

Act No. 339
Public Acts of 1998
Approved by the Governor*
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*Item Vetoes

Sec. 6(4)(y).
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Sec. 11j.
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Sec. 11k.
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STATE OF MICHIGAN
89TH LEGISLATURE
REGULAR SESSION OF 1998

**Introduced by Reps. Agee, Wallace, Schroer, Hood, Prusi, Mans, Kelly, Martinez, LaForge, Mathieu, Tesanovich, Baade, Gubow, Wetters, Cherry, Gire, Baird, Profit, Price, Gagliardi, Hale and Basham
Reps. Anthony, Bodem, Bogardus, Callahan, DeHart, Dobb, Johnson, Law, Middleton, Olshove, Owen, Oxender, Raczkowski, Schermesser, Scott, Varga, Vaughn and Wojno named co-sponsors**

ENROLLED HOUSE BILL No. 5516

AN ACT to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to prescribe penalties; and to repeal acts and parts of acts," by amending sections 6, 8a, 11, 11f, 11g, 11i, 20, 24, 26a, 31a, 31c, 36, 36a, 41, 51a, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94, 99, 101, 107, 147, and 166b (MCL 388.1606, 388.1608a, 388.1611, 388.1611f, 388.1611g, 388.1611i, 388.1620, 388.1624, 388.1626a, 388.1631a, 388.1631c, 388.1636, 388.1636a, 388.1641, 388.1651a, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1668, 388.1674, 388.1681, 388.1694, 388.1699, 388.1701, 388.1707, 388.1747, and 388.1766b), sections 6, 11, 20, 24, 26a, 31a, 36, 41, 51a, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94, 99, 101, 107, and 147 as amended and sections 8a, 11f, 11g, 11i, 31c, and 36a as added by 1997 PA 142 and section 166b as amended by 1996 PA 300, and by adding sections 11j, 11k, 20b, 31b, 63, and 165.

The People of the State of Michigan enact:

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

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

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

transferred out of the district, transferred to alternative programs, and have graduated, to determine the number of pupils who are unaccounted for. The number of pupils unaccounted for shall be calculated as determined by the department.

(4) "Membership", except as otherwise provided in this act, means for a district, public school academy, university school, or intermediate district the sum of the product of .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. The amount of the foundation allowance for a pupil in membership is determined under section 20. In making the calculation of membership, all of the following, as applicable, apply to determining the membership of a district, public school academy, university school, or intermediate district:

(a) Except as otherwise provided in this subsection, 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.

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

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

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

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

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

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

(i) If operations begin before the pupil membership count day for the fiscal year, membership is the average number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year and on the supplemental count day for the current school year, as determined by the department and calculated by adding the number of pupils registered for attendance on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the 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) The number of class hours used to calculate full-time equated memberships shall be consistent with section 1284 of the revised school code, MCL 380.1284. In determining full-time equated memberships for pupils who are enrolled in a postsecondary institution, a pupil shall not be considered to be less than a full-time equated pupil solely because of the effect of his or her postsecondary enrollment, including necessary travel time, on the number of class hours provided by the district to the pupil.

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

(s) For a district 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 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.

(u) 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) 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) 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) For 1997-98 only, if a pupil was enrolled in a public school academy on the pupil membership count day, if the public school academy's contract with its authorizing body is revoked, and if the pupil enrolls in a district within 45 days after the pupil membership count day, the department shall adjust the district's pupil count for the pupil membership count day to include the pupil in the count.

(y) If a district has less than 7.00 full-time equated pupils in membership, the district's membership shall be considered to be 6.00 full-time equated pupils.

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

(6) "Pupil" means a person in membership in a public school. A district must have the approval of the pupil's district of residence to count the pupil in membership, except approval by the pupil's district of residence shall not be required for nonpublic part-time pupils enrolled in grades 1 to 12 in accordance with section 166b, 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, 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. However, if a district that is not a first class district educates pupils who reside in a first class district and if the primary instructional site for those pupils is located within the boundaries of the first class district, the educating district must have the approval of the first class district to count those pupils in membership. As used in this subsection, "first class district" means a district organized as a school district of the first class under the revised school code.

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

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

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

(i) Fourth Wednesday in July.

(ii) Fourth Wednesday in September.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

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

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

(10) "School fiscal year" means a fiscal year 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, 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. 8a. For each of the district's school buildings that operate some or all of grades K-3, a district shall report to the department not later than December 1 of each school year the average number of pupils per class in grades K-3 in the school building.

Sec. 11. (1) For the fiscal year ending September 30, 1998, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$8,717,471,600.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$377,935,400.00 from the general fund. For the fiscal year ending September 30, 1999, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$8,995,776,300.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$420,613,500.00 from the general fund. For the fiscal year ending September 30, 2000, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$9,370,899,200.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$420,613,500.00 from the general fund. In addition, available federal funds are appropriated for 1997-98, for 1998-99, and for 1999-2000.

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

(3) If the maximum amount appropriated under this section and sections 11f and 11g from the state school aid fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, payments under sections 11f, 11g, and 51a(2) shall be made in full and payments under each of the other sections of this act shall be prorated on an equal percentage basis as necessary to reflect the amount available for expenditure from the state school aid fund for that fiscal year. However, if the department of treasury determines that proration will be required under this subsection, the department of treasury shall notify the 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. 11f. (1) In addition to any other money appropriated under this act, there is appropriated from the state school aid fund an amount not to exceed \$32,000,000.00 each fiscal year for the fiscal year ending September 30, 1999, for the fiscal year ending September 30, 2000, and for each succeeding fiscal year through the fiscal year ending September 30, 2008. Payments under this section will cease after September 30, 2008. These appropriations are for paying the amounts described in subsection (4) to districts and intermediate districts, other than those receiving a lump sum payment under subsection (2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, have submitted to the state treasurer a board resolution waiving any right or interest the district or intermediate district has or may have in any claim or litigation based on or arising out of any claim or potential claim through September 30, 1997 that is or was similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan. The waiver resolution shall be in form and substance as required under subsection (8). The state treasurer is authorized to accept such a waiver resolution on behalf of this state. The amounts described in this subsection represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this subsection.

(2) In addition to any other money appropriated under this act, there is appropriated from the state school aid fund an amount not to exceed \$1,700,000.00 for the fiscal year ending September 30, 1999. This appropriation is for paying the amounts described in this subsection to districts and intermediate districts that were not plaintiffs in the consolidated cases known as Durant v State of Michigan; that, on or before March 2, 1998, have submitted to the state

treasurer a board resolution waiving any right or interest the district or intermediate district has or may have in any claim or litigation based on or arising out of any claim or potential claim through September 30, 1997 that is or was similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan; and for which the total amount listed in section 11h and paid under this section is less than \$75,000.00. The waiver resolution shall be in form and substance as required under subsection (8). The state treasurer is authorized to accept such a waiver resolution on behalf of this state. For a district or intermediate district qualifying for a payment under this subsection, the entire amount listed for the district or intermediate district in section 11h shall be paid in a lump sum on November 15, 1998 or on the next business day following that date. The amounts paid under this subsection represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this subsection.

(3) This section does not create any obligation or liability of this state to any district or intermediate district that does not submit a waiver resolution described in subsection (1) or (2). This section, any other provision of this act, and section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, are not intended to admit liability or waive any defense that is or would be available to this state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district.

