under former section 21(1) for adult education memberships. Those districts are eligible to receive funding under this section in 1993-94 for operating adult basic education programs, adult high school completion programs, G.E.D. preparation programs, and alternative education through adult education.

(2) Subject to subsection (3), the amount a district shall receive per participant in a program under this section, as calculated under section 107, shall be an amount equal to the district's gross membership allowance per pupil under former section 21(1) in 1992-93, for up to a maximum number of 1993-94 participants equal to 90% of the district's 1992-93 full-time equated adult education membership in adult basic education, adult high school completion, which includes participation in a G.E.D. preparation program, and alternative education through adult education. However, in a consortium or cooperative program, if a district ceases to participate in the consortium or program in 1993-94, the calculation of the amount to be paid under this section to the district in the consortium or program that is the district receiving the funding under this section shall not include the 1992-93 full-time educated adult education membership of the district ceasing to participate.

(3) If the total allocation calculated under subsection (2) is less than \$292,000,000.00 for 1993-94, payments may be made under this section for 1993-94 participants in programs under this section in excess of the 90% limitation in subsection (2) by increasing the percentage limitation under this section according to the money available, up to a maximum of 100%.

(4) Except for an individual enrolled in the state technical institute and rehabilitation center who is less than 20 years of age on September 1 of the school year, an individual who has obtained a high school diploma shall not be counted as a participant under this section. Unless the individual is a participant in an adult high school completion program, an individual who has obtained a general education development (G.E.D.) certificate shall not be counted as a participant under this section.

(5) The department may prorate payments under this section as necessary.

(6) A participant in a program funded under this section shall not be counted in membership in a district.

(7) Payments under this section shall be made as provided in section 17b.

Sec. 108. (1) A district operating an adult education program under section 107d shall:

(a) Provide the program within the geographic boundaries of the district.

(b) Develop course descriptions for all adult basic and high school completion courses approved by the board of education which shall be available for review by the department not later than October 1 of each school year.

(c) Have on file a planned program for adult basic education or a planned program for a high school diploma, or both, for each individual enrolled in an adult basic education program or adult high school completion program, or both, comparable to planned programs maintained for a pupil in the regular program of the district.

(d) Ensure that the adult high school completion program is comparable to the requirements and standards of other high school completion programs in that district. If modifications are made in programs or courses, or both, to accommodate adult needs, specific rationale for the modifications shall be available for review.

(e) Maintain pupil records comparable to those maintained for the regular high school program of that district.

(f) Submit to the department not later than October 30 each year a report describing the district's activities in the fiscal year ending the immediately preceding September 30 that pertain to requirements set forth in subdivisions (a) through (e).

(g) Expend at least 5% of the funds received under section 107d for academic, vocational, and job counseling for adult education participants.

(2) Two or more K to 12 districts may conduct adult education programs on a cooperative basis. Cooperating districts shall enter into an annual written agreement which shall cover all of the high school completion programs and adult basic education programs offered within the participating districts. Exceptions to this provision may be made with the approval of the department. An agreement shall include the educational, administrative, management, operational, and financial matters concerning adult education programs and services offered by all the participating districts. One district shall be designated in the agreement as the administrator of the adult education cooperative program and shall operate the program as a direct extension of the district. The district serving as the administrator of the adult education program shall pay only reasonable fees for services, facilities, and utilities provided directly to the program by a cooperative district. These fees shall reflect only actual costs to the cooperating district. If the cooperating district did not receive an allocation under former section 21(1) in 1992-93, the fees shall not exceed 15% of the amount of the

payment the administering district receives that is attributable to the participation of the cooperating district. No other payments may be made to a cooperating district by the district serving as the administrator of the adult education program. The fee schedule to be paid by the administrative district of the adult education program shall be included as part of the annual written agreement between cooperating districts. The administrative district shall maintain for 5 years records of fees paid under the agreement. The funds generated by the administering district shall be used to support actual reasonable costs of the adult education programs in the cooperative program with the exception that administering districts may use revenues in addition to that needed to meet the costs of the adult education program to provide supplemental services within the consortium in the areas of early childhood education, alternative education, dropout prevention, community education, teen parent programs for youth, or other department-approved education programs.

