

No. 69
STATE OF MICHIGAN
Journal of the Senate
92nd Legislature
REGULAR SESSION OF 2003

Senate Chamber, Lansing, Wednesday, July 16, 2003.

10:00 a.m.

The Senate was called to order by the Assistant President pro tempore, Senator Alan Sanborn.

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

Allen—present
Barcia—present
Basham—present
Bernero—present
Birkholz—present
Bishop—present
Brater—present
Brown—present
Cassis—present
Cherry—present
Clark-Coleman—present
Clarke—present
Cropsey—present

Emerson—present
Garcia—present
George—present
Gilbert—present
Goschka—present
Hammerstrom—present
Hardiman—present
Jacobs—present
Jelinek—present
Johnson—present
Kuipers—present
Leland—present
McManus—present

Olshove—present
Patterson—present
Prusi—present
Sanborn—present
Schauer—present
Scott—present
Sikkema—present
Stamas—present
Switalski—present
Thomas—present
Toy—present
Van Woerkom—present

Reverend Robert E. Nickerson of Grace Tabernacle Baptist Church of Lansing offered the following invocation:

O Lord, we ask that You would grant us Your invocation and that Your presence would abide with us here today. Give these men and women wisdom in decision-making. Help them to be compassionate to the constituency they represent. Give this esteemed, august body good health and strength and sound mind that they would do those things that will impact this great state in which we live. These things we ask of You. Amen.

The Assistant President pro tempore, Senator Sanborn, led the members of the Senate in recital of the *Pledge of Allegiance*.

Motions and Communications

Senator Sikkema asked and was granted unanimous consent to make a statement and moved that the statement be printed in the Journal.

The motion prevailed.

Senator Sikkema's statement is as follows:

Many of you probably know the young lady standing next to me; some of you maybe don't. It's Pam Sedwick. Pam has been the Finance Manager for us here in the Michigan Senate for six years. The reason she is standing with me this morning, and on behalf of Democratic Leader Bob Emerson and myself, we are giving her a tribute because Pam and her children are going to be moving to Arizona to join her husband Clinton, who just recently moved there to become president of a small university in Phoenix. We are very sorry to see Pam leave, but we understand that sometimes job duties and professional duties require that.

Just a couple of notes that I want to make about Pam and her work with us here in the Senate. She is the person who has managed the day-to-day financial operations of the Senate in the area of budgets, accounting, and purchasing. She has done that with a high degree of professionalism, with impeccable integrity and honesty. I am sure that has not been an easy job in times of budgets rising and falling, but she has worked tirelessly to provide what I would call very consumer-friendly service. She has committed a high degree of professionalism and excellent service in the staff she has managed. She has done a lot of things that a lot of us really don't know about because it is behind the scenes, but she is one of the reasons that the Michigan Senate really, in spite of the Majority Leaders, past and present, has been a very efficiently-run body over many, many years.

Pam, we are sorry to see you go. We understand. We are incredibly in your debt for the service you have rendered us. On behalf of Bob Emerson, myself, and Carol Viventi, the Secretary of the Senate, I'd ask the members to rise and give this lady the applause she has earned.

Senators Emerson, Thomas, Stamas, Goschka and Switalski entered the Senate Chamber.

Senator Hammerstrom moved that Senators Brown and Jelinek be temporarily excused from today's session. The motion prevailed.

Senators Jelinek and Brown entered the Senate Chamber.

Senator Schauer moved that Senators Leland and Olshove be temporarily excused from today's session. The motion prevailed.

Senator Olshove entered the Senate Chamber.

The following communication was received:

Department of Community Health

July 10, 2003

Attached please find a copy of the 2003 Asset Forfeiture Report for the State of Michigan, This report, compiled by the Office of Drug Control Policy, is required to be completed annually under Public Act 1978, No. 368.

If you have additional questions or concerns, please feel free to call Jim Rapp at 517.241.2916.