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

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

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

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

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

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

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

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

Now, therefore, be it resolved as follows:

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

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

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

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

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

(9) In order for the democratic process to inform and shape distribution of the money paid under this section and section 11g, as referenced in the Michigan supreme court’s July 31, 1997 opinion in the consolidated cases known as Durant v State of Michigan, before June 30, 1998, the board of a district or intermediate district that qualifies to receive funds under this section or section 11g shall hold a public hearing of the board to discuss how the board will use those funds and, if applicable, any proceeds from bonds that may be issued under section 11i. The board may hold this hearing as part of a regularly scheduled board meeting if the public notice of that regular meeting clearly indicates that the issue of use of funds received under this section and section 11g will be on the agenda at the regular meeting.

Sec. 11g. (1) In addition to the appropriations under section 11f and any other money appropriated under this act, there is appropriated from the state school aid fund an amount not to exceed \$40,000,000.00 for the fiscal year ending September 30, 1999. In addition to any other money appropriated under this act, there is appropriated from the general fund an amount not to exceed \$40,000,000.00 for the fiscal year ending September 30, 2000 and for each succeeding fiscal year through the fiscal year ending September 30, 2013. Payments under this section will cease after September 30, 2013. These appropriations are for paying the amounts described in subsection (3) to districts and intermediate districts, other than those receiving a lump sum payment under section 11f(2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, have submitted to the state treasurer a waiver resolution described in section 11f. The amounts paid under this section represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this section.

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

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

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

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

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

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

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

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

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

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

(7) The state school aid fund appropriation under this section for 1998-99 is from the money appropriated and transferred to the state school aid fund from the countercyclical budget and economic stabilization fund under section 353e(2) of the management and budget act, 1984 PA 431, MCL 18.1353e.

Sec. 11i. (1) In addition to any other authority granted under law, an eligible district or intermediate district may borrow from the Michigan municipal bond authority created under the shared credit rating act, 1985 PA 227, MCL 141.1051 to 141.1077, an amount equal to 1/2 of the amount listed for the district or intermediate district in section 11h, in anticipation of the receipt of the payments appropriated under section 11g, and may authorize by resolution of its governing body and issue its bonds to evidence its obligations to the Michigan municipal bond authority on the terms and with those provisions as are provided by resolution of the board of the district or intermediate district and as are acceptable to the Michigan municipal bond authority if the bonds are accompanied by an opinion of bond counsel acceptable to the Michigan municipal bond authority to the effect that the interest on the bonds is excluded from gross income for federal income tax purposes. For the purposes of this section, an eligible district or intermediate district is a district or intermediate district, other than a district or intermediate district that receives a lump sum payment under section 11f(2), that qualifies to receive funds under sections 11f and 11g and that notifies the department of treasury not later than 5 p.m. eastern daylight time on June 30, 1998, in the form and manner prescribed by the department of treasury, that the district or intermediate district will borrow money and issue bonds under this section or is a district, other than a district that receives a lump sum payment under section 11f(2), that qualifies to receive funds under sections 11f and 11g, that has a membership of less than 2,000 full-time equated pupils, that has not submitted to the department of treasury a letter stating its intent not to borrow from the Michigan municipal bond authority, and that notified the department of treasury not later than 5 p.m. eastern daylight time on July 14, 1998, in the form and manner prescribed by the department of treasury, that the district will borrow money and issue bonds under this section. A district or intermediate district may pledge and assign to the Michigan municipal bond authority, as security for the bonds, all of the payments appropriated to it under section 11g but may not otherwise pledge or assign those payments. Bonds issued under this section are not subject to the municipal finance act, 1943 PA 202, MCL 131.1 to 139.3.

(2) Proceeds of bonds issued under this section shall be made available to districts and intermediate districts on or after November 15, 1998. Each district and intermediate district shall use proceeds of bonds issued by it under this section only for a purpose for which bonds may be issued under section 1351a of the revised school code, MCL 380.1351a.

(3) Bonds issued under this section do not constitute a general obligation or debt of a district or intermediate district within the meaning of any constitutional or statutory debt limitation.

(4) This section shall be construed as cumulative authority for the exercise of the powers granted in this section and shall not be construed to repeal any existing law. The purpose of this section is to create full and complete additional and alternate methods for the exercise of existing powers, and the powers conferred by this section are not affected or limited by any other statute or by any charter or incorporating document.

(5) A pledge made by a district or intermediate district under this section is valid and binding from the time the pledge is made. The revenue or other money pledged under this section and thereafter received by a district or intermediate district is immediately subject to the lien of the pledge without physical delivery of the revenue or money or any further act. The lien of such a pledge is valid and binding against a party having a claim of any kind in tort, contract, or otherwise against the district or intermediate district, irrespective of whether that party has notice of the pledge. The resolution or any other instrument by which a pledge is created is not required to be filed or recorded in order to establish and perfect a lien or security interest in the property pledged.

(6) Bonds issued under this section are not in any way a debt or liability of this state; do not create or constitute any indebtedness, liability, or obligation of this state; are not and do not constitute a pledge of the faith and credit of this state; and shall contain on their face a statement to that effect.

Sec. 11j. (1) For the purposes of section 11k, and subject to section 11k(8), the following amounts are allocated according to section 11k to districts and intermediate districts that operated a program under former section 53 in 1991-92, 1992-93, or 1993-94:

CODE	NAME	AMOUNT
02080	Superior Central school district.....	\$ 706
03000	Allegan intermediate school	\$ 41,838
03020	Otsego public schools	\$ 8,743

03040	Wayland union schools.....	\$	12,070
04000	Alpena intermediate school.....	\$	154,261
04010	Alpena public schools.....	\$	58,260
06050	Standish Sterling community schools.....	\$	3,089
08000	Barry intermediate school.....	\$	57,486
08050	Thornapple Kellogg school district.....	\$	2,688
09000	Bay Arenac intermediate school.....	\$	50,043
09010	Bay City school district.....	\$	24,378
11000	Berrien intermediate school.....	\$	209,261
12000	Branch intermediate school.....	\$	158,603
13000	Calhoun intermediate school.....	\$	497,688
13010	Albion public schools.....	\$	29,566
13020	Battle Creek public schools.....	\$	6,946
13070	Harper Creek community schools.....	\$	1,741
13135	Union City community school district.....	\$	523
14000	Lewis Cass intermediate school.....	\$	4,743
14020	Dowagiac union schools.....	\$	6,596
15000	Charlevoix Emmet intermediate school.....	\$	96,697
15050	Charlevoix public schools.....	\$	4,306
15060	East Jordan public school district.....	\$	20,715
16000	Cheboygan Otsego Presque Isle ISD.....	\$	886,768
16050	Inland Lakes school district.....	\$	2,064
17000	Eastern Upper Peninsula ISD.....	\$	92,912
17010	Sault Ste Marie area schools.....	\$	37,057
17090	Pickford public schools.....	\$	958
18000	Clare Gladwin intermediate school.....	\$	25,823
18020	Farwell area schools.....	\$	8,139
19000	Clinton intermediate school.....	\$	45,066
21000	Delta Schoolcraft intermediate school.....	\$	219,521
22000	Dickinson-Iron intermediate school.....	\$	1,088
23000	Eaton intermediate school.....	\$	371,476
23050	Eaton Rapids public schools.....	\$	34,958
23060	Grand Ledge public schools.....	\$	41,220
23065	Maple Valley school district.....	\$	35,974
23080	Olivet community schools.....	\$	3,019
25000	Genesee intermediate school.....	\$	1,007,900
25010	Flint city school district.....	\$	429,387
25050	Goodrich area schools.....	\$	6,672
25080	Carmen-Ainsworth community schools.....	\$	21,602
25100	Fenton area public schools.....	\$	59,517
25110	Kearsley community schools.....	\$	10,284
25120	Flushing community schools.....	\$	14,429
25150	Clio area school district.....	\$	41,321
25180	Swartz Creek community schools.....	\$	1,844
25200	Lake Fenton schools.....	\$	725
25240	Beecher community school district.....	\$	1,492
25250	Linden community school district.....	\$	6,588
25260	Montrose community schools.....	\$	24,597
26040	Gladwin community schools.....	\$	2,034
27000	Gogebic Ontonagon intermediate school.....	\$	28,223
28000	Traverse Bay intermediate school.....	\$	81,460
28010	Traverse City school district.....	\$	25,234
29000	Gratiot-Isabella intermediate school.....	\$	951,643
30000	Hillsdale intermediate school.....	\$	50,615
30020	Hillsdale community public schools.....	\$	10,855
31000	Copper Country intermediate school.....	\$	67,219
31110	Houghton-Portage township school district.....	\$	17,312
32090	Owendale Gagetown area schools.....	\$	677
33000	Ingham intermediate school.....	\$	800,463
33010	East Lansing school district.....	\$	10,424
33020	Lansing public school district.....	\$	211,767

33060	Haslett public schools	\$	5,789
33100	Leslie public schools.....	\$	6,519
33215	Waverly schools	\$	240,326
34000	Ionia intermediate school	\$	116,468
34010	Ionia public schools.....	\$	19,533
34080	Belding area school district	\$	18,593
34090	Lakewood public schools	\$	29,413
34110	Portland public school district.....	\$	9,336
34120	Saranac community schools	\$	1,593
35040	Whittemore Prescott area schools.....	\$	5,939
38000	Jackson intermediate school	\$	57,936
38040	Columbia school district	\$	196
38080	Concord community schools.....	\$	5,146
38140	Northwest school district.....	\$	6,823
39000	Kalamazoo intermediate school.....	\$	369,425
39010	Kalamazoo city school district.....	\$	299,823
39030	Comstock public schools	\$	2,037
39140	Portage public schools	\$	6,995
40040	Kalkaska public schools	\$	357
41010	Grand Rapids city school district.....	\$	442,115
41025	Northview public school district.....	\$	4,918
41026	Wyoming public schools.....	\$	68,868
41110	Forest Hills public schools.....	\$	17,583
41130	Grandville public schools.....	\$	2,586
41160	Kentwood public schools	\$	152,165
41170	Lowell area school district.....	\$	157,768
44000	Lapeer intermediate school	\$	373,032
44010	Lapeer community schools.....	\$	11,591
44090	North Branch area schools.....	\$	18,798
46000	Lenawee intermediate school	\$	116,602
46050	Britton Macon area school district	\$	3,369
46140	Tecumseh public schools.....	\$	5,914
47000	Livingston intermediate school.....	\$	163,395
47010	Brighton area schools.....	\$	10,859
47030	Fowlerville community schools.....	\$	18,319
48040	Tahquamenon area schools	\$	1,729
49010	St. Ignace city school district	\$	6,440
50000	Macomb intermediate school	\$	3,194,672
50140	L'anse Creuse public schools.....	\$	106,758
50160	Mt. Clemens community school district.....	\$	1,131
50230	Warren consolidated schools.....	\$	54,785
51000	Manistee intermediate school.....	\$	16,555
52000	Marquette Alger intermediate school.....	\$	179,291
54000	Mecosta-Osceola intermediate school.....	\$	694,699
54025	Chippewa Hills school district.....	\$	2,070
56000	Midland intermediate school.....	\$	10,631
58000	Monroe intermediate school.....	\$	158,826
58020	Airport community school district.....	\$	4,029
58050	Dundee community schools.....	\$	435
59000	Montcalm intermediate school.....	\$	70,449
59045	Montabella community school district	\$	1,669
59080	Tri County area schools.....	\$	4,074
59125	Central Montcalm public schools	\$	19,659
61000	Muskegon intermediate school.....	\$	881,322
61010	Muskegon city school district	\$	265,249
61080	Fruitport community schools	\$	4,493
61190	Orchard View schools	\$	794
61220	Reeths Puffer schools	\$	5,373
61240	Whitehall school district.....	\$	9,155
62040	Fremont public school district.....	\$	287
63000	Oakland County intermediate school district.....	\$	132,457

63030	Pontiac city school district.....	\$	602,428
63040	Royal Oak school district	\$	125,865
63060	Southfield public school district.....	\$	244,500
63080	Bloomfield Hills school district	\$	273,830
63110	Oxford area community school district.....	\$	137,181
63130	Hazel Park city school district	\$	6,153
63150	Troy public school district.....	\$	5,703
63180	Brandon school district.....	\$	9,853
63190	Clarkston community school district.....	\$	14,839
63200	Farmington public school district.....	\$	2,497,639
63210	Holly area school district	\$	52,093
63240	South Lyon community schools.....	\$	3,222
63250	Oak Park city school district	\$	62,403
63260	Rochester community school district.....	\$	8,013
63280	Lamphere public schools	\$	29,168
63300	Waterford school district.....	\$	867,606
67055	Pine River area schools.....	\$	1,183
67060	Reed City Public schools.....	\$	20,642
70000	Ottawa intermediate school.....	\$	398,091
70010	Grand Haven city school district.....	\$	6,246
70070	West Ottawa public school district.....	\$	3,002
70120	Coopersville public school district.....	\$	4,810
70175	Jenison public schools	\$	29,426
70350	Zeeland public schools	\$	6,939
71050	Onaway area community school district.....	\$	3,321
72000	C O O R intermediate school.....	\$	11,578
73000	Saginaw intermediate school.....	\$	215,750
73010	Saginaw city school district	\$	9,015
73170	Birch Run area school district.....	\$	8,217
73200	Freeland community school district.....	\$	11,932
73210	Hemlock public school district.....	\$	3,216
73230	Merrill community school district.....	\$	1,351
74000	St. Clair intermediate school.....	\$	528,290
74010	Port Huron area school district	\$	7,180
74050	East China township school district.....	\$	12,609
75000	St. Joseph intermediate school.....	\$	5,355
76000	Sanilac intermediate school.....	\$	39,109
76070	Carsonville-Port Sanilac school district.....	\$	3,165
76080	Croswell Lexington community schools.....	\$	1,626
76140	Marlette community schools.....	\$	19,535
76180	Peck community school district.....	\$	13,718
78000	Shiawassee intermediate school.....	\$	75,284
78080	Perry public school district.....	\$	5,590
79000	Tuscola intermediate school.....	\$	1,251,955
79080	Kingston community school district.....	\$	78,355
79090	Mayville community school district.....	\$	7,905
79100	Millington community schools	\$	42,209
79145	Unionville Sebewaing area schools.....	\$	6,594
80000	Van Buren intermediate school.....	\$	29,837
80010	South Haven public schools	\$	2,368
81000	Washtenaw intermediate school	\$	1,363,365
81010	Ann Arbor public schools.....	\$	97,931
81020	Ypsilanti school district.....	\$	21,472
81040	Chelsea school district	\$	363,554
81100	Milan area schools.....	\$	768
81120	Saline area school district	\$	5,955
81150	Willow Run community schools	\$	662
82000	Wayne intermediate school.....	\$	1,839,700
82010	Detroit city school district	\$	129,758
82050	Garden City school district	\$	469,478
82055	Grosse Pointe public schools.....	\$	124,591

82095	Livonia public schools.....	\$	30,551
82100	Plymouth Canton community schools.....	\$	47,667
82110	Redford union school district.....	\$	42,250
82130	Romulus community schools.....	\$	15,538
82140	South Redford school district.....	\$	873
82150	Taylor school district.....	\$	26,258
82160	Wayne-Westland community.....	\$	344,069
82170	Wyandotte city school district.....	\$	60,247
82180	Flat Rock community schools.....	\$	2,307
82290	Gibraltar school district.....	\$	3,495
82300	Grosse Ile township schools.....	\$	12,943
82340	Huron school district.....	\$	55,904
82365	Woodhaven school district.....	\$	8,045
82390	Northville public schools.....	\$	701,236
82400	Riverview community school district.....	\$	6,076
82405	Southgate community school district.....	\$	303,344
82430	Van Buren public schools.....	\$	23,970
83000	Wexford intermediate school.....	\$	91,347

(2) This section and any other provision of this act shall not be construed to constitute an admission of liability to the districts or intermediate districts designated in this section in any litigation or future litigation with a district or intermediate district. In addition, this section or any other provision of this act shall not be construed to constitute a waiver of any defense that is or would have been available to this state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district.

Sec. 11k. (1) In addition to any other money appropriated under this act, there is appropriated from the state school aid fund an amount not to exceed \$2,900,000.00 for the fiscal year ending September 30, 1999 and for the fiscal year ending September 30, 2000, and there shall be appropriated from the state school aid fund an amount not to exceed \$2,900,000.00 each fiscal year for each succeeding fiscal year through the fiscal year ending September 30, 2008. Payments under this section will cease after September 30, 2008. These appropriations are for paying the amounts described in subsection (3) to districts and intermediate districts, other than those receiving a lump sum payment under subsection (2), that operated a program under former section 53 in 1991-92, 1992-93, or 1993-94, and that are receiving an amount as listed in section 11j.

(2) In addition to any other money appropriated under this act, there is appropriated from the state school aid fund an amount not to exceed \$900,000.00 for the fiscal year ending September 30, 1999. This appropriation is for paying the amounts described in this subsection to districts and intermediate districts that operated a program under former section 53 in 1991-92, 1992-93, or 1993-94; that are receiving an amount as listed in section 11j; and for which the total amount listed in section 11j and paid under this section is less than \$25,000.00. For a district or intermediate district qualifying for a payment under this subsection, the entire amount listed for the district or intermediate district in section 11j shall be paid in a lump sum on November 15, 1998 or on the next business day following that date.

(3) The amount paid each fiscal year to each district or intermediate district under subsection (1) shall be 1/10 of the total amount listed in section 11j for each listed district or intermediate district that qualifies for a payment under subsection (1).

(4) This section and any other provision of this act shall not be construed to constitute an admission of liability to the districts or intermediate districts listed in section 11j or a waiver of any defense that is or would have been available to the state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district.

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

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

(7) The board of a district or intermediate district that qualifies to receive funds under this section shall hold a public hearing of the board to discuss how the board will use those funds. The board may hold this hearing as part of a regularly scheduled board meeting if the public notice of that regular meeting clearly indicates that the issue of use of funds received under this section will be on the agenda at the regular meeting.

Sec. 20. (1) For 1997-98 and 1998-99, the basic foundation allowance is \$5,462.00 per membership pupil. For 1999-2000, the basic foundation allowance is \$5,652.00 per membership pupil.

(2) From the appropriation in section 11, there is allocated for 1997-98 an amount not to exceed \$8,022,595,100.00, for 1998-99 an amount not to exceed \$7,970,387,300.00, and for 1999-2000 an amount not to exceed \$8,315,000,000.00, 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 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) 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.

(c) For 1998-99, each district's foundation allowance shall be at least \$5,170.00.

(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 of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the Brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils. For a district that has a millage reduction required under section 31 of article IX of the state

constitution of 1963, 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 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 1997-98 and for 1998-99 to the authorizing body that is the fiscal agent for 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 the sum of the basic foundation allowance under subsection (1) plus \$500.00, whichever is less. Notwithstanding section 101(2), for a public school academy that begins operations in 1997-98 or 1998-99, as applicable, after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 1284 of the revised school code, MCL 380.1284. The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection. Also, a public school academy that begins operations in 1997-98 or 1998-99, as applicable, 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 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 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 of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the Brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils, in the school fiscal year ending in the current state fiscal year, calculated as if the resident pupils in membership in 1 or more public school academies located in the district were in membership in the district. In order to receive state school aid under this act, a district described in this subsection shall pay to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy an amount equal to that local school operating revenue per membership pupil for each resident pupil in membership other than special education pupils in the public school academy, as determined by the department.

(8) If a district does not receive 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 other than 1997-98 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. Beginning with the 1998-99 fiscal year, if in the calendar year ending in the fiscal year a district does not levy 18 mills or the number of mills of school operating taxes levied by the district in 1993, whichever is less, on property that is not a homestead or qualified agricultural property, the payment under this subsection will be reduced by the same percentage as the millage actually levied compares to the 18 mills or the number of mills levied in 1993, whichever is less.

(10) 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, except for the January 1998 revenue estimating conference, each revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b, shall calculate a pupil membership factor, a revenue adjustment factor, and an index as follows:

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

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

(c) The index shall be calculated by multiplying the pupil membership factor by the revenue adjustment factor. However, for 1998-99 only, the index shall be 1.00. 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 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.

(16) 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 excluding special education pupils.

(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 excluding special education pupils.

(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" 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. 20b. (1) From the state school aid fund money appropriated in section 11 for 1998-99, there is allocated for 1998-99 only an amount not to exceed \$91,350,000.00 for payments to districts and intermediate districts under this section.

(2) The total amount allocated to districts under this section is \$90,600,000.00. The amount of the payment to each district under this section shall be as follows:

(a) For a district with a 1998-99 foundation allowance under section 20 at least equal to the amount of the 1998-99 basic foundation allowance under section 20, an amount equal to \$51.00 per 1998-99 membership pupil of the district.

(b) For a district with a 1998-99 foundation allowance under section 20 of less than the amount of the 1998-99 basic foundation allowance under section 20, an amount per 1998-99 membership pupil of the district equal to the amount calculated by multiplying 2 times \$51.00 and subtracting from that product the product of \$51.00 times the quotient of (the district's 1997-98 foundation allowance under section 20 minus \$5,124.00) divided by \$338.00.

(3) The total amount allocated to intermediate districts under this section is \$750,000.00. The amount of the payment to each intermediate district under this section shall be an amount equal to 0.9% of the sum of the amount of funding actually received by the intermediate district under section 81(1) for 1997-98 and the amount of funding actually received by the intermediate district under former section 11b as in effect for 1996-97.

(4) Notwithstanding section 17b, the payments due to a district or intermediate district under this section shall be made in 7 equal installments and shall be included in the monthly payments under section 17b for each month from February 1999 through August 1999.

Sec. 24. (1) Subject to subsection (2), from the appropriation in section 11, there is allocated for 1997-98, for 1998-99, and for 1999-2000 to the educating district or intermediate district an amount equal to 100% of the added cost each fiscal year for educating all pupils assigned by a court or the family independence agency to reside in or to attend a juvenile detention facility or child caring institution licensed by the family independence agency and approved by the department to provide an on-grounds education program. The total amount to be paid under this section for added cost shall not exceed \$7,000,000.00 each fiscal year for 1997-98 and 1998-99 and shall not exceed \$7,900,000.00 for 1999-2000. For the purposes of this section, "added cost" shall be computed by deducting all other revenue received under this act for pupils described in this section from total costs, as approved by the department, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution. Costs reimbursed by federal funds are not included.

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

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

Sec. 26a. From the general fund appropriation in section 11, there is allocated for 1997-98, for 1998-99, and for 1999-2000 an amount not to exceed \$6,584,200.00 each fiscal year 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 and 1998, respectively. 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 state school aid fund money appropriated in section 11, there is allocated for 1997-98 an amount not to exceed \$250,000,000.00, for 1998-99 an amount not to exceed \$260,000,000.00, and for 1999-2000 an amount not to exceed \$269,100,000.00, for payments to eligible districts and eligible public school academies under this section. Subject to subsection (11), 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. 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.

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

(3) Except as otherwise provided in this subsection, an eligible district or eligible public school academy shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the national school lunch act and as reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year, an amount per pupil equal to 11.5% of the district's foundation allowance or public school academy's per pupil allocation under section 20, 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. 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.

(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 the funds received under this

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

(6) Each district or public school academy receiving funds under this section shall submit to the department by 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 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) For 1997-98, 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 at least 25% of the total number of pupils in the building.

(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.

(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).

(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.

(13) Beginning in 1999-2000, a district or public school academy that does not meet the eligibility requirement under subsection (2)(a) is eligible for funding under this section if at least 1/3 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), and 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). A district or public school academy that is eligible for funding under this section for 1999-2000 because the district meets the requirements of this subsection shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as determined and reported as described in subsection (1), an amount per pupil equal to 5.75% of the district's foundation allowance or public school academy's per pupil allocation under section 20, 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.

(14) Beginning in 1999-2000, the total amount allocated under this section for a fiscal year shall be increased from the total amount allocated under this section for the immediately preceding fiscal year by the same percentage as the percentage increase in the amount of the basic foundation allowance under section 20 for that fiscal year from the amount of the basic foundation allowance under section 20 for the immediately preceding fiscal year.

(15) 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. From the state school aid fund appropriation in section 11, an amount not to exceed \$1,250,000.00 is allocated for 1999-2000 to 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 section 31a(1), to be used to extend the time schools of the district are open by an extra 3 hours per school day. Funds shall be distributed to eligible districts on a prorated basis, using total number of pupils per district as the basis for the proration. During the extra 3 hours per school day, a district receiving funds under this section shall use the funds for 1 or more of the following nonathletic program areas:

- (a) Academic games.
- (b) Computer literacy programs.
- (c) Peer mediation programs.
- (d) Conflict resolution programs.
- (e) Tutorial programs.
- (f) Literacy programs.

Sec. 31c. (1) From the state school aid fund appropriation in section 11, there is allocated for 1997-98 an amount not to exceed \$100,000.00 for planning grants to districts that are awarded pilot program grants under subsections (2) to (8) for 1998-99. An application for a grant under this subsection shall be in the form and manner prescribed by the superintendent of public instruction. The amount of each grant under this subsection shall be in the same proportion to the total allocation under this subsection as the proportion that the amount of the district's grant under subsections (2) to (8) bears to the total allocation under subsection (2). These planning grants shall be distributed not later than April 20, 1998.

(2) From the state school aid fund appropriation in section 11, there is allocated for 1998-99 and for 1999-2000 an amount not to exceed \$19,750,000.00 each fiscal year 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.

(3) To be eligible for a grant under subsection (2), a district must have at least 1 eligible school building and shall apply to the superintendent of public instruction not later than February 1, 1998 in the form and manner prescribed by the superintendent of public instruction. The department shall make applications available for this purpose not later than December 15, 1997. 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 superintendent of public instruction shall approve or disapprove applications and notify the applying district of that decision not later than April 1, 1998.

(4) 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.

(5) Not more than 25% of the total allocation under subsection (2) may be paid to any 1 particular district. The department shall make allocations under subsection (2) to at least 12 districts, and the districts shall be geographically diverse.

(6) A district receiving funds under subsection (2) 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 subsection (2) shall use at least \$2,000,000.00 or 25% of the funds the district receives for 1998-99 under section 31a, whichever is less, for the purposes of this section.

(7) Funding to districts under this section for 1998-99 is intended to be for the first of 4 years of funding and funding to districts under this section for 1999-2000 is intended to be for the second of 4 years of funding.

(8) From the general fund appropriation in section 11, there is allocated to the department for 1998-99 an amount not to exceed \$250,000.00 for a study of the effectiveness of small classes in improving pupil performance. The funds allocated under this subsection may be expended after the 1998-99 fiscal year through the end of either the fourth fiscal year of funding under this section or the final fiscal year of funding under this section, whichever occurs earlier.

Sec. 36. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$55,000,000.00 for 1997-98, an amount not to exceed \$55,000,000.00 for 1998-99, and an amount not to exceed \$60,000,000.00 for 1999-2000 for school readiness grants to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, Public Law 89-10, 108 Stat. 3519, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 89-10, 102 Stat. 140, and the head start act, subchapter B of chapter 8 of subtitle A of title VI of the omnibus budget reconciliation act of 1981, Public Law 97-35, 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. In addition, from the general fund money appropriated in section 11, there is allocated for 1997-98, for 1998-99, and for 1999-2000 an amount not to exceed \$200,000.00 each fiscal year for the purposes of subsection (2).

(2) From the general fund allocation in subsection (1), there is allocated each fiscal year for 1997-98, 1998-99, and 1999-2000 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) 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. 36a. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$2,000,000.00 each fiscal year for 1998-99 and for 1999-2000 to the department for grants for community based collaborative prevention services designed to foster positive parenting skills; improve parent/child interaction, especially for children 0-3 years of age; promote access to needed community services; increase local capacity to serve families at risk; improve school readiness; and support healthy family environments that discourage alcohol, tobacco, and other drug use. This appropriation is to fund secondary prevention programs as defined by the children's trust fund for the prevention of child abuse and neglect.

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

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

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

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

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed \$4,212,000.00 each fiscal year for 1997-98, for 1998-99, and for 1999-2000 to applicant districts and intermediate districts offering programs of bilingual instruction for pupils of limited English-speaking ability under section 1153 of the revised school code,

MCL 380.1153. Reimbursement shall be on a per pupil basis and shall be based on the number of pupils of limited English-speaking ability in membership on the pupil membership count day. Funds allocated under this section shall be used solely for bilingual instruction in speaking, reading, writing, or comprehension of pupils of limited English-speaking ability.

Sec. 51a. (1) From the appropriation in section 11, there is allocated \$818,786,700.00 for 1997-98 to consist of an amount not to exceed \$722,853,300.00 from state sources and \$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; there is allocated for 1998-99 an amount not to exceed \$760,148,600.00 from state sources and all available federal funding, estimated at \$120,000,000.00, plus any carryover federal funds from previous year appropriations; and there is allocated for 1999-2000 an amount not to exceed \$818,600,000.00 from state sources and all available federal funding, estimated at \$120,000,000.00, plus any carryover federal funds from previous year appropriations. The allocations under this subsection are for the purpose of reimbursing districts and intermediate districts for special education programs, services, and special education personnel as prescribed in article 3 of the revised school code, MCL 380.1701 to 380.1766; net tuition payments made by intermediate districts to the Michigan schools for the deaf and blind; and 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 under subsection (1), there is allocated for 1997-98 and for 1998-99 the amount necessary, estimated at \$620,906,100.00 for 1997-98, \$657,239,100.00 for 1998-99, and \$714,848,100.00 for 1999-2000, for payments toward reimbursing districts and intermediate districts for 28.6138% of total approved costs of special education, excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Allocations under this subsection shall be made as follows:

(a) The initial amount allocated to a district under this subsection toward fulfilling the specified percentages shall be calculated by multiplying the district's special education pupil membership, excluding pupils described in subsection (13), times the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and for the immediately preceding fiscal year and \$5,000.00, or, for a special education pupil in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil calculated under section 20(6). For an intermediate district, the amount allocated under this subdivision toward fulfilling the specified percentages shall be an amount per special education membership pupil, excluding pupils described in subsection (13), and shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and the immediately preceding fiscal year and \$5,000.00.

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

(3) From the funds allocated under subsection (1), there is allocated for 1997-98, for 1998-99, and for 1999-2000 the amount necessary, estimated at \$29,224,700.00 for 1997-98, \$28,995,600.00 for 1998-99, and \$29,400,000.00 for 1999-2000, to make payments to districts and intermediate districts under this subsection. If the amount allocated to a district or intermediate district for 1997-98, 1998-99, or 1999-2000 under subsection (2)(b) is less than the sum of the amounts allocated to the district or intermediate district for 1996-97 under sections 52 and 58, there is allocated to the district or intermediate district for 1997-98, for 1998-99, or for 1999-2000, or all of them as applicable, an amount equal to that difference, adjusted by applying the same proration factor that was used in the distribution of funds under section 52 in 1996-97 as adjusted to the district's or intermediate district's necessary costs of special education used in calculations for 1997-98, 1998-99, or 1999-2000. This adjustment is to reflect reductions in special education program operations between 1996-97 and 1997-98, 1998-99, or 1999-2000 as applicable.

(4) If the department determines that the sum of the amounts allocated for a fiscal year to a district or intermediate district under subsection (2)(a) and (b) is not sufficient to fulfill the specified percentages in subsection (2), then the shortfall shall be paid to the district or intermediate district during the fiscal year beginning on the October 1 following the determination and payments under subsection (3) shall be adjusted as necessary. If the department determines that the sum of the amounts allocated for a fiscal year to a district or intermediate district under subsection (2)(a) and (b) exceeds the sum of the amount necessary to fulfill the specified percentages in subsection (2), then the department shall deduct the amount of the excess from the district's or intermediate district's payments under this act for the fiscal year beginning on the October 1 following the determination and payments under subsection (3) shall be adjusted as

necessary. However, if the amount allocated under subsection (2)(a) in itself exceeds the amount necessary to fulfill the specified percentages in subsection (2), there shall be no deduction under this subsection.

(5) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$3,100,000.00 may be allocated by the department for 1997-98, and an amount not to exceed \$3,500,000.00 each fiscal year may be allocated by the department for 1998-99 and for 1999-2000, to districts or intermediate districts on a competitive grant basis for programs, equipment, and services that the department determines to be designed to benefit or improve special education on a statewide scale.

(6) From the amount allocated in subsection (1), there is allocated an amount not to exceed \$1,700,000.00 for 1997-98, and an amount not to exceed \$2,200,000.00 each fiscal year for 1998-99 and for 1999-2000, to reimburse 100% of the net increase in necessary costs incurred by a district or intermediate district in implementing the revisions in the administrative rules for special education that became effective on July 1, 1987. As used in this subsection, "net increase in necessary costs" means the necessary additional costs incurred solely because of new or revised requirements in the administrative rules minus cost savings permitted in implementing the revised rules. Net increase in necessary costs shall be determined in a manner specified by the department.

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

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

(b) Reimbursement for ancillary and other related services, as defined by R 340.1701 of the Michigan administrative code, shall not be provided when those services are covered by and available through private group health insurance carriers or federal reimbursed program sources unless the department and district or intermediate district agree otherwise and that agreement is approved by the 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.

(8) From the allocation in subsection (1), there is allocated for 1997-98, for 1998-99, and for 1999-2000 an amount not to exceed \$15,313,900.00 each fiscal year to intermediate districts. The payment under this subsection to each intermediate district shall be equal to the amount of the 1996-97 allocation to the intermediate district under this subsection.

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

(10) Notwithstanding section 6(4), for 1997-98 only, for pupils enrolled in a center program pursuant to an intermediate district plan the department shall use for the February 1997 supplemental count the definition of membership used for the 1997-98 pupil membership count day.

(11) 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.

(12) 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.

(13) From the funds allocated in subsection (1), there is allocated each fiscal year for 1997-98, for 1998-99, and for 1999-2000 the amount necessary, estimated at \$8,370,600.00 for 1997-98, \$9,562,000.00 for 1998-99, and \$10,000,000.00 for 1999-2000, to pay the foundation allowances for pupils described in this subsection. The allocation to a district under this subsection shall be calculated by multiplying the number of pupils described in this subsection who are counted in membership in the district times the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and for the immediately preceding fiscal year and \$5,000.00, or, for a pupil described in this

subsection who is counted in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil under section 20(6). The allocation to an intermediate district under this subsection shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and for the immediately preceding fiscal year and \$5,000.00. This subsection applies to all of the following pupils:

(a) Pupils described in section 53a.

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

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

(14) After payments under subsections (2) and (13), the remaining expenditures from the allocation in subsection (1) shall be made in the following order:

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

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

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

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

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

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

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, 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 community health.

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

(d) Pupils 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 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 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 \$15,000,000.00 for 1997-98, and not more than \$14,500,000.00 each fiscal year for 1998-99 and 1999-2000, 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 schools for the deaf and blind. The amount shall be proportionate to the total instructional cost at each school. Not more than \$1,688,000.00 each fiscal year for 1997-98, for 1998-99, and for 1999-2000 of the allocation in section 51a(1) shall be allocated under this section.

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

(a) "Membership" means for 1997-98 the total membership in 1996-97 of the intermediate district and the districts constituent to the intermediate district; means for 1998-99 the total membership in 1997-98 of the intermediate district and the districts constituent to the intermediate district; and means for 1999-2000 the total membership in 1998-99 of the intermediate district and the districts constituent to the intermediate district.

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

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

(2) From the allocation under section 51a(1), there is allocated an amount not to exceed \$30,650,000.00 each fiscal year for 1997-98 and for 1998-99 and 1999-2000 to reimburse intermediate districts levying millages for special education pursuant to part 30 of the revised school code, MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. As a condition of receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan 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 1996-97 shall be made in 1997-98 at an amount per 1996-97 membership pupil computed by subtracting from \$98,200.00 the 1996-97 taxable value behind each membership pupil, and multiplying the resulting difference by the 1996-97 millage levied. Reimbursement for those millages levied in 1997-98 shall be made in 1998-99 at an amount per 1997-98 membership pupil computed by subtracting from \$102,200.00 the 1997-98 taxable value behind each membership pupil, and multiplying the resulting difference by the 1997-98 millage levied. Reimbursement for those millages levied in 1998-99 shall be made in 1999-2000 at an amount per 1998-99 membership pupil computed by subtracting from \$106,800.00 the 1998-99 taxable value behind each membership pupil, and multiplying the resulting difference by the 1998-99 millage levied.

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$600,000.00 each fiscal year for 1997-98, for 1998-99, and for 1999-2000 to applicant intermediate districts that provide support services for the education of gifted and talented pupils. An intermediate district is entitled to 75% of the actual salary, but not to exceed \$25,000.00 reimbursement for an individual salary, of a support services teacher approved by the department, and not to exceed \$4,000.00 reimbursement for expenditures to support program costs, excluding in-county travel and salary, as approved by the department.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$400,000.00 each fiscal year for 1997-98, for 1998-99, and for 1999-2000 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 each fiscal year for 1997-98, for 1998-99, and for 1999-2000 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. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$31,027,600.00 each fiscal year for 1997-98, for 1998-99, and for 1999-2000 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 parent-hood 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 \$400,000.00 each fiscal year to intermediate districts with constituent districts that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more, served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, and had an adjustment made to their 1994-95 combined state and local revenue per membership pupil pursuant to section 20d. The payment under this subsection to the intermediate district shall equal the amount of the allocation to the intermediate district for 1996-97 under this subsection.

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

(a) "Membership" means for 1997-98 the total membership in 1996-97 of the intermediate district and the districts constituent to the intermediate district or the total membership in 1996-97 of the area vocational-technical education program; means for 1998-99 the total membership in 1997-98 of the intermediate district and the districts constituent to the intermediate district or the total membership in 1997-98 of the area vocational-technical program; and means for 1999-2000 the total membership in 1998-99 of the intermediate district and the districts constituent to the intermediate district or the total membership in 1998-99 of the area vocational-technical program.

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

(c) "Taxable value" means the total taxable value of the districts constituent to an intermediate district or area vocational-technical education program, except that if a district has elected not to come under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690, the membership and taxable value of that district shall not be included in the membership and taxable value of the intermediate district. However, beginning in 1998-99, the membership and taxable value of a district that has elected not to come under sections 681 to 690 of the revised school code shall be included in the membership and taxable value of the intermediate district if the district meets both of the following:

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

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

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$7,200,000.00 for 1997-98 and an amount not to exceed \$8,550,000.00 each fiscal year for 1998-99 and for 1999-2000 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 1996-97 shall be made in 1997-98 at an amount per 1996-97 membership pupil computed by subtracting from \$98,700.00 the 1996-97 taxable value behind each membership pupil, and multiplying the resulting difference by the 1996-97 millage levied. Reimbursement for the millages levied in 1997-98 shall be made in 1998-99 at an amount per 1997-98 membership pupil computed by subtracting from \$104,400.00 the 1997-98 taxable value behind each membership pupil, and multiplying the resulting difference by the 1997-98 millage levied. Reimbursement for the millages levied in 1998-99 shall be made in 1999-2000 at an amount per 1998-99 membership pupil computed by subtracting from \$108,800.00 the 1998-99 taxable value behind each membership pupil, and multiplying the resulting difference by the 1998-99 millage levied.

Sec. 63. (1) From the money appropriated in section 11, there is allocated an amount not to exceed \$2,150,000.00 for 1999-2000 for implementation of the Michigan manufacturing technology program for the 1999-2000 school year as provided under this section.

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

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

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

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

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

(d) Any other criteria determined by the department, in conjunction with the Michigan jobs commission.

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

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

(6) Grants under subsection (2) shall be awarded by the department no later than April 30, 1999 and paid out to the grant recipients in total no later than May 20, 1999. Funds may be used by grant recipients to support allowable expenditures in the following school year.

(7) From the allocation in subsection (1), there is allocated an amount not to exceed \$350,000.00 to Michigan state university for the school to work clearinghouse in the college of education. From this amount, the school to work clearinghouse shall provide \$20,000.00 to the Michigan employment security agency, to be used for providing technical assistance and manufacturer information to the centers receiving grants under subsection (2), and shall provide \$20,000.00 to the Michigan virtual automotive college, to be used for providing assistance in linking the centers receiving grants under subsection (2) with the school to work clearinghouse and in providing innovative communication and learning experiences. The school to work clearinghouse shall use the balance of its allocation under this subsection to provide all of the following types of technical assistance to the centers receiving grants under subsection (2):

(a) Professional development.

(b) Impact study, using documentation and evaluation of the program.

(c) Consultants with expertise in computer-assisted instruction and work-based curriculum design.

(d) Information networking.

Sec. 68. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$23,850,000.00 each fiscal year for 1998-99 and for 1999-2000 to be used to implement the Michigan career preparation system in the 1998-99 and 1999-2000 school years as provided under this section. From this allocation, the department may reserve an amount not to exceed \$2,000,000.00 each fiscal year for career preparation programs that have achieved designation as an advanced career academy. In order to receive funds under this section, an eligible education agency shall be part of an approved regional career preparation plan under subsection (2) and shall agree to expend the funds required under this section in accordance with the regional career preparation plan. Funds awarded under this section that are not expended in accordance with this section may be recovered by the department.

(2) In order to receive funding under this section, an eligible education agency shall be a part of an approved 3-year regional career preparation plan 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:

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

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

(i) Career exploration, guidance, and counseling.

(ii) Curriculum development, including integration of academic and technical content, and professional development for teachers directly related to career preparation.

(iii) Technology and equipment determined to be necessary.

(iv) Supplies and materials directly related to career preparation programs.

(v) Work-based learning expenses for pupils, teachers, and counselors.

(vi) Evaluation, including career competency testing and peer review.

(vii) Career placement services.

(viii) Student leadership organizations integral to the career preparation system.

(ix) Up to 10% of the allocation to an eligible education agency may be expended for planning, coordination, direct oversight, and accountability for the career preparation system.

(c) The department shall calculate career preparation costs per FTE for each career cluster, including career exploration, guidance, and counseling, by dividing the allowable costs for each career cluster by the prior year FTE enrollment for each career cluster. Distribution to eligible education agencies shall be the product of 50% of career preparation costs per FTE times the current year FTE enrollment of each career cluster. This allocation shall be distributed to eligible education agencies in decreasing order of the career cluster ranking described in subdivision (a) until the money allocated for grant recipients in this section is distributed. 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 each fiscal year for 1997-98, for 1998-99, and for 1999-2000 for the purposes of subsections (2) and (3).

(2) From the allocation in subsection (1), there is allocated each fiscal year the amount necessary for payments to state supported colleges or universities and intermediate districts providing school bus driver safety instruction or driver skills road tests pursuant to section 51 of the pupil transportation act, 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 each fiscal year the amount necessary to pay the reasonable costs of nonspecial education auxiliary services transportation provided pursuant to section 1323 of the revised school code, MCL 380.1323. Districts funded under this subsection shall not receive funding under any other section of this act for nonspecial education auxiliary services transportation.

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated each fiscal year for 1997-98, for 1998-99, and for 1999-2000 to the intermediate districts the sum necessary, but not to exceed \$81,266,700.00 for 1997-98, not to exceed \$79,912,000.00 for 1998-99, and not to exceed \$82,620,800.00 for 1999-2000, to provide state aid to intermediate districts under this section. Except as otherwise provided in this section, there shall be allocated to each intermediate district for 1997-98 an amount equal to 102.9% of the sum of the amount of funding actually received by the intermediate district under this subsection in 1996-97 and the amount of funding actually received by the intermediate district under former section 11b as in effect for 1995-96. Except as otherwise provided in this section, there shall be allocated to each intermediate district for 1999-2000 an amount equal to 103.5% of the sum of the amount of funding actually received by the intermediate district under this subsection for 1998-99 and the amount of funding actually received by the intermediate district under former section 11b as in effect for 1996-97. Funding provided under this section shall be used to comply with requirements of this act and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board.

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

(3) If an intermediate district participated in 1993-94 in a consortium operating a regional educational media center under section 671 of the revised school code, MCL 380.671, and rules promulgated by the 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 each fiscal year for 1997-98, for 1998-99, and for 1999-2000 for each pupil in membership in the intermediate district or a constituent district an amount equal to the quotient of the 1993-94 allocation to the fiscal agent for that consortium under former section 83, adjusted as determined by the department to account for that election, divided by the combined total membership for the current fiscal year in all of the intermediate districts that participated in that consortium and their constituent districts. The amount allocated to an intermediate district under this subsection for a fiscal year shall be deducted from the total allocation for that fiscal year under this section to the intermediate district that was the 1993-94 fiscal agent for the consortium.

(4) During a fiscal year, the department shall not increase an intermediate district's allocation under subsection (1) because of an adjustment made by the department during the fiscal year in the intermediate district's taxable value for a prior year. Instead, the department shall report the adjustment and the estimated amount of the increase to the house and senate fiscal agencies 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, from the allocation in subsection (1), there is allocated for 1998-99 only an amount not to exceed \$62,000.00 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 1997-98, for 1998-99, and for 1999-2000 an amount not to exceed \$1,500,000.00 each fiscal year to provide technical assistance to districts for school accreditation purposes as described in section 1280 of the revised school code, MCL 380.1280.

Sec. 99. (1) From the state school aid fund appropriation in section 11, there is allocated an amount not to exceed \$7,293,100.00 each fiscal year for 1997-98, for 1998-99, and for 1999-2000 and from the general fund appropriation in section 11 there is allocated an amount not to exceed \$400,000.00 each fiscal year for 1997-98, for 1998-99, and for 1999-2000, 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 1996-97. Each established mathematics and science center that was funded in 1996-97 shall receive an amount equal to 103% of the amount it received under this section in 1996-97.

(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.

Sec. 101. (1) To be eligible to receive state aid under this act, not later than the fifth Wednesday after the pupil membership count day and not later than the fifth 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, 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 Wednesday after the pupil membership count day and not later than the seventh 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 Wednesday after the pupil membership count day and not later than the twenty-fourth 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, 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. In addition, for 1997-98 only, the department may count as days of pupil instruction up to 6 additional days for which pupil instruction is not provided in a district after May 28, 1998 because damage or electrical outages resulting from severe storms prevented the district from providing instruction and up to 2 additional days for which pupil instruction is not provided in a district after June 3, 1998 because a bomb threat prevented the district from providing 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 because it adopts or has in existence an alternative scheduling program for pupils in kindergarten 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 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 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 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 at least the required minimum number of hours of instruction, excluding study halls, or 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 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 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 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.

(e) For the 1997-98 school year only, if a district operates an elementary school that is located on an island and provides some pupil instruction for pupils enrolled in that elementary school at 1 or more school buildings operated by the district that are not located on the island, the travel time for travel for those pupils between the elementary school located on the island and the other school building or buildings, up to a maximum of 1-1/2 hours per school week, shall be considered to be pupil instruction time for those pupils for the purpose of determining whether those pupils are receiving the required minimum number of hours of pupil instruction.

(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 1997-98, for 1998-99, and for 1999-2000 an amount not to exceed \$80,000,000.00 each fiscal year for adult education programs authorized under this section.

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

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

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

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

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

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

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

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

(a) For districts and consortia that received payments for 1995-96 under former section 107f and that received payments for 1996-97 under subsection (4) of this section as in effect in 1996-97, the amount allocated to each for 1997-98, for 1998-99, and for 1999-2000 shall be an amount each fiscal year equal to 36.76% of the amount the district or consortium received for 1995-96 under former section 107f.

(b) For districts and consortia that received payments under subsection (3) of this section as in effect for 1996-97, the amount allocated to each for 1997-98, for 1998-99, and for 1999-2000 shall be an amount each fiscal year equal to the product of the number of full-time equated participants actually enrolled and in attendance during the 1996-97 school fiscal year in the program funded under subsection (3) of this section as in effect for 1996-97 as reported to the department, audited, and adjusted according to subsection (10) of this section as in effect for 1996-97, multiplied by \$2,750.00.

(c) For districts and consortia that meet the conditions of both subdivisions (a) and (b), the amount allocated each fiscal year for 1997-98, for 1998-99, and for 1999-2000 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, for 1998-99, or for 1999-2000. The allocation for 1997-98, for 1998-99, or for 1999-2000 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, 1998-99, or 1999-2000 by October 1 of the affected fiscal year.

(4) A district that operated an adult education program in 1996-97 and does not intend to operate a program in 1997-98, 1998-99, or 1999-2000 shall notify the department by October 1 of the affected fiscal year of its intention. The funds intended to be allocated under this section to a district that does not operate a program in 1997-98, 1998-99, or 1999-2000 and the unspent funds originally allocated under this section to a district or consortium that subsequently operates a program at less than the level of funding allocated under subsection (3) shall instead be proportionately reallocated to the other districts described in subsection (3)(a) that are operating an adult education program in 1997-98, 1998-99, or 1999-2000 under this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The program enrolls adults referred by their employer who are less than 20 years of age, have a high school diploma, are determined to be in need of remedial mathematics or communication arts skills or, for 1997-98 only, vocational skills, and are not attending an institution of higher education.

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

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

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

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

(a) Ninety percent for enrollment of eligible participants.

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

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

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

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

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

(15) From the general fund appropriation in section 11, there is allocated for 1997-98 only an amount not to exceed \$250,000.00 for a grant to focus: hope for a fast-track adult education program.

Sec. 147. (1) The allocations for 1997-98, 1998-99, and 1999-2000 for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1467, 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. Effective October 1, 1997, the annual level percentage of payroll contribution rate for the 1997-98 state fiscal year is estimated at 11.12%, the annual level percentage of payroll contribution rate for the 1998-99 and 1999-2000 state fiscal years is estimated at 11.12%. The portion of the contribution rate assigned to districts and intermediate districts for 1997-98, 1998-99, and 1999-2000 is all of the total percentage points. This contribution rate reflects an amortization period of 39 years for 1997-98, 38 years for 1998-99, and 37 years for 1999-2000. The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

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

Sec. 165. If an individual or private entity receives payment or consideration from a district or intermediate district as a result of involvement in a contractual shared time agreement and if memberships attributable to that agreement are subsequently disallowed by the department, the individual or entity shall reimburse to the district or intermediate district the full amount of the payment or consideration received. The attorney general may take any action necessary to enforce the reimbursement required under this section.

Sec. 166b. (1) This act does not prohibit a parent or legal guardian of a minor who is enrolled in any of grades 1 to 12 in a nonpublic school or who is being home-schooled from also enrolling the minor in a district or intermediate district in any curricular offering that is provided by the district or intermediate district at a public school site and is available to pupils in the minor's grade level or age group, subject to compliance with the same requirements that apply to a full-time pupil's participation in the offering. However, state school aid shall be provided under this act for a minor enrolled as described in this subsection only for curricular offerings that are offered to full-time pupils in the minor's grade level or age group during regularly scheduled school hours.

(2) This act does not prohibit a parent or legal guardian of a minor who is enrolled in any of grades 1 to 12 in a nonpublic school located within the district or who resides within the district and is being home-schooled from also enrolling the minor in the district in a curricular offering being provided by the district at the nonpublic school site.

However, state school aid shall be provided under this act for a minor enrolled as described in this subsection only if all of the following apply:

- (a) The nonpublic school site is located, or the nonpublic students are educated, within the geographic boundaries of the district.
 - (b) The nonpublic school is registered with the department as a nonpublic school and meets all state reporting requirements for nonpublic schools.
 - (c) The instruction is scheduled to occur during the regular school day.
 - (d) The instruction is provided directly by an employee of the district or of an intermediate district.
 - (e) The curricular offering is also available to full-time pupils in the minor's grade level or age group in the district during the regular school day at a public school site.
 - (f) The curricular offering is restricted to nonessential elective courses for pupils in grades 1 to 12.
- (3) A minor enrolled as described in this section is a part-time pupil for purposes of state school aid under this act.

Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 1997 PA 142 from state sources for fiscal year 1998-99 is estimated at \$9,493,889,800.00 and state appropriations to be paid to local units of government for fiscal year 1998-99 are estimated at \$9,488,139,800.00, and total state spending in this amendatory act from state sources for fiscal year 1999-2000 is estimated at \$9,823,512,700.00 and state appropriations to be paid to local units of government for fiscal year 1999-2000 are estimated at \$9,817,762,700.00.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved _____

Governor.