(3) A district that did not receive an allocation under former section 21(1) in 1992-93, with the approval of the department, may enter into a cooperative arrangement with a district that receives payment under section 107d for the purpose of obtaining educational services for adult education participants. These cooperative arrangements shall meet the same conditions as those listed in subsection (2). In these cooperative arrangements, the district that did not receive an allocation under former section 21(1) in 1992-93 may receive from the district that provides the educational services an amount for administrative costs not to exceed 15% of the amount of the payment under section 107d the providing district receives that is attributable to the cooperative arrangement.

(4) Unless otherwise agreed by the affected districts, all fees and payments between districts under subsections (2) and (3) in 1993-94 shall be the same as those fees and payments in 1992-93.

(5) A district that operates an adult education program under subsection (2) and enrolls participants from other districts shall receive for those pupils an amount equal to the operating district's gross allowance for 1992-93 under former section 21(1).

(6) The department shall conduct a review of current adult education program practices and funding mechanisms and, not later than December 1, 1993, shall submit to the legislature, the department of management and budget, and the house and senate fiscal agencies a report containing recommendations for revisions the department considers necessary.

Sec. 109. (1) Subject to subsection (2), each district shall provide appropriate instructional services, as determined by the district, to a homebound or hospitalized pupil who resides within and is enrolled in the district. The district may provide the services itself or may contract with an intermediate district, a hospital, a treatment center, or another district to provide the services. In choosing a provider for the instructional services, the district shall consider which of those potential providers is best able to deliver the appropriate instructional services. The district shall pay reasonable costs as agreed upon between the district and the provider for services provided to a pupil under this section.

(2) A district is required to provide instructional services under subsection (1) to a pupil placed in a hospital, treatment center, or other treatment facility without the district's prior knowledge only if the district is notified of the pupil's placement by the hospital, treatment center, facility, or the pupil's parent or legal guardian. Upon being notified, the district shall make arrangements to provide instructional services under subsection (1) within 3 school days after being notified.

(3) Not later than October 15 of each odd numbered year, the department shall prepare and distribute to each district, intermediate district, and nonpublic school a written explanation of the operation of this section and the respective duties of all affected parties. The department shall provide a copy of the explanation to any other person upon request.

(4) If a district does not comply with subsection (1), any funds due to the district under this act shall be withheld by the department until the district complies with subsection (1) or until the end of the fiscal year, whichever comes first.

Sec. 111. (1) Except as provided in section 113, a district having tuition pupils enrolled on the pupil membership count day of each year shall charge the district in which the tuition pupils reside the tuition rate computed under section 1401 of the school code of 1976, being section 380.1401 of the Michigan Compiled Laws. The resulting tuition rates shall be reduced by the district's foundation guarantee provided under section 20(1), except that a district shall charge the full per capita operating cost determined under section 1401 of the school code of 1976 for tuition pupils other than special education pupils served in center programs if the district enrolls pupils, other than special education pupils, who reside in a district that is legally liable for the payment of the tuition and levies a lower operating millage than the district enrolling the pupils.

(2) A pupil for whom the full per capita operating cost, as determined under section 1401 of the school code of 1976, is charged as tuition under subsection (1) shall not be counted in membership in the receiving district for purposes of calculating state aid allocations under section 20. A pupil for whom the full per capita operating cost, as determined under section 1401 of the school code of 1976, is paid by the pupil's district of residence under subsection (1) shall be counted in membership in the pupil's district of residence solely for purposes of calculating state aid allocations under section 20.

(3) An additional allowance for nonpublic, nonresident pupils in part-time membership shall be made to a district receiving nonpublic, nonresident pupils in an amount equal to the difference between the per capita cost as determined under section 1401 of the school code of 1976 and the foundation guarantee calculated under section 20(1).

(4) The secretary of the board of each district enrolling nonresident pupils shall certify to the department, on forms furnished by the department, the number of nonresident pupils enrolled in each grade on the pupil membership count day of each year, the districts in which the nonresident pupils reside, the amount of tuition charged for the current year, and other information required by the department.

Sec. 117. (1) A district shall charge the legal amount of tuition for tuition pupils enrolled on the pupil membership count day of each year from the districts in which the tuition pupils reside and shall certify that fact to the department. A district that enrolls and educates pupils who are residents of another district due to uncertainty as to the boundary of a district, and that serves notice to the resident district where the pupils must attend school in subsequent school years, is not subject to subsection (2).

(2) If a district does not comply with this section, any funds due to the district under this act shall be withheld by the department until the district complies with this section or until the end of the fiscal year, whichever occurs first.

Sec. 118. (1) A district shall pay the legal amount of tuition for tuition pupils on or before April 1 of each year to the districts in which the tuition pupils are in school membership on the preceding pupil membership count day of each year and shall certify that fact to the department.

(2) If a district does not comply with subsection (1), any funds due to the district under this act shall be withheld by the department until the district complies with subsection (1) or until the end of the fiscal year, whichever occurs first.

(3) A district that sends tuition pupils to 1 or more districts, that is legally liable for the payment of the tuition, and that fails to pay its tuition assessment in full before April 1 of each year, shall remit the full amount of tuition owed to the receiving district before making any other financial expenditure or commitment for the next school fiscal year.

Sec. 122. The valuation of property assessed under Act No. 189 of the Public Acts of 1953, as amended, being sections 211.181 to 211.182 of the Michigan Compiled Laws, shall be deducted from the total valuation of a district if school taxes levied against the property are not collected from the lessee or user of the property. The credit so obtained by a district in the application of the formula provided in section 20 shall remain a lien against the district and shall be paid by the district to the school aid fund when the taxes are collected.

Sec. 124. (1) If taxes levied for operating purposes against property constituting at least 10% of the valuation of a district are paid under protest and, therefore, are unavailable to the district, the total valuation of the district for the purposes of this act shall be reduced by the valuation of the property. The credits so obtained by a district in the application of the funding determinations specified in section 20 shall remain a lien against the district and shall be paid by the district to the school aid fund when the taxes are collected.

(2) If taxes levied for operating purposes against property constituting at least 5% of the valuation of a district are not paid by a single bankrupt debtor that files for reorganization under chapter 11 of title 11 of the United States code, 11 U.S.C. 1101 to 1174, and, therefore, are unavailable to the district, the total valuation of the district for the purposes of this act shall be reduced by the valuation of the property. The credits so obtained by a district in the application of the funding determinations specified in section 20 shall remain a lien against the district and shall be paid by the district to the school aid fund when the taxes are collected. This subsection shall be implemented upon verification by the department that the district has taken proper action to attempt to secure payment of taxes by the bankrupt debtor.

(3) If taxes levied for operating purposes against property constituting at least 4% of the valuation of a district are not paid by a single bankrupt debtor that files for reorganization under chapter 11 of title 11 of the United States code, 11 U.S.C. 1101 to 1174, and, therefore, were unavailable to the district during the 1988-91 school years, the total valuation of the district for the purposes of this act shall be reduced by the valuation of the property. The credits so obtained by a district in the application of the funding determinations specified in section 20 shall remain a lien against the district and shall be paid by the district to the school aid fund when the taxes are collected. This subsection shall be implemented upon verification by the department that the district has taken proper action to attempt to secure payment of taxes by the bankrupt debtor.

Sec. 145. From the appropriation in section 11, there is allocated \$1,960,000.00 for 1993-94 to pay the state share of desegregation costs mandated by the federal court before June 1, 1983, in *Berry v school district of the city of Benton Harbor*, United States district court for the western district of Michigan, docket no. C.A. 9.

Sec. 146a. (1) From the appropriation in section 11 there is allocated an amount not to exceed \$20,161,000.00 to intermediate districts for intermediate district social security and medicare. Except as otherwise provided in this act and subject to subsection (2), the payment for 1993-94 to each intermediate district shall be an amount equal to the employer's share of the intermediate district's federal social security and medicare obligations, 6.20% on calendar 1993



employee's wage base up to \$50,000.00 for social security and 1.45% on calendar 1993 employee's wage base up to \$50,000.00 for medicare, and 6.20% on calendar 1994 employee's wage base up to \$50,000.00 for social security and 1.45% on calendar 1994 employee's wage base up to \$50,000.00 for medicare.

(2) The payment to an intermediate district under subsection (1) for 1993-94 to an intermediate district shall be the lesser of the following amounts:

(a) The intermediate district's allocation calculated under subsection (1).

(b) An amount equal to the intermediate district's allocation under former section 146 for 1992-93.

(3) Except as otherwise provided in this act, the state shall not assist in payment of the employer's share of federal social security and medicare obligations for the federally funded employees of an intermediate district; for individuals employed pursuant to the Michigan youth corps act, Act No. 69 of the Public Acts of 1983, being sections 409.221 to 409.229 of the Michigan Compiled Laws; or for individuals employed pursuant to the Michigan opportunity and skills training program or project self-reliance, both administered by the department of social services, or any successor of either of those 2 programs.

(4) Payments to intermediate districts for social security and medicare obligations shall be disbursed on the payment schedule set by section 17b. These payments are determined by multiplying the state's percentage contribution by the estimated base allowable payroll for each covered employee for the quarterly periods beginning in October of the school year. The state payments shall be prospective estimates, based upon data to be submitted to the department in a form and manner as required by the department. That data shall include identification of the amount of an intermediate district's payroll that is attributable to employee wage base exceeding the allowable maximum wage base specified in subsection (1). Payments required to satisfy social security and medicare obligations of each intermediate district shall be adjusted by the department as necessary to reflect actual requirements of preceding completed payrolls and payroll periods, and shall be adjusted finally by the department for the immediately preceding state fiscal year pursuant to section 41 of the public school employees retirement act of 1979, Act No. 300 of the Public Acts of 1980, being section 38.1341 of the Michigan Compiled Laws.

(5) Each intermediate district shall remit directly to the appropriate federal government agency the total employer share and the total employee share of the intermediate district's social security and medicare obligation. Social security or medicare contributions shall not be remitted to the social security contribution fund as otherwise required by section 42(6) of Act No. 300 of the Public Acts of 1980, being section 38.1342 of the Michigan Compiled Laws.

(6) The department may prorate payments under this section as necessary.

Sec. 147. (1) From the appropriation in section 11, the following is allocated for 1993-94 for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, Act No. 300 of the Public Acts of 1980, being sections 38.1301 to 38.1408 of the Michigan Compiled Laws:

	For Fiscal Year Ending Sept. 30, 1994
<b>PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM</b>	
Shared retirement cost .....	\$ 14,000,000
Federal credits .....	22,305,600
Intermediate district retirement cost.....	24,569,900
Reconciliation and interest payment .....	34,767,800
<b>GROSS APPROPRIATION .....</b>	<b>\$ 95,643,300</b>
Appropriated from:	
Federal revenues:	
Retirement contribution pass-through.....	22,305,600
Special revenue funds:	
State school aid fund.....	73,337,700
State general fund/general purpose .....	\$ 0

(2) The annual level percentage of payroll contribution rate assumed for the public school employees retirement system for the 1993-94 state fiscal year is 12.16%. The entire contribution rate of 12.16 percentage points shall be assigned to local school districts and intermediate school districts for the 1993-94 state fiscal year, except that an amount equal to 1/2 of the increase in costs not attributable to federal payrolls from 1992-93 is allocated to the public school employees retirement system. For intermediate districts, 5.0 percentage points of the total contribution rate of 12.16 percentage points are assigned to the intermediate districts, except that an amount equal to 1/2 of the increase in costs not attributable to federal payrolls from 1992-93 is allocated to the public school employees retirement system. However, districts and intermediate districts shall pay 1/2 of the increase in costs not attributable to federal payrolls from 1992-93 to the Michigan public school employees retirement system regardless of cause, and the department of management and budget shall adjust the contribution rate to reflect actual required costs of the plan based on statutes in effect as of October 1, 1993.

(3) Adjustments are made for reconciliation in subsection (1) to reflect the difference between the estimated and actual 1988-89 contribution requirements, the estimated and actual 1989-90 contribution requirements, the estimated and actual 1990-91 contribution requirements, and the estimated and actual 1991-92 contribution requirements for the public school employees' retirement system as required in section 41 of the public school employees retirement act of 1979, Act No. 300 of the Public Acts of 1980, being section 38.1341 of the Michigan Compiled Laws. Reconciliation payments associated with public school employee payrolls prior to 1993-94 shall be borne by the state. Reconciliation payments associated with payrolls in 1993-94 and succeeding fiscal years shall be shared equally between the state and the districts and intermediate districts. The net amount of these adjustments shall be applied proportionately to the reserve for employer contributions created by section 30 of Act No. 300 of the Public Acts of 1980, being section 38.1330 of the Michigan Compiled Laws, and the reserve for health benefits created by section 34 of Act No. 300 of the Public Acts of 1980, being section 38.1334 of the Michigan Compiled Laws.

(4) Included in the amounts allocated under subsection (1), there is allocated sufficient funds to pay the costs associated with the administrative services only contract for claims administration in connection with the conversion to self-insurance.

(5) The health benefits reserve is the account to which appropriations of the state for public school employees retirement system health benefits and reporting unit payments are credited in addition to payments from retirees and interest earnings. Benefits payable pursuant to section 91 of Act No. 300 of the Public Acts of 1980, being section 38.1391 of the Michigan Compiled Laws, shall be paid from the health benefits reserve. However, for the 1993-94 fiscal year, any payments for health benefits made on behalf of a district that are supported by payments from the balance in the health benefits reserve, not to exceed an aggregate of \$100,000,000.00, shall be credited toward the required payment of each district and shall reduce the amount otherwise due from that district. A payment from the balance in the health benefits reserve made on behalf of a district shall be considered to be payments on behalf of the district for the purposes of constitutionally mandated funding under section 20.

Sec. 149. (1) From the general fund/general purpose appropriation in section 11, there is allocated \$5,351,500.00 for 1993-94 for a grant to Michigan state university for the Michigan partnership for new education. The payments shall be made in 2 equal installments on October 20 and December 20. During each state fiscal year, the Michigan partnership and its partner institutions shall raise or contribute matching funds totaling at least 1/2 of the amount allocated in this section for the partnership. The Michigan partnership for new education shall use resources of the state and federal government, corporations, foundations, districts, intermediate districts, community colleges, and state universities to assist in the development and operation of a coordinated statewide educational innovation system, including, but not limited to, all of the following:

(a) Professional development schools in which K-12, intermediate district, community college, and university educators collaborate.

(b) Alliances between professional development schools and community organizations, business and industrial firms, health and human service organizations, and local government.

(c) New and strengthened collaborative programs to develop educational and community leadership.

(d) Dissemination of new knowledge, skills, and strategies to local schools, universities, and communities in cooperation with the state board, intermediate districts, community colleges, and professional education organizations and associations. Dissemination activities shall use telecommunications infrastructure as available and appropriate.

(e) New research-based strategies, instruments, and indicators to assess student and educator learning, school and university performance, and community contributions to student learning and development.

(f) Coalition building at the state and local levels among key partners in government, business, and education.

(g) Educational improvement policy studies.

(2) The funds allocated under this section may be expended for purposes including, but not limited to, all of the following:

(a) Released time for teachers and administrators to collaborate on educational innovation with university faculty and community partners.

(b) Compensation for university faculty, teachers, and administrators to collaborate on educational innovation activities such as course planning, materials development, professional development, research, and dissemination.

(c) Compensation for staff necessary to facilitate the participation of teachers, administrators, university faculty, and community partners.

(d) Research reports, books, and other materials related to curriculum, instruction, organization, and management of schools.

(e) Evaluation of the work of the partnership, including professional development schools, community partnerships, university professional education preparation, product development, and dissemination networks.

(f) Meeting and travel expenses.

(3) Not later than March 1 of each year, the Michigan partnership for new education shall submit to the senate and house appropriations subcommittees responsible for the department's budget, the senate and house fiscal agencies, the governor, and the state board a report on its activities and accomplishments for the immediately preceding fiscal year, including evaluation results and matching funds raised or contributed, and a detailed work plan for the fiscal year beginning the next October 1. Not later than November 30 of each fiscal year, the Michigan partnership shall submit to all of those entities a report on expenditures for the immediately preceding fiscal year.

Sec. 149b. (1) From the appropriation in section 11 there is allocated an amount not to exceed \$18,000,000.00 for 1993-94 for the purpose of providing funding to districts that have an increase of 25 or more pupils actually enrolled and in regular daily attendance in the district on the pupil membership count day in 1993-94 as compared to the combined total of the number of pupils actually enrolled and in regular daily attendance in the district on the pupil membership count day in 1992-93 and the number of any pupils counted in membership in the district in 1992-93 because of an adjustment described in section 6(4)(g), and that have at least a 2% increase in the number of pupils actually enrolled and in regular daily attendance in the district on the pupil membership count day in 1993-94 as compared to the combined total of the number of pupils actually enrolled and in regular daily attendance in the district on the pupil membership count day in 1992-93 and the number of any pupils counted in membership in the district in 1992-93 because of an adjustment described in section 6(4)(g).

(2) The payment under this section shall be on a per-pupil basis for only the pupils comprising the district's increase over 25 pupils as determined under the criteria in subsection (1), in an amount equal to 50% of the district's foundation guarantee or \$2,400.00, whichever is less. If the amount allocated under this section is not sufficient to fully fund this per pupil amount, the department shall prorate the payments as necessary. The payment shall be made on the schedule in section 17b, commencing with the April payment.

Sec. 149c. From the general fund/general purpose money appropriated in section 11, there is allocated an amount not to exceed \$452,900.00 for 1993-94 for a grant to the Detroit area precollege engineering program, inc. for precollege programs in engineering and the sciences.

Sec. 149d. From the general fund/general purpose money appropriated in section 11, there is allocated an amount not to exceed \$450,000.00 for 1993-94 for a grant to the Detroit compact for a comprehensive school, business, government, and community partnership designed to improve the economic success of Detroit public school graduates.

Sec. 151. (1) Annually, the treasurer of each county shall furnish to the department, before July 1 following the receipt of assessment rolls, a statement of the state equalized valuation of each district and fraction of a district within the county, and shall furnish to the department on October 1 or the next business day of each year a statement of the state equalized valuation of each class of property of each district and fraction of a district within the county, on forms furnished by the department.

(2) The tax tribunal created by the tax tribunal act, Act No. 186 of the Public Acts of 1973, being sections 205.701 to 205.779 of the Michigan Compiled Laws, shall accumulate any changes in state equalized valuation of each district and intermediate district and report the cumulative change in state equalized valuation before the fourth Friday of each month to the department, the department of treasury, the department of management and budget, and the house and senate fiscal agencies.

Sec. 152. Except for reports due on other dates specified in this act, each district and intermediate district shall furnish to the department before the first Monday in November of each year those reports the department considers necessary for the determination of the allocation of funds under this act. Each district and intermediate district shall also furnish to the department the information the department considers necessary for the administration of this act and for the provision of reports of educational progress to the senate and house committees responsible for education, the senate and house appropriations subcommittees responsible for appropriations to school districts, the senate and house fiscal agencies, and the department of management and budget, as appropriate. If a district does not comply with this section, the department shall withhold all funds due to the district under this act until the district complies with this section or until the end of the fiscal year, whichever occurs first.

Sec. 162. (1) An intermediate district that fails through the negligence of school officials to file reports pursuant to this act shall forfeit that proportion of funds to which the intermediate district otherwise would be entitled under this act as the delay in the reports bears to the school term as required by law for the intermediate district.

(2) A district shall file reports pursuant to this act and, if the district does not comply with this subsection, the department shall withhold all funds due to the district under this act until the district complies with this subsection or until the end of the fiscal year, whichever occurs first.

Sec. 163. (1) Except as provided in the school code of 1976, the board of a district or intermediate district shall not permit any of the following:

(a) A noncertificated teacher to teach in an elementary or secondary school or in an adult basic education or high school completion program.

(b) A noncertificated counselor to provide counseling services to pupils in an elementary or secondary school or in an adult basic education or high school completion program.

(c) A noncertificated administrator to be employed as a superintendent, principal, or assistant principal, or in any other position in which the primary responsibility of the administrator is supervising instructional programs.

(d) A noncertificated chief business official to be employed as a chief business official.

(2) Except as provided in the school code of 1976, if an intermediate district employs a teacher, counselor, or administrator who is not legally certificated, the intermediate district shall have deducted the sum equal to the amount paid the teacher, counselor, or administrator for the period of noncertificated or illegal employment. Except as provided in the school code of 1976, if a district employs a teacher, counselor, or administrator who is not legally certificated, the department shall withhold all funds due to the district under this act until the district complies with this section or until the end of the fiscal year, whichever occurs first. Each intermediate superintendent shall notify the department of the name of the noncertificated teacher, counselor, or administrator and the district employing that individual and the amount of salary the noncertificated teacher, counselor, or administrator was paid within a constituent district.

(3) If a school official is notified by the department that he or she is employing a nonapproved noncertificated teacher, counselor, or administrator in violation of this section and knowingly continues to employ that teacher, counselor, or administrator, the school official is guilty of a misdemeanor, punishable by a fine of \$1,500.00 for each incidence.

Sec. 164. (1) An intermediate district shall forfeit an amount to which the intermediate district otherwise would be entitled under this act equal to the intermediate district's expenditures in the immediately preceding school fiscal year for cars for board members, and for chauffeurs for board members or administrators.

(2) If a district provides cars for board members or chauffeurs for board members or administrators, the department shall withhold all funds due to the district under this act until the district ceases that activity or until the end of the fiscal year, whichever occurs first.

Sec. 165. (1) A district shall not enroll nonresident pupils for more than 1/2 of their instruction and transport those pupils inside the boundaries of their district of residence without that district's permission.

(2) If a district violates subsection (1), the department shall withhold all funds due to the district under this act until the district ceases that activity or until the end of the fiscal year, whichever occurs first.

Sec. 166. If a school official, member of a board, or other person dispenses or otherwise distributes a family planning drug or device in a public school in a district in violation of section 1507 of the school code of 1976, dispenses a prescription for a family planning drug in a public school in a district, or makes a referral for abortion in a public school in a district, then in each of the district's payments under this act the department shall withhold 5% of the funds due to the district in the particular payment until the district demonstrates to the department that the activity has ceased or until the end of the fiscal year, whichever occurs first.

Sec. 167. (1) The department in cooperation with the department of public health shall develop plans to assist local school districts and local county health departments to comply with section 1177 of the school code of 1976, being section 380.1177 of the Michigan Compiled Laws, and section 9209 of the public health code, Act No. 368 of the Public Acts of 1978, being section 333.9209 of the Michigan Compiled Laws, for each school year.

(2) Each district shall report the immunization status of each entering pupil in grades K through 12 to the local health department in which it is located by February 1 of each school year in a manner prescribed by the department of public health. Not later than March 31 of each school year, the department of public health shall notify the department by district of the percentage of entering pupils who do not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976. If a district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976 for at least 90% of the district's pupils by March 1 as recorded in the February 1 report, the district is subject to subsection (5) until the district has such an immunization record for at least 90% of its pupils. Also, if the department of public health is not able to report to the department by March 31 because a school district fails to submit a report as required in this subsection, or submits an incomplete, inaccurate, or late report, the district is subject to subsection (5), until the report is submitted in a complete and accurate form.

(3) In 1994-95, each district shall again report the immunization status of each entering pupil in grades K through 12 to the local health department in which it is located by November 1, 1994 in a manner prescribed by the department of

public health. Not later than December 31, 1994, the department of public health shall notify the department by district of the percentage of entering pupils who do not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976. If a district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976 for at least 90% of the district's entering pupils as recorded in the November 1 reports required under this subsection, the district is subject to subsection (5) until the district has such an immunization record for at least 90% of its pupils.

(4) In 1994-95, each district shall again report the immunization status of each entering pupil in grades K through 12 to the local health department in which it is located by February 1, 1995, in a manner prescribed by the department of public health. Not later than March 31, 1995, the department of public health shall notify the department by district of the percentage of entering pupils who do not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976. If a district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the school code of 1976 for at least 95% of the district's entering pupils as recorded in the February 1, 1995 reports required under this subsection, the district is subject to subsection (5) until the district has such an immunization record for at least 95% of its pupils. If the department of public health is not able to report to the department by March 31, 1995, because a district fails to submit a report as required in this subsection, or submits an incomplete, inaccurate, or late report, the district is subject to subsection (5) until the report is submitted in a complete and accurate form.

(5) If a district does not comply with this section, the department shall withhold 5% of the funds due to the district under this act after the date the department of public health reports a district's noncompliance with this section to the department until the district complies with this section or until the end of the fiscal year, whichever occurs first.

Sec. 168. A district, intermediate district, grant recipient, contractor, or other entity that directly or indirectly receives funds under this act shall allow access for the department or the department's designee to audit all records related to a program for which it receives such funds. The district, intermediate district, grant recipient, contractor, or other entity shall reimburse the state for all disallowances found in the audit. If a district does not comply with this subsection, the department shall withhold all funds due to the district under this act until the district complies with this subsection or until the end of the fiscal year, whichever occurs first.

Section 2. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act is \$5,759,565,000.00 for 1993-94, and state appropriations to be paid to local units of government are \$5,560,261,900.00 for 1993-94.

Section 3. Sections 12, 21, 23b, 25, 27, 31, 32, 34a, 35, 46, 48, 53a, 61, 71, 72, 85, 92a, 93, 98, 103, 105, 116, 143, 144, 146, 149a, 152a, 155, 157, 158, 159, 169, and 169a of Act No. 94 of the Public Acts of 1979, being sections 388.1612, 388.1621, 388.1623b, 388.1625, 388.1627, 388.1631, 388.1632, 388.1634a, 388.1635, 388.1646, 388.1648, 388.1653a, 388.1661, 388.1671, 388.1672, 388.1685, 388.1692a, 388.1693, 388.1698, 388.1703, 388.1705, 388.1716, 388.1743, 388.1744, 388.1746, 388.1749a, 388.1752a, 388.1755, 388.1757, 388.1758, 388.1759, 388.1769, and 388.1769a of the Michigan Compiled Laws, are repealed.

Section 4. (1) Except as provided in subsection (2), this amendatory act shall take effect October 1, 1993.

(2) Section 11a of Act No. 94 of the Public Acts of 1979, as added by this amendatory act, shall take effect August 1, 1993.

Section 5. The appropriations made and the expenditures authorized under this amendatory act are subject to the management and budget act, Act No. 431 of the Public Acts of 1984, being sections 18.1101 to 18.1594 of the Michigan Compiled Laws.

Section 6. This amendatory act shall not take effect unless the constitutional amendment proposed in House Joint Resolution G of the 87th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963.

This act is ordered to take immediate effect.

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Co-Clerk of the House of Representatives.

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Secretary of the Senate.

Approved -----

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Governor.