Sincerely,

Jan Christensen

Interim Policy and Legislative Liaison

Policy and Legal Affairs Administration

The communication was referred to the Secretary for record.

The Secretary announced that the following House bill was received in the Senate and filed on Tuesday, July 15:
House Bill No. 4945

The Secretary announced that the following bills were available at the legislative Web site on Wednesday, July 16:
House Bill Nos. 4950 4951 4952 4953 4954 4955 4956 4957 4958 4959 4960

Messages from the Governor

The following messages from the Governor were received:

Date: July 15, 2003

Time: 11:10 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 238 (Public Act No. 60), being

An act to amend 1980 PA 350, entitled “An act to provide for the incorporation of nonprofit health care corporations; to provide their rights, powers, and immunities; to prescribe the powers and duties of certain state officers relative to the exercise of those rights, powers, and immunities; to prescribe certain conditions for the transaction of business by those corporations in this state; to define the relationship of health care providers to nonprofit health care corporations and to specify their rights, powers, and immunities with respect thereto; to provide for a Michigan caring program; to provide for the regulation and supervision of nonprofit health care corporations by the commissioner of insurance; to prescribe powers and duties of certain other state officers with respect to the regulation and supervision of nonprofit health care corporations; to provide for the imposition of a regulatory fee; to regulate the merger or consolidation of certain corporations; to prescribe an expeditious and effective procedure for the maintenance and conduct of certain administrative appeals relative to provider class plans; to provide for certain administrative hearings relative to rates for health care benefits; to provide for certain causes of action; to prescribe penalties and to provide civil fines for violations of this act; and to repeal certain acts and parts of acts,” by amending section 501 (MCL 550.1501).

(Filed with the Secretary of State on July 15, 2003, at 11:54 a.m.)

Date: July 15, 2003

Time: 11:20 a.m.

To the President of the Senate:

Sir—I have this day approved and signed

Enrolled Senate Bill No. 234 (Public Act No. 59), being

An act to amend 1980 PA 350, entitled “An act to provide for the incorporation of nonprofit health care corporations; to provide their rights, powers, and immunities; to prescribe the powers and duties of certain state officers relative to the exercise of those rights, powers, and immunities; to prescribe certain conditions for the transaction of business by those corporations in this state; to define the relationship of health care providers to nonprofit health care corporations and to specify their rights, powers, and immunities with respect thereto; to provide for a Michigan caring program; to provide for the regulation and supervision of nonprofit health care corporations by the commissioner of insurance; to prescribe powers and duties of certain other state officers with respect to the regulation and supervision of nonprofit health care corporations; to provide for the imposition of a regulatory fee; to regulate the merger or consolidation of certain corporations; to prescribe an expeditious and effective procedure for the maintenance and conduct of certain administrative appeals relative to provider class plans; to provide for certain administrative hearings relative to rates for health care benefits; to provide for certain causes of action; to prescribe penalties and to provide civil fines for violations of this act; and to repeal certain acts and parts of acts,” by amending sections 204, 206, 207, 211, 401, 502, 602, 606, and 609 (MCL 550.1204, 550.1206, 550.1207, 550.1211, 550.1401, 550.1502, 550.1602, 550.1606, and 550.1609), section 207 as amended by 1999 PA 210, section 211 as amended by 1993 PA 127, section 401 as amended by 2000 PA 26, section 502 as amended by 1998 PA 446, and section 609 as amended by 1991 PA 61, and by adding sections 204a, 205a, 219, 401j, 403b, and 422c; and to repeal acts and parts of acts.

(Filed with the Secretary of State on July 15, 2003, at 11:52 a.m.)

Respectfully,
Jennifer M. Granholm
Governor

By unanimous consent the Senate proceeded to the order of
General Orders

Senator Hammerstrom moved that the Senate resolve itself into the Committee of the Whole for consideration of the General Orders calendar.

The motion prevailed, and the Assistant President pro tempore, Senator Sanborn, designated Senator Switalski as Chairperson.

After some time spent therein, the Committee arose; and, the Assistant President pro tempore, Senator Sanborn, having resumed the Chair, the Committee reported back to the Senate, favorably and without amendment, the following bill:

House Bill No. 4218, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," by amending section 1303 (MCL 380.1303), as amended by 1995 PA 289.

The bill was placed on the order of Third Reading of Bills.

The Committee of the Whole reported back to the Senate, favorably and with a substitute therefor, the following bill:

Senate Bill No. 99, entitled

A bill to authorize the administration of an organ donor leave time program for certain persons employed by this state; to provide for implementation and operation; and to prescribe powers and duties of certain state officers and agencies.

Substitute (S-3).

The Senate agreed to the substitute recommended by the Committee of the Whole, and the bill as substituted was placed on the order of Third Reading of Bills.

Recess

Senator Hammerstrom moved that the Senate recess subject to the call of the Chair.
The motion prevailed, the time being 10:16 a.m.

10:23 a.m.

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

During the recess, Senator Leland entered the Senate Chamber.

Senator Hammerstrom moved that rule 2.106 be suspended to allow committees to meet during Senate session.
The motion prevailed, a majority of the members serving voting therefor.

Recess

Senator Hammerstrom moved that the Senate recess until 11:30 a.m.
The motion prevailed, the time being 10:25 a.m.

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

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

Senate Bill No. 391, entitled

An act to amend 1964 PA 265, entitled "An act to enact the uniform securities act relating to the issuance, offer, sale, or purchase of securities; to prohibit fraudulent practices in relation to securities; to establish civil and criminal

sanctions for violations of the act and civil sanctions for violation of the rules promulgated pursuant to the act; to require the registration of broker-dealers, agents, investment advisers, and securities; to make uniform the law with reference to securities; and to repeal acts and parts of acts,” by amending section 202 (MCL 451.602), as amended by 2000 PA 494.

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

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

Pending the order that, under rule 3.202, the bill be laid over one day,

Senator Hammerstrom moved that the rule be suspended.

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

The question being on concurring in the substitute made to the bill by the House,

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

Roll Call No. 378

Yeas—32

Allen	Cherry	Jacobs	Schauer
Barcia	Clark-Coleman	Jelinek	Scott
Basham	Cropsey	Johnson	Sikkema
Birkholz	George	Kuipers	Stamas
Bishop	Gilbert	McManus	Switalski
Brater	Goschka	Olshove	Thomas
Brown	Hammerstrom	Patterson	Toy
Cassis	Hardiman	Prusi	Van Woerkom

Nays—1

Sanborn

Excused—0

Not Voting—5

Bernero	Emerson	Garcia	Leland
Clarke			

In The Chair: Sanborn

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

Senator Schauer moved that Senators Clarke, Leland and Emerson be temporarily excused from the balance of today’s session.

The motion prevailed.

Senator Hammerstrom moved that Senator Garcia be temporarily excused from the balance of today’s session.

The motion prevailed.

Conference Reports

Senators Clarke, Leland, Emerson and Garcia entered the Senate Chamber.

Senator George submitted the following:

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning **Senate Bill No. 279, entitled**

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; to prescribe powers and duties of certain state departments and certain state and local agencies and officers; and to repeal acts and parts of acts.

Recommends:

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

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; to prescribe powers and duties of certain state departments and certain state and local agencies and officers; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of history, arts, and libraries for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	248.5	
GROSS APPROPRIATION		\$ 57,131,100
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		137,500
ADJUSTED GROSS APPROPRIATION		\$ 56,993,600
Federal revenues:		
Total federal revenues		9,322,600
Special revenue funds:		
Total local revenues		0
Total private revenues		577,400
Total other state restricted revenues		2,308,800
State general fund/general purpose		\$ 44,784,800

Sec. 102. DEPARTMENT OPERATIONS

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	24.5	
Unclassified salaries—6.0 FTE positions		\$ 219,300
Management services—23.5 FTE positions.....		1,819,700
Building occupancy charges and rent		2,884,000
Worker’s compensation		37,900
Office of film and television services—1.0 FTE position.....		129,900
GROSS APPROPRIATION		\$ 5,090,800
Appropriated from:		
State general fund/general purpose		\$ 5,090,800

Sec. 103. INFORMATION TECHNOLOGY

Information technology services and projects		\$ 1,036,500
GROSS APPROPRIATION		\$ 1,036,500
Appropriated from:		
Interdepartmental grant revenues:		
IDG-MDOT, comprehensive transportation fund.....		200
IDG-MDOT, state aeronautics fund.....		100
IDG-MDOT, state trunkline fund		3,000
Special revenue funds:		
Game and fish protection fund		100

	For Fiscal Year Ending Sept. 30, 2004
Mackinac Island state park fund	\$ 40,000
Special revenue, internal service and pension trust	2,700
State lottery fund	900
State general fund/general purpose	\$ 989,500
Sec. 104. MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS	
Full-time equated classified positions	10.0
Administration— 10.0 FTE positions	\$ 694,400
Arts and cultural grants	11,771,300
GROSS APPROPRIATION	\$ 12,465,700
Appropriated from:	
Federal revenues:	
NFAH-NEA, promotion of the arts, partnership agreements	700,000
Special revenue funds:	
State general fund/general purpose	\$ 11,765,700
Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION	
Full-time equated classified positions	46.8
Mackinac Island park operation— 21.8 FTE positions	\$ 1,288,300
Historical facilities system— 25.0 FTE positions	1,577,100
GROSS APPROPRIATION	\$ 2,865,400
Appropriated from:	
Special revenue funds:	
Airport and park operation fees	106,400
Mackinac Island state park fund	1,272,600
State general fund/general purpose	\$ 1,486,400
Sec. 106. MICHIGAN HISTORICAL PROGRAM	
Full-time equated classified positions	86.2
Federal programs— 14.9 FTE positions	\$ 1,853,900
Heritage publications	700,000
Historical administration and services— 71.3 FTE positions	5,074,400
Private grants and gifts	502,400
Thunder Bay national marine sanctuary and underwater preserve	187,400
GROSS APPROPRIATION	\$ 8,318,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDOT, comprehensive transportation fund	5,700
IDG-MDOT, state aeronautics fund	3,400
IDG-MDOT, state trunkline fund	125,100
Federal revenues:	
DOI-NPS, historic preservation grants-in-aid	1,348,000
Federal funds	505,900
Special revenue funds:	
Game and fish protection fund	3,600
Heritage publication fund	700,000
Marine safety fund	500
Private - grants and gifts	400,000
Private - Mann house trust fund	102,400
Special revenue, internal service and pension trust	70,000
State lottery fund	24,300
Waterways fund	800
State general fund/general purpose	\$ 5,028,400
Sec. 107. LIBRARY OF MICHIGAN	
Full-time equated classified positions	81.0
Book distribution centers	\$ 307,500
Collected gifts and fees	161,900
Grand Rapids public library	125,000
Grant to the Detroit public library	1,000,000

	For Fiscal Year Ending Sept. 30, 2004
Library of Michigan operations—81.0 FTE positions	\$ 6,239,600
Library services and technology act.....	5,557,400
State aid to libraries.....	13,327,100
Subregional state aid.....	505,000
Wayne County library for the blind and physically handicapped	44,800
Federal aid to libraries	86,300
GROSS APPROPRIATION	\$ 27,354,600
Appropriated from:	
Federal revenues:	
Federal section 903(d), SSA funds.....	1,211,300
Library services and technology act.....	5,557,400
Special revenue funds:	
Private - gifts and bequests revenues	75,000
User fees.....	86,900
State general fund/general purpose	\$ 20,424,000

**PART 2
PROVISIONS CONCERNING APPROPRIATIONS**

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$47,093,600.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$17,530,400.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

Arts and cultural grants.....	\$ 3,653,500
State aid to libraries.....	13,327,100
Subregional state aid.....	505,000
Wayne County library for the blind and physically handicapped	44,800
Total department of history, arts, and libraries	\$ 17,530,400

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

Sec. 203. As used in this appropriation act:

- (a) "Department" means the department of history, arts, and libraries.
- (b) "Director" means the director of the department of history, arts, and libraries.
- (c) "DOI-NPS" means the United States department of interior, national park service.
- (d) "Fiscal agencies" means the house fiscal agency and the senate fiscal agency.
- (e) "FTE" means full-time equated.
- (f) "IDG" means interdepartmental grant.
- (g) "NEA" means the national endowment for the arts.
- (h) "NFAH" means the national foundation of the arts and the humanities.
- (i) "SSA" means social security administration.
- (j) "Subcommittees" means all members of the appropriate subcommittees of the house and senate appropriations committees.

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

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

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause a loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Sec. 207. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the subcommittees and the fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the fiscal agencies and to the subcommittees within 30 months.

Sec. 208. Unless otherwise specified, departments and agencies receiving appropriations in part 1 shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on the Internet or Intranet site.

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available.

Sec. 210. The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 211. The department shall establish and maintain affirmative action programs based on guidelines developed by the state equal opportunity workforce planning council which was created by Executive Order No. 1996-13 in order to receive general fund/general purpose dollars.

Sec. 212. In addition to the funds appropriated in part 1, the department may accept contributions, gifts, bequests, devises, user fees, grants, donations, and payments to rent the department's traveling museum exhibits. Funds accepted by the department are appropriated and allotted when received and may be expended immediately upon receipt or at any later time. Those funds that are not expended in the current fiscal year shall not lapse at the close of the fiscal year and may be carried over by the department for expenditure in the following fiscal years.

Sec. 213. From the funds appropriated in part 1 for information technology, the departments and agencies shall pay user fees to the department of information technology for technology related services and projects. These user fees are subject to provisions of an interagency agreement between the departments and agencies and the department of information technology.

Sec. 214. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of history, arts, and libraries technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 215. The department may provide and enter into agreements to provide general services, training, meetings, information, special equipment, software, and facility use, and technical consulting services to other principal executive departments, state agencies, local units of government, the judicial branch of government, other organizations, and patrons of department facilities. Fees for services shall be reasonably related to the cost of providing the services and shall be used to offset the costs of the services. The department may receive and expend funds in addition to those authorized in part 1 for:

(a) Supplying census-related information and technical services, publications, statistical studies, population projections and estimates, and other demographic products.

(b) Microfilming and other document and data imaging services, media, storage, and copies.

(c) Patron copier and document reproduction services and copies.

(d) Conferences, training classes, and workshops conducted as part of the department's mission.

(e) Use of specialized equipment, facilities, and software that permit distance learning and meetings, and group decision making. Funds not expended at year-end may be carried forward and expended for the same purposes for which they were originally received.

MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

Sec. 401. (1) The Michigan council for arts and cultural affairs in the department shall administer the arts and cultural grants appropriated in part 1. The council shall provide for fair and independent decisions on arts and cultural grant requests based upon published criteria to evaluate program quality. These criteria shall include a prohibition of art projects that include displays of human wastes on religious symbols, displays of sex acts, and depictions of flag desecration. The council shall seek to award grants on an equitable geographic basis to the extent possible given the quality of grant applications received. Priority shall be given to projects that serve multiple counties and that leverage significant additional public and private investment. Counties, cities, villages, townships, community foundations, and organizations, including science museums/centers, may apply for the following categories of grants:

(a) Anchor organization program for organizations that serve regional and statewide audiences. Anchor organizations shall demonstrate a commitment to education, to mentoring smaller organizations, and to reaching underserved audiences.

(b) Arts projects program.

(c) Arts and learning program.

(d) Artists in residence for education program.

- (e) Arts organization development program.
- (f) Capital improvement projects.
- (g) Local arts agencies services program.
- (h) Regional regranting program.
- (i) Partnership program.
- (j) Discretionary grants program.
- (k) Rural arts and cultural projects.
- (l) Cultural projects program.
- (m) Historical projects program.

(2) The appropriation for arts and cultural grants in part 1 and disbursed under this section shall, at a minimum, be matched on an equal dollar-for-dollar basis from local and private contributions paid and received by each awardee receiving grants under this section. The dollar-for-dollar match may include the reasonable value of services, materials, and equipment as allowed under the federal internal revenue code for charitable contributions subject also to the preapproval of such a match by the Michigan council for arts and cultural affairs. The council shall receive proof of the entire amount of the matching funds, services, materials, or equipment by the end of the award period.

(3) Before any amount appropriated for arts and cultural grants in part 1 may be expended for a grant to eligible applicants for the purposes in this section, the department shall execute a grant agreement with each grantee. The grant agreement shall specify the criteria included in this section with which the application complies. The grant agreement shall include a list of the projects funded.

(4) Counties, cities, villages, townships, community foundations, and organizations receiving funds under this section shall provide the Michigan council for arts and cultural affairs with the following:

(a) A final report covering the grant period within 30 days after the end of the grant period indicating at least the following:

- (i) Project revenues and expenditures indicating grant matching fund amounts.
- (ii) Number of patrons attracted or benefiting during the grant period.
- (iii) A narrative summary of each project and its outcome.

(b) Awardees receiving grants greater than \$100,000.00 shall also submit a report as identified in subdivision (a) on an interim basis by April 7 of the grant year.

(5) The applicants for arts and cultural grants funds shall be charged a nonrefundable application fee of \$300.00 or 3% of the grant, whichever is less. The application fee may be used by the department to recover direct and indirect costs as appropriated in part 1.

(6) It is the intent of the legislature that the Michigan council for arts and cultural affairs continue to take appropriate steps to ensure that all organizations receiving state arts anchor organization grants have combined grant awards, as defined in subsection (8), of no more than 15.0% of operating revenue for the fiscal year ending September 30, 2005 and beyond. As used in this subsection, "operating revenue" is defined in the same manner as it was defined during the fiscal year 2000 state arts anchor organization application process.

(7) The council shall continue and expand its efforts to encourage and support nonprofit arts and cultural organizations transitioning from solely volunteer-based organizations to professional directed operations. This includes the provision of funds and services from the arts organization development, partnership, arts projects, anchor organization, and regional regranting programs as well as the rural arts and culture initiative to support professional development within these organizations. Criteria for support include the requirement of collaboration between these organizations and other community organizations.

(8) Any organizations receiving grants within the anchor organization program category in excess of 10.0% of their operating revenue, as defined in subsection (6), for the fiscal year ending September 30, 2003, shall not receive a combined grant award from all grant categories, except the partnership program, that is greater than the combined grant award from these categories that the organization received for the fiscal year ending September 30, 2003.

(9) The council shall provide for fair, equitable, and efficient distribution of funds granted through the regional regranting program. The council shall provide for an annual assessment of grant management and distribution of mini-grant awards by designated regional regranting agencies and review the methodology employed.

(10) The council shall make every effort to provide total grant awards in the anchor organization program at a level not to exceed 70% of the total amount appropriated for arts and cultural grants.

(11) The department shall submit 2 annual reports to the appropriations subcommittees, the state budget office, and the fiscal agencies as follows:

(a) The first report is due 30 days after the council makes the annual grant awards. The report shall contain the following:

- (i) A listing of each applicant.
- (ii) The county of residence of an applicant.
- (iii) The amount awarded.
- (iv) The amount requested.

- (v) The grant category under which an applicant applied.
 - (vi) A summary of projects funded for each awardee.
 - (vii) The expected number of patrons for an applicant during the grant period.
 - (viii) The amount of matching funds proposed by an applicant.
 - (ix) The review score for each application.
 - (x) A listing containing the information in subparagraphs (i) to (iii) for any regranted funds in the preceding fiscal year.
- (b) The second report is due when materials are first distributed by the council seeking grant applications for the subsequent fiscal year. The report shall contain the following:
- (i) The guidelines by which the council awards grants.
 - (ii) A summary of any changes in the program guidelines from the previous fiscal year.
 - (iii) A summary of any initiatives the council is taking to improve public access to the arts and culture, including, but not limited to, the use of technology applications.

(12) Within 1 day following the final council vote, the department shall notify each legislator electronically regarding the website location of the list of grant awardees by county receiving a grant from arts and cultural grant funds appropriated in part 1.

MICHIGAN HISTORICAL PROGRAM

Sec. 501. The federal funds appropriated in part 1 for the historic site preservation grants are for work projects and shall not lapse at the end of the fiscal year but shall continue to be available for expenditure until the projects for which the funds were reserved have been completed or are terminated. The purpose of these work projects is the identification, designation, and preservation of historic resources. The method used will be to solicit applications from eligible recipients, score applications based upon established criteria, and award the contracts and subgrants. The total cost is \$1,348,000.00 and the tentative completion date is September 30, 2004.

Sec. 502. Funds collected by the department under sections 3, 6, 7, and 7a of 1913 PA 271, MCL 399.3, 399.6, 399.7, and 399.7a, are appropriated to the department for the purpose for which they were received and shall not lapse to the general fund at the end of the fiscal year.

Sec. 503. For purposes of administering the museum store as provided in section 7a of 1913 PA 271, MCL 399.7a, the department is exempt from section 261 of the management and budget act, 1984 PA 431, MCL 18.1261.

Sec. 504. (1) From the state funds appropriated in part 1, the department may award discretionary historical grants to preserve Michigan lighthouses. The department may award up to \$140,000.00 in grants for this purpose and may use a portion of those funds to assist in the transfer of lighthouses from federal ownership. A portion of the funds may also be dedicated to program administration and project coordination.

(2) The department shall allocate grant funds under this section pursuant to eligibility and scoring requirements established by the department. The method used will be to solicit applications from eligible recipients, score applications based on the established criteria, and award grants through executed contracts.

(3) Grants under this section may be awarded for purposes of stabilization, rehabilitation, or other preservation work on a Michigan lighthouse, but shall not be awarded for operational purposes. The department shall not allocate a grant under this section that exceeds \$40,000.00.

(4) The funds appropriated in part 1 and allocated by this section are for work projects. The funds shall not lapse to the general fund at the end of the fiscal year but shall remain available in subsequent fiscal years, until funds have been expended, the projects for which the funds were reserved have been completed, or the projects are terminated, whichever occurs first. The tentative date for completion is September 30, 2004.

Sec. 505. From the funds appropriated in part 1 for historical administration and services, \$74,700.00 shall be allocated to support the operations of the Michigan freedom trail commission as specified in section 4 of the Michigan freedom trail commission act, 1998 PA 409, MCL 399.84. These funds shall be used to reimburse commission members, to pay for necessary contractual services of the commission, and to hire not more than 1.0 FTE position in the department's Michigan historical center to support commission operations.

Sec. 506. Proceeds in excess of costs incurred in the conduct of auctions, sales, or transfers of artifacts no longer considered suitable for the collections of the state historical museum are appropriated to the department and may be expended upon receipt for additional material for the collection. The department shall notify the chairpersons, vice chairpersons, and minority vice chairpersons of the senate and house appropriations subcommittees on history, arts, and libraries 1 week prior to any auctions or sales.

Sec. 507. Unless prohibited by law, the department