

No. 63

JOURNAL OF THE SENATE

Senate Chamber, Lansing, Thursday, July 10, 1997.

12:01 a.m.

The Senate was called to order by the President, Lieutenant Governor Connie B. Binsfeld.

The roll was called by the Secretary of the Senate, who announced that a quorum was present.

Bennett—present
Berryman—present
Bouchard—present
Bullard—present
Byrum—present
Carl—present
Cherry—present
Cisky—present
Conroy—present
DeBeaussaert—present
DeGrow—present
Dingell—present
Dunaskiss—present

Emmons—excused
Gast—present
Geake—present
Gougeon—present
Hart—present
Hoffman—present
Koivisto—present
McManus—present
Miller—present
North—present
O'Brien—present
Peters—excused
Posthumus—present

Rogers—present
Schuette—present
Schwarz—present
Shugars—present
A. Smith—present
V. Smith—present
Stallings—present
Steil—present
Stille—present
Van Regenmorter—present
Vaughn—present
Young—present

Senator Mike Rogers of the 26th District offered the following invocation:

Heavenly Father, please give us the wisdom, the strength and the patience for good decisions as this long day wears on. May we hear Your voice and seek Your guidance as we deliberate the people's business.

Lord, in honor of a member's trip to Ireland, I offer the Gaelic blessing that may You please turn the hearts and minds of our enemies. Lord, if You cannot turn their hearts, please turn their ankles so that we may know them by their limp.

In Jesus' name we pray. Amen.

Senator Dunaskiss entered the Senate Chamber.

Motions and Communications

Senator DeGrow moved that Senator Emmons be excused from today's session.
The motion prevailed.

Senator V. Smith moved that Senator Peters be excused from today's session.
The motion prevailed.

By unanimous consent the Senate proceeded to the order of
Third Reading of Bills

The following bill was announced:

House Bill No. 4872, entitled

A bill to amend 1927 PA 150, entitled "An act to prescribe a privilege tax for the use of the public highways by owners and drivers of motor vehicles by imposing a specific tax upon the sale or use, within the state of Michigan, of motor fuel; to prescribe the manner and the time of paying this tax and the duties of officials and others respecting the payment and collection of this tax; to provide for the licensing of wholesale distributors, certain retail dealers, exporters, and suppliers as defined in this act; to fix a time when this tax and interest and penalties thereon become a lien upon the property of persons, firms, partnerships, associations, or corporations, subject to the payment of this tax; to provide for the enforcement of this lien; to permit the inspection and testing of petroleum products; to provide for certain exemptions and refunds and for the disposition of the proceeds of this tax; and to prescribe penalties for the violation of this act," by amending the title and sections 2 and 22 (MCL 207.102 and 207.122), section 2 as amended by 1992 PA 225 and section 22 as amended by 1995 PA 52, and by adding chapter 7; and to repeal acts and parts of acts.

(This bill was announced on July 9, rules suspended for reconsideration, vote reconsidered, substitute offered and consideration postponed. See Senate Journal No. 62, p. 1235.)

The question being on the adoption of the substitute offered by Senator Hoffman,

The substitute was adopted, a majority of the members serving voting therefor, as follows:

Roll Call No. 453

Yeas—20

Bouchard	Dunaskiss	McManus	Schwarz
Bullard	Gast	North	Shugars
Carl	Geake	Posthumus	Steil
Cisky	Hoffman	Rogers	Stille
DeGrow	Koivisto	Schuette	Van Regenmorter

Nays—16

Bennett	Conroy	Hart	Smith, V.
Berryman	DeBeaussaert	Miller	Stallings
Byrum	Dingell	O'Brien	Vaughn
Cherry	Gougeon	Smith, A.	Young

Excused—2

Emmons

Peters

Not Voting—0

In The Chair: President

Protests

Senators Stallings and Byrum, under their constitutional right of protest (Art. IV, Sec. 18), protested against the adoption of the substitute offered by Senator Hoffman to House Bill No. 4872 and moved that the statements they made during the discussion of the substitute be printed as their reasons for voting “no.”

The motion prevailed.

Senator Stallings’ statement is as follows:

I’d like to preface my remarks by really saying that I love all of you. I love all of you. I have a even greater love for the less than half a million people that I represent down in the 3rd Senatorial District. It is important for you to know that I ain’t mad, but it’s also equally important for you to know that I am not interested in putting up a vote tonight because I’m from the mindset that no deal is better than just any deal. We need to really reflect on what everyone has said thus far and take it to heart because exactly what we have—no deal, and you’re asking us to accept just any deal and that’s just not going to happen, at least not tonight.

Senator Byrum’s statement is as follows:

I said the first time I got up here tonight that I thought that we had made significant progress toward some of the issues I was very concerned with because as we started in with this whole process the county that I represent was going to see no increase in funding, yet they were going to see a four cent gas tax increase, giving up over 222 miles of our primary road system.

We have made some significant progress. I don’t think we are there yet.

Although we did not change the distribution of the funds through Public Act 51, by adopting a series of amendments tonight we have changed the distribution because the state has taken the lion’s share of the new monies that have been available. They took the lion’s share through the budget stabilization of the interest on the budget’s stabilization monies. They took it by earmarking one cent that is not going to roads—it’s going to debt retirement. So one cent of the four cents is not going to roads, so it is not an accurate statement saying that all four cents are going to roads, when one cent is going to debt retirement. It’s taken another cent off the top to go to bridges, and then the two cents are being shared 60/40. So, the new money to roads in our local communities is going to be limited to that 60% of the two cents on the gas tax.

What I’ve been concerned about from the very beginning is putting increased pressure on local communities to go to special assessments or property taxes to be able to meet the match for local road projects. We only exasperated that problem when we did the trade off of the four cents sales tax on gasoline because we didn’t make up revenue sharing. We didn’t hold our local communities harmless, and that’s going to be an \$80 million price tag over the next four years. To say that we have put the money into road projects is not totally not accurate. We’ve ratched up the pressure on local communities to go to another funding source, i.e., local property tax to be able to do their local road projects.

I’ve said, and was quoted in the paper, that I think to a large degree that this is a shell game. We’re moving monies from one side to the other. If we have the money in the General Fund for roads, we ought to be funding them out of the General Fund. Something that I’m really concerned about is that we are trying to posture ourselves on the Floor of the Senate of being able to get something for nothing—that we can get a tax increase, a gas tax increase, but yet, we are never going to have to pay the bill for that. I think if we look at ourselves in the mirror and we are straight with ourselves, we would know that you don’t get anything for nothing. There is a price to pay, yet, we’re trying to put the political spin on it that indeed our constituents are getting something and they are not paying the price it.

The question being on the passage of the bill,

The bill was passed, a majority of the members serving voting therefor, as follows:

Roll Call No. 454**Yeas—20**

Bouchard	Dunaskiss	McManus	Schwarz
Bullard	Gast	North	Shugars
Carl	Geake	Posthumus	Steil
Cisky	Hoffman	Rogers	Stille
DeGrow	Koivisto	Schuette	Van Regenmorter

Nays—16

Bennett	Conroy	Hart	Smith, V.
Berryman	DeBeaussaert	Miller	Stallings
Byrum	Dingell	O'Brien	Vaughn
Cherry	Gougeon	Smith, A.	Young

Excused—2

Emmons	Peters
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Not Voting—0

In The Chair: President

Senator DeGrow moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

Senator Hoffman offered to amend the title to read as follows:

A bill to amend 1927 PA 150, entitled "An act to prescribe a privilege tax for the use of the public highways by owners and drivers of motor vehicles by imposing a specific tax upon the sale or use, within the state of Michigan, of motor fuel; to prescribe the manner and the time of paying this tax and the duties of officials and others respecting the payment and collection of this tax; to provide for the licensing of wholesale distributors, certain retail dealers, exporters, and suppliers as defined in this act; to fix a time when this tax and interest and penalties thereon become a lien upon the property of persons, firms, partnerships, associations, or corporations, subject to the payment of this tax; to provide for the enforcement of this lien; to permit the inspection and testing of petroleum products; to provide for certain exemptions and refunds and for the disposition of the proceeds of this tax; and to prescribe penalties for the violation of this act," by amending sections 2, 3b, 8, 18b, 34, and 86 (MCL 207.102, 207.103b, 207.108, 207.118b, 207.134, and 207.186), sections 2, 3b, and 8 as amended by 1992 PA 225 and sections 18b, 34, and 86 as amended by 1982 PA 437.

The amendment to the title was adopted.

The Senate agreed to the title as amended.

Protests

Senators Cherry, Berryman, Byrum, A. Smith, Conroy and Stallings, under their constitutional right of protest (Art. IV, Sec. 18), protested against the passage of House Bill No. 4872.

Senators Cherry, Berryman and Byrum moved that the statements they made during the discussion of the substitute offered by Senator Hoffman be printed as their reasons for voting "no."

The motion prevailed.

Senator Cherry's statement is as follows:

I rise to express my reasons for voting "no" on Senator Hoffman's substitute.

I personally believe that raising taxes is a serious matter. I have, in the past during my legislative career, voted to raise taxes. But, in doing so, it is my personal belief that should happen only when we have a well thought out reasoned package. I think we have fallen short of that with the package that is before us tonight.

Clearly, in that package, the ability of local units of government to maintain local roads is diminished from what it could be. To some extent that occurs because of how we dedicate some of these increased pennies of the gas tax. It also occurs because of this shell shift game that occurs with the sales tax reduction by diminishing, in effect, the revenue sharing that goes to local units, much of which is used by the local units for their local contribution for local road repair and maintenance.

We could have done, I think, a better job. We could have produced a package that had more in the way of bipartisan support. I know the good Senator from the 35th District felt as if we were somehow dragging this out until September because of the problems surrounding Senate Bill No. 208. Let me assure him there is a vehicle in committee right now. If it is his desire to deal with it today, that bill could be discharged. It is a multi-section amendment to the income tax act. That same substitute that was offered to Senate Bill No. 208 could be offered to that bill. It could be passed here, done tonight and we could be finished with it. It is a decision to simply wait until September, but if it is the body's desire to accomplish tonight there are vehicles here in this chamber that allow us to move forthrightly on it.

One of the flaws that concerns me with this substitute before us is while it does raise the gas tax on gasoline by four cents, it doesn't touch the diesel tax. One of the things that has given us a great deal of concern in this package as it has moved through this chamber over the past several months is the amount of taxes that are paid by trucks versus cars. What we have here is a substitute that really puts the full burden of this petroleum tax increase on the shoulder of Michigan automobile owners. I think we could have spread that burden a bit broader and raised more revenue for road maintenance. But what we have chosen to do tonight is simply restrict it and limit it to automobiles. I don't think that is a step forward. I think that is a step backwards.

It is for those concerns that I chose not to vote for this tax increase tonight. I think there was no reason we had to rush to judgment yesterday evening. Obviously, we are going to be back in session through the course of this day and complete action on other pressing matters. I think we could have spent a little bit more time developing a package that would have enjoyed broader support. But inasmuch as we are going to act on the package of bills today and try to speed them through here, I choose to vote "no" on this substitute and, should it succeed, I will be voting "no" on House Bill No. 4872.

Senator Berryman's statement is as follows:

I just wanted to respond to the good Senator from the 35th District when he made the comment that because I wanted to raise the gas tax I should offer an amendment to do that. I take that, seriously, as an insult.

When the Senator from the 35th District said, "Why don't you offer an amendment?", again, I take offense to that. Not only have I offered amendments, but in this particular case, I, last year, offered a series of bills to deal with the road situation. They were sent to committee, never given any consideration and were killed in committee. I reintroduced them again this year. They were sent to committee and died. So, to say that I should stand up and offer an amendment, again, I think is an insult. At least I have the courage to stand up and say that I think what we are doing is insignificant to get the job done.

I want to remind the good Senator from the 35th District, and all of the others who talk about us on this side of the aisle as "no" votes, and "you naysayers," that this administration and your side of the aisle had the last two years of complete control of this legislature. You had the Governor's office, you had the House of Representatives and the Senate. If you wanted all these reforms, if you wanted to do all of these different things, if you wanted to address the road issue you could have done it when you controlled the complete process. But no, you didn't believe there was a road crisis. This road crisis did not start in January of 1997, when the Democrats took control of the House of Representatives. This has been going on for a long time. To think that you are going to sit over there and say, "This is the Democrats. They have been obstructionists."

No. You have delayed. And you have delayed and you have delayed. The cost of repair has grown because of your delay. The last four years you had shared leadership. The last two years you had complete control. Don't point the fingers at the Democrats and somehow say it is our fault. No, you blew two years of a chance to do what you wanted to do. You just wanted to wait until you had someone to blame.

Senator Byrum's statement, in which Senators A. Smith and Conroy concurred, is as follows:

I said the first time I got up here tonight that I thought that we had made significant progress toward some of the issues I was very concerned with because as we started in with this whole process the county that I represent was going to see no increase in funding, yet they were going to see a four cent gas tax increase, giving up over 222 miles of our primary road system.

We have made some significant progress. I don't think we are there yet.

Although we did not change the distribution of the funds through Public Act 51, by adopting a series of amendments tonight we have changed the distribution because the state has taken the lion's share of the new monies that have been available. They took the lion's share through the budget stabilization of the interest on the budget's stabilization monies. They took it by earmarking one cent that is not going to roads—it's going to debt retirement. So one cent of the four cents is not going to roads, so it is not an accurate statement saying that all four cents are going to roads, when one cent is going to debt retirement. It's taken another cent off the top to go to bridges, and then the two cents are being shared 60/40. So, the new money to roads in our local communities is going to be limited to that 60% of the two cents on the gas tax.

What I've been concerned about from the very beginning is putting increased pressure on local communities to go to special assessments or property taxes to be able to meet the match for local road projects. We only exasperated that problem when we did the trade off of the four cents sales tax on gasoline because we didn't make up revenue sharing. We didn't hold our local communities harmless, and that's going to be an \$80 million price tag over the next four years. To say that we have put the money into road projects is not totally not accurate. We've ratched up the pressure on local communities to go to another funding source, i.e., local property tax to be able to do their local road projects.

I've said, and was quoted in the paper, that I think to a large degree that this is a shell game. We're moving monies from one side to the other. If we have the money in the General Fund for roads, we ought to be funding them out of the General Fund. Something that I'm really concerned about is that we are trying to posture ourselves on the Floor of the Senate of being able to get something for nothing—that we can get a tax increase, a gas tax increase, but yet, we are never going to have to pay the bill for that. I think if we look at ourselves in the mirror and we are straight with ourselves, we would know that you don't get anything for nothing. There is a price to pay, yet, we're trying to put the political spin on it that indeed our constituents are getting something and they are not paying the price it.

Senator A. Smith's statement, in which Senator Conroy concurred, is as follows:

I think the real disappointment of this package for me tonight is that we have essentially told the Michigan citizens that there is such a thing as a free lunch.

We cut 4 cents. We increased 4 cents. If we had that money to spend, we should have just taken the money for transportation out of the general fund.

What we find when we eventually come back and do the earmarking on the income tax for schools is an impact on the general fund a couple years out of \$101 million dollars and \$230 million dollars. That is equivalent to some of the budgets that we have here for some of our departments and agencies. We have to find that money somewhere and at some point in time the citizens are going to come to understand that what we are calling tonight as a tax increase for the roads is simply a shift. They are dollars that they will be asked at some point in time to pick up either through a loss of programs of substantive use and value to them or in a tax increase that is a real increase in the future.

Senator Stallings' statement is as follows:

I said previously that no deal is better than just any deal, and I believe that my friends and colleagues on the other side of the aisle are doing a disservice to the Michigan citizens by ramming through a bad roads plan. No transportation deal is better than just any transportation deal.

My Republican colleagues have consistently ignored what the people want and have rammed a plan that won't repair and maintain Michigan roads. They push through their transportation package on a strict partisan vote. They have consistently negotiated their plan without any input from the Senate Democrats. Their plan largely ignores local roads, where many of the most serious problems are, especially in the 3rd Senate District.

This plan, as far as I am concerned, won't repair the potholes that Detroiters hit on their way to work every day. The thousands of visitors who travel from the Canadian, Ohio and Illinois borders will be faced with these same potholes. So, what we have here is the Republicans, once again, have rammed and jammed through a bad plan just so they could say they fixed the roads before the legislature left for the summer recess.

I just want everyone to know that Michigan motorists deserve better than this.

Senators Koivisto, Schuette, Carl, Shugars, Posthumus, V. Smith, Cherry, Hoffman and Bouchard asked and were granted unanimous consent to make statements and moved that the statements be printed in the Journal.

The motion prevailed.

Senator Koivisto's statement is as follows:

This is not a "no" vote explanation, but it could be viewed as possibly a "yes" vote explanation. I say possibly because I am not sure yet what I am going to do on this. A lot of changes were made as we worked through this package. Right now we are just talking about the tax itself. A lot of changes that I asked for and others asked for have been incorporated into it. In Senate Bill No. 303 we dealt with the jurisdictional issue. I ended up voting "no" on the bill, but you did fix the jurisdictional question and that was very significant to me. I thought we were messing the whole scenario up by dealing with state takeover versus locals. We are polarizing that rift between state and locals and you did deal with that aspect of it.

Another concern I had was with the distribution of the money. The Senator from the 19th District muddied the waters a little bit when he earmarked one cent for state critical bridge funds. I thought it was absolutely unnecessary to do that and you muddied the waters once again when you really did not need to. It should have just stuck with the critical bridge fund so that both the locals and the state could share in it. But no, we had to throw in the state thing to take one more jab at the locals. Make what could be a positive thing for the local road commissions turn into a little bit of a tinge of negativism, because we did that particular action.

Finally, we are putting the money, right now as we vote on this bill, toward repair and maintenance. I know we did not restrict that language, but that is one thing I have heard from constituents time and time again. Repair the roads,

repair the roads, repair the roads. Well if you are going to do that, it takes money to do that and that is the stage we are at right now. We are dealing with the money aspect. In my opinion this is not the answer. It is not enough money to do the job properly. But in my opinion also, it is better than having nothing going into that fund.

Every time we get into a major issue around this place, you do what the public really thinks stinks. That is, you bring in the partisanship. Seldom can we agree on a major issue and separate the Democratic and Republican aspect—the House versus the Senate. That always has to enter into it, instead of dealing with the issue on the merits. I think that is what we regressed into on this one once again. We are turning something that should be a bipartisan issue into a political party issue. I do not think we should have done that. That is what really drives the public nuts. They feel that we should deal with the issue on its merits and not always have to one up each other politically. With that, I would say that this package is not perfect. It is better than having nothing, however, and I will probably end up voting to support it.

Senator Schuette's statement is as follows:

I find this discussion kind of amusing because you're hearing the naysayers and the "vote no chorus" and nothing out here is ever quite good enough. Instead of trying to fix the roads and get on with solving the problem, we have the "vote no chorus" and its endless summer of delays when people across the state of Michigan want us to respond and fix the roads. What we're trying to do here this evening is a couple of things: put more money into roads, and a four cent increase in fuel taxes. I think this is an important infusion of money. First, it pays off an indebtedness of a good program that was good for Michigan. It helps critical bridges in the state of Michigan, and in Edenville, Michigan when kids have to get off school busses because the bus can't cross the bridge, we ought to fix those bridges to help communities across our state. That's important.

Another two cents going into the formula right now that we've used for years, so four cents going to repair our roads and bridges across the state of Michigan. This is an important injection of capital for Michigan's future.

What else are we doing here? Well, under the jurisdiction of the formula battle we put asphalt and concrete. We buried that. We solved the problem. Some people say "no" it's still not right. We have a tax cut led by Senator Gougeon, a heroic tax cut so it's a net tax cut along with the fuel tax increase. For some, it's still not good enough. It seems to me it's time that we helped fix the roads. On a procedural thing, we are stiffing the schools—nothing is quite good enough. We have to wait until September when we wanted to give school systems the assurance that we are going to earmark that money. Now, our Floor Leader, who's committed to do it, says we have to wait until September. He wanted to do it now. Now, it seems to me that if we don't like this plan someone could offer an amendment. If Senator Berryman wants to have a higher gas tax, he ought to offer an amendment. We can do that on this Floor—it's a democracy—offer the amendment, see if you get 20 votes. I guess the point is that we ought not to have a summer of endless delay. We ought to have a summer now where we are planning to fix the roads and move forward.

I'd say we support this effort to put more money into roads, and net tax cuts so that the money that you pay at the pump goes to fix roads. That's what we are trying to do here today.

Senator Carl's statement is as follows:

I wholeheartedly supported and voted for the previous bill and the package that we have debated here tonight. The package represents a tax cut for our children and grandchildren. It provides needed financing for a key part of our infrastructure, vital to growth and prosperity.

In addition, it's fair to the taxpayers of this state, more fair than the present highway finance system by requiring users to pay their fair share. While cutting the taxes of all other Michigan taxpayers, we have taken an important step forward.

Senator Shugars' statement is as follows:

I would like to publicly thank our leadership for working with us to provide a net tax cut on this transportation program. I know it was very difficult. We were asked to have a tax increase and most of us didn't want to support a net tax increase. So, many of us met for a few weeks and came up with a program that we were able to get 20 votes on and move this process along.

Some of the things that I was concerned with all along was to protect our senior citizens. I think it's very important if one is going to increase a gas tax that seniors would end up paying more money under a net tax increase on a gas tax. With the offsets of the sales tax, I think that will help the seniors and persons on fixed incomes. Also it's a start in getting more money to the roads, rather than diverting to the General Fund and other departments.

I think a very important part of this package of bills is that we are stepping up in listening to the people who call us. They want to see more of the road tax dollars go to the roads, rather than to other funds. It's also important that we are moving forward to reinvest in our highways, our roads, bridges and our infrastructure. One thing though that is going to happen by this step, in the years to come, is that it puts tremendous pressure on all of us to prioritize future spending by shifting the taxes and the revenues from the General Fund and other departments to go to roads. That forces us to prioritize all the other departments and all the other programs.

So as a conservative, I think that's a very good thing because it's going to force us to make sure that we get the biggest bang out of our dollars in the future and so I am glad. I appreciate the leadership working with us.

Senator Posthumus' statement is as follows:

Today the Senate made significant progress in meeting the challenge of fixing our roads in this state. It is through this action that we accomplished three things that I said we needed to do all along.

First, we needed to make sure we increased the revenue available for roads as much as possible without raising taxes first. We needed to put reforms in place in order to do that. Secondly, we needed to make sure that we were able to do this quickly and in a way that would help all the people of this state. Finally, we needed to make sure that if we were to do it, it meant no new taxes would be paid by the taxpayers of the state of Michigan. We accomplished this and we accomplished it very, very significantly in much the same way we did Proposal A.

We had speakers earlier who talked about this being nothing more than just a sham. But, in fact, if they believed this was a sham they probably believed Proposal A was a sham. Because of Proposal A we have provided more money for schools and provided a net tax cut for the taxpayers of this state. And that is exactly what we did tonight. We provided more money to build and repair the roads of this state while providing our taxpayers an income tax cut and a sales tax cut so that they will have more money in their pockets for their families. This is a very, very good day.

I thank the Senator from the upper peninsula who was willing, and had the guts, to join with us on this proposal and not make it a partisan proposal. We heard a lot of talk about partisanship. Yesterday we had a nonpartisan agreement among leaders, but we were unable to get one single vote from the other side of the aisle. One single vote. We were strung out and we were strung out. In fact, on the other side of the aisle they were unable—on the other side of this Capitol—they were unable to put together the votes to support an agreement they made.

Our caucus was willing to do that because we were willing to step to the plate to meet the needs of this state. When nobody else is willing to help though, we decided we were going to have to do it here. We didn't put together a partisan proposal, in fact we listened to what many of the parties were saying from the other side of the aisle. And we put together a package that met many of those complaints. And yet, they were unwilling to support it.

Well, there are 20 people here who were willing to take care of the roads of this state and the public needs to know it. They were willing to do it while still providing a tax cut. Madam President, these people are good, hardworking senators who have met the challenge that was put before them by the governor. We now challenge the House to do the same.

Senator V. Smith's statement is as follows:

I really don't want to reiterate what my leader has said. I think he has adequately laid out the reasons we felt left out of the process when it comes to this transportation package. We had many concerns regarding transportation. Of course, we are very concerned about the roads.

But I listened to the Majority Leader chastise us and I wonder where he got his immediate effect votes from tonight. I wonder why his package moved in this way, where obstructionism was not the tactic that the Democratic minority chose to use this evening.

Now, we were chagrined, but we were chagrined to the point that we have been chastised to this evening. We could have also used other tactics that were available to us to be obstructionists. We chose not to take that path. We chose to give them the opportunity, if they could put it together, to move forward and at least be able to claim some credit in putting what they negotiated on the tape. So, I am little bit perplexed by being chastised for not participating in the process, when indeed we participate every day as this Senate operates.

Senator Cherry's statement is as follows:

After being personally chastised by the Senate Majority Leader, the Senator from the 31st district, I would like to remind him that I am one who spoke about Proposal A today and I am also the one who worked very hard that December to put that proposal together. The former Senate Majority Floor Leader, Senator Phil Arthurhultz, and I spent a great many long hours negotiating out Proposal A and were very active in putting votes together here on the floor of the Senate to insure that that proposal saw its way through. I, too, believe that this proposal that we saw tonight was a sham. But because I thought that this proposal was a sham does not mean that I thought Proposal A was a sham. Now I know that in the eyes of the Majority Leader that there was a bi-partisan agreement last night between him and, as I understand, Speaker Hertel. That does not involve any member on this side of the aisle. We were not involved in those meetings. We were not invited to those meetings and, until this morning, we were completely shut out of the process. This is a complicated package. It takes a great deal of time to read and move oneself into a position of understanding what perhaps went on in all of those meetings over this past week that we were not invited to attend. I think that we began to make progress today towards moving towards a product that we could support. But let's get it straight. We were not in those meetings last night. We were not party to those agreements last night and our votes on the floor today do not, in any way, represent an abandonment of an agreement that he had with someone else. That was not our agreement.

I can recall a time, although I did not serve in this body, but I have colleagues who did, in 1993 we had a major tax vote as well. One that the financial stake of this state rested on. At that time there were a number of Democrats who stepped forward to vote for that tax increase and only one Republican stepped forward to vote for that. So I may be with sin, but I am not the only one and I, quite frankly, believe that if I, in good faith, sit down and negotiate a package that I agree to, I will live by that. But I could never have that opportunity until I am invited to a meeting.

Senator Hoffman’s statement is as follows:

Well, folks, like a number of us here, I have to send a good worker onto bigger and better things. It’s kind of a sad day for me because today is Theresa Dietz’ last day in my employ. She begins next week working for the Department of Transportation as their legislative liaison. I can’t think of a more qualified person to represent the Department of Transportation than Theresa. I’ve watched Theresa through the years. She first came into our office as an intern and then as a Page and then as a temporary employee and then as a valued staffer. I can tell you, folks, if you ever thought I was polished—that might be a stretch—it was simply because I was lucky enough to have a great staff. Theresa led in that regard. We lose in the short-term, but I think we’ll gain in the long-term because, folks, with people like Theresa over in the Department of Transportation, I think the department will have a better handle on things than they have in the past. My loss is the Governor’s gain and the department’s gain.

What I have here is a resolution and I would like to get Senator Posthumus to give it to Theresa on our behalf. Thanks, Theresa, for your help.

Senator Bouchard’s statement is as follows:

I wanted to have the opportunity while we were talking about Theresa to echo those comments. I had the good fortune to work with her both here in the Senate and she was my first employee in the House. She is a person who can knock down walls, empty and fill swimming pools, study law and keep Senators in line—all with one hand tied behind her back. She is a gem and she’s been appreciated by everyone who’s had the opportunity to work with her. I wish her the best and she will be missed.

By unanimous consent the Senate returned to the order of
Messages from the House

Senate Bill No. 272, entitled

A bill to make and supplement appropriations for various state departments and agencies for the fiscal year ending September 30, 1997 and for the fiscal year ending September 30, 1996; to provide for the expenditure of the appropriations; and to repeal acts and parts of acts.

The House of Representatives has substituted (H-1) the bill.

The House of Representatives has passed the bill as substituted (H-1) and ordered that it be given immediate effect. Pending the order that, under rule 3.202, the bill be laid over one day, Senator DeGrow moved that the rule be suspended.

The motion prevailed, a majority of the members serving voting therefor.

The question being on concurring in the substitute made to the bill by the House, Senator Gast offered the following substitute to the House substitute: Substitute (S-3).

The question being on the adoption of the substitute,

Senator A. Smith offered the following amendments to the substitute:

1. Amend page 24, line 10, by striking out “\$806,400” and inserting “\$906,400”.
2. Amend page 24, line 11, by striking out “\$806,400” and inserting “\$906,400”.
3. Amend page 24, line 17, by striking out “\$0” and inserting “\$100,000”.
4. Amend page 24, following line 17, by inserting:

“GRAND RAPIDS VETERANS’ HOME	
Grand Rapids veterans’ home.....	\$ 100,000
GROSS APPROPRIATION	\$ 100,000

Appropriated from:

State general fund/general purpose.....	\$ 100,000”.
“Veterans foundation	218,400
American legion	7,000
Disabled American veterans	6,300
Marine corps veterans	2,900

American veterans of World War II and Korea.....	4,000
Veterans of foreign wars.....	7,700
Michigan paralyzed veterans of America	1,400
Purple heart.....	1,400
Polish legion of American veterans	400
Jewish veterans of America.....	400
State of Michigan council Vietnam veterans of Michigan	50,000
Catholic war veterans.....	100”.

7. Amend page 24, line 20, by striking out “\$1,000,000” and inserting “\$800,000”.

8. Amend page 24, line 22, by striking out “\$1,000,000” and inserting “\$800,000” and adjusting the subtotals, totals, and section 201 accordingly.

9. Amend page 31, following line 24, by inserting:

“(r) Department of military affairs, American legion.

(s) Department of military affairs, disabled American veterans.

(t) Department of military affairs, marine corps veterans.

(u) Department of military affairs, American veterans of World War II and Korea.

(v) Department of military affairs, veterans of foreign wars.

(w) Department of military affairs, Michigan paralyzed veterans of America.

(x) Department of military affairs, purple heart.

(y) Department of military affairs, Polish legion of American veterans.

(z) Department of military affairs, Jewish veterans of America.

(aa) Department of military affairs, state of Michigan council Vietnam veterans of Michigan.

(bb) Department of military affairs, Catholic war veterans.

(cc) Department of military affairs, Grand Rapids veterans’ home.

(dd) Department of military affairs, D.J. Jacobetti veterans’ home.”

and relettering the remaining subdivisions.

The amendments to the substitute were not adopted.

Senator A. Smith requested the yeas and nays.

The yeas and nays were ordered, 1/5 of the members present voting therefor.

The amendments to the substitute were not adopted, a majority of the members not voting therefor, as follows:

Roll Call No. 455

Yeas—10

Conroy
Dingell
Hart

O’Brien
Smith, A.
Stallings

Stille
Van Regenmorter

Vaughn
Young

Nays—26

Bennett
Berryman
Bouchard
Bullard
Byrum
Carl
Cherry

Cisky
DeBeaussaert
DeGrow
Dunaskiss
Gast
Geake
Gougeon

Hoffman
Koivisto
McManus
Miller
North
Posthumus

Rogers
Schuette
Schwarz
Shugars
Smith, V.
Steil

Excused—2

Emmons

Peters

Not Voting—0

In The Chair: President

Senators Dunaskiss, Koivisto and Shugars offered the following amendments to the substitute:

1. Amend page 29, line 12, by striking out all of line 12.
2. Amend page 29, line 13, by striking out "\$12,000,000" and inserting "\$10,800,000".
3. Amend page 29, line 16, by striking out all of line 16 and adjusting the subtotals, totals, and section 201 accordingly.
4. Amend page 32, line 4, by striking out all of subdivision (v).

The amendments to the substitute were adopted.

Senator Conroy requested the yeas and nays.

The yeas and nays were ordered, 1/5 of the members present voting therefor.

The amendments to the substitute were adopted, a majority of the members voting therefor, as follows:

Roll Call No. 456**Yeas—19**

Berryman	DeBeaussaert	Koivisto	Smith, V.
Bouchard	Dingell	Rogers	Stallings
Bullard	Dunaskiss	Schuette	Vaughn
Byrum	Hart	Shugars	Young
Cherry	Hoffman	Smith, A.	

Nays—17

Bennett	Gast	Miller	Schwarz
Carl	Geake	North	Steil
Cisky	Gougeon	O'Brien	Stille
Conroy	McManus	Posthumus	Van Regenmorter
DeGrow			

Excused—2

Emmons	Peters
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Not Voting—0

In The Chair: President

The substitute, as amended, was adopted.

The question being on concurring in the House substitute, as substituted,

The substitute was concurred in, a majority of the members voting therefor, as follows:

Roll Call No. 457**Yeas—36**

Bennett	DeBeaussaert	Koivisto	Shugars
Berryman	DeGrow	McManus	Smith, A.
Bouchard	Dingell	Miller	Smith, V.
Bullard	Dunaskiss	North	Stallings
Byrum	Gast	O'Brien	Steil
Carl	Geake	Posthumus	Stille
Cherry	Gougeon	Rogers	Van Regenmorter

Cisky
Conroy

Hart
Hoffman

Schuetz
Schwarz

Vaughn
Young

Nays—0

Excused—2

Emmons

Peters

Not Voting—0

In The Chair: President

The question being on concurring in the committee recommendation to give the bill immediate effect, Senator DeGrow moved that further consideration of the bill be postponed temporarily. The motion prevailed.

Recess

Senator DeGrow moved that the Senate recess until 10:00 a.m. The motion prevailed, the time being 1:12 a.m.

The Senate reconvened at the expiration of the recess and was called to order by the President pro tempore, Senator Schwarz.

Recess

Senator DeGrow moved that the Senate recess until 11:00 a.m. The motion prevailed, the time being 10:02 a.m.

The Senate reconvened at the expiration of the recess and was called to order by the President pro tempore, Senator Schwarz.

By unanimous consent the Senate returned to the order of

Messages from the House

Senate Bill No. 170, entitled

A bill to make appropriations for the departments of attorney general, civil rights, civil service, management and budget, state, and treasury, the Michigan biologic products institute, the executive office, and the legislative branch for the fiscal year ending September 30, 1998; to provide for the expenditure of these appropriations; to provide for the funding of certain work projects; to provide for the imposition of certain fees; to establish or continue certain funds, programs, and categories; to prescribe certain requirements for bidding on state contracts; to provide for disposition of year-end balances for the fiscal year ending September 30, 1998; to prescribe the powers and duties of certain principal executive departments and state agencies, officials, and employees; and to provide for the disposition of fees and other income received by the various principal executive departments and state agencies.

(For Conference Report, see Senate Journal No. 61, p. 1153.)

The House of Representatives has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The bill was referred to the Secretary for enrollment printing and presentation to the Governor.

Senate Bill No. 171, entitled

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 1998; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

(For Conference Report, see Senate Journal No. 61, p. 1173.)

The House of Representatives has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The bill was referred to the Secretary for enrollment printing and presentation to the Governor.

Senate Bill No. 521, entitled

A bill to amend 1974 PA 198, entitled "An act to provide for the establishment of plant rehabilitation districts and industrial development districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide penalties," by amending section 9 (MCL 207.559), as amended by 1996 PA 513.

The House of Representatives has concurred in the Senate amendment to the House substitute (H-1).

The bill was referred to the Secretary for enrollment printing and presentation to the Governor.

By unanimous consent the Senate proceeded to the order of

Introduction and Referral of Bills

Senators Dingell and Schwarz introduced

Senate Bill No. 665, entitled

A bill to amend 1978 PA 368, entitled "Public health code," by amending sections 7405, 16106, 17704, 17708, 17751, and 17763 (MCL 333.7405, 333.16106, 333.17704, 333.17708, 333.17751, and 333.17763), section 7405 as amended by 1988 PA 30, section 17708 as amended by 1994 PA 384, and section 17763 as amended by 1993 PA 79.

The bill was read a first and second time by title and referred to the Committee on Health Policy and Senior Citizens.

Senators DeGrow and Emmons introduced

Senate Bill No. 666, entitled

A bill to amend 1976 PA 225, entitled "An act to provide for conditions of eligibility for such a deferment; to prescribe the powers and duties of the department of treasury, local assessing officers, and local collecting officers; to provide for the advancement of moneys by the state to indemnify special assessment districts for losses from deferment of collections; to provide for the advancement of money by the state to an owner for the repayment of loans used by the owner to pay special assessments; to provide for the collection of deferred special assessments and interest thereon, and the disposition of these collections; to make an appropriation; and to prescribe penalties," by amending section 3 (MCL 211.763), as amended by 1980 PA 403.

The bill was read a first and second time by title and referred to the Committee on Finance.

Senator Young introduced

Senate Bill No. 667, entitled

A bill to amend 1961 PA 70, entitled "Seal of quality act," by amending the title and sections 2, 4, 5, 14, and 16 (MCL 289.632, 289.634, 289.635, 289.644, and 289.646).

The bill was read a first and second time by title and referred to the Committee on Agriculture and Forestry.

Senator Young introduced

Senate Bill No. 668, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 32701 (MCL 324.32701), as amended by 1996 PA 434, and by adding section 32704a.

The bill was read a first and second time by title and referred to the Committee on Natural Resources and Environmental Affairs.

Senator Bouchard introduced

Senate Bill No. 669, entitled

A bill to amend 1994 PA 295, entitled "Sex offenders registration act," by amending sections 5 and 7 (MCL 28.725 and 28.727), section 7 as amended by 1996 PA 494.

The bill was read a first and second time by title and referred to the Committee on Judiciary.

Senators Stille, Vaughn, Bennett, North, Shugars, Rogers, Carl, Gougeon, Stallings, Byrum, Dingell, Young, Conroy, A. Smith, Cherry, V. Smith, Koivisto, McManus, Schwarz, Hart and DeBeaussaert introduced

Senate Bill No. 670, entitled

A bill to amend 1941 PA 122, entitled "An act to establish a revenue division of the department of treasury; to prescribe its powers and duties as the revenue collection agency of the state; to prescribe certain powers and duties of the state treasurer; to create the position and to define the powers and duties of the state commissioner of revenue; to provide for the transfer of powers and duties now vested in certain other state boards, commissions, departments and offices; to prescribe certain duties of and require certain reports from the department of treasury; to provide procedures for the payment, administration, audit, assessment, levy of interests or penalties on, and appeals of taxes and tax liability; to provide an appropriation; to abolish the state board of tax administration; and to declare the effect of this act," by amending section 30a (MCL 205.30a), as amended by 1995 PA 116.

The bill was read a first and second time by title and referred to the Committee on Judiciary.

Senators Dingell, Geake, Byrum, A. Smith, V. Smith and Schwarz introduced

Senate Bill No. 671, entitled

A bill to authorize the making of medical treatment decisions for another under certain circumstances; to prohibit the authorization of certain types of medical treatment; and to provide for certain limited immunity from tort liability and from liability for the cost of medical treatment.

The bill was read a first and second time by title and referred to the Committee on Judiciary.

Senator A. Smith introduced

Senate Bill No. 672, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 5522 (MCL 324.5522).

The bill was read a first and second time by title and referred to the Committee on Natural Resources and Environmental Affairs.

House Bill No. 4080, entitled

A bill to amend 1978 PA 368, entitled "Public health code," by amending section 21004 (MCL 333.21004), as amended by 1982 PA 354.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Health Policy and Senior Citizens.

House Bill No. 4376, entitled

A bill to prohibit the state or a political subdivision of the state from imposing a substantial burden on a person's exercise of religion unless the state or political subdivision of the state demonstrates a compelling governmental interest in imposing that burden; and to provide a claim or defense to persons whose exercise of religion is substantially burdened by the state or a political subdivision of the state.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Judiciary.

House Bill No. 4616, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," (MCL 211.1 to 211.157) by adding section 7gg.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Finance.

House Bill No. 4654, entitled

A bill to amend 1966 PA 331, entitled "Community college act of 1966," by amending sections 103, 111, 121, and 124 (MCL 389.103, 389.111, 389.121, and 389.124).

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Education.

House Bill No. 4815, entitled

A bill to amend 1978 PA 90, entitled "Youth employment standards act," by amending section 3 (MCL 409.103), as amended by 1987 PA 71.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Human Resources, Labor and Veterans Affairs.

House Bill No. 4905, entitled

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending sections 150, 244, 405, 436, 437, 810, 901, and 2125 (MCL 500.150, 500.244, 500.405, 500.436, 500.437, 500.810, 500.901, and 500.2125), sections 150, 244, 436, and 437 as amended by 1992 PA 182, section 405 as amended by 1994 PA 228, section 810 as amended by 1986 PA 173, and section 901 as amended by 1994 PA 226.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Financial Services.

By unanimous consent the Senate returned to the order of

Messages from the Governor

The following message from the Governor was received on July 8, 1997, and read:

EXECUTIVE ORDER

No. 1997 - 11

**Committee on Juvenile Justice
Michigan Family Independence Agency****Amendment of Executive Order No. 1993-14**

Whereas, on July 27, 1993, the Committee on Juvenile Justice was established by Executive Order 1993-14; and amended by Executive Order 1994-8; and

Whereas, it is necessary to further amend Executive Order 1993-14, so that, while the composition of the Committee conforms to the requirements of federal law, it prescribes a size and diversity that makes possible the most effective fulfillment of its mission.

Now, Therefore, I, John Engler, Governor of the State of Michigan, do hereby order that Executive Order 1993-14 be amended to read as follows:

Whereas, on May 7, 1976, the Advisory Committee on Juvenile Justice was established by Executive Order 1976-6; and

Whereas, on February 6, 1990, the Committee on Juvenile Justice was re-established within the Department of Management and Budget by Executive Order 1990-4; and

Whereas, Article V, Section 2, of the Constitution of the State of Michigan of 1963 empowers the Governor to make changes in the organization of the Executive Branch or in the assignment of functions among its units which he considers necessary for efficient administration; and

Whereas, Congress enacted the Juvenile Justice and Delinquency Prevention Act of 1974 (the "Act"), being 42 U.S.C. 5601 et seq., to provide a comprehensive, coordinated approach to the problems of juvenile delinquency and a funding mechanism for projects and programs intended to reduce and prevent delinquency; and

Whereas, the Act makes funds available to participating states to assist in planning, establishing, operating, coordinating and evaluating, either directly or through grants and/or contracts with public or private agencies, projects to improve education, training, research, prevention, diversion, treatment and rehabilitation programs in the area of juvenile justice; and

Whereas, Sec. 223(a)(3) of the Act requires that any state receiving money create an advisory group, appointed by the chief executive of the state, in order to advise the state planning agency on juvenile justice and delinquency prevention matters and to advise the state planning agency on the award grants to state and local government and private non-profit agencies and colleges and universities; and

Whereas, it is in the interest of the State of Michigan to have the advice of a committee constituted to review and recommend policy in the area of reducing juvenile delinquency and improving the state's system of juvenile justice.

Now, Therefore, I, John Engler, Governor of the State of Michigan, pursuant to the powers vested in me by the Constitution of the State of Michigan of 1963 and the laws of the State of Michigan, and Public Law 93-415, do hereby establish the Committee on Juvenile Justice (the "Committee") within the Family Independence Agency (the "Department"), which I hereby designate as the "state agency" responsible to supervise, prepare and administer the comprehensive Juvenile Justice and Delinquency Prevention Plan (the "Plan") required by the Act; and direct that appropriate staff support be provided by the Director thereof.

Furthermore, I do hereby rescind Executive Orders 1976-6 and 1990-4, which rescissions shall be deemed effective as of the date of this Order. All records, property and unexpended balances of appropriations, allocations and other funds used, held, employed, available or to be made available to the Department of Management and Budget Grant Management Division, "The State Planning Agency," are hereby transferred to the Family Independence Agency. Appropriate staff and equipment are hereby transferred from the Department of Management and Budget to the Family Independence Agency.

The Committee on Juvenile Justice shall submit to the Governor and the legislature annual recommendations related to its functions which shall include a report of state compliance with the federal program requirements.

The Committee shall participate in the annual review of the federally required Juvenile Justice and Delinquency Prevention Plan; may review and comment upon all juvenile justice and delinquency prevention grant applications submitted to the state agency; and shall contact and regularly seek comments from juveniles currently under the jurisdiction of the juvenile court system.

The Committee may be delegated a role in monitoring state compliance with federal program requirements.

It is further ordered that, the Governor shall appoint, with the advice and consent of the Senate, a Committee on Juvenile Justice consisting of twenty-three (23) members. The members of the Committee shall be appointed for terms of three (3) years. The Governor shall designate a chairperson of the Committee. Not more than fifteen (15) members shall be of the same gender. Not more than twelve (12) members shall be from the same political party. A vacancy on the Committee shall be filled in the same manner as the original appointment. A quorum shall consist of a majority of the members serving.

Members of the Committee on Juvenile Justice appointed shall include representatives of all of the following:

- (a) Local units of government;
- (b) Law Enforcement;
- (c) Probate judges involved in juvenile justice matters;
- (d) Public agencies concerned with the prevention and treatment of juvenile delinquency; and
- (e) Private organizations concerned with the prevention and treatment of juvenile delinquency.

Members of the Committee shall be selected in accordance with the requirements of Sec. 223(a)(3) of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended, being 42 U.S.C. 5633(a)(3). A majority of the Committee members shall not be full-time employees of the federal, state or local government, nor shall the chairperson of the Committee be a full-time employee of the federal, state or local government. One-fifth of the members of the Committee shall be under the age of 24 years of age at the time of appointment. Three (3) members of the Committee shall have been or shall be at the time of appointment under the jurisdiction of the juvenile justice system. Members shall receive no compensation for their services as members and may be reimbursed only for those actual expenses incurred which are reimbursable under the laws, rules and practices of the state.

The Committee shall advise the Department, the Governor and the Legislature annually on matters related to the juvenile justice system in this state.

The provisions of this Executive Order shall become effective upon filing.

[SEAL]

Given under my hand and the Great Seal of the State of Michigan this 8th day of July, in the Year of our Lord, One Thousand Nine Hundred Ninety-seven.

John Engler
Governor

By the Governor:
Candice S. Miller
Secretary of State

The Executive Order was referred to the Committee on Government Operations.

Recess

Senator DeGrow moved that the Senate recess until 12:00 p.m.
The motion prevailed, the time being 11:06 a.m.

The Senate reconvened at the expiration of the recess and was called to order by the President pro tempore, Senator Schwarz.

By unanimous consent the Senate returned to the order of
Conference Reports

House Bill No. 4310, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 6, 6a, 11, 17b, 20, 20d, 20i, 24, 26, 31a, 36, 39, 41, 51a, 52, 53a, 54, 56, 57, 58, 61a, 62, 74, 81, 94, 95, 99, 101, 104a, 107, 108, 111, 147, 151, 167, and 169a (MCL 388.1606, 388.1606a, 388.1611, 388.1617b, 388.1620, 388.1620d, 388.1620i, 388.1624, 388.1626, 388.1631a, 388.1636, 388.1639, 388.1641, 388.1651a, 388.1652, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1658, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694, 388.1695, 388.1699, 388.1701, 388.1704a, 388.1707, 388.1708, 388.1711, 388.1747, 388.1751, 388.1767, and 388.1769a), sections 6, 11, 17b, 20, 20d, 24, 31a, 36, 39, 41, 52, 54, 56, 57, 58, 61a, 62, 74, 81, 94, 99, 101, 104a, 111, 147, and 167 as amended and sections 20i, 51a, 53a, 107, 108, and 169a as added by 1996 PA 300, sections 6a, 95, and 151 as amended by 1995 PA 130, and section 26 as amended by 1994 PA 283, and by adding sections 26a, 31b, 67, 68, 94a, 105a, 166d, and 166e; and to repeal acts and parts of acts.

The House of Representatives has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The Conference Report was read as follows:

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning

House Bill No. 4310, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 6, 6a, 11, 17b, 20, 20d, 20i, 24, 26, 31a, 36, 39, 41, 51a, 52, 53a, 54, 56, 57, 58, 61a, 62, 74, 81, 94, 95, 99, 101, 104a, 107, 108, 111, 147, 151, 167, and 169a (MCL 388.1606, 388.1606a, 388.1611, 388.1617b, 388.1620, 388.1620d, 388.1620i, 388.1624, 388.1626, 388.1631a, 388.1636, 388.1639, 388.1641, 388.1651a, 388.1652, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1658, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694, 388.1695, 388.1699, 388.1701, 388.1704a, 388.1707, 388.1708, 388.1711, 388.1747, 388.1751, 388.1767, and 388.1769a), sections 6, 11, 17b, 20, 20d, 24, 31a, 36, 39, 41, 52, 54, 56, 57, 58, 61a, 62, 74, 81, 94, 99, 101, 104a, 111, 147, and 167 as amended and sections 20i, 51a, 53a, 107, 108, and 169a as added by 1996 PA 300, sections 6a, 95, and 151 as amended by 1995 PA 130, and section 26 as amended by 1994 PA 283, and by adding sections 26a, 31b, 67, 68, 94a, 105a, 166d, and 166e; and to repeal acts and parts of acts.

Recommends:

First: That the Senate recede from the Substitute of the Senate as passed by the Senate.

Second: That the House and Senate agree to the Substitute of the House as passed by the House, amended to read as follows:

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 6a, 11, 17b, 20, 20c, 20d, 23, 24, 25, 26, 31a, 36, 39, 41, 51a, 52, 53a, 54, 56, 57, 58, 61a, 62, 74, 81, 94, 99, 101, 107, 111, 124, 147, 151, 167, and 169a (MCL 388.1603, 388.1606, 388.1606a, 388.1611, 388.1617b, 388.1620, 388.1620c, 388.1620d, 388.1623, 388.1624, 333.1625, 388.1626, 388.1631a, 388.1636, 388.1639, 388.1641, 388.1651a, 388.1652, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1658, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694, 388.1699, 388.1701, 388.1707, 388.1711, 388.1724, 388.1747, 388.1751, 388.1767, and 388.1769a), sections 3, 6, 17b, 20c, 20d, 23, 24, 36, 39, 41, 52, 54, 56, 57, 58, 61a, 62, 74, 81, 94, 101, 111, 147, and 167 as amended and sections 25, 51a, 53a, and 169a as added by 1996 PA 300, sections 6a, 124, and 151 as amended by 1995 PA 130, sections 11, 20, 31a, 99, and 107 as amended by 1997 PA 24, and section 26 as amended by 1994 PA 283, and by adding sections 20k, 26a, 31b, 31c, 67, 68, 112, 166d, and 166e; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

(5) "District" means a local school district established under the revised school code, a local act school district, or, except in sections 6(4), 6(6), 13, 20, 20i, 23, 31a, and 105, a public school academy. Except in sections 6(4), 6(6), 13, 20, and 105, district also includes a university school.

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

(7) "District superintendent" means the superintendent of a district, the chief administrator of a public school academy, or the chief administrator of a university school.

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

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

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

(4) "Membership", except as otherwise provided in this act, means for 1996-97 ~~the average number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance in a district, public school academy, university school, or intermediate district on the pupil membership count day for the current school year and on A DISTRICT, PUBLIC SCHOOL ACADEMY, UNIVERSITY SCHOOL, OR INTERMEDIATE DISTRICT THE SUM OF THE PRODUCT OF .6 TIMES THE NUMBER OF FULL-TIME EQUATED PUPILS IN GRADES K TO 12 ACTUALLY ENROLLED AND IN REGULAR DAILY ATTENDANCE ON THE PUPIL MEMBERSHIP COUNT DAY FOR THE CURRENT SCHOOL YEAR, PLUS THE PRODUCT OF .4 TIMES THE FINAL AUDITED COUNT FROM the supplemental count day for the immediately preceding school year, as determined by the department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the state board, and as corrected by a subsequent department audit. , plus the final audited count from the supplemental count day for the immediately preceding school year, and dividing that sum by 2.~~ The amount of the foundation allowance to be paid on behalf of a pupil in membership is determined under section 20. In making the calculation of membership, all of the following, as applicable, apply to determining the membership of a district, public school academy, university school, or intermediate district:

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

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

(c) A special education pupil educated by the intermediate district shall be counted in membership in the intermediate district. ~~A special education pupil who is educated in a center program operated by a district and who is not required to be counted in membership in an intermediate district shall be counted in membership in the educating district.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(q) For the purposes of this subsection, full time equated memberships for pupils in grades 1 to 12 shall be determined by dividing the number of class hours scheduled and provided per year per pupil by 900 for 1994-95, and by 990 for 1995-96 and 1996-97. For succeeding fiscal years, the~~ THE number of class hours used to calculate full-time equated memberships shall be consistent with section 1284 of the revised school code, ~~being section 380.1284 of the Michigan Compiled Laws MCL 380.1284.~~ In determining full-time equated memberships for pupils who are enrolled in a postsecondary institution under the postsecondary enrollment options act, ~~Act No. 160 of the Public Acts of 1996, being sections 388.511 to 388.524 of the Michigan Compiled Laws 1996 PA 160, MCL 388.511 TO 388.524,~~ a pupil shall not be considered to be less than a full-time equated pupil solely because of the effect of his or her postsecondary enrollment, including necessary travel time, on the number of class hours provided by the district to the pupil.

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

(s) For a district that has qualified currently migrant pupils enrolled in the district as of the pupil membership count day who were not counted in membership in the district on the supplemental count day for the immediately preceding school year, as determined by the department using the criteria used for eligibility for the migrant education program under the ~~Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, 402 Stat. 130~~ IMPROVING AMERICA'S SCHOOLS ACT OF 1994, PUBLIC LAW 103-382, 108 STAT. 3518, the number of those pupils counted in the district's membership is 3/4 of the number of those pupils counted on the pupil membership count day only.

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

~~(v) For purposes of calculating membership for 1996-97 only, the department shall use for the February 1996 supplemental count the definition of membership under this subsection that is in effect on the 1996-97 pupil membership count day.~~

~~(y) For 1996-97 only, if a district has individuals at least age 16 as of December 1 and less than age 20 as of September 1 of the school year who are enrolled in the district in a department approved alternative education program and who were enrolled in an alternative education program operated through adult education in 1995-96 and therefore not counted in membership in a district on the 1996 supplemental count day, the number of those individuals counted in the district's membership is the number of those individuals counted as pupils on the district's 1996 pupil membership count day only.~~

(U) ~~(z)~~ A pupil enrolled in a cooperative education program may be counted in membership in the pupil's district of residence with the written approval of all parties to the cooperative agreement.

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

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

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

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

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

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

(X) IF A DISTRICT IS LOCATED WHOLLY ON AN ISLAND AND HAS LESS THAN 5.00 FULL-TIME EQUATED PUPILS IN MEMBERSHIP, THE DISTRICT'S MEMBERSHIP SHALL BE CONSIDERED TO BE 5.00 FULL-TIME EQUATED PUPILS.

(Y) IF A DISTRICT IS LOCATED WHOLLY ON AN ISLAND AND THE DISTRICT'S MEMBERSHIP FOR 1996-97 WAS AT LEAST 80 BUT LESS THAN 100 FULL-TIME EQUATED PUPILS, THE DISTRICT'S MEMBERSHIP FOR 1997-98 SHALL BE CONSIDERED TO BE 90 FULL-TIME EQUATED PUPILS OR THE DISTRICT'S ACTUAL 1997-98 MEMBERSHIP, WHICHEVER IS GREATER.

(5) "Public school academy" means a public school academy operating under part 6a or 6b of the revised school code, ~~being sections 380.501 to 380.507 and 380.511 to 380.518 of the Michigan Compiled Laws MCL 380.501 TO 380.507 AND 380.511 TO 380.518.~~

(6) "Pupil" means a person in membership in a public school. A district must have the approval of the pupil's district of residence to count the pupil in membership, except approval by the pupil's district of residence shall not be required for nonpublic part-time pupils, for pupils receiving 1/2 or less of their instruction in a district other than their district of residence, for pupils enrolled in a public school academy or university school, for pupils enrolled in a district other than their district of residence under an intermediate district schools of choice pilot program as described in section 91a or former section 91 if the intermediate district and its constituent districts have been exempted from section 105, ~~or~~ for pupils enrolled in a district other than their district of residence but within the same intermediate district if the educating district enrolls nonresident pupils in accordance with section 105, OR FOR PUPILS ENROLLED IN A DISTRICT OTHER THAN THEIR DISTRICT OF RESIDENCE IF THE PUPILS HAVE BEEN CONTINUOUSLY ENROLLED IN THE EDUCATING DISTRICT SINCE A SCHOOL YEAR IN WHICH THE PUPILS ENROLLED IN THE EDUCATING DISTRICT UNDER SECTION 105 AND IN WHICH THE EDUCATING DISTRICT ENROLLED NONRESIDENT PUPILS IN ACCORDANCE WITH SECTION 105. IN ADDITION, IF A DISTRICT THAT IS NOT A FIRST CLASS DISTRICT EDUCATES PUPILS WHO RESIDE IN A FIRST CLASS DISTRICT AND IF THE PRIMARY INSTRUCTIONAL SITE FOR THOSE PUPILS IS LOCATED WITHIN THE BOUNDARIES OF THE FIRST CLASS DISTRICT, THE EDUCATING DISTRICT MUST HAVE THE APPROVAL OF THE FIRST CLASS DISTRICT TO COUNT THOSE PUPILS IN MEMBERSHIP. AS USED IN THIS SUBSECTION, "FIRST CLASS DISTRICT" MEANS A DISTRICT ORGANIZED AS A SCHOOL DISTRICT OF THE FIRST CLASS UNDER THE REVISED SCHOOL CODE.

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

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

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

(i) Fourth ~~Friday~~ WEDNESDAY in July.

(ii) Fourth ~~Friday~~ WEDNESDAY in September.

(iii) Second ~~Friday~~ WEDNESDAY in February.

(iv) Fourth ~~Friday~~ WEDNESDAY in April.

(8) "Rule" means a rule promulgated pursuant to the administrative procedures act of 1969, ~~Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws 1969 PA 306, MCL 24.201 TO 24.328.~~

(9) "The revised school code" means ~~Act No. 451 of the Public Acts of 1976, being sections 380.1 to 380.1852 of the Michigan Compiled Laws 1976 PA 451, MCL 380.1 TO 380.1852.~~

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

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

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

(13) "Tuition pupil" means a pupil of school age attending school in a district other than the pupil's district of residence for whom tuition may be charged. Tuition pupil does not include a pupil who is a special education pupil; a pupil enrolled in a district other than the pupil's district of residence but within the same intermediate district if the educating district enrolls nonresident pupils in accordance with section 105; A PUPIL ENROLLED IN A DISTRICT OTHER THAN THE PUPIL'S DISTRICT OF RESIDENCE IF THE PUPIL HAS BEEN CONTINUOUSLY ENROLLED IN THE EDUCATING DISTRICT SINCE A SCHOOL YEAR IN WHICH THE PUPIL ENROLLED IN THE EDUCATING DISTRICT UNDER SECTION 105 AND IN WHICH THE EDUCATING DISTRICT ENROLLED NONRESIDENT PUPILS IN ACCORDANCE WITH SECTION 105; or a pupil served by an intermediate district schools of choice pilot program as described in section 91a or former section 91 if the intermediate district and its constituent districts have been exempted from section 105. 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.

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

(15) "Taxable value" means the taxable value of property as determined under section 27a of the general property tax act, ~~Act No. 206 of the Public Acts of 1893, being section 211.27a of the Michigan Compiled Laws 1893 PA 206, MCL 211.27A.~~

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

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

Sec. 6a. Except as otherwise provided in this act, in addition to the pupil membership count day, there shall be a supplemental pupil count of the number of full-time equated pupils in grades K-12 actually enrolled and in regular daily attendance in a district or intermediate district on the second ~~Friday~~ WEDNESDAY in February or, for a district that is not in session on that day, the immediately preceding day on which the district is in session. For the purposes of this act, the day on which the supplemental pupil count is conducted is the supplemental count day.

Sec. 11. (1) There is appropriated for the public schools of this state and certain other state purposes relating to education from the state school aid fund established by section 11 of article IX of the state constitution of 1963 the sum of ~~\$8,233,547,000.00~~ \$8,770,000,000.00, and from the general fund the sum of ~~\$291,747,800.00~~ \$378,935,400.00, for the fiscal year ending September 30, ~~1997~~ 1998. ~~Also, there is appropriated an additional \$33,000,000.00 from the state school aid fund for the fiscal year ending September 30, 1997. However, if the director of the department of management and budget determines that the federal government has failed to enact comprehensive reforms in the federal cash welfare and medicaid programs by October 1, 1996, and notifies the senate and house appropriations committees of that determination, there is instead appropriated for 1996-97 from the state school aid fund the sum of \$8,280,347,000.00, and from the general fund the sum of \$277,947,800.00. In addition, there is created in the state school aid fund a separate contingency fund in an amount equal to this \$13,800,000.00 adjustment and there is created in the general fund a separate contingency fund in an amount equal to this \$13,800,000.00 adjustment. Contingency fund transfers are authorized for 1996-97 in an amount necessary to reverse these adjustments. These transfers shall conform with the provisions of section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393. Transfers may restore all or part of each adjustment. In addition, available federal funds are appropriated for 1996-97 1997-98.~~

~~(2) From the general fund money appropriated in subsection (1) for the fiscal year ending September 30, 1997, there is appropriated from the general fund the sum of \$96,638,400.00 to the local government payment fund for the purpose of maintaining the state spending to local units of government as required by section 30 of article IX of the state constitution of 1963 for the fiscal year ending September 30, 1993. For the fiscal year ending September 30, 1997, there is appropriated from the local government payment fund the sum of \$96,638,400.00 to the general fund for transfer to the state school aid fund to support the purposes of this act for the 1996-97 fiscal year.~~

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

(3) ~~(4)~~ If the maximum amount appropriated under this section from the state school aid fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, payments under each section of this act shall be prorated on an equal percentage basis as necessary to reflect the amount available for expenditure from the state school aid fund for that fiscal year. However, ~~beginning in 1996-97,~~ if the department of treasury determines that proration will be required under this subsection, the department of treasury shall notify the director of the department of management and budget, and the director of the department of management and budget shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the director of the department of management and budget, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the department of management and budget, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall.

Sec. 17b. (1) Not later than October 20, November 20, December 20, January 20, February 20, March 20, April 20, May 20, and June 20, 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. Except as otherwise provided in this act, the portion of the district's or intermediate district's state fiscal year entitlement to be included in each installment shall be 1/9. However, the payments due to a district in ~~1996-97~~ 1997-98 on April 20, May 20, and June 20 pursuant to this section each shall be reduced by an amount equal to 1/3 of the district's total additional payments in ~~1995-96~~ 1996-97 under section ~~20~~ 20C.

(2) 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.

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

(4) Upon the written request of a district or intermediate district 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. 20. (1) For ~~1996-97~~ 1997-98, the basic foundation allowance is ~~\$5,308.00~~ \$5,462.00 per membership pupil.

(2) From the appropriation in section 11, there is allocated for ~~1996-97~~ 1997-98 an amount not to exceed ~~\$8,004,106,300.00~~ \$8,003,943,500.00 to guarantee each district a foundation allowance per membership pupil OTHER THAN SPECIAL EDUCATION PUPILS and to make payments under this section to public school academies and university schools FOR MEMBERSHIP PUPILS OTHER THAN SPECIAL EDUCATION PUPILS. The amount of each district's foundation allowance shall be calculated as provided in this section, using a basic foundation allowance for ~~1996-97~~ 1997-98 in the amount specified in subsection (1). If the maximum amount allocated under this section is not sufficient to fully fund payments under this section, and before any proration required under section 11, the amount of the payment to each district, university school, and public school academy shall be prorated by reducing by an equal percentage the total payment under this section to each district, university school, and public school academy. However, if the department determines that proration will be required under this section, the superintendent of public instruction shall notify the department of management and budget, and the department of management and budget shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this section because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the department of management and budget, the department shall not reduce any payments under this section because of proration. The legislature may prevent proration under this section from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to ensure full foundation allowance funding for each district, university school, and public school academy.

(3) ~~Beginning in the 1995-96 state fiscal year, except~~ EXCEPT as otherwise provided in this section, the amount of a district's foundation allowance shall be calculated as follows, using in all calculations the total amount of the district's foundation allowance as calculated before any proration:

(a) For a district that in the immediately preceding state fiscal year had a foundation allowance at least equal to the sum of \$4,200.00 plus the total dollar amount of all adjustments made from 1994-95 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts, but less than the basic foundation allowance in the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance minus \$50.00) times (the difference between the district's foundation allowance for the immediately preceding state fiscal year and the sum of \$4,200.00 plus the total dollar amount of all adjustments made from 1994-95 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts) divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of \$4,200.00 plus the total dollar amount of all adjustments made from 1994-95 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts]. However, the foundation allowance for a district that had less than the basic foundation allowance in the immediately preceding state fiscal year shall not exceed the basic foundation allowance for the current state fiscal year.

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

(4) To ensure that a district receives the district's foundation allowance, there is allocated to each district a state portion of the district's foundation allowance in an amount calculated under this subsection. The state portion of a

district's foundation allowance is an amount equal to the district's foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil OTHER THAN SPECIAL EDUCATION PUPILS of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, ~~or~~ the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, OR THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672, divided by the district's membership EXCLUDING SPECIAL EDUCATION PUPILS. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, except for a district that was notified of such a millage reduction in 1996 after the last permissible date to schedule an election to override that millage reduction, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur. For ~~1996-97 and each succeeding~~ EACH fiscal year AFTER 1994-95, the \$6,500.00 amount prescribed in this subsection shall be adjusted EACH YEAR by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00.

(5) The allocation under this section for a pupil shall be based on the foundation allowance of the pupil's district of residence. However, for a pupil enrolled pursuant to section 105 in a district other than the pupil's district of residence but within the same intermediate district, the allocation under this section shall be based on the lesser of the foundation allowance of the pupil's district of residence or the foundation allowance of the educating district. For a pupil in membership in a K-5, K-6, or K-8 district who is enrolled in another district in a grade not offered by the pupil's district of residence, the allocation under this section shall be based on the foundation allowance of the educating district if the educating district's foundation allowance is greater than the foundation allowance of the pupil's district of residence.

(6) Subject to subsection (7) and except as otherwise provided in this subsection, for pupils in membership, OTHER THAN SPECIAL EDUCATION PUPILS, in a public school academy or a university school, there is allocated under this section for ~~1996-97~~ 1997-98 to the authorizing body that is the fiscal agent for a THE public school academy for forwarding to the public school academy, or to the board of the public university operating the university school, an amount per membership pupil OTHER THAN SPECIAL EDUCATION PUPILS in the public school academy or university school equal to the sum of the local school operating revenue per membership pupil OTHER THAN SPECIAL EDUCATION PUPILS for the district in which the public school academy or university school is located and the state portion of that district's foundation allowance, or ~~\$5,500.00~~ THE SUM OF THE BASIC FOUNDATION ALLOWANCE UNDER SUBSECTION (1) PLUS \$500.00, whichever is less. For ~~1996-97 and each succeeding fiscal year, the \$5,500.00 amount prescribed in this subsection shall be adjusted by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00.~~ Notwithstanding section 101(2), for a public school academy that begins operations in ~~1996-97~~ 1997-98 after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by ~~990~~ THE MINIMUM NUMBER OF HOURS OF PUPIL INSTRUCTION REQUIRED UNDER SECTION 1284 OF THE REVISED SCHOOL CODE, MCL 380.1284. The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection. Also, a public school academy that begins operations in ~~1996-97~~ 1997-98 after the pupil membership count day shall not receive any funds under this section unless the public school academy provides for the school year a number of hours of pupil instruction that is at least in the same proportion to ~~990 hours~~ THE MINIMUM NUMBER OF HOURS OF PUPIL INSTRUCTION REQUIRED UNDER SECTION 1284 OF THE REVISED SCHOOL CODE, MCL 380.1284, as the number of days of pupil instruction provided by the public school academy for the school year is in proportion to ~~180 days~~ THE NUMBER OF DAYS OF PUPIL INSTRUCTION REQUIRED UNDER SECTION 1284 OF THE REVISED SCHOOL CODE, MCL 380.1284.

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

authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy an amount equal to that local school operating revenue per membership pupil OTHER THAN SPECIAL EDUCATION PUPILS for each resident pupil in membership OTHER THAN SPECIAL EDUCATION PUPILS in the public school academy, as determined by the department.

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

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

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

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

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

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

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

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

(b) The revenue adjustment factor shall be computed by dividing the sum of the estimated total state school aid fund revenue for the subsequent state fiscal year plus the estimated total state school aid fund revenue for the current state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund, by the sum of the estimated total school aid fund revenue for the current state fiscal year plus the estimated total state school aid fund revenue for the immediately preceding state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund. If a consensus revenue factor is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(c) The index shall be calculated by multiplying the pupil membership factor by the revenue adjustment factor. If a consensus index is not determined at the revenue estimating conference, the principals of the revenue estimating

conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

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

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

(17) 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 and the district's local school operating revenue, divided by the district's membership.

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

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

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

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

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

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

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

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

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

(k) "Taxable value per membership pupil OTHER THAN SPECIAL EDUCATION PUPILS" means taxable value, as certified by the department of treasury, for the calendar year ending in the current state fiscal year divided by the district's membership EXCLUDING SPECIAL EDUCATION PUPILS for the school year ending in the current state fiscal year.

Sec. 20c. (1) From the appropriation in section 11, there is allocated for ~~1996-97~~ 1997-98 an amount not to exceed ~~\$190,000,000.00~~ \$95,000,000.00 for making an additional payment to districts for ~~1996-97~~ 1997-98 only. The payment shall be made by the state treasurer in 2 equal installments, on August 20, ~~1997~~ 1998 and September 20, ~~1997~~ 1998, or on the next succeeding business day.

(2) The amount of the payment to a district under this section shall be calculated by dividing ~~\$190,000,000.00~~ \$95,000,000.00 by the total statewide membership of all districts and multiplying that quotient times the district's membership. If a public school academy demonstrates to the department that it was authorized as a public school academy under the revised school code before August 1, ~~1997~~ 1998 and that it is planning to operate as a public school academy for the entire ~~1997-98~~ 1998-99 school year, then for the purpose of calculating payments under this section to the public school academy, the public school academy shall be considered to have a membership equal to an estimated pupil count for the ~~1997-98~~ 1998-99 pupil membership count day, as submitted by the authorizing body to the department and as approved by the department. If a public school academy that receives a payment under this section in ~~1996-97~~ 1997-98 does not operate for the entire ~~1997-98~~ 1998-99 school year, the public school academy is liable to the department for, and shall repay to the department, the entire amount of that payment to the public school academy plus any costs and attorney fees incurred by the state in collecting the repayment.

(3) The payments under this section are estimated advance payments of the state foundation allowance and supplemental allowance under section 20 for the state fiscal year ending September 30, ~~1998~~ 1999. A district shall not accrue a payment under this section to the school fiscal year ending June 30, ~~1997~~ 1998.

Sec. 20d. ~~(4)~~ In making the final determination required under former section 20a of a district's combined state and local revenue per membership pupil in 1993-94 and IN MAKING CALCULATIONS under section 20, ~~of a district's 1994-95 millage rate~~, the department and the department of treasury shall comply with all of the following:

(a) For a district that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more and served as a fiscal agent for a state board designated area vocational education center in the

1993-94 school year, total state school aid received by or paid on behalf of the district pursuant to this act in 1993-94 shall exclude payments made under former section 146 and under section 147 on behalf of the district's employees who provided direct services to the area vocational education center. Not later than June 30, 1996, the department shall make an adjustment under this subdivision to the district's combined state and local revenue per membership pupil in the 1994-95 state fiscal year and the department of treasury shall make a final certification of the number of mills that may be levied by the district under section 1211 of the revised school code, ~~being section 380.1211 of the Michigan Compiled Laws~~ MCL 380.1211, as a result of the adjustment under this subdivision.

(b) If a district had an adjustment made to its 1993-94 total state school aid that excluded payments made under former section 146 and under section 147 on behalf of the district's employees who provided direct services for intermediate district center programs operated by the district under article 5, if nonresident pupils attending the center programs were included in the district's membership for purposes of calculating the combined state and local revenue per membership pupil for 1993-94, and if there is a signed agreement by all constituent districts of the intermediate district that an adjustment under this subdivision shall be made, the foundation allowances for 1995-96 and 1996-97 of all districts that had pupils attending the intermediate district center program operated by the district that had the adjustment shall be calculated as if their combined state and local revenue per membership pupil for 1993-94 included resident pupils attending the center program and excluded nonresident pupils attending the center program.

~~(2) If a district was entitled in 1993 to revenue from service charges in lieu of taxes under section 15a of the state housing development authority act of 1966, Act No. 346 of the Public Acts of 1966, being section 125.1415a of the Michigan Compiled Laws, and if the district's local school operating revenue for 1993-94 was not credited with this revenue in the calculation under former section 20a of combined state and local revenue per membership pupil in 1993-94 because the local unit of government collecting the service charges did not pay the revenue from the service charges to the district, then, upon receipt not later than August 1, 1996 of information from the district verifying this circumstance, the department and the department of treasury shall adjust the district's local school operating revenue for 1993-94 only and shall recalculate and adjust the district's foundation allowance accordingly for the 1995-96 fiscal year.~~

(C) FOR A DISTRICT THAT LEVIED MORE THAN 43 MILLS FOR SCHOOL OPERATING PURPOSES IN THE 1993-94 STATE FISCAL YEAR; THAT HAD COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL IN THE 1993-94 STATE FISCAL YEAR OF LESS THAN \$5,500.00; THAT INCLUDED THE PUPILS ATTENDING AN INTERMEDIATE DISTRICT CENTER PROGRAM OPERATED BY THE DISTRICT IN THE DISTRICT'S 1993-94 MEMBERSHIP; AND THAT SUBMITS A REQUEST TO THE DEPARTMENT NOT LATER THAN SEPTEMBER 1, 1997 FOR RECALCULATION UNDER THIS SUBDIVISION, THE DISTRICT'S FOUNDATION ALLOWANCE FOR 1997-98 SHALL BE BASED ON A RECALCULATION OF THE DISTRICT'S 1994-95 FOUNDATION ALLOWANCE, USING BOTH OF THE FOLLOWING ADJUSTMENTS:

(i) THE DISTRICT'S COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL IN THE 1993-94 STATE FISCAL YEAR SHALL BE REDUCED BY AN AMOUNT EQUAL TO THE PRODUCT OF THE DISTRICT'S GROSS MEMBERSHIP ALLOWANCE UNDER FORMER SECTION 21 FOR 1993-94 TIMES THE NUMBER OF NONRESIDENT FULL-TIME EQUATED PUPILS ATTENDING THE INTERMEDIATE DISTRICT CENTER PROGRAM OPERATED BY THE DISTRICT IN 1993-94 WHO WERE COUNTED IN THE DISTRICT'S 1993-94 MEMBERSHIP.

(ii) THE DISTRICT'S 1993-94 MEMBERSHIP SHALL BE REDUCED BY THE NUMBER OF NONRESIDENT FULL-TIME EQUATED PUPILS ATTENDING THE INTERMEDIATE DISTRICT CENTER PROGRAM OPERATED BY THE DISTRICT IN 1993-94 WHO WERE COUNTED IN THE DISTRICT'S 1993-94 MEMBERSHIP.

SEC. 20K. (1) FROM THE STATE SCHOOL AID FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR 1997-98 AN AMOUNT NOT TO EXCEED \$8,000,000.00 FOR PAYMENTS TO DISTRICTS THAT LEVIED AT LEAST 35 MILLS IN 1993 FOR SCHOOL OPERATING PURPOSES IN THE 1993-94 SCHOOL YEAR AND THAT LEVIED MILLAGE UNDER SECTION 1211C OF THE REVISED SCHOOL CODE, MCL 380.1211C, IN 1996 FOR ENHANCING SCHOOL OPERATING REVENUE IN THE 1996-97 SCHOOL YEAR AND RECEIVED MORE THAN \$3,500,000.00 IN REVENUE FROM THAT MILLAGE. THE AMOUNT OF THE PAYMENT UNDER THIS SUBSECTION FOR 1997-98 FOR EACH DISTRICT THAT IS DETERMINED BY THE DEPARTMENT TO MEET THE CRITERIA UNDER THIS SUBSECTION SHALL BE \$2,000,000.00. IT IS THE INTENT OF THE LEGISLATURE THAT THE ALLOCATION UNDER THIS SUBSECTION SHALL CONTINUE IN THE SAME AMOUNT FOR 1998-99 AND 1999-2000.

(2) FROM THE STATE SCHOOL AID FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR 1997-98 AN AMOUNT NOT TO EXCEED \$1,000,000.00 FOR PAYMENTS UNDER THIS SUBSECTION TO DISTRICTS IN WHICH THE NUMBER OF MILLS LEVIED IN 1993 FOR SCHOOL OPERATING PURPOSES IN THE 1993-94 SCHOOL YEAR WAS AT LEAST 3 MILLS LESS THAN THE NUMBER OF MILLS LEVIED IN 1992 FOR SCHOOL OPERATING PURPOSES IN THE 1992-93 SCHOOL YEAR, THAT HAD COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL FOR 1993-94 OF LESS THAN \$5,000.00, AND THAT LEVIED AT LEAST 35 MILLS IN 1993 FOR SCHOOL OPERATING PURPOSES IN THE 1993-94 SCHOOL YEAR. THE

AMOUNT OF THE PAYMENT UNDER THIS SUBSECTION FOR 1997-98 FOR EACH DISTRICT THAT IS DETERMINED BY THE DEPARTMENT TO MEET THE CRITERIA UNDER THIS SUBSECTION SHALL BE AN AMOUNT EQUAL TO .001 MULTIPLIED BY THE PRODUCT OF THE DIFFERENCE BETWEEN THE NUMBER OF MILLS THE DISTRICT LEVIED IN 1992 FOR SCHOOL OPERATING PURPOSES IN THE 1992-93 SCHOOL YEAR MINUS THE NUMBER OF MILLS THE DISTRICT LEVIED IN 1993 FOR SCHOOL OPERATING PURPOSES IN THE 1993-94 SCHOOL YEAR TIMES THE DISTRICT'S TAXABLE VALUE FOR 1997. THE DEPARTMENT SHALL PRORATE PAYMENTS UNDER THIS SUBSECTION AS NECESSARY.

Sec. 23. (1) An instructional program operated under this section by a public university for pupils in grades K-6, 6-8, or 9-12, or a combination of those grades, may be funded under this act as a district if all of the following requirements are met:

(a) The public university has submitted an application under this section, or submitted an application to the department in a prior fiscal year under former section 23c, in the form and manner prescribed by the department. The application shall include, or have included, at least all of the following:

- (i) Identification of the proposed grade levels for which the university plans to operate an instructional program.
- (ii) Identification of the districts from which pupils would be eligible to attend the instructional program.
- (iii) A description of the process for the random selection of pupils for enrollment.
- (iv) A description of the proposed curriculum features that would be given highest priority in the instructional program.

(b) The instructional program complies with the requirements of sections 1204a, 1277, 1278, and 1280 of the revised school code, ~~being sections 380.1204a, 380.1277, 380.1278, and 380.1280 of the Michigan Compiled Laws~~ MCL 380.1204A, 380.1277, 380.1278, AND 380.1280, commonly referred to as "public act 25 of 1990".

(2) An instructional program operated under this section is eligible in the same manner as a district OR PUBLIC SCHOOL ACADEMY for all applicable categorical and federal aid.

(3) An employee of a public university employed in an instructional program operated 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~~ 1937 (EX SESS) PA 4, MCL 38.71 TO 38.191.

(4) An employee of a public university employed in an instructional program operated under this section is not eligible to be a member of the public school employees retirement system established by 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~~ 1980 PA 300, MCL 38.1301 TO 38.1467, unless other employees of the university are eligible for membership in that retirement system.

Sec. 24. (1) Subject to subsection (2), from the appropriation in section 11, there is allocated for ~~1996-97~~ 1997-98 to the educating district or intermediate district an amount equal to 100% of the added cost for educating ALL pupils assigned by a court or the family independence agency to reside in or to attend a juvenile detention facility or child caring institution licensed by the family independence agency and approved by the department to provide an on-grounds education program. The total amount to be paid for ~~1996-97~~ 1997-98 under this section for added cost shall not exceed \$7,000,000.00. For the purposes of this section, "added cost" shall be computed by deducting all other revenue received under this act for pupils described in this section from total costs, as approved by the department, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution. Costs reimbursed by federal funds are not included.

(2) A district or intermediate district educating pupils described in this section at a residential child caring institution may operate, and receive funding under this section for, a department-approved on-grounds educational program for those pupils that is longer than ~~180~~ 181 days, but not longer than 233 days, if the child caring institution offered in 1991-92 an on-grounds educational program longer than ~~180~~ 181 days but not longer than 233 days.

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

Sec. 25. If a pupil is enrolled in an alternative education program operated by an intermediate district or district for middle school or high school pupils, or both, who have been expelled under section 1311 of the revised school code, ~~being section 380.1311 of the Michigan Compiled Laws~~ MCL 380.1311, the intermediate district or district operating the program shall report the enrollment information to the department and to the district in which the pupil is counted in membership, and the district in which the pupil is counted in membership shall pay to the intermediate district or district operating the program an amount equal to the amount of the foundation allowance received by the district in which the pupil is counted in membership, prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the alternative education program compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. If a district does not make the payment required under this section ~~by May 1 of a school year~~ WITHIN 30 DAYS AFTER RECEIPT OF THE REPORT, the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act, and shall pay that amount to the intermediate district or district operating the alternative education program. The district in which the pupil is counted in membership and the intermediate district or district operating the alternative education program shall provide to the department all information the department requires to enforce this section.

Sec. 26. A district or intermediate district receiving money pursuant to ~~Act No. 197 of the Public Acts of 1975, being sections 125.1651 to 125.1681 of the Michigan Compiled Laws 1975 PA 197, MCL 125.1651 TO 125.1681, 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 1980 PA 450, MCL 125.1801 TO 125.1830, 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 1986 PA 281, MCL 125.2151 TO 125.2174, OR THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672, shall have its funds received under section 20, 56, or 62 reduced by an amount equal to the added local money.~~

SEC. 26A. FROM THE GENERAL FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR 1997-98 AN AMOUNT NOT TO EXCEED \$6,584,200.00 TO REIMBURSE DISTRICTS, INTERMEDIATE DISTRICTS, AND THE STATE SCHOOL AID FUND PURSUANT TO SECTION 12 OF THE MICHIGAN RENAISSANCE ZONE ACT, 1996 PA 376, MCL 125.2692, FOR TAXES LEVIED IN 1997. THIS REIMBURSEMENT SHALL BE MADE BY ADJUSTING PAYMENTS UNDER SECTION 20 TO ELIGIBLE DISTRICTS, ADJUSTING PAYMENTS UNDER SECTION 56, 62, OR 81 TO ELIGIBLE INTERMEDIATE DISTRICTS, AND ADJUSTING THE STATE SCHOOL AID FUND. THE ADJUSTMENTS SHALL BE MADE NOT LATER THAN 60 DAYS AFTER THE DEPARTMENT OF TREASURY CERTIFIES TO THE DEPARTMENT AND TO THE DEPARTMENT OF MANAGEMENT AND BUDGET THAT THE DEPARTMENT OF TREASURY HAS RECEIVED ALL NECESSARY INFORMATION TO PROPERLY DETERMINE THE AMOUNTS DUE TO EACH ELIGIBLE RECIPIENT.

Sec. 31a. (1) From the appropriation in section 11, there is allocated for ~~1996-97~~ 1997-98 an amount not to exceed ~~\$230,000,000.00~~ \$252,000,000.00 for payments to eligible districts and eligible public school academies under this section. Subject to subsection ~~(4)~~ (10), the amount of the additional allowance under this section shall be based on the number of actual pupils in membership in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined under the national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766b, 1769, 1769b to 1769c, and 1769f to 1769h, and reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year or, for reporting in 1996-97 only, adjusted not later than June 30 of the immediately preceding fiscal year. However, for a public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the national school lunch act.

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

(a) The district's or public school academy's combined state and local revenue per membership pupil in the current state fiscal year, as calculated under section 20, is less than or equal to \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00, ~~OR BOTH OF THE FOLLOWING APPLY TO THE DISTRICT OR PUBLIC SCHOOL ACADEMY:~~

(i) AT LEAST 1/3 OF THE PUPILS IN MEMBERSHIP IN THE DISTRICT OR PUBLIC SCHOOL ACADEMY MET THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR MILK IN THE IMMEDIATELY PRECEDING STATE FISCAL YEAR, AS DETERMINED AND REPORTED AS DESCRIBED IN SUBSECTION (1).

(ii) AT LEAST 5,000 OF THE PUPILS IN MEMBERSHIP IN THE DISTRICT OR PUBLIC SCHOOL ACADEMY MET THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR MILK IN THE IMMEDIATELY PRECEDING STATE FISCAL YEAR, AS DETERMINED AND REPORTED AS DESCRIBED IN SUBSECTION (1).

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

(3) ~~AN~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, AN eligible district or eligible public school academy shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the national school lunch act and as reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year or, for reporting in 1996-97 only, adjusted not later than June 30 of the immediately preceding fiscal year, an amount per pupil equal to 11.5% of the district's foundation allowance, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00, or of the public school academy's per membership pupil allocation under section 20 for the current state fiscal year. ~~However, a~~ A public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year shall receive under this section for each membership pupil in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the national school lunch act and as reported to the department by October 31 of the current fiscal year and adjusted not later than December 31 of the

current fiscal year, an amount per pupil equal to 11.5% of the public school academy's per membership pupil allocation under section 20 for the current state fiscal year. ~~For reporting occurring in 1996-97, if a district or public school academy submits an adjustment to the department after December 31, 1996 in the number of pupils used for determining payments under this section, the district or public school academy shall include with the submission an explanation for the adjustment and documentation satisfactory to the department to justify the adjustment.~~ A DISTRICT THAT IS ELIGIBLE FOR FUNDING UNDER THIS SECTION BECAUSE THE DISTRICT MEETS THE REQUIREMENTS OF SUBSECTION (2)(A)(i) AND (ii) SHALL RECEIVE UNDER THIS SECTION FOR EACH MEMBERSHIP PUPIL IN THE DISTRICT WHO MET THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR MILK, AS DETERMINED UNDER THE NATIONAL SCHOOL LUNCH ACT AND AS REPORTED TO THE DEPARTMENT BY OCTOBER 31 OF THE IMMEDIATELY PRECEDING FISCAL YEAR AND ADJUSTED NOT LATER THAN DECEMBER 31 OF THE IMMEDIATELY PRECEDING FISCAL YEAR, AN AMOUNT PER PUPIL EQUAL TO 5.75% OF THE DISTRICT'S FOUNDATION ALLOWANCE, ADJUSTED BY THE DOLLAR AMOUNT OF THE DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE UNDER SECTION 20 FOR THE CURRENT STATE FISCAL YEAR AND \$5,000.00.

(4) Except as otherwise provided in this section, a district or public school academy receiving funding under this section shall use that money only to provide instructional programs and direct noninstructional services, including, but not limited to, medical or counseling services, for at-risk pupils and for the purposes of subsection (5) OR SECTION 31C and shall not use any of that money for administrative costs or to supplant ANOTHER PROGRAM OR OTHER funds, except for funds allocated to the district or public school academy under this section in the immediately preceding year and already being used by the district or public school academy for at-risk pupils. The instruction or direct noninstructional services provided under this section may be conducted before or after regular school hours or by adding extra school days to the school year and may be conducted using a tutorial method, with paraprofessionals working under the supervision of a certificated teacher. The ratio of pupils to paraprofessionals shall be between 10:1 and 15:1. Only 1 certificated teacher is required to supervise instruction using a tutorial method. AS USED IN THIS SUBSECTION, "TO SUPPLANT ANOTHER PROGRAM" MEANS TO TAKE THE PLACE OF A PREVIOUSLY EXISTING INSTRUCTIONAL PROGRAM OR DIRECT NONINSTRUCTIONAL SERVICES FUNDED FROM A FUNDING SOURCE OTHER THAN FUNDING UNDER THIS SECTION.

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

~~(6) In order to provide accountability for the program funded under this section, the superintendent of a district or chief executive of a public school academy shall submit to the department, in a succinct form and manner prescribed by the department, a written assurance of the district's or public school academy's compliance with all provisions of this section by May 20 of the current fiscal year. In addition, each EACH district or public school academy receiving funds under this section shall submit to the department by that date MAY 20 OF EACH FISCAL YEAR a report, not to exceed 10 pages, on the usage by the district or public school academy of funds under this section, which report shall include at least a brief description of each program conducted by the district or public school academy using funds under this section, the amount of funds under this section allocated to each of those programs, and the number of at-risk pupils served by each of those programs. If a district or public school academy does not comply with this subsection, the department shall withhold an amount equal to the June payment due under this section until the district or public school academy complies with this subsection. If the district or public school academy does not comply with this subsection by the end of the state fiscal year, the withheld funds shall be forfeited to the school aid fund.~~

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

(8) Subject to subsection (5), any district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) exceeds the district's aggregate percentage of those pupils. Subject to subsection (5), if a district obtains a waiver from the department, the district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) is at least 60% of the district's aggregate percentage of those pupils and at least ~~35%~~ 30% of the total number of pupils enrolled in the school building. To obtain a waiver, a district must apply to the department and demonstrate to the satisfaction of the department that the class size reductions would be in the best interests of the district's at-risk pupils.

~~(9) As a pilot project for a period of 3 fiscal years, a district that is located in a county with a population of more than 350,000 and less than 480,000 and that has more than 10,000 pupils in membership shall expend funds received under this section, other than the amount described in subsection (5), attributable to pupils enrolled in grades K-3 for the purpose of reducing class size in grades K-3 in the district to an average of not more than 17 pupils per class, with~~

~~not more than 19 pupils in any particular class, in each school building in the district in which pupils described in subsection (1) constitute a specified percentage of the total number of pupils in the building. That specified percentage is as follows:~~

~~(a) For the 1994-95 school year, 59%.~~

~~(b) For the 1995-96 school year, 50%.~~

~~(c) For the 1996-97 school year, 25%.~~

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

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

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

(12) FROM THE STATE SCHOOL AID FUND APPROPRIATION IN SECTION 11, AN AMOUNT NOT TO EXCEED \$1,250,000.00 IS ALLOCATED FOR 1997-98 TO SCHOOL DISTRICTS LOCATED IN CITIES WITH A POPULATION GREATER THAN 100,000 OR IN WHICH AT LEAST 75% OF THE PUPILS IN MEMBERSHIP MET THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR MILK IN THE IMMEDIATELY PRECEDING STATE FISCAL YEAR, AS DETERMINED AND REPORTED AS DESCRIBED IN SUBSECTION (1), TO BE USED TO EXTEND THE TIME SCHOOLS OF THE SCHOOL DISTRICT ARE OPEN BY AN EXTRA 3 HOURS PER DAY. FUNDS SHALL BE DISTRIBUTED TO SUCH SCHOOL DISTRICTS ON A PRORATED BASIS, USING TOTAL NUMBER OF PUPILS PER SCHOOL DISTRICT AS THE BASIS FOR THE PRORATION. DURING THE EXTRA 3 HOURS PER DAY, A SCHOOL DISTRICT RECEIVING FUNDS UNDER THIS SUBSECTION SHALL USE THE FUNDS FOR 1 OR MORE OF THE FOLLOWING NON-ATHLETIC PROGRAM AREAS:

(A) ACADEMIC GAMES.

(B) COMPUTER LITERACY PROGRAMS.

(C) PEER MEDIATION.

(D) CONFLICT RESOLUTION PROGRAMS.

(E) TUTORIAL PROGRAMS.

(F) LITERACY PROGRAMS.

(13) As used in this section, "at-risk pupil" means a pupil for whom the district has documentation that the pupil meets at least 2 of the following criteria: is a victim of child abuse or neglect; is below grade level in English language and communication skills or mathematics; is a pregnant teenager or teenage parent; is eligible for a federal free or reduced-price lunch subsidy; has atypical behavior or attendance patterns; or has a family history of school failure, incarceration, or substance abuse. For pupils for whom the results of at least the applicable MEAP test have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve at least a score of moderate on the most recent MEAP reading test for which results for the pupil have been received, did not achieve at least a score of moderate on the most recent MEAP mathematics test for which results for the pupil have been received, or achieved less than 50% of the objectives on the most recent MEAP science test for which results for the pupil have been received. For pupils in grades K-3, at-risk pupil also includes a pupil who is at risk of not meeting the district's core academic curricular objectives in English language, communication skills, or mathematics.

SEC. 31B. (1) FROM THE STATE SCHOOL AID FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR 1997-98 AN AMOUNT NOT TO EXCEED \$5,000,000.00 FOR GRANTS TO ELIGIBLE DISTRICTS FOR FAMILY RESOURCE CENTERS AS DESCRIBED IN THIS SECTION.

(2) TO BE ELIGIBLE FOR A GRANT UNDER THIS SECTION, A DISTRICT MUST OPERATE AT LEAST 1 AT-RISK SCHOOL AND SHALL APPLY TO THE DEPARTMENT FOR THE GRANT IN THE FORM AND MANNER PRESCRIBED BY THE DEPARTMENT AND ACCORDING TO SUBSECTION (3).

(3) A DISTRICT RECEIVING FUNDS UNDER THIS SECTION SHALL USE THE FUNDS TO PROVIDE A FAMILY RESOURCE CENTER LOCATED IN CLOSE PROXIMITY TO THE AT-RISK SCHOOL AT WHICH THE GRANT PROGRAM IS IMPLEMENTED. A FAMILY RESOURCE CENTER SHALL SERVE NOT MORE THAN 500 PUPILS AND SHALL PROVIDE FAMILY SERVICES INCLUDING AT LEAST 1 OR MORE OF THE

FOLLOWING: A SCHOOL SOCIAL WORKER WHO HAS VALID SCHOOL SOCIAL WORK APPROVAL ISSUED BY THE STATE BOARD, A SCHOOL COUNSELOR WHO HAS A VALID TEACHING CERTIFICATE WITH AN ENDORSEMENT IN COUNSELING ISSUED BY THE STATE BOARD, A SCHOOL PSYCHOLOGIST WHO HAS A VALID CERTIFICATE ISSUED BY THE STATE BOARD, OR A SCHOOL NURSE WHO HAS A VALID SCHOOL NURSE CERTIFICATE ISSUED BY THE STATE BOARD.

(4) A FAMILY RESOURCE CENTER FUNDED BY A GRANT UNDER THIS SECTION SHALL PROVIDE SERVICES IN PARTNERSHIP WITH THE FAMILY INDEPENDENCE AGENCY, THE DEPARTMENT OF COMMUNITY HEALTH, AND OTHER COMMUNITY-BASED ORGANIZATIONS AND AGENCIES TO INCREASE THE EFFECTIVE COORDINATION AND INTEGRATION OF HEALTH, HUMAN, SAFETY, AND OTHER COMMUNITY SERVICES INTO THE SCHOOL SETTING TO PROMOTE GREATER SUCCESS AND OPPORTUNITIES FOR AT-RISK PUPILS AND THEIR FAMILIES.

(5) ALL OF THE FOLLOWING APPLY TO GRANT APPLICATIONS AND APPROVAL OF GRANTS UNDER THIS SECTION:

(A) A DISTRICT SEEKING A GRANT UNDER THIS SECTION SHALL SUBMIT ITS APPLICATION TO THE DEPARTMENT NOT LATER THAN OCTOBER 15, 1997. THE APPLICATION SHALL INCLUDE A DETAILED PLAN OUTLINING THE STRUCTURE OF AND SERVICES TO BE PROVIDED AT THE FAMILY RESOURCE CENTER FOR THE AT-RISK SCHOOL.

(B) THE DEPARTMENT SHALL NOTIFY ALL APPLICANTS OF WHETHER OR NOT THE GRANT HAS BEEN APPROVED, AND OF THE GRANT AMOUNT, NOT LATER THAN DECEMBER 1, 1997. THE DEPARTMENT SHALL EXPLAIN ITS DECISION AS REQUIRED UNDER SUBSECTION (2).

(6) PAYMENTS UNDER THIS SECTION SHALL BE MADE IN 3 EQUAL INSTALLMENTS ON THE SAME DATES AS THE JANUARY, FEBRUARY, AND MARCH PAYMENTS UNDER SECTION 17B. IF ALL OF THE MONEY ALLOCATED UNDER SUBSECTION (1) IS NOT AWARDED AND PAID OUT BY MARCH 31, 1998, THE UNEXPENDED PORTION OF THE MONEY IS ALLOCATED TO SECTION 31A TO BE USED TO INCREASE PAYMENTS UNDER THAT SECTION ON A PRO RATA BASIS.

(7) AS USED IN THIS SECTION, "AT-RISK SCHOOL" MEANS AN ELEMENTARY SCHOOL, AS DEFINED BY THE DEPARTMENT, IN WHICH AT LEAST 50% OF THE ACTUAL PUPILS ENROLLED IN THE SCHOOL BUILDING IN THE IMMEDIATELY PRECEDING FISCAL YEAR MUST HAVE BEEN ELIGIBLE FOR FREE LUNCH, AS DETERMINED UNDER THE NATIONAL SCHOOL LUNCH ACT, CHAPTER 281, 60 STAT. 230, 42 U.S.C. 1751 TO 1753, 1755 TO 1761, 1762a, 1765 TO 1766b, 1769, 1769b TO 1769c, AND 1769f, AND REPORTED TO THE DEPARTMENT NOT LATER THAN OCTOBER 31 OF THE IMMEDIATELY PRECEDING FISCAL YEAR AND ADJUSTED NOT LATER THAN DECEMBER 31 OF THE IMMEDIATELY PRECEDING FISCAL YEAR.

SEC. 31C. (1) FROM THE STATE SCHOOL AID FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR 1997-98 AN AMOUNT NOT TO EXCEED \$19,750,000.00 FOR GRANTS TO ELIGIBLE DISTRICTS FOR PILOT PROGRAMS TO MAINTAIN OR ESTABLISH SMALL CLASSES IN GRADES K TO 3 IN ELIGIBLE SCHOOL BUILDINGS IN THE DISTRICT.

(2) TO BE ELIGIBLE FOR A GRANT UNDER THIS SECTION, A DISTRICT MUST HAVE AT LEAST 1 ELIGIBLE SCHOOL BUILDING AND SHALL APPLY TO THE DEPARTMENT NOT LATER THAN AUGUST 1, 1997 IN THE FORM AND MANNER PRESCRIBED BY THE DEPARTMENT. A DISTRICT SHALL INCLUDE IN ITS APPLICATION A PROJECTED BUDGET FOR MAINTAINING OR ESTABLISHING SMALL CLASSES IN GRADES K TO 3 AND SHALL DEMONSTRATE IN THE PROJECTED BUDGET THAT AT LEAST \$2,000,000.00 OR 25% OF THE FUNDS RECEIVED BY THE DISTRICT UNDER SECTION 31A, WHICHEVER IS LESS, WILL BE USED TO SUPPORT SMALL CLASSES UNDER THIS SECTION. THE DEPARTMENT SHALL APPROVE OR DISAPPROVE APPLICATIONS AND NOTIFY THE APPLYING DISTRICT OF ITS DECISION NOT LATER THAN AUGUST 31, 1997.

(3) FOR A SCHOOL BUILDING TO BE ELIGIBLE FOR FUNDING UNDER THIS SECTION, THE SCHOOL BUILDING MUST OPERATE AT LEAST 1 OF GRADES K TO 3; THE SCHOOL BUILDING MUST BE OPERATED BY A DISTRICT THAT OPERATES ALL OF GRADES K TO 12 AND THAT RECEIVES FUNDS UNDER SECTION 31A; AND AT LEAST 50% OF THE ACTUAL PUPILS ENROLLED IN THE SCHOOL BUILDING IN THE IMMEDIATELY PRECEDING FISCAL YEAR MUST HAVE BEEN ELIGIBLE FOR FREE LUNCH, AS DETERMINED UNDER THE NATIONAL SCHOOL LUNCH ACT, CHAPTER 281, 60 STAT. 230, 42 U.S.C. 1751 TO 1753, 1755 TO 1761, 1762a, 1765 TO 1766b, 1769, 1769b TO 1769c, AND 1769f, AND REPORTED TO THE DEPARTMENT NOT LATER THAN OCTOBER 31 OF THE IMMEDIATELY PRECEDING FISCAL YEAR AND ADJUSTED NOT LATER THAN DECEMBER 31 OF THE IMMEDIATELY PRECEDING FISCAL YEAR.

(4) NOT MORE THAN 25% OF THE TOTAL ALLOCATION UNDER SUBSECTION (1) MAY BE PAID TO ANY 1 PARTICULAR DISTRICT. THE DEPARTMENT SHALL MAKE ALLOCATIONS UNDER THIS SECTION TO AT LEAST 12 DISTRICTS, AND THE DISTRICTS SHALL BE GEOGRAPHICALLY DIVERSE.

(5) A DISTRICT RECEIVING FUNDS UNDER THIS SECTION SHALL USE THE FUNDS TO MAINTAIN OR ESTABLISH SMALL CLASSES IN GRADES K TO 3 IN SCHOOL BUILDINGS OF THE DISTRICT FOR WHICH

FUNDS ARE RECEIVED UNDER THIS SECTION. THE AVERAGE CLASS SIZE SHALL BE NOT MORE THAN 17 PUPILS PER CLASS, WITH NOT MORE THAN 19 PUPILS IN ANY PARTICULAR CLASS. A DISTRICT RECEIVING FUNDS UNDER THIS SECTION SHALL USE AT LEAST \$2,000,000.00 OR 25% OF THE FUNDS THE DISTRICT RECEIVES UNDER SECTION 31A, WHICHEVER IS LESS, FOR THE PURPOSES OF THIS SECTION.

(6) FUNDING TO DISTRICTS UNDER THIS SECTION FOR 1997-98 IS INTENDED TO BE FOR THE FIRST OF 4 YEARS OF FUNDING.

(7) FROM THE GENERAL FUND APPROPRIATION UNDER SECTION 11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 1997-98 AN AMOUNT NOT TO EXCEED \$250,000.00 FOR A STUDY OF THE EFFECTIVENESS OF SMALL CLASSES IN IMPROVING PUPIL PERFORMANCE.

Sec. 36. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$52,730,500.00~~ \$55,000,000.00 FROM THE STATE SCHOOL AID FUND AND AN AMOUNT NOT TO EXCEED \$200,000.00 FROM THE GENERAL FUND for school readiness grants in ~~1996-97~~ 1997-98 to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, Public Law 89-10, 108 Stat. 3519, chapter 1 of TITLE I OF the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law ~~100-297~~ 89-10, 102 STAT. 140, and the head start act, subchapter B of chapter 8 of subtitle A of title VI of the omnibus budget reconciliation act of 1981, Public Law 97-35, 42 U.S.C. 9831 to 9835, 9836 to 9844, 9846, and 9848 to 9852a, comprehensive compensatory programs designed to improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who show evidence of 2 or more risk factors as defined in the state board report entitled "children at risk" that was adopted by the state board on April 5, 1988. A comprehensive compensatory program funded under this section shall include an age-appropriate educational curriculum, nutritional services, health screening for participating children, a plan for parent and legal guardian involvement, and provision of referral services for families eligible for community social services.

(2) FROM THE GENERAL FUND ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$200,000.00 FOR A COMPETITIVE GRANT TO CONTINUE A LONGITUDINAL EVALUATION OF CHILDREN WHO HAVE PARTICIPATED IN THE MICHIGAN SCHOOL READINESS PROGRAM.

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

Sec. 39. (1) The tentative allocation in ~~1996-97~~ 1997-98 to each eligible district under section 36 shall be determined by multiplying the number of children determined in section 38 or the number of children the district indicates it will be able to serve under section 37(2)(c), whichever is less, by ~~\$3,000.00~~ \$3,100.00 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.

(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. 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) A district that offers supplementary day care funded by funds other than those received under this section and therefore offers full-day programs as part of its early childhood development program shall receive priority in the allocation of funds under this section over other eligible districts other than those districts funded under subsection (3).

(5) For any district with 315 or more eligible pupils, the number of eligible pupils shall be 65% 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.

(6) If, taking into account the total amount to be allocated to the district as calculated under this section, a district determines that it is able to include additional eligible children in the school readiness program without additional funds under this section, the district may include additional eligible children but shall not receive additional funding under this section for those children.

~~(7) The family independence agency and the department shall develop a joint application process and form for those participants who meet the eligibility criteria for the unified child day care program.~~

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed \$4,212,000.00 for ~~1996-97~~ 1997-98 to applicant districts and intermediate districts offering programs of bilingual instruction for pupils of limited English-speaking ability under section 1153 of the revised school code, ~~being section 380.1153 of the Michigan Compiled Laws~~ MCL 380.1153. Reimbursement shall be on a per pupil basis and shall be based on the number of

pupils of limited English-speaking ability in membership on the pupil membership count day. Funds allocated under this section shall be used solely for bilingual instruction in speaking, reading, writing, or comprehension of pupils of limited English-speaking ability.

Sec. 51a. (1) From the appropriation in section 11, there is allocated ~~\$273,573,100.00~~ \$752,086,700.00 for ~~1996-97~~ 1997-98 to consist of an amount not to exceed ~~\$200,573,100.00~~ \$656,153,300.00 from state sources and ~~\$73,000,000.00~~ \$95,933,400.00 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 revised school code, ~~being sections 380.1701 to 380.1766 of the Michigan Compiled Laws~~ MCL 380.1701 TO 380.1766; net tuition payments made by intermediate districts to the Michigan ~~school~~ SCHOOLS for the deaf and blind; and programs for pupils with handicaps 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 revised school code, MCL 380.1701 TO 380.1766.

(2) From the funds allocated ~~in section 20~~ UNDER SUBSECTION (1), there is allocated ~~to this section~~ for ~~1996-97~~ 1997-98 AN AMOUNT NOT TO EXCEED \$591,801,400.00 FOR PAYMENTS TOWARD reimbursing districts AND INTERMEDIATE DISTRICTS for 28.6138% OF total approved costs of special education, ~~an additional sum calculated by adding the products of the state portion of the foundation allowance of each district as determined under section 20 times the number of special education full time equated pupil memberships reported by each district pursuant to section 6(4), and, from that allocation, there is allocated to each district for 1996-97 an amount equal to the product of the state portion of the district's foundation allowance as determined under section 20 times the number of special education full time equated pupils reported by the district pursuant to section 6(4). The department shall report the amount of this allocation to the senate and house appropriations subcommittees responsible for oversight of this act and the department of management and budget not later than August 1, 1997. This allocation is estimated to be \$302,811,500.00.~~ EXCLUDING COSTS REIMBURSED UNDER SECTION 53A, AND 70.4165% OF TOTAL APPROVED COSTS OF SPECIAL EDUCATION TRANSPORTATION. ALLOCATIONS UNDER THIS SUBSECTION SHALL BE MADE AS FOLLOWS:

(A) THE INITIAL AMOUNT ALLOCATED TO A DISTRICT OR INTERMEDIATE DISTRICT UNDER THIS SUBSECTION TOWARD FULFILLING THE SPECIFIED PERCENTAGES SHALL BE CALCULATED BY MULTIPLYING THE DISTRICT'S OR INTERMEDIATE DISTRICT'S SPECIAL EDUCATION PUPIL MEMBERSHIP TIMES THE DISTRICT'S OR INTERMEDIATE DISTRICT'S FOUNDATION ALLOWANCE UNDER SECTION 20 NOT TO EXCEED \$6,500.00 ADJUSTED BY THE DOLLAR AMOUNT OF THE DIFFERENCE BETWEEN THE 1997-98 BASIC FOUNDATION ALLOWANCE UNDER SECTION 20 AND \$5,000.00. FOR AN INTERMEDIATE DISTRICT, THE AMOUNT ALLOCATED UNDER THIS SUBDIVISION TOWARD FULFILLING THE SPECIFIED PERCENTAGES SHALL BE AN AMOUNT PER SPECIAL EDUCATION MEMBERSHIP PUPIL AND SHALL BE CALCULATED USING THE FOUNDATION ALLOWANCE UNDER SECTION 20 OF THE PUPIL'S DISTRICT OF RESIDENCE NOT TO EXCEED \$6,500.00 ADJUSTED BY THE DOLLAR AMOUNT OF THE DIFFERENCE BETWEEN THE 1997-98 BASIC FOUNDATION ALLOWANCE UNDER SECTION 20 AND \$5,000.00.

(B) AFTER THE ALLOCATIONS UNDER SUBDIVISION (A), THE REMAINING FUNDS AVAILABLE UNDER THIS SUBSECTION SHALL BE DISTRIBUTED TO DISTRICTS AND INTERMEDIATE DISTRICTS FOR WHICH THE PAYMENTS UNDER SUBDIVISION (A) DO NOT FULFILL THE SPECIFIED PERCENTAGES. THE PAYMENT TO A DISTRICT OR INTERMEDIATE DISTRICT UNDER THIS SUBDIVISION SHALL BE IN AN AMOUNT THAT ENSURES THAT THE DISTRICT OR INTERMEDIATE DISTRICT RECEIVES ITS PROPORTIONATE SHARE OF THESE REMAINING FUNDS BASED ON THE PROPORTION OF THE TOTAL STATEWIDE SHORTFALL FROM THE SPECIFIED PERCENTAGES THAT IS ATTRIBUTABLE TO THE DISTRICT OR INTERMEDIATE DISTRICT.

(C) IF THE AGGREGATE REVENUE RECEIVED BY A DISTRICT OR INTERMEDIATE DISTRICT UNDER SUBDIVISIONS (A) AND (B) IS LESS THAN THE SUM OF 28.6138% OF THE DISTRICT'S OR INTERMEDIATE DISTRICT'S TOTAL APPROVED COSTS OF SPECIAL EDUCATION, EXCLUDING COSTS REIMBURSED UNDER SECTION 53A, AND 70.4165% OF TOTAL APPROVED COSTS OF SPECIAL EDUCATION TRANSPORTATION, THERE IS ALLOCATED FOR 1997-98 TO THE DISTRICT OR INTERMEDIATE DISTRICT FROM THE ALLOCATION UNDER SECTION 20 OR SECTION 81, AS APPLICABLE, THE AMOUNT NECESSARY TO SATISFY THIS REMAINING AMOUNT. IF A DISTRICT OTHER THAN A PUBLIC SCHOOL ACADEMY OR UNIVERSITY SCHOOL EDUCATES A NONRESIDENT SPECIAL EDUCATION PUPIL, THE DISTRICT MAY BILL THE PUPIL'S DISTRICT OF RESIDENCE FOR THE PORTION OF THE COSTS ASSOCIATED WITH EDUCATING THE NONRESIDENT SPECIAL EDUCATION PUPIL THAT IS PAID FROM THE EDUCATING DISTRICT'S ALLOCATION UNDER SECTION 20.

(3) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed ~~\$3,000,000.00~~ \$3,100,000.00 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.

(4) From the amount allocated in subsection (1), there is allocated an amount not to exceed ~~\$3,100,000.00~~ \$1,700,000.00 for ~~1996-97~~ 1997-98 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.

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

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

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

(6) From the allocation in subsection (1), there is allocated for ~~1996-97~~ 1997-98 an amount not to exceed \$15,313,900.00 to intermediate districts. The payment under this subsection to each intermediate district shall be equal to the ~~sum~~ AMOUNT of the ~~1994-95 allocations~~ 1996-97 ALLOCATION to the intermediate district under ~~former section 146a(2) and former section 147(5)~~ THIS SUBSECTION.

~~(7) From the allocation in subsection (1), there is allocated for 1996-97 funding for pupils counted in membership under this subsection. 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 SCHOOLS for the deaf and blind shall not be included in the membership count of a district, but shall be counted in membership in the intermediate district of residence. For each pupil, the intermediate district shall receive an amount equal to the foundation allowance of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the 1996-97 basic foundation allowance under section 20 and \$5,000.00. A district operating a center program for pupils from several districts pursuant to an approved intermediate district plan that had the pupils counted in membership in the intermediate district in 1995-96 shall have the pupils counted in membership in the intermediate district in 1996-97.~~

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

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

(10) ~~Expenditures~~ AFTER PAYMENTS UNDER SUBSECTION (2), THE REMAINING EXPENDITURES from the allocation in subsection (1) shall be made in the following order:

- (a) 100% of the reimbursement required under section 53a.
- (b) 100% of the reimbursement required under subsection (4).
- (c) 100% of the payment required under section 54.
- (d) 100% of the payment required under subsection (6).
- (e) 100% of the payments under ~~subsection (7)~~ SECTION 56.

(f) ~~Reimbursement under section 52~~ IF THE DEPARTMENT DETERMINES THAT A BALANCE REMAINS AFTER ALL EXPENDITURES DESCRIBED IN SUBDIVISIONS (A) TO (E), THE DEPARTMENT SHALL USE THAT BALANCE TO INCREASE THE PROPORTIONAL DISTRIBUTIONS UNDER SUBSECTION (2)(B).

Sec. 52. ~~(4)~~ Reimbursement for the necessary costs of special education programs and services shall be a portion determined by the amount allocated under section 51a(1), but not to exceed 75% of the total approved costs of operating special education programs and services approved by the department and included or applying for inclusion in the intermediate district plan adopted pursuant to article 3 of the revised school code, ~~being sections 380.1701 to 380.1766 of the Michigan Compiled Laws~~ MCL 380.1701 TO 380.1766, for special education pupils other than those programs funded under section ~~53 or~~ 53a, and of the costs of summer programs and services and the 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 revised school code, MCL 380.1701 TO 380.1766, 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 costs of transportation for special education pupils shall not be funded under this section but shall be reimbursed under section 58.~~

Sec. 53a. (1) Reimbursement shall be 100% of the total approved costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the revised school code, ~~being sections 380.1701 to 380.1766 of the Michigan Compiled Laws~~ MCL 380.1701 TO 380.1766, minus the foundation allowance calculated under section 20, 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~~ COMMUNITY health.

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

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

(e) Pupils enrolled in a department-approved on-grounds educational program longer than ~~180~~ 181 days, but not longer than 233 days, at a residential child care institution, if the child care institution offered in 1991-92 an on-grounds educational program longer than ~~180~~ 181 days but not longer than 233 days.

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

(2) Only those costs that are clearly and directly attributable to educational programs for pupils described in subsection (1), 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.

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

(4) Not more than ~~\$24,000,000.00~~ \$15,000,000.00 for ~~1996-97~~ 1997-98 of the allocation in section 51a(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~~ SCHOOLS for the deaf and blind. The amount shall be proportionate to the total instructional cost at each school. Not more than \$1,688,000.00 for ~~1996-97~~ 1997-98 of the allocation in section 51a(1) shall be allocated under this section.

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

(a) "Membership" means the total membership in ~~1995-96~~ 1996-97 of the intermediate district and the districts constituent to the intermediate district.

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

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

(2) From the ~~appropriation in~~ ALLOCATION UNDER section ~~44~~ 51A(1), there is allocated an amount not to exceed \$30,650,000.00 for ~~1996-97~~ 1997-98 to reimburse intermediate districts levying millages for special education pursuant to part 30 of the revised school code, MCL 380.1711 TO 380.1743. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, ~~being sections 380.1701 to 380.1766 of the Michigan Compiled Laws~~ MCL 380.1701 TO 380.1766. As a condition of receiving funds under this section, an

intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan that utilizes at least a district's foundation allowance, as calculated under section 20, as a required local contribution.

(3) Reimbursement for those millages levied in ~~1995-96~~ 1996-97 shall be made in ~~1996-97~~ 1997-98 at an amount per ~~1995-96~~ 1996-97 membership pupil computed by subtracting from ~~\$95,850.00~~ \$98,200.00 the ~~1995-96~~ 1996-97 taxable value behind each membership pupil, and multiplying the resulting difference by the ~~1995-96~~ 1996-97 millage levied.

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$600,000.00 for ~~1996-97~~ 1997-98 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 ~~1996-97~~ 1997-98 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 ~~1996-97~~ 1997-98 for the development and operation of comprehensive programs for gifted and talented pupils. An eligible district or consortium of districts shall receive an amount not to exceed \$50.00 per K-12 pupil for up to 5% of the district's or consortium's K-12 membership for the immediately preceding fiscal year with a minimum total grant of \$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. 58. ~~(1) From the appropriation in section 11, there is allocated an amount not to exceed \$25,405,000.00 for 1996-97 to fund districts and intermediate districts for providing specialized transportation services, as determined by the department, for pupils in special education programs and services as defined in section 6 of the revised school code, being section 380.6 of the Michigan Compiled Laws, for which the district or intermediate district receives reimbursement under section 52. Allocations to districts and intermediate districts under this section 51A FOR PROVIDING SPECIAL EDUCATION TRANSPORTATION SERVICES shall be based on data reported by the districts and intermediate districts for the current school year.~~

~~(2) Transportation aid under subsection (1) is based upon an allowance for each vehicle used for transportation 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 \$200.00 per special education pupil transported.~~

~~(b) A regional allowance of between \$9,500.00 and \$15,000.00 per vehicle, 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 for pupil transportation fleet vehicles.~~

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

~~(e) Authorized miles traveled per pupil of \$0.15 per mile.~~

~~(3) The rate of aid for contracted transportation services or transportation services provided through the use of public transit systems is comparable to the rate of aid for district owned bus fleets.~~

~~(4) 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.~~

Sec. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$30,502,600.00~~ \$31,027,600.00 for ~~1996-97~~ 1997-98 to reimburse on an added cost basis districts, except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, and secondary area vocational-technical education centers for secondary-level vocational-technical education programs, including parenthood education programs, according to state board rules. Applications for participation in the programs shall be submitted in the form prescribed by the department. The department shall determine the added cost for each vocational-technical program area. The allocation of added cost funds shall be based on the type of vocational-technical programs provided,

the number of pupils enrolled, and the length of the training period provided, and shall not exceed 75% of the added cost of any program. With the approval of the department, the board of a district maintaining a secondary vocational-technical education program may offer the program for the period from the close of the school year until September 1. The program shall use existing facilities and shall be operated as prescribed by rules promulgated by the state board.

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

(3) From the allocation in subsection (1), there is allocated an amount not to exceed ~~\$450,000.00~~ \$400,000.00 to intermediate districts with constituent districts that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more, served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, and had an adjustment made to their 1994-95 combined state and local revenue per membership pupil pursuant to section 20d. The payment under this subsection to the intermediate district shall equal the total amount of the adjustments made pursuant to section 20d.

ALLOCATION TO THE INTERMEDIATE DISTRICT FOR 1996-97 UNDER THIS SUBSECTION.

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

(a) "Membership" means the total membership in ~~1995-96~~ 1996-97 of the intermediate district and the districts constituent to the intermediate district or the total membership in ~~1995-96~~ 1996-97 of the area vocational-technical education program.

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

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

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$7,200,000.00 for ~~1996-97~~ 1997-98 to reimburse intermediate districts and area vocational-technical education programs established under section 690(3) of the revised school code, MCL 380.690, levying millages for area vocational-technical education pursuant to sections 681 to 690 of the revised school code, MCL 380.681 TO 380.690. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by those millages.

(3) Reimbursement for the millages levied in ~~1995-96~~ 1996-97 shall be made in ~~1996-97~~ 1997-98 at an amount per ~~1995-96~~ 1996-97 membership pupil computed by subtracting from ~~\$95,100.00~~ \$98,700.00 the ~~1995-96~~ 1996-97 taxable value behind each membership pupil, and multiplying the resulting difference by the ~~1995-96~~ 1996-97 millage levied.

SEC. 67. (1) FROM THE GENERAL FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$1,500,000.00 FOR 1997-98 ONLY FOR MICHIGAN CAREER PREPARATION SYSTEM PLANNING GRANTS UNDER THIS SECTION.

(2) FROM THE AMOUNT ALLOCATED UNDER SUBSECTION (1), \$1,150,000.00 SHALL BE ALLOCATED BY THE DEPARTMENT IN EQUAL PAYMENTS ON OCTOBER 20, 1997 AND ON FEBRUARY 20, 1998, TO LOCAL WORKFORCE DEVELOPMENT BOARDS SOLELY FOR THE USE OF THEIR EDUCATION ADVISORY GROUPS, AS DESCRIBED IN SECTION 68. PAYMENTS UNDER THIS SUBSECTION TO LOCAL WORKFORCE DEVELOPMENT BOARDS SHALL BE USED FOR THE PURPOSES OF DEVELOPING REGIONAL CAREER PREPARATION PLANS DESCRIBED IN SECTION 68.

(3) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED \$150,000.00 TO THE COUNCIL FOR CAREER PREPARATION STANDARDS TO IDENTIFY UNIFORM CAREER COMPETENCY STANDARDS AND ASSESSMENTS FOR CAREER CLUSTERS, TO ESTABLISH A STATEWIDE INFORMATION SYSTEM ON CURRENT AND ANTICIPATED EMPLOYMENT OPPORTUNITIES AND THE REQUIRED LEVEL OF SKILLS AND EDUCATION REQUIRED FOR EMPLOYMENT, AND FOR ANY OTHER COUNCIL FUNCTIONS.

(4) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED \$100,000.00 TO THE COUNCIL FOR CAREER PREPARATION STANDARDS TO PROVIDE INFORMATION TO PARENTS, PUPILS, SCHOOL PERSONNEL, EMPLOYERS, AND OTHERS REGARDING OPPORTUNITIES TO RECEIVE INTEGRATED ACADEMIC AND TECHNICAL PREPARATION IN THE PUBLIC SCHOOLS OF THIS STATE.

(5) FROM THE APPROPRIATION IN SUBSECTION (1), THERE IS ALLOCATED \$100,000.00 TO THE DEPARTMENT TO ESTABLISH GUIDELINES FOR EDUCATION ADVISORY GROUPS AND REGIONAL CAREER PREPARATION PLANS AND TO PROVIDE TECHNICAL ASSISTANCE TO LOCAL WORKFORCE DEVELOPMENT BOARDS AND EDUCATION ADVISORY GROUPS, IN COLLABORATION WITH THE

MICHIGAN JOBS COMMISSION. THE DEPARTMENT SHALL DISTRIBUTE THE GUIDELINES TO EDUCATION AGENCIES AND TO ALL LOCAL WORKFORCE DEVELOPMENT BOARDS.

(6) AS USED IN THIS SECTION AND IN SECTION 68:

(A) "ADVANCED CAREER ACADEMY" MEANS A CAREER PREPARATION PROGRAM OPERATED BY A DISTRICT, BY AN INTERMEDIATE DISTRICT, OR BY A PUBLIC SCHOOL ACADEMY, THAT APPLIES FOR AND RECEIVES ADVANCED CAREER ACADEMY DESIGNATION FROM THE DEPARTMENT. TO RECEIVE THIS DESIGNATION, A CAREER PREPARATION PROGRAM SHALL MEET CRITERIA ESTABLISHED BY THE DEPARTMENT, IN COLLABORATION WITH THE MICHIGAN JOBS COMMISSION, WHICH CRITERIA SHALL INCLUDE AT LEAST ALL OF THE FOLLOWING:

(i) SATISFACTORY COMPLETION OF A PEER REVIEW PROCESS.

(ii) OPERATION OF PROGRAMS FOR THOSE CAREER CLUSTERS IDENTIFIED BY THE COUNCIL FOR CAREER PREPARATION STANDARDS AS BEING ELIGIBLE FOR ADVANCED CAREER ACADEMY STATUS.

(iii) INVOLVEMENT OF EMPLOYERS IN THE DESIGN AND IMPLEMENTATION OF CAREER PREPARATION PROGRAMS.

(iv) A FULLY INTEGRATED PROGRAM OF ACADEMIC AND TECHNICAL EDUCATION AVAILABLE TO PUPILS.

(v) DEMONSTRATION OF AN ESTABLISHED CAREER PREPARATION SYSTEM RESULTING IN INDUSTRY-VALIDATED CAREER LADDERS FOR GRADUATES OF THE PROGRAM, INCLUDING, BUT NOT LIMITED TO, WRITTEN ARTICULATION AGREEMENTS WITH POSTSECONDARY INSTITUTIONS TO ALLOW PUPILS TO RECEIVE ADVANCED COLLEGE PLACEMENT AND CREDIT OR FEDERALLY REGISTERED APPRENTICESHIPS, AS APPLICABLE.

(B) "CAREER CLUSTER" MEANS A GROUPING OF OCCUPATIONS FROM 1 OR MORE INDUSTRIES THAT SHARE COMMON SKILL REQUIREMENTS.

(C) "CAREER PREPARATION SYSTEM" IS A SYSTEM OF PROGRAMS AND STRATEGIES PROVIDING PUPILS WITH OPPORTUNITIES TO PREPARE FOR SUCCESS IN CAREERS OF THEIR CHOICE.

(D) "ELIGIBLE EDUCATION AGENCY" MEANS A DISTRICT, INTERMEDIATE DISTRICT, OR ADVANCED CAREER ACADEMY THAT PROVIDES CAREER PREPARATION PROGRAMS EITHER DIRECTLY OR UNDER A CONTRACT WITH A POSTSECONDARY INSTITUTION OR AN EMPLOYER AS PART OF AN APPROVED REGIONAL CAREER PREPARATION PLAN.

(E) "FTE" MEANS FULL-TIME EQUIVALENT PUPIL AS DETERMINED BY THE DEPARTMENT.

(F) "WORKFORCE DEVELOPMENT BOARD" MEANS A LOCAL WORKFORCE DEVELOPMENT BOARD ESTABLISHED PURSUANT TO THE JOB TRAINING PARTNERSHIP ACT, PUBLIC LAW 97-300, 96 STAT. 1322, AND THE SCHOOL-TO-WORK OPPORTUNITIES ACT OF 1994, PUBLIC LAW 103-239, 108 STAT. 568, OR THE EQUIVALENT.

SEC. 68. (1) FROM THE GENERAL FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$6,000,000.00 FOR 1997-98 TO BE USED TO IMPLEMENT THE MICHIGAN CAREER PREPARATION SYSTEM IN THE 1998-99 SCHOOL YEAR AS PROVIDED UNDER THIS SECTION. THE DEPARTMENT SHALL MAKE GRANTS TO ELIGIBLE EDUCATION AGENCIES UNDER THIS SECTION AND SHALL DISTRIBUTE THE GRANT FUNDING TO GRANT RECIPIENTS AFTER JULY 1, 1998, BUT NOT LATER THAN AUGUST 20, 1998. IN ORDER TO RECEIVE FUNDS UNDER THIS SECTION, AN ELIGIBLE EDUCATION AGENCY SHALL BE PART OF AN APPROVED REGIONAL CAREER PREPARATION PLAN UNDER SUBSECTION (2) AND SHALL AGREE TO EXPEND THE FUNDS REQUIRED UNDER THIS SECTION IN ACCORDANCE WITH THE REGIONAL CAREER PREPARATION PLAN. FUNDS AWARDED UNDER THIS SECTION THAT ARE NOT EXPENDED IN ACCORDANCE WITH THIS SECTION MAY BE RECOVERED BY THE DEPARTMENT. A RECIPIENT OF FUNDS UNDER THIS SECTION SHALL NOT ACCRUE THOSE FUNDS TO THE PREVIOUS SCHOOL FISCAL YEAR.

(2) IN ORDER TO RECEIVE FUNDING UNDER THIS SECTION, ALL FUNDING RECIPIENTS SHALL BE A PART OF AN APPROVED 3-YEAR REGIONAL CAREER PREPARATION PLAN AS DESCRIBED IN THIS SUBSECTION. ALL OF THE FOLLOWING APPLY TO A REGIONAL CAREER PREPARATION PLAN:

(A) A 3-YEAR REGIONAL CAREER PREPARATION PLAN SHALL BE DEVELOPED UNDER SUBDIVISIONS (B), (C), AND (D) FOR ALL PUBLIC EDUCATION AGENCIES PROVIDING CAREER PREPARATION PROGRAMS AS PART OF A REGIONAL CAREER PREPARATION SYSTEM WITHIN THE GEOGRAPHICAL BOUNDARIES OF A LOCAL WORKFORCE DEVELOPMENT BOARD, AND REVISED ANNUALLY. IF AN INTERMEDIATE DISTRICT IS LOCATED WITHIN THE GEOGRAPHICAL BOUNDARIES OF MORE THAN 1 LOCAL WORKFORCE DEVELOPMENT BOARD, THE BOARD OF THE INTERMEDIATE DISTRICT SHALL CHOOSE 1 LOCAL WORKFORCE DEVELOPMENT BOARD WITH WHICH TO ALIGN AND SHALL NOTIFY THE DEPARTMENT OF THIS CHOICE NOT LATER THAN OCTOBER 31, 1997.

(B) THE REGIONAL CAREER PREPARATION PLAN SHALL BE DEVELOPED BY REPRESENTATIVES OF THE EDUCATION ADVISORY GROUP OF EACH LOCAL WORKFORCE DEVELOPMENT BOARD IN

ACCORDANCE WITH GUIDELINES DEVELOPED UNDER SECTION 67(5), AND IN ACCORDANCE WITH SUBDIVISIONS (D) AND (E). ALL OF THE FOLLOWING SHALL BE REPRESENTED ON EACH EDUCATION ADVISORY GROUP: WORKFORCE DEVELOPMENT BOARD MEMBERS, OTHER EMPLOYERS, LABOR, LOCAL SCHOOL DISTRICTS, INTERMEDIATE SCHOOL DISTRICTS, POSTSECONDARY INSTITUTIONS, CAREER/TECHNICAL EDUCATORS, PARENTS OF PUBLIC SCHOOL PUPILS, AND ACADEMIC EDUCATORS. THE REPRESENTATIVES OF LOCAL SCHOOL DISTRICTS, INTERMEDIATE SCHOOL DISTRICTS, AND POSTSECONDARY INSTITUTIONS APPOINTED TO THE EDUCATION ADVISORY GROUP BY THE LOCAL WORKFORCE DEVELOPMENT BOARD SHALL BE INDIVIDUALS DESIGNATED BY THE BOARD OF THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR POSTSECONDARY INSTITUTION.

(C) BY MAJORITY VOTE, THE EDUCATION ADVISORY GROUP MAY NOMINATE 1 EDUCATION REPRESENTATIVE, WHO MAY OR MAY NOT BE A MEMBER OF THE EDUCATION ADVISORY GROUP, FOR APPOINTMENT TO THE LOCAL WORKFORCE DEVELOPMENT BOARD. THIS EDUCATION REPRESENTATIVE SHALL BE IN ADDITION TO EXISTING EDUCATION REPRESENTATION ON THE LOCAL WORKFORCE DEVELOPMENT BOARD. THIS EDUCATION REPRESENTATIVE SHALL MEET ALL LOCAL WORKFORCE DEVELOPMENT BOARD MEMBERSHIP REQUIREMENTS.

(D) THE COMPONENTS OF THE REGIONAL CAREER PREPARATION PLAN SHALL INCLUDE, BUT ARE NOT LIMITED TO, ALL OF THE FOLLOWING:

(i) THE ROLES OF DISTRICTS, INTERMEDIATE DISTRICTS, ADVANCED CAREER ACADEMIES, POSTSECONDARY INSTITUTIONS, EMPLOYERS, LABOR REPRESENTATIVES, AND OTHERS IN THE CAREER PREPARATION SYSTEM.

(ii) PROGRAMS TO BE OFFERED, INCLUDING AT LEAST CAREER EXPLORATION ACTIVITIES, FOR MIDDLE SCHOOL PUPILS.

(iii) IDENTIFICATION OF INTEGRATED ACADEMIC AND TECHNICAL CURRICULUM, INCLUDING RELATED PROFESSIONAL DEVELOPMENT TRAINING FOR TEACHERS.

(iv) IDENTIFICATION OF WORK-BASED LEARNING OPPORTUNITIES FOR PUPILS AND FOR TEACHERS AND OTHER SCHOOL PERSONNEL.

(v) IDENTIFICATION OF TESTING AND ASSESSMENTS THAT WILL BE USED TO MEASURE PUPIL ACHIEVEMENT.

(vi) IDENTIFICATION OF ALL FEDERAL, STATE, LOCAL, AND PRIVATE SOURCES OF FUNDING AVAILABLE FOR CAREER PREPARATION PROGRAMS IN THE REGION.

(E) THE EDUCATION ADVISORY GROUP SHALL DEVELOP A 3-YEAR REGIONAL CAREER PREPARATION PLAN AND SUBMIT THE PLAN TO THE DEPARTMENT FOR FINAL APPROVAL. THE SUBMISSION TO THE DEPARTMENT SHALL ALSO INCLUDE STATEMENTS SIGNED BY THE CHAIR OF THE EDUCATION ADVISORY GROUP AND THE CHAIR OF THE LOCAL WORKFORCE DEVELOPMENT BOARD CERTIFYING THAT THE PLAN HAS BEEN REVIEWED BY EACH ENTITY. UPON DEPARTMENT APPROVAL, ALL ELIGIBLE EDUCATION AGENCIES DESIGNATED IN THE REGIONAL CAREER PREPARATION PLAN AS PART OF THE CAREER PREPARATION DELIVERY SYSTEM ARE ELIGIBLE FOR FUNDING UNDER THIS SECTION.

(3) FUNDING UNDER THIS SECTION SHALL BE DISTRIBUTED TO ELIGIBLE EDUCATION AGENCIES BY THE DEPARTMENT FOR ALLOWABLE COSTS DEFINED IN THIS SUBSECTION AND IDENTIFIED AS NECESSARY COSTS FOR IMPLEMENTING A REGIONAL CAREER PREPARATION PLAN, AS FOLLOWS:

(A) THE DEPARTMENT SHALL RANK ALL CAREER CLUSTERS. RANK DETERMINATION WILL BE BASED ON MEDIAN SALARY DATA IN CAREER CLUSTERS AND EMPLOYMENT OPPORTUNITY DATA PROVIDED BY THE COUNCIL FOR CAREER PREPARATION STANDARDS. IN ADDITION, RANK DETERMINATION SHALL BE BASED ON PLACEMENT DATA AVAILABLE FOR PRIOR YEAR GRADUATES OF THE PROGRAMS IN THE CAREER CLUSTERS EITHER IN RELATED CAREERS OR POSTSECONDARY EDUCATION. THE PROCEDURE FOR RANKING OF CAREER CLUSTERS SHALL BE DETERMINED BY THE DEPARTMENT.

(B) ALLOWABLE COSTS TO BE FUNDED UNDER THIS SECTION SHALL BE DETERMINED BY THE DEPARTMENT. BUDGETS SUBMITTED BY ELIGIBLE EDUCATION AGENCIES TO THE DEPARTMENT IN ORDER TO RECEIVE FUNDING SHALL IDENTIFY FUNDS AND IN-KIND CONTRIBUTIONS FROM THE REGIONAL CAREER EDUCATION PLAN, EXCLUDING FUNDS OR IN-KIND CONTRIBUTIONS AVAILABLE AS A RESULT OF FUNDING RECEIVED UNDER SECTION 61A, EQUAL TO AT LEAST 100% OF ANTICIPATED FUNDING UNDER THIS SECTION. ELIGIBLE CATEGORIES OF ALLOWABLE COSTS ARE THE FOLLOWING:

(i) CAREER EXPLORATION, GUIDANCE, AND COUNSELING.

(ii) CURRICULUM DEVELOPMENT, INCLUDING INTEGRATION OF ACADEMIC AND TECHNICAL CONTENT, AND PROFESSIONAL DEVELOPMENT FOR TEACHERS DIRECTLY RELATED TO CAREER PREPARATION.

(iii) TECHNOLOGY AND EQUIPMENT DETERMINED TO BE NECESSARY.

(iv) SUPPLIES AND MATERIALS DIRECTLY RELATED TO CAREER PREPARATION PROGRAMS.

(v) WORK-BASED LEARNING EXPENSES FOR PUPILS, TEACHERS, AND COUNSELORS.

(vi) EVALUATION, INCLUDING CAREER COMPETENCY TESTING AND PEER REVIEW.

(vii) CAREER PLACEMENT SERVICES.

(viii) STUDENT LEADERSHIP ORGANIZATIONS INTEGRAL TO THE CAREER PREPARATION SYSTEM.

(ix) UP TO 10% OF THE ALLOCATION TO AN ELIGIBLE EDUCATION AGENCY MAY BE EXPENDED FOR PLANNING, COORDINATION, DIRECT OVERSIGHT, AND ACCOUNTABILITY FOR THE CAREER PREPARATION SYSTEM.

(C) THE DEPARTMENT SHALL CALCULATE CAREER PREPARATION COSTS PER FTE FOR EACH CAREER CLUSTER BY DIVIDING THE ALLOWABLE COSTS FOR EACH CAREER CLUSTER BY THE PRIOR YEAR FTE ENROLLMENT FOR EACH CAREER CLUSTER. DISTRIBUTION TO ELIGIBLE EDUCATION AGENCIES SHALL BE THE PRODUCT OF 50% OF CAREER PREPARATION COSTS PER FTE TIMES THE CURRENT YEAR FTE ENROLLMENT OF EACH CAREER CLUSTER. THIS ALLOCATION SHALL BE DISTRIBUTED TO ELIGIBLE EDUCATION AGENCIES IN DECREASING ORDER OF THE CAREER CLUSTER RANKING DESCRIBED IN SUBDIVISION (A) UNTIL THE MONEY ALLOCATED FOR GRANT RECIPIENTS IN THIS SECTION IS DISTRIBUTED. HOWEVER, BEGINNING IN 1999-2000, AN INDIVIDUAL CAREER PREPARATION PROGRAM SHALL NOT BE FUNDED UNDER THIS SECTION, REGARDLESS OF CAREER CLUSTER RANKING, IF IT DOES NOT ATTAIN COMPLIANCE WITH CAREER COMPETENCY STANDARDS SET BY THE COUNCIL FOR CAREER PREPARATION STANDARDS FOR THE PARTICULAR CAREER CLUSTER.

(4) THE DEPARTMENT, IN COLLABORATION WITH THE MICHIGAN JOBS COMMISSION, SHALL ESTABLISH A REVIEW PROCEDURE FOR ASSESSING THE CAREER PREPARATION SYSTEM IN EACH REGION. EACH LOCAL WORKFORCE DEVELOPMENT BOARD SHALL ESTABLISH REGIONAL PEER REVIEW COMMITTEES THAT INCLUDE EMPLOYERS, EDUCATORS, LABOR REPRESENTATIVES, PARENTS, AND REPRESENTATIVES OF THE LOCAL WORKFORCE DEVELOPMENT BOARD NOMINATED BY THE LOCAL WORKFORCE DEVELOPMENT BOARD AND THE EDUCATION ADVISORY GROUP. ALL OF THE FOLLOWING APPLY TO PEER REVIEW COMMITTEES:

(A) PEER REVIEW COMMITTEES ARE RESPONSIBLE FOR ASSURING THE QUALITY OF THE CAREER PREPARATION SYSTEM. A PEER REVIEW COMMITTEE SHALL REVIEW CAREER PREPARATION PROGRAMS TO ENSURE COMPLIANCE WITH CAREER COMPETENCY STANDARDS AS WELL AS OTHER PROGRAM EVALUATION CRITERIA.

(B) A PEER REVIEW COMMITTEE SHALL REPORT ITS FINDINGS AND RECOMMENDATIONS FOR CHANGES TO THE ELIGIBLE EDUCATION AGENCY OPERATING THE CAREER PREPARATION PROGRAM, THE LOCAL WORKFORCE DEVELOPMENT BOARD, THE EDUCATION ADVISORY GROUP RESPONSIBLE FOR REVISING THE REGIONAL CAREER PREPARATION PLAN, AND THE DEPARTMENT.

(C) THE NEXT REVISION OF A REGIONAL CAREER PREPARATION PLAN SHALL TAKE INTO ACCOUNT THE FINDINGS OF A PEER REVIEW COMMITTEE IN ORDER FOR THE AFFECTED EDUCATION AGENCIES TO RECEIVE CONTINUED FUNDING UNDER THIS SECTION.

Sec. 74. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$1,625,000.00 for ~~1996-97~~ 1997-98 for the purposes of subsections (2) and (3).

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

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

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated for ~~1996-97~~ 1997-98 to the intermediate districts the sum necessary, but not to exceed ~~\$76,676,300.00~~ \$81,266,700.00, to provide state aid to intermediate districts under this subsection and subsections (2) and (3). Except as otherwise provided in this section, there shall be allocated to each intermediate district an amount equal to 102.9% OF THE SUM OF the amount of funding actually received by ~~each intermediate district in 1995-96~~ THE INTERMEDIATE DISTRICT UNDER THIS SUBSECTION IN 1996-97 AND THE AMOUNT OF FUNDING ACTUALLY RECEIVED BY THE INTERMEDIATE DISTRICT UNDER SECTION 11B AS IN EFFECT FOR 1995-1996. Funding provided

under this section shall be used to comply with requirements of this act and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board.

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

(3) If an intermediate district participated in 1993-94 in a consortium operating a regional educational media center under section 671 of the revised school code, ~~being section 380.671 of the Michigan Compiled Laws~~ MCL 380.671, and rules promulgated by the state board, and if the intermediate district obtains written consent from each of the other intermediate districts that participated in the consortium in 1993-94, the intermediate district may notify the department not later than October 1, 1996 that it is electing to directly receive its payment attributable to participation in that consortium. An intermediate district making that election, and that has obtained the necessary consent, shall receive for ~~1996-97~~ 1997-98 for each pupil in membership in the intermediate district or a constituent district an amount equal to the quotient of the ~~1995-96~~ 1993-94 allocation to the fiscal agent for that consortium under ~~this subsection~~ FORMER SECTION 83, ADJUSTED AS DETERMINED BY THE DEPARTMENT TO ACCOUNT FOR THAT ELECTION, divided by the combined total ~~1996-97~~ 1997-98 membership in all of the intermediate districts that participated in that consortium and their constituent districts. The amount allocated to an intermediate district under this subsection for ~~1996-97~~ 1997-98 shall be deducted from the total allocation for ~~1996-97~~ 1997-98 under this section to the intermediate district that was the 1993-94 fiscal agent for the consortium.

(4) During a fiscal year, the department shall not increase an intermediate district's allocation under subsection (1) because of an adjustment made by the department during the fiscal year in the intermediate district's taxable value for a prior year. Instead, the department shall report the adjustment and the estimated amount of the increase to the house and senate fiscal agencies not later than June 1 of the fiscal year, and the legislature shall appropriate money for the adjustment in the next succeeding fiscal year. ~~Accordingly, in addition to the money allocated under subsection (1), from the appropriation in section 11 there is allocated for 1996-97 an amount not to exceed \$3,500,000.00 for payments to intermediate districts for adjustments in taxable value described in this subsection.~~

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

Sec. 94. From the general fund money appropriated in section 11, there is allocated to the department for ~~1996-97~~ 1997-98 an amount not to exceed \$1,500,000.00 to provide technical assistance to districts for school accreditation purposes as described in section 1280 of the revised school code, ~~being section 380.1280 of the Michigan Compiled Laws~~ MCL 380.1280.

Sec. 99. (1) From the ~~general~~ STATE SCHOOL AID fund appropriation in section 11, there is allocated an amount not to exceed ~~\$7,614,000.00~~ \$7,293,100.00 for ~~1996-97~~ 1997-98, AND FROM THE GENERAL FUND APPROPRIATION IN SECTION 11 THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$400,000.00 FOR 1997-98, for implementing the comprehensive master plan for mathematics and science centers developed by the department and approved by the state board on February 17, 1993.

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

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

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

(5) Allocations under this section to support the activities and programs of mathematics and science centers shall be continuing support grants to all 25 established mathematics and science centers and the 8 satellite extensions that were funded in ~~1995-96~~ 1996-97. Each established mathematics and science center that was funded in ~~1995-96~~ 1996-97 shall receive an amount equal to 103% OF the amount it received under this section in ~~1995-96~~ 1996-97. ~~The balance of the allocation under this section for 1996-97 shall be distributed by the department to the statewide project "tune in math and science" conducted by Michigan state university.~~

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

(7) FROM THE STATE SCHOOL AID FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 1997-98 AN AMOUNT NOT TO EXCEED \$145,000.00 FOR A GRANT NOT TO EXCEED THAT AMOUNT TO THE STATEWIDE PROJECT "TUNE IN MATH AND SCIENCE" CONDUCTED BY MICHIGAN STATE UNIVERSITY.

(8) FROM THE GENERAL FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED \$50,000.00 FOR 1997-98 TO THE UNIVERSITY OF MICHIGAN-DEARBORN TO SERVE AS THE FISCAL AGENT FOR A PLANNING GRANT TO THE MICHIGAN SCIENCE AND TECHNOLOGY MUSEUM COLLABORATIVE. THE COLLABORATIVE, IN CONJUNCTION WITH THE EXISTING MATHEMATICS AND SCIENCE CENTERS, SHALL USE THIS FUNDING TO ASSESS THE MECHANISMS FOR COLLABORATIVE PROGRAM DEVELOPMENT, DELIVERY, AND INFORMATION SHARING. THE COLLABORATIVE SHALL SUBMIT A REPORT ON THIS ASSESSMENT TO THE DEPARTMENT NOT LATER THAN JUNE 30, 1998.

(9) FROM THE STATE SCHOOL AID FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED \$85,000.00 FOR 1997-98 TO THE SAGINAW VALLEY STATE UNIVERSITY REGIONAL MATHEMATICS AND SCIENCE CENTER TO ESTABLISH A SATELLITE EXTENSION IN THE TUSCOLA INTERMEDIATE SCHOOL DISTRICT.

(10) FROM THE STATE SCHOOL AID FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED \$250,000.00 FOR 1997-98 TO THE PONTIAC PUBLIC SCHOOLS FOR A PILOT PROGRAM, IN COLLABORATION WITH OAKLAND UNIVERSITY, IN TEACHER LEADERSHIP IN MATHEMATICS EDUCATION.

Sec. 101. (1) To be eligible to receive state aid under this act, not later than the fifth ~~Friday~~ WEDNESDAY after the pupil membership count day and not later than the fifth ~~Friday~~ WEDNESDAY after the supplemental 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 number of pupils enrolled and in regular daily attendance in the district as of the pupil membership count day and as of the supplemental count day, as applicable, for the current school year. In addition, a district maintaining school during the entire year, as provided under section 1561 of the revised school code, ~~being section 380.1561 of the Michigan Compiled Laws~~ MCL 380.1561, shall file with the intermediate superintendent a certified and sworn copy of the number of pupils enrolled and in regular daily attendance in the district for the current school year pursuant to rules promulgated by the state board. Not later than the seventh ~~Friday~~ WEDNESDAY after the pupil membership count day and not later than the seventh ~~Friday~~ WEDNESDAY after the supplemental 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 with the intermediate superintendent in a timely manner, as required under this subsection, the intermediate district shall notify the department and state aid due to be distributed under this act shall be withheld from the defaulting district immediately, beginning with the next payment after the failure and continuing with each payment until the district complies with this subsection. If an intermediate district fails to transmit the data in its possession in a timely and accurate manner to the department, as required under this subsection, state aid due to be distributed under this act shall be withheld from the defaulting intermediate district immediately, beginning with the next payment after the failure and continuing with each payment until the intermediate district complies with this subsection. If a district or intermediate district does not comply with this subsection by the end of the fiscal year, the district or intermediate district forfeits the amount withheld. 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 section 161.

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

(3) Each district shall provide the required minimum number of days and hours of pupil instruction under section 1284 of the revised school code, ~~being section 380.1284 of the Michigan Compiled Laws~~ MCL 380.1284. Except as otherwise provided in this act, a district failing to hold the required minimum number of days of pupil instruction shall forfeit from its total state aid allocation for each day of failure an amount determined by applying a ratio of the number of days the district was in noncompliance in relation to the required minimum number of days. Except as otherwise provided in this act, a district failing to comply with the required minimum hours of pupil instruction shall forfeit from its total state aid allocation an amount determined by applying a ratio of the time duration the district was in noncompliance in relation to the required minimum number of hours. A district failing to meet both the minimum number of days of pupil instruction requirement and the minimum number of hours of pupil instruction requirement shall be penalized only the higher of the 2 amounts calculated under the forfeiture provisions of this subsection. Not

later than August 1, the board of each district shall certify to the department the number of days and hours of pupil instruction in the previous school year. If the district did not hold at least 180 days and the required minimum number of hours of pupil instruction, the deduction of state aid shall be made in the following fiscal year from the first payment of state school aid. A district is not subject to forfeiture of funds under this subsection for a fiscal year in which a forfeiture was already imposed under subsection (7). Days lost because of strikes or teachers' conferences shall not be counted as days of pupil instruction. A district not having AT LEAST 75% of the district's membership in attendance on any day of pupil instruction shall receive state aid in that proportion of 1 divided by the required minimum number of days of pupil instruction that the actual percent of attendance bears to the specified percentage. The state board shall promulgate rules for the implementation of this subsection.

(4) The first 2 days for which 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.

(5) A district shall not forfeit part of its state aid appropriation ~~if~~ BECAUSE it adopts or has in existence an alternative scheduling program for pupils in kindergarten, ~~which program is approved by the state board~~ IF THE PROGRAM PROVIDES AT LEAST THE NUMBER OF HOURS REQUIRED FOR A FULL-TIME EQUATED MEMBERSHIP FOR A PUPIL IN KINDERGARTEN AS PROVIDED UNDER SECTION 6(4).

(6) Upon application by the district for a particular fiscal year, the state board may waive the minimum number of days of pupil instruction requirement of subsection (3) 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 the required minimum number 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 forfeiture under this section of part of its state aid allocation for the specific building or program covered by the waiver.

(7) Not later than April 15 of each fiscal year, the board of each district shall certify to the department the planned number of days and hours of pupil instruction in the district for the school year ending in the fiscal year. In addition to any other penalty or forfeiture under this section, if at any time the department determines that 1 or more of the following has occurred in a district, the district shall forfeit in the current fiscal year beginning in the next payment to be calculated by the department a proportion of the funds due to the district under this act that is equal to the proportion below the required minimum number of days and hours of pupil instruction, as specified in the following:

(a) The district fails to operate its schools for ~~a minimum of~~ AT LEAST the required minimum number of days and hours of pupil instruction in a school year, including days counted under subsection (4).

(b) The board of the district takes formal action not to operate its schools for ~~a minimum of~~ AT LEAST the required minimum number of days and hours of pupil instruction in a school year, including days counted under subsection (4).

(8) In providing ~~990 hours of instruction for 1996-97~~ THE MINIMUM NUMBER OF HOURS OF PUPIL INSTRUCTION REQUIRED UNDER SECTION 1284 OF THE REVISED SCHOOL CODE, MCL 380.1284, a district shall use the following guidelines, and a district shall maintain records to substantiate its compliance with the following guidelines:

(a) Except as otherwise provided in this subsection, a pupil must be scheduled for ~~990~~ AT LEAST THE REQUIRED MINIMUM NUMBER OF hours of instruction, excluding study halls, or ~~1,080~~ AT LEAST THE SUM OF 90 HOURS PLUS THE REQUIRED MINIMUM NUMBER OF hours of instruction, including up to 2 study halls.

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

(c) A pupil in grades 9 to 12 for whom a reduced schedule is determined to be in the INDIVIDUAL pupil's best educational interest must be scheduled for a ~~minimum of 770~~ NUMBER OF HOURS EQUAL TO AT LEAST 80% OF THE REQUIRED MINIMUM NUMBER OF hours of pupil instruction to be considered a full-time equivalent pupil.

(d) If a pupil in grades 9 to 12 who is enrolled in a cooperative education program or a special education pupil cannot receive ~~990~~ THE REQUIRED MINIMUM NUMBER OF hours of pupil instruction solely because of travel time between instructional sites during the school day, that travel time, up to a maximum of 2 1/2 hours per school week, shall be considered to be pupil instruction time for the purpose of determining whether the pupil is receiving ~~990~~ THE REQUIRED MINIMUM NUMBER OF hours of pupil instruction. However, if a district demonstrates to the satisfaction of the department that the travel time limitation under this subdivision would create undue costs or hardship to the district, the department may consider more travel time to be pupil instruction time for this purpose.

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

(10) Upon application by the district for a particular fiscal year, the state board may waive for a district the minimum number of days and hours of pupil instruction requirement of subsection (3) for a department-approved alternative education program. 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 forfeiture under this section for the specific program covered by the waiver.

Sec. 107. (1) From the appropriation in section 11, there is allocated for ~~1996-97~~ 1997-98 an amount not to exceed \$80,000,000.00 for adult education programs authorized under this section.

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

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

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

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

(iii) Is enrolled in an English as a second language program for a maximum of 1 year of instruction.

(iv) Is enrolled in a high school completion program. ~~and obtained his or her G.E.D. certificate between October 1, 1993 and October 1, 1996.~~

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

~~(3) From the amount allocated under subsection (1), an amount not to exceed \$20,000,000.00 shall be allocated under this subsection through a competitive grant process. A district, intermediate district, consortium of districts, or consortium of an intermediate district and 1 or more districts may apply on a competitive basis for an adult education grant under this subsection and section 108. The application may be to operate a single adult education program described in subsection (6), (7), (8), or (9) or a combination of those adult education programs. To receive funding, a consortium shall designate a single district or intermediate district as fiscal agent for the consortium.~~

~~(3) (4) From the THE amount allocated under subsection (1) ,an amount not to exceed \$60,000,000.00 shall be allocated under this subsection to~~ SHALL BE DISTRIBUTED AS FOLLOWS:

(A) FOR districts and consortia that received payments for 1995-96 under former section 107f ~~THE AND THAT RECEIVED PAYMENTS FOR 1996-97 UNDER SUBSECTION (4) OF THIS SECTION AS IN EFFECT IN 1996-97,~~ THE amount allocated to each of these districts and consortia for 1996-97 under this subsection FOR 1997-98 shall be an amount equal to ~~32.43%~~ 36.76% of the amount the district or consortium received for 1995-96 under former section 107f.

(B) FOR DISTRICTS AND CONSORTIA THAT RECEIVED PAYMENTS UNDER SUBSECTION (3) OF THIS SECTION AS IN EFFECT FOR 1996-97, THE AMOUNT ALLOCATED TO EACH FOR 1997-98 SHALL BE AN AMOUNT EQUAL TO THE PRODUCT OF THE NUMBER OF FULL-TIME EQUATED PARTICIPANTS ACTUALLY ENROLLED AND IN ATTENDANCE DURING THE 1996-97 SCHOOL FISCAL YEAR IN THE PROGRAM FUNDED UNDER SUBSECTION (3) OF THIS SECTION AS IN EFFECT FOR 1996-97 AS REPORTED TO THE DEPARTMENT, AUDITED, AND ADJUSTED ACCORDING TO SUBSECTION (10) OF THIS SECTION AS IN EFFECT FOR 1996-97, MULTIPLIED BY \$2,750.00.

(C) FOR DISTRICTS AND CONSORTIA THAT MEET THE CONDITIONS OF BOTH SUBDIVISIONS (A) AND (B), THE AMOUNT ALLOCATED FOR 1997-98 SHALL BE THE SUM OF THE ALLOCATIONS TO THE DISTRICT OR CONSORTIUM UNDER SUBDIVISIONS (A) AND (B).

(D) A DISTRICT OR CONSORTIUM THAT RECEIVED FUNDING IN 1996-97 UNDER THIS SECTION AS IN EFFECT FOR 1996-97 MAY OPERATE INDEPENDENTLY OF A CONSORTIUM OR JOIN OR FORM A CONSORTIUM FOR 1997-98. THE ALLOCATION FOR 1997-98 TO THE DISTRICT OR THE NEWLY FORMED CONSORTIUM UNDER THIS SUBSECTION SHALL BE DETERMINED BY THE DEPARTMENT AND SHALL BE BASED ON THE PROPORTION OF THE AMOUNTS SPECIFIED IN SUBDIVISION (A) OR (B), OR BOTH, THAT ARE ATTRIBUTABLE TO THE DISTRICT OR CONSORTIUM THAT RECEIVED FUNDING IN 1996-97. A DISTRICT OR CONSORTIUM DESCRIBED IN THIS SUBDIVISION SHALL NOTIFY THE DEPARTMENT OF ITS INTENTION WITH REGARD TO 1997-98 BY OCTOBER 1, 1997.

(4) A district that operated an adult education program in ~~1995-96~~ 1996-97 and does not intend to operate a program in ~~1996-97~~ 1997-98 shall notify the department by October 1, ~~1996~~ 1997 of its intention. The funds intended to be allocated under this section to a district that ~~so notifies the department~~ DOES NOT OPERATE A PROGRAM IN 1997-98 AND THE UNSPENT FUNDS ORIGINALLY ALLOCATED UNDER THIS SECTION TO A DISTRICT OR CONSORTIUM THAT SUBSEQUENTLY OPERATES A PROGRAM AT LESS THAN THE LEVEL OF FUNDING ALLOCATED UNDER SUBSECTION (3) shall instead be proportionately reallocated to the other districts ~~in this state~~ DESCRIBED IN SUBSECTION (3)(A) that are operating an adult education program in ~~1996-97~~ 1997-98 under this ~~subsection~~ SECTION.

(5) The amount allocated under this section per full-time equated participant is ~~\$2,750.00~~ \$2,850.00 for a 450-hour program. The amount shall be proportionately reduced for a program offering less than 450 hours of instruction.

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

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

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

(c) A participant in an adult basic education program is eligible for reimbursement until ~~the~~ 1 OF THE FOLLOWING OCCURS:

(i) THE participant's reading ~~or~~ AND mathematics proficiency, ~~or both,~~ is ARE assessed at or above the ninth grade level. ~~or until the~~

(ii) THE participant ~~completes 450 hours of instruction, whichever occurs first~~ FAILS TO SHOW PROGRESS ON 2 SUCCESSIVE ASSESSMENTS AFTER HAVING COMPLETED AT LEAST 450 HOURS OF INSTRUCTION.

(d) A funding recipient enrolling a participant in an English as a second language program is eligible for funding according to subsection (10) until the participant MEETS 1 OF THE FOLLOWING:

(i) THE PARTICIPANT is assessed as having attained basic English proficiency. ~~or until the participant completes 450 hours of instruction, whichever occurs first.~~

(ii) THE PARTICIPANT FAILS TO SHOW PROGRESS ON 2 SUCCESSIVE ASSESSMENTS AFTER HAVING COMPLETED AT LEAST 450 HOURS OF INSTRUCTION. THE DEPARTMENT SHALL PROVIDE INFORMATION TO A FUNDING RECIPIENT REGARDING APPROPRIATE ASSESSMENT INSTRUMENTS FOR THIS PROGRAM.

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

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

(b) The program shall administer a G.E.D. pre-test approved by the department before enrolling an individual to determine the individual's potential for success on the G.E.D. test, and shall ~~periodically~~ administer other tests after ~~enrollment~~ EVERY 90 HOURS OF ATTENDANCE to determine a participant's readiness to take the G.E.D. test.

(c) A funding recipient shall receive funding according to subsection (10) for a participant, ~~who passes the G.E.D. test and obtains a G.E.D. certificate or for a participant who completes 450 hours of instruction.~~ A AND A participant may be enrolled in the program until ~~he or she~~ 1 OF THE FOLLOWING OCCURS:

(i) THE PARTICIPANT passes the G.E.D. test. ~~or completes 450 hours of instruction, whichever occurs first.~~

(ii) THE PARTICIPANT FAILS TO SHOW PROGRESS ON 2 SUCCESSIVE TESTS USED TO DETERMINE READINESS TO TAKE THE G.E.D. TEST AFTER HAVING COMPLETED AT LEAST 450 HOURS OF INSTRUCTION.

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

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

~~(b) The funding recipient shall evaluate the participant's transcript to determine if the individual could complete the requirements for a high school diploma within the time limit of 900 hours of instruction. If the funding recipient determines that an applicant would not be able to earn a diploma within the time limits described in subdivision (a), the funding recipient shall inform the individual about the G.E.D. test preparation program described in subsection (7) and about the tuition requirements under subsection (13) for a person who is not eligible to be funded in the program.~~

(B) ~~(e)~~ A funding recipient shall receive funding according to subsection (10) for a participant in a course offered under this subsection until ~~the~~ 1 OF THE FOLLOWING OCCURS:

(i) THE participant passes the course and earns a high school diploma. ~~or the~~

(ii) THE participant ~~completes 900 hours of instruction, whichever occurs first~~ FAILS TO EARN CREDIT IN 2 SUCCESSIVE SEMESTERS OR TERMS IN WHICH THE PARTICIPANT IS ENROLLED AFTER HAVING COMPLETED AT LEAST 900 HOURS OF INSTRUCTION.

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

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

(b) An individual may be enrolled in this program and the grant recipient shall receive funding according to subsection (10) until ~~the person~~ 1 OF THE FOLLOWING OCCURS:

(i) THE INDIVIDUAL achieves the requisite skills as determined by appropriate assessment instruments, ~~or the person completes 450 hours of instruction, whichever occurs first~~ ADMINISTERED AT LEAST AFTER EVERY 90 HOURS OF ATTENDANCE.

(ii) THE INDIVIDUAL FAILS TO SHOW PROGRESS ON 2 SUCCESSIVE ASSESSMENTS AFTER HAVING COMPLETED AT LEAST 450 HOURS OF INSTRUCTION. THE DEPARTMENT SHALL PROVIDE INFORMATION TO A FUNDING RECIPIENT REGARDING APPROPRIATE ASSESSMENT INSTRUMENTS FOR THIS PROGRAM.

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

(a) Ninety percent for enrollment of eligible participants.

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

~~(11) Funding allocated under subsection (3) for the 1996-97 fiscal year shall be considered funding for the first year of an approved 3-year program, and a program receiving funding under subsection (3) for 1996-97 shall not be required to apply again for the remainder of the 3-year period, unless the program is substantially revised. Not later than September 1 of each year, the department shall assess the success of each program operating with subsection (3) funding in the prior school fiscal year. Programs operating in the third year of the 3-year program shall be evaluated not later than December 15 of that year to determine whether renewal of the current 3-year program is recommended or revision of the existing program is necessary for the district or intermediate district to be eligible for funding under subsection (3) in the subsequent 3-year period.~~

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

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

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

(14) ~~(15) It is the intent of the legislature that the appropriations under this act for the 1997-98 state fiscal year will include \$80,000,000.00 to support adult education programs for that fiscal year, and that, of that \$80,000,000.00 allocation, \$40,000,000.00 will be allocated for competitive grants as described in subsection (3) and \$40,000,000.00 will be allocated for prorated distributions similar to that described in subsection (4). The department shall accept applications for the 1997-98 competitive grants submitted by March 1, 1997, according to the procedures and requirements specified in section 108, and shall identify prospective 1997-98 grant recipients by April 1, 1997. Not later than February 1, 1997, the department shall provide to the senate and house appropriations subcommittees responsible for state school aid appropriations for their approval the department's proposed method of providing regional distribution of 1997-98 adult education competitive grants. A DISTRICT SHALL NOT COMMINGLE MONEY RECEIVED UNDER THIS SECTION OR FROM ANOTHER SOURCE FOR ADULT EDUCATION PURPOSES WITH ANY OTHER FUNDS OF THE DISTRICT. A DISTRICT RECEIVING ADULT EDUCATION FUNDS SHALL ESTABLISH A SEPARATE LEDGER ACCOUNT FOR THOSE FUNDS. THIS SUBSECTION DOES NOT PROHIBIT A DISTRICT FROM USING GENERAL FUNDS OF THE DISTRICT TO SUPPORT AN ADULT EDUCATION OR COMMUNITY EDUCATION PROGRAM.~~

(15) FROM THE GENERAL FUND APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$250,000.00 FOR A GRANT TO FOCUS: HOPE FOR A FAST-TRACK ADULT EDUCATION PROGRAM.

Sec. 111. A district having tuition pupils enrolled on the pupil membership count day of each year may charge the district ~~in which the tuition pupils reside~~ OF RESIDENCE an amount for tuition that does not exceed the tuition rate computed under section 1401 of the revised school code, ~~being section 380.1401 of the Michigan Compiled Laws MCL 380.1401.~~ THE RATE CHARGED BY A DISTRICT SHALL BE UNIFORM WITHIN EACH CATEGORY OF TUITION PUPILS ENROLLED IN THE DISTRICT. However, ~~a district shall not charge tuition~~ for a tuition pupil ~~enrolled in the district~~ who resides in a K-5, K-6, or K-8 district and who is enrolled in a grade not offered by the pupil's district of residence, ~~in an amount that exceeds~~ THE TUITION RATE CHARGED TO THE PUPIL'S DISTRICT OF RESIDENCE SHALL NOT EXCEED the foundation allowance of the pupil's district of residence or the foundation allowance of the educating district, whichever is greater. ~~The rate charged by a district for tuition shall be uniform within each category of tuition pupils enrolled in the district.~~

SEC. 112. A DISTRICT RECEIVING FUNDS UNDER THIS ACT SHALL NOT CHARGE TUITION OR ANY OTHER FEE FOR FULL-DAY KINDERGARTEN FOR A PUPIL WHO IS ELIGIBLE TO ENROLL IN THE DISTRICT.

Sec. 124. (1) If taxes levied for operating purposes against property constituting at least 5% 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 calculation of payments to the district under this act 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 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 calculation of payments to the district under this act 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 calculation of payments to the district under this act 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. 147. (1) The allocations for ~~1996-97~~ 1997-98 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~~ 1980 PA 300, MCL 38.1301 TO 38.1467, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. The annual level percentage of payroll contribution rate estimated for the ~~1996-97~~ 1997-98 state fiscal year is ~~15.15%~~ 14.66%. The portion of the contribution rate assigned to districts and intermediate districts for the ~~1996-97~~ 1997-98 state fiscal year is all of the total ~~15.15~~ 14.66 percentage points. This contribution rate reflects ~~the first year of a reduction over 3 years in the AN amortization period described in section 41(2) of Act No. 300 of the Public Acts of 1980, being section 38.1341 of the Michigan Compiled Laws, from 50 years to 40~~ OF 39 years. ~~Beginning with the 1999-2000 fiscal year, the contribution rate shall be changed each fiscal year to reflect a reduction over 7 years in that amortization period from 40 years to 30 years.~~ The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

(2) It is the intent of the legislature that the amortization period described in section 41(2) of ~~Act No. 300 of the Public Acts of 1980, being section 38.1341 of the Michigan Compiled Laws~~ THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1341, be reduced to ~~40 years by the end of the 1998-99 state fiscal year and further reduced to~~ 30 years by the end of the 2005-2006 state fiscal year BY REDUCING THE AMORTIZATION PERIOD BY NOT MORE THAN 1 YEAR EACH FISCAL YEAR.

Sec. 151. (1) ~~Annually, the~~ THE treasurer of each county shall furnish to the department, ON OR before August 1 OF EACH YEAR following the receipt of assessment rolls, a statement of the taxable value 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 taxable value of each class of property of each district and fraction of a district within the county,~~ ~~on~~ USING forms furnished by the department. ON OR BEFORE MAY 1 OF EACH YEAR, THE TREASURER OF EACH COUNTY SHALL SUBMIT TO THE DEPARTMENT REVISIONS TO THE TAXABLE VALUE FOR THE IMMEDIATELY PRECEDING YEAR OF EACH DISTRICT AND FRACTION OF A DISTRICT WITHIN THE COUNTY, USING FORMS FURNISHED BY THE DEPARTMENT. ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE TREASURER OF EACH COUNTY SHALL SUBMIT TO THE DEPARTMENT REVISIONS TO THE TAXABLE VALUE FOR THE 2 IMMEDIATELY PRECEDING YEARS OF EACH DISTRICT AND FRACTION OF A DISTRICT WITHIN THE COUNTY, USING FORMS FURNISHED BY THE DEPARTMENT. THE REPORTS REQUIRED BY THIS SUBSECTION SHALL ALSO CONTAIN THE AMOUNT OF AD VALOREM TAXABLE VALUE CAPTURED FOR SCHOOL OPERATING TAXES UNDER A TAX INCREMENT FINANCING PLAN UNDER 1975 PA 197, MCL 125.1651 TO 125.1681, THE TAX INCREMENT FINANCE AUTHORITY ACT, 1980 PA 450, MCL 125.1801 TO 125.1830, THE LOCAL DEVELOPMENT FINANCING ACT, 1986 PA 281, MCL 125.2151 TO 125.2174, OR THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672.

(2) ~~The~~ NOT LATER THAN THE TENTH DAY OF EACH MONTH, 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~~ 1973 PA 186, MCL 205.701 TO 205.779, shall ~~accumulate any changes in taxable value of each district and intermediate district and report the cumulative change in taxable value 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~~ REPORT TO THE DEPARTMENT THE CHANGES IN TAXABLE VALUE FOR TAX YEARS AFTER 1993 THAT ARE NOT REPORTED TO THE DEPARTMENT UNDER SUBSECTION (1) AND THAT ARE CAUSED BY TAX TRIBUNAL DECISIONS IN THE IMMEDIATELY PRECEDING MONTH FOR HOMESTEAD AND QUALIFIED AGRICULTURAL PROPERTY, AS DEFINED IN SECTION 1211 OF THE REVISED SCHOOL CODE, MCL

380.1211, AND FOR PROPERTY THAT IS NOT HOMESTEAD OR QUALIFIED AGRICULTURAL PROPERTY, IN EACH DISTRICT AND INTERMEDIATE DISTRICT. THE REPORT SHALL ALSO CONTAIN THE AMOUNT OF TAXABLE VALUE CAPTURED UNDER A TAX INCREMENT FINANCING PLAN DESCRIBED IN SUBSECTION (1) FOR SCHOOL OPERATING TAX PURPOSES.

SEC. 166D. (1) FUNDS APPROPRIATED UNDER THIS ACT SHALL NOT BE EXPENDED TO PROVIDE HEALTH CARE COVERAGE FOR DISTRICT OR INTERMEDIATE DISTRICT EMPLOYEES OR THEIR DEPENDENTS FOR ABORTION SERVICES, OTHER THAN FOR SPONTANEOUS ABORTION OR TO PREVENT THE DEATH OF THE WOMAN UPON WHOM THE ABORTION IS PERFORMED, IF THOSE SERVICES ARE NOT REQUIRED BY A COLLECTIVE BARGAINING AGREEMENT.

(2) A DISTRICT OR INTERMEDIATE DISTRICT SHALL NOT APPROVE A COLLECTIVE BARGAINING AGREEMENT WHICH INCLUDES HEALTH CARE COVERAGE FOR ABORTION SERVICES OTHER THAN SPONTANEOUS ABORTION OR TO PREVENT THE DEATH OF THE WOMAN UPON WHOM THE ABORTION IS PERFORMED. THIS SECTION SHALL NOT PROHIBIT A HEALTH CARE BENEFIT PROGRAM WHICH PROVIDES FOR AN EMPLOYEE-PAID RIDER PROVIDING COVERAGE FOR ABORTION SERVICES.

(3) IF A DISTRICT OR INTERMEDIATE DISTRICT EXPENDS FUNDS IN VIOLATION OF THIS SECTION, THE DISTRICT OR INTERMEDIATE DISTRICT SHALL FORFEIT 5% OF THE TOTAL STATE SCHOOL AID FOR THAT DISTRICT OR INTERMEDIATE DISTRICT.

SEC. 166E. BEFORE ENTERING INTO A CONTRACT IN AN AMOUNT IN EXCESS OF \$15,000.00 FOR ANY MATERIALS, SUPPLIES, OR EQUIPMENT OR A CONTRACT IN AN AMOUNT IN EXCESS OF \$15,000.00 FOR CONSTRUCTION OF A NEW BUILDING, OR ADDITION TO OR REPAIR OR RENOVATION OF AN EXISTING BUILDING, THE BOARD OF A DISTRICT ORGANIZED AS A SCHOOL DISTRICT OF THE FIRST CLASS UNDER PART 6 OF THE REVISED SCHOOL CODE, MCL 380.401 TO 380.485, OR ANY OTHER PURCHASING AUTHORITY WITHIN A DISTRICT ORGANIZED AS A SCHOOL DISTRICT OF THE FIRST CLASS, SHALL OBTAIN SEALED COMPETITIVE BIDS, AND THE DISTRICT SHALL AWARD SUCH A CONTRACT USING THIS COMPETITIVE BID PROCESS. THIS SECTION DOES NOT PROHIBIT A DISTRICT FROM MAKING A PUBLIC REQUEST FOR PROPOSALS BEFORE REQUESTING BIDS AND DOES NOT PROHIBIT A DISTRICT FROM AWARDED A CONTRACT BASED ON A COMBINATION OF PRICE, QUALITY, AND SERVICE FACTORS. A SCHOOL OFFICIAL OR MEMBER OF A SCHOOL BOARD OR OTHER PERSON WHO NEGLECTS OR REFUSES TO DO OR PERFORM AN ACT REQUIRED BY THIS SECTION, OR WHO VIOLATES OR KNOWINGLY PERMITS OR CONSENTS TO A VIOLATION OF THIS SECTION, IS GUILTY OF A MISDEMEANOR PUNISHABLE BY A FINE OF NOT MORE THAN \$500.00, OR IMPRISONMENT FOR NOT MORE THAN 3 MONTHS, OR BOTH.

Sec. 167. (1) The department in cooperation with the department of community health shall develop plans to assist districts and intermediate districts and local county health departments to comply with section 1177 of the revised school code, ~~being section 380.1177 of the Michigan Compiled Laws~~ MCL 380.1177, 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~~ 1978 PA 368, MCL 333.9209, for each school year.

(2) ~~In 1996-97, each~~ EACH district or intermediate district shall report to the local health department in which it is located by November 1, ~~1996~~ OF EACH FISCAL YEAR, in a manner prescribed by the department of community health, the immunization status of each pupil in grades K through 12 who enrolled in the district or intermediate district for the first time between January 1, ~~1996~~ and September 30, ~~1996~~ OF THE IMMEDIATELY PRECEDING FISCAL YEAR. Not later than December 31, ~~1996~~ OF EACH FISCAL YEAR, the department of community health shall notify the department by district or intermediate 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 revised school code, MCL 380.1177. If a district or intermediate district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the revised school code, MCL 380.1177, for at least 90% of the district's or intermediate district's entering pupils as recorded in the November 1 reports required under this subsection, the district or intermediate district is subject to subsection (4) until the district or intermediate district has such an immunization record for at least 90% of its pupils.

(3) ~~In 1996-97, each~~ EACH district or intermediate district shall again report to the local health department in which it is located by February 1, ~~1997~~ OF EACH FISCAL YEAR, in a manner prescribed by the department of community health, the immunization status of each pupil in grades K through 12 who enrolled in the district or intermediate district for the first time between January 1, ~~1996~~ OF THE IMMEDIATELY PRECEDING FISCAL YEAR and December 31, ~~1996~~ OF THE CURRENT FISCAL YEAR. Not later than March 31, ~~1997~~ OF EACH FISCAL YEAR, the department of community health shall notify the department by district or intermediate 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 revised school code, MCL 380.1177. If a district or intermediate district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the revised school code, MCL 380.1177, for at least 95% of the district's or intermediate district's entering pupils as recorded in the February 1, ~~1997~~ reports required

under this subsection, the district or intermediate district is subject to subsection (4) until the district or intermediate district has such an immunization record for at least 95% of its pupils. If the department of community health is not able to report to the department by March 31, ~~1997~~, because a district or intermediate district fails to submit a report as required in this subsection, or submits an incomplete, inaccurate, or late report, the district or intermediate district is subject to subsection (4) until the report is submitted in a complete and accurate form.

(4) If a district or intermediate district does not comply with this section, the department shall withhold 5% of the total funds due to the district or intermediate district under this act after the date the department of community health reports a district's or intermediate district's noncompliance with this section to the department until the district or intermediate district complies with this section. If the district or intermediate district does not comply with this section by the end of the fiscal year, the district or intermediate district forfeits the total amount withheld.

Sec. 169a. (1) A board member, official, or employee of a district or intermediate district shall not interfere with the right or ability of the Michigan ~~school~~ SCHOOLS for the deaf and blind to provide information about the residential program among parents and guardians of pupils or residents of the district or intermediate district.

(2) Upon determining that a pupil is deaf or hard of hearing, a district or intermediate district shall provide to the pupil's parent or legal guardian information, provided by the Michigan coalition for deaf and hard of hearing persons, on educational placement options for deaf and hard of hearing children.

(3) UPON DETERMINING THAT A PUPIL IS BLIND, A DISTRICT OR INTERMEDIATE DISTRICT SHALL PROVIDE TO THE PUPIL'S PARENT OR LEGAL GUARDIAN INFORMATION, PROVIDED BY THE MICHIGAN FEDERATION FOR THE BLIND, ON EDUCATIONAL PLACEMENT OPTIONS FOR BLIND CHILDREN.

Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 1997-98 is estimated at \$9,148,935,400.00 and state appropriations to be paid to local units of government for fiscal year 1997-98 are estimated at \$9,139,493,200.00.

Enacting section 2. The following acts and parts of acts are repealed:

(a) Sections 11b, 20h, 20i, 95, and 108 of the state school aid act of 1979, 1979 PA 94, MCL 388.1611b, 388.1620h, 388.1620i, 388.1695, and 388.1708.

(b) The career education act, 1974 PA 97, MCL 388.1311 to 388.1319.

Enacting section 3. (1) Except as otherwise provided in subsection (2), this amendatory act takes effect October 1, 1997.

(2) Section 6 of the state school aid act of 1979, 1979 PA 94, MCL 388.1606, as amended by this amendatory act, and sections 31c, 67, and 68 of the state school aid act of 1979, 1979 PA 94, as added by this amendatory act, take effect upon enactment of this amendatory act.

Third: That the House and Senate agree to the title of the bill to read as follows:

A bill to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to 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," by amending sections 3, 6, 6a, 11, 17b, 20, 20c, 20d, 23, 24, 25, 26, 31a, 36, 39, 41, 51a, 52, 53a, 54, 56, 57, 58, 61a, 62, 74, 81, 94, 99, 101, 107, 111, 124, 147, 151, 167, and 169a (MCL 388.1603, 388.1606, 388.1606a, 388.1611, 388.1617b, 388.1620, 388.1620c, 388.1620d, 388.1623, 388.1624, 333.1625, 388.1626, 388.1631a, 388.1636, 388.1639, 388.1641, 388.1651a, 388.1652, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1658, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694, 388.1699, 388.1701, 388.1707, 388.1711, 388.1724, 388.1747, 388.1751, 388.1767, and 388.1769a), sections 3, 6, 17b, 20c, 20d, 23, 24, 36, 39, 41, 52, 54, 56, 57, 58, 61a, 62, 74, 81, 94, 101, 111, 147, and 167 as amended and sections 25, 51a, 53a, and 169a as added by 1996 PA 300, sections 6a, 124, and 151 as amended by 1995 PA 130, sections 11, 20, 31a, 99, and 107 as amended by 1997 PA 24, and section 26 as amended by 1994 PA 283, and by adding sections 20k, 26a, 31b, 31c, 67, 68, 112, 166d, and 166e; and to repeal acts and parts of acts.

Bob Emerson
Thomas Kelly
Conferees for the House

Dan L. DeGrow
John Schwarz
Joe Conroy
Conferees for the Senate

Pending the order that, under joint rule 9, the conference report be laid over one day,
Senator DeGrow moved that the rule be suspended.

The motion prevailed.

The question being on the adoption of the conference report,

The first conference report was adopted, a majority of the members serving voting therefor, as follows:

Roll Call No. 458**Yeas—30**

Bennett	DeGrow	Miller	Shugars
Berryman	Dingell	North	Smith, A.
Bullard	Dunaskiss	O'Brien	Smith, V.
Byrum	Gast	Posthumus	Stallings
Carl	Geake	Rogers	Stille
Cherry	Gougeon	Schuette	Vaughn
Conroy	Hart	Schwarz	Young
DeBeaussaert	Koivisto		

Nays—2

Bouchard	Van Regenmorter
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Excused—2

Emmons	Peters
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Not Voting—4

Cisky	Hoffman	McManus	Steil
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In The Chair: Schwarz

Senators Schuette, Conroy and Bouchard asked and were granted unanimous consent to make statements and moved that the statements be printed in the Journal.

The motion prevailed.

Senator Schuette's statement is as follows:

I wanted to make a statement concerning the conference report. I so much appreciate the leadership that our Majority Floor Leader provided in making sure we accomplished the K-12 report. I voted for it, but I do have some concerns that the Romulus-Berrien Academy is no longer able to have a charter school. I think they ought to know that we understand what is going on and this is wrong. You cannot deny kids and parents the freedom of choosing where they want to go within the public school system. We cannot continue to isolate the problem. That is where the challenges are the greatest. I think we need to continue to work to make sure that there is freedom of educational choice in public schools, wherever you live in Michigan.

Senator Conroy's statement is as follows:

I would like to thank Senator DeGrow and you, as well, and others in this body who have decided we should make a large effort to lower the class size with those very early grades, the first four grades. There is provision in this bill for that to take place.

About 60-some school districts will be able to apply for dollars to lower those class sizes, to see if they wouldn't also share in the same results that Flint did in terms of increasing the scores on tests and reading and writing and computing. That money is in this bill. Those districts will be able to apply for those dollars.

We have extended the dateline for them to apply because of the lateness of this day and passing this. We know that they can still take time to do that application process and to get some support to lower those class sizes down to seventeen.

There are many other items in this budget, I think, that will make a positive difference in the lives of youngsters to become better adults, to be better prepared as they wing their way through the K-12 system.

Again, thanks to you, Mr. President, and to Senator Dan DeGrow, chair of the committee, for listening and including this in the bill.

Senator Bouchard's statement is as follows:

I was not sure exactly if we were going to be in here for the next eight weeks straight. Figuring that this is going to be our last day, I wanted to have the opportunity to mention the fact that one of my long time staffers is moving on to study foreign affairs in Europe and he will be greatly missed. Art Jones is someone who I think everyone has come to know over time. He has been with me for many, many years. He is the kind of guy who is a "can do" person. Many would say he does not have a life outside of the office, because he is so dedicated. Everything is done to the 10th degree and he will be sorely missed, certainly by me and by his friends and co-workers. Many of you have come to know Art on a personal level. We certainly, and me in particular, wish him all the best in his endeavors in Europe and his studies of foreign affairs. Just wanted to make sure that he understood how much he has meant to the office and to everyone here.

By unanimous consent the Senate returned to the order of

Motions and Communications

Senator DeGrow moved that the Committee on Appropriations be discharged from further consideration of the following bills:

Senate Bill No. 178, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 11, 13, 17b, 18, 20, 24, 26, 31a, 36, 39, 41, 51a, 52, 53a, 54, 56, 57, 58, 61a, 62, 74, 81, 94, 99, 101, 104a, 107, 108, 111, 124, 147, 151, 163, 167, and 169a (MCL 388.1603, 388.1606, 388.1611, 388.1613, 388.1617b, 388.1618, 388.1620, 388.1624, 388.1626, 388.1631a, 388.1636, 388.1639, 388.1641, 388.1651a, 388.1652, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1658, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694, 388.1699, 388.1701, 388.1704a, 388.1707, 388.1708, 388.1711, 388.1724, 388.1747, 388.1751, 388.1763, 388.1767, and 388.1769a), sections 3, 6, 11, 13, 17b, 18, 20, 24, 31a, 36, 39, 41, 52, 54, 56, 57, 58, 61a, 62, 74, 81, 94, 99, 101, 104a, 111, 124, 147, 163, and 167 as amended and sections 51a, 53a, 107, 108, and 169a as added by 1996 PA 300, section 26 as amended by 1994 PA 283, and section 151 as amended by 1995 PA 130, and by adding sections 17d, 20g, 20j, 26a, 61b, 61c, and 61d; and to repeal acts and parts of acts.

Senate Bill No. 647, entitled

A bill to create the Michigan public school employees pension finance authority and to prescribe its powers and duties; to create certain funds; to create a board and to prescribe its powers and duties; to provide for the issuance of and terms and conditions of bonds and notes of the authority; to provide for the use of the proceeds of the bonds and notes and their repayment; to prescribe powers and duties of certain state officers, departments, and agencies; and to make an appropriation.

Senate Bill No. 648, entitled

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," by amending sections 4, 5, 30, 34, 36, 41, 41a, 42, and 91 (MCL 38.1304, 38.1305, 38.1330, 38.1334, 38.1336, 38.1341, 38.1341a, 38.1342, and 38.1391), sections 4, 34, 41a, and 91 as amended by 1996 PA 488, sections 5 and 30 as amended by 1994 PA 272, section 36 as added by 1989 PA 194, section 41 as amended by 1996 PA 278, and section 42 as amended by 1996 PA 268, and by adding section 1a.

The motion prevailed, a majority of the members serving voting therefor, and the bills were placed on the order of General Orders.

Senator DeGrow moved that the rules be suspended and that the following bills, now on the order of General Orders, be placed on their immediate passage:

Senate Bill No. 178

Senate Bill No. 647

Senate Bill No. 648

The motion prevailed, a majority of the members serving voting therefor.

Recess

Senator DeGrow moved that the Senate recess subject to the call of the President.
The motion prevailed, the time being 12:22 p.m.

12:47 p.m.

The Senate was called to order by the President pro tempore, Senator Schwarz.

By unanimous consent the Senate proceeded to the order of
Third Reading of Bills

By unanimous consent the Senate proceeded to consideration of the following bill:

Senate Bill No. 647, entitled

A bill to create the Michigan public school employees pension finance authority and to prescribe its powers and duties; to create certain funds; to create a board and to prescribe its powers and duties; to provide for the issuance of and terms and conditions of bonds and notes of the authority; to provide for the use of the proceeds of the bonds and notes and their repayment; to prescribe powers and duties of certain state officers, departments, and agencies; and to make an appropriation.

The above bill was read a third time.

The question being on the passage of the bill,
 Senator DeGrow offered the following substitute:
 Substitute (S-1).

The substitute was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was passed, a majority of the members serving voting therefor, as follows:

Roll Call No. 459

Yeas—20

Bennett	DeGrow	Koivisto	Schuette
Bouchard	Dunaskiss	Miller	Schwarz
Bullard	Gast	North	Shugars
Carl	Geake	Posthumus	Stille
Conroy	Gougeon	Rogers	Van Regenmorter

Nays—12

Berryman	DeBeaussaert	O'Brien	Stallings
Byrum	Dingell	Smith, A.	Vaughn
Cherry	Hart	Smith, V.	Young

Excused—2

Emmons	Peters
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Not Voting—4

Cisky	Hoffman	McManus	Steil
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In The Chair: Schwarz

The Senate agreed to the title of the bill.

Protests

Senators Cherry, Byrum and Dingell, under their constitutional right of protest (Art. IV, Sec. 18), protested against the adoption of the substitute offered by Senator DeGrow to Senate Bill No. 647 and moved that the statements they made during the discussion of the substitute be printed as their reasons for voting "no."

The motion prevailed.

Senator Cherry's first statement is as follows:

I recall yesterday that when we had the transportation package before us, one of the bills that we voted on was a cut in the sales tax. Today what we have is a package that, in dealing with the pension system as it applies to school employees, will begin to fund state operational cost by bonding. I am not talking about bonding for capital improvements, which is a generally accepted practice in government. We are talking about bonding for operational purposes. In some sense we are making some admission here that we do not have sufficient state funds for this operational purpose, so we are going to bond for it. In my mind, that is a dangerous step and in particular it is a dangerous step after yesterday voting to cut the sales tax. That is, to me, the height of fiscal irresponsibility.

We have seen, and I do not have the figures right at my fingertips, but we have seen a dramatic explosion in the amount of state bonded debt. All of that has gone for capital improvement. But now we are going to put on top of that enormous growth in state debt, bonds for operations. I think that is a road that we do not want to start down. There is a fine line between a federal deficit financed by treasury bonds and a state deficit financed by general obligation bonds. You can make a good argument that they are not the same, because the state general obligation bond goes for capital purposes. You purchase an asset whose value off sets the cost of the bond. But now, when you make this step and begin dealing with operational obligations, by floating bonds we are doing nothing more than what the federal government has done these many years in financing their deficit by treasury bonds. This is the closest that we can come to engaging in federal deficit spending, as what this is being propertied to do here, which is to pay off the unfunded liability of the pension system by selling bonds on Wall Street to capitalize an authority that will pay off that unfunded liability.

This is a package. I am not sure if this particular bill is the one that would accomplish creating the authority that will sell the bonds, but the package will do that. I would urge that we all look very closely at this. If it is your decision to have these bonds sold to pay-off an operational expense, be aware that is a significant precedent and we are beginning to walk down a road that we may regret later on.

Senator Cherry's second statement is as follows:

You know when you pay off the unfunded liability what you and I assume would be the case is that when you're done, it's paid off, there's no unfunded liability. But I think that what's not being said here is that when we alter the assumptions, and reduce the cost, the value or amount of the unfunded liability and then pay it off, what will happen is that the assumptions will change back. All of a sudden what will reappear is the unfunded liability. What we're going to do here is change the assumptions, sell bonds, pay off the unfunded liability and the next day the assumptions will change again and this unfunded liability will reappear at a higher level than the lower amount that you had when you paid it off. If that's not a shell game, if that isn't some sort of pay-per-gimickry, I don't know what is.

Somehow to argue your pension obligation is not an operational cost is clearly in error. One of the obligations you have, we have, because of our statutes and agreements, is that we contribute and maintain a pension system on behalf of our employees, on behalf of school employees. That is an operational cost that we incur, our school districts incur.

This is not a capital investment. We do not have a capital asset here that can stand and balance to the bond levy. We don't own anything. We don't purchase anything that we then own that somehow stands in balance. We simply pay a debt, that's all we do.

This is not the typical capital financing that occurs through the normal bonding process. This is taking on notes. This is levying bonds to pay a debt. This is no different than what the federal government does. I don't think that we want to engage in that process.

What is so amazing, is that when it is all said and done we'll still have an unfunded liability. It may be a different story, perhaps we can stretch and break this line between operations and capital investment, if, when it is all said and done there would be no liability, but when this is all said and done there will still be a liability. And, on that basis, I just think it's an unwise practice.

Senator Byrum's statement is as follows:

I rise to concur with what Senator Cherry has just said.

I find it very difficult to be able to place a vote in support of this package at this point in time. This is a very serious issue before us. I can sympathize with how serious the Durant decision is going to be for the state of Michigan. It's a lot of money. It has a great impact on all of Michigan's school districts.

Also, we have a lot at stake with the pension funds and the school districts don't dissolve themselves of the liability if our assumptions prove not to be accurate. It is an issue of significant enough weight and future repercussions and liability to the school districts that I do not think we should be doing them by discharging from committing, voting today and sending them over to the House so they can be worked on. I would be much more comfortable if I thought the people in charge of working on the legislation were working on it in this body, maybe in conjunction with the House, so that I have a full grasp of exactly what was involved here and had a chance to communicate back to my school district. Understand it's a lot of money up front, but it could potentially be a greater liability in the long run.

Regretfully, I can't participate in a "yes" vote and support this at this time.

Senator Dingell’s statement is as follows:

I’ve spoken many times in the past about how accountants drive me absolutely nuts. They used to when I was an engineer in the mill. They still do now here in the Michigan State Senate. They exercise these shell games where they move money around and claim things have somehow changed their status when they haven’t.

You look at what has happened since the previous administration and we’ve gone from about \$3 billion in the hole to about \$10 billion in the hole. And you wonder when it is going to end. Here in the Michigan Senate you see votes in favor of a balanced budget amendment when if we were to adopt the same kind of language that people on the other side of the aisle have advocated the U.S. Congress adopt, we wouldn’t be able to do this kind of thing. What we seem to be simply lacking is fiscal conservative and fiscal integrity.

Senator DeGrow moved that Senators Steil, McManus and Cisky be excused from the balance of today’s session. The motion prevailed.

The following bill was read a third time:

Senate Bill No. 648, entitled

A bill to amend 1980 PA 300, entitled “The public school employees retirement act of 1979,” by amending sections 4, 5, 30, 34, 36, 41, 41a, 42, and 91 (MCL 38.1304, 38.1305, 38.1330, 38.1334, 38.1336, 38.1341, 38.1341a, 38.1342, and 38.1391), sections 4, 34, 41a, and 91 as amended by 1996 PA 488, sections 5 and 30 as amended by 1994 PA 272, section 36 as added by 1989 PA 194, section 41 as amended by 1996 PA 278, and section 42 as amended by 1996 PA 268, and by adding section 1a.

The question being on the passage of the bill,

Senator DeGrow offered the following substitute:

Substitute (S-1)*.

The substitute was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was passed, a majority of the members serving voting therefor, as follows:

Roll Call No. 460

Yeas—20

Bennett	DeGrow	Koivisto	Schuette
Bouchar	Dunaskiss	Miller	Schwarz
Bullard	Gast	North	Shugars
Carl	Geake	Posthumus	Stille
Conroy	Gougeon	Rogers	Van Regenmorter

Nays—12

Berryman	DeBeaussaert	O’Brien	Stallings
Byrum	Dingell	Smith, A.	Vaughn
Cherry	Hart	Smith, V.	Young

Excused—5

Cisky	McManus	Peters	Steil
Emmons			

Not Voting—1

Hoffman

In The Chair: Schwarz

Senator DeGrow offered to amend the title to read as follows:

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," by amending the title and sections 4, 5, 30, 34, 36, 41, 41a, and 42 (MCL 38.1304, 38.1305, 38.1330, 38.1334, 38.1336, 38.1341, 38.1341a, and 38.1342), the title and sections 4, 34, and 41a as amended by 1996 PA 488, sections 5 and 30 as amended by 1994 PA 272, section 36 as added by 1989 PA 194, section 41 as amended by 1996 PA 278, and section 42 as amended by 1996 PA 268, and by adding sections 41c and 113.

The amendment to the title was adopted.

The Senate agreed to the title as amended.

The following bill was read a third time:

Senate Bill No. 178, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 11, 13, 17b, 18, 20, 24, 26, 31a, 36, 39, 41, 51a, 52, 53a, 54, 56, 57, 58, 61a, 62, 74, 81, 94, 99, 101, 104a, 107, 108, 111, 124, 147, 151, 163, 167, and 169a (MCL 388.1603, 388.1606, 388.1611, 388.1613, 388.1617b, 388.1618, 388.1620, 388.1624, 388.1626, 388.1631a, 388.1636, 388.1639, 388.1641, 388.1651a, 388.1652, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1658, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694, 388.1699, 388.1704a, 388.1707, 388.1708, 388.1711, 388.1724, 388.1747, 388.1751, 388.1763, 388.1767, and 388.1769a), sections 3, 6, 11, 13, 17b, 18, 20, 24, 31a, 36, 39, 41, 52, 54, 56, 57, 58, 61a, 62, 74, 81, 94, 99, 101, 104a, 111, 124, 147, 163, and 167 as amended and sections 51a, 53a, 107, 108, and 169a as added by 1996 PA 300, section 26 as amended by 1994 PA 283, and section 151 as amended by 1995 PA 130, and by adding sections 17d, 20g, 20j, 26a, 61b, 61c, and 61d; and to repeal acts and parts of acts.

The question being on the passage of the bill,

Senator DeGrow offered the following substitute:

Substitute (S-1).

The question being on the adoption of the substitute,

Senator DeGrow offered the following amendments to the substitute:

1. Amend page 4, line 2, after "TO" by inserting "1/9 OF".
2. Amend page 4, line 2, after "ESTIMATED" by inserting "ANNUAL".

The amendments to the substitute were adopted.

The substitute, as amended, was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was passed, a majority of the members serving voting therefor, as follows:

Roll Call No. 461

Yeas—20

Bennett	DeGrow	Koivisto	Schuette
Bouchard	Dunaskiss	Miller	Schwarz
Bullard	Gast	North	Shugars
Carl	Geake	Posthumus	Stille
Conroy	Gougeon	Rogers	Van Regenmorter

Nays—12

Berryman	DeBeaussaert	O'Brien	Stallings
Byrum	Dingell	Smith, A.	Vaughn
Cherry	Hart	Smith, V.	Young

Excused—5

Cisky	McManus	Peters	Steil
Emmons			

Not Voting—1

Hoffman

In The Chair: Schwarz

Senator DeGrow offered to amend the title to read as follows:

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending section 17a (MCL 388.1617a), as amended by 1996 PA 300, and by adding section 147a.

The amendment to the title was adopted.

The Senate agreed to the title as amended.

Senator DeGrow moved that Senator Hoffman be excused from the balance of today's session.

The motion prevailed.

Recess

Senator DeGrow moved that the Senate recess until 3:00 p.m.

The motion prevailed, the time being 1:18 p.m.

The Senate reconvened at the expiration of the recess and was called to order by the President pro tempore, Senator Schwarz.

By unanimous consent the Senate returned to the order of

Messages from the House**Senate Bill No. 272, entitled**

A bill to make and supplement appropriations for various state departments and agencies for the fiscal year ending September 30, 1997 and for the fiscal year ending September 30, 1996; to provide for the expenditure of the appropriations; and to repeal acts and parts of acts.

(This bill was returned from the House earlier today, substituted and the recommendation for immediate effect postponed. See p. 1245.)

The question being on concurring in the committee recommendation to give the bill immediate effect,

The recommendation was concurred in, 2/3 of the members serving voting therefor.

Recess

Senator DeGrow moved that the Senate recess subject to the call of the President.

The motion prevailed, the time being 3:08 p.m.

3:50 p.m.

The Senate was called to order by the President pro tempore, Senator Schwarz.

Recess

Senator DeGrow moved that the Senate recess subject to the call of the President.

The motion prevailed, the time being 3:51 p.m.

5:04 p.m.

The Senate was called to order by the President pro tempore, Senator Schwarz.

Committee Reports

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Senate Bill No. 164 submits the following:
Meeting held on Wednesday, July 2, 1997, at 9:00 a.m., Senate Appropriations Room, Capitol Building
Present: Senators McManus (C), Gast and Koivisto

COMMITTEE ATTENDANCE REPORT

The Conference Committee on House Bill No. 4307 submits the following:
Meeting held on Wednesday, July 2, 1997, at 9:00 a.m., House Appropriations Room, Capitol Building
Present: Senators Cisky (C) and Vaughn
Excused: Senator Hoffman

COMMITTEE ATTENDANCE REPORT

The Conference Committee on House Bill No. 4305 submits the following:
Meeting held on Wednesday, July 2, 1997, at 9:30 a.m., Senate Appropriations Room, Capitol Building
Present: Senators Gast (C), DeGrow and Vaughn

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Senate Bill No. 174 submits the following:
Meeting held on Wednesday, July 2, 1997, at 1:00 p.m., Senate Appropriations Room, Capitol Building
Present: Senators Hoffman (C) and O'Brien
Excused: Senator DeGrow

COMMITTEE ATTENDANCE REPORT

The Conference Committee on House Bill No. 4309 submits the following:
Meeting held on Wednesday, July 2, 1997, at 2:00 p.m., Rooms 402 and 403, Capitol Building
Present: Senators Schwarz (C), Cisky and Koivisto

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Senate Bill No. 169 submits the following:
Meeting held on Wednesday, July 2, 1997, at 4:00 p.m., Rooms 402 and 403, Capitol Building
Present: Senators Geake (C), Steil and Conroy

COMMITTEE ATTENDANCE REPORT

The Conference Committee on House Bill No. 4308 submits the following:
Meeting held on Wednesday, July 2, 1997, at 4:15 p.m., Rooms 402 and 403, Capitol Building
Present: Senators DeGrow (C), Schwarz and Conroy

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Senate Bill No. 170 submits the following:
Meeting held on Wednesday, July 2, 1997, at 6:00 p.m., Senate Appropriations Room, Capitol Building
Present: Senators DeGrow (C) and A. Smith
Absent: Senator Steil

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Senate Bill No. 171 submits the following:
Meeting held on Monday, July 7, 1997, at 9:20 a.m., Senate Appropriations Room, Capitol Building
Present: Senators DeGrow (C), Steil and A. Smith

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Senate Bill No. 170 submits the following:
Meeting held on Monday, July 7, 1997, at 6:00 p.m., Senate Appropriations Room, Capitol Building
Present: Senators DeGrow (C), Steil and A. Smith

Senator DeGrow moved that the Senate adjourn.
The motion prevailed, the time being 5:05 p.m.

The President pro tempore, Senator Schwarz, declared the Senate adjourned until Tuesday, July 15, at 10:00 a.m.

CAROL MOREY VIVENTI
Secretary of the Senate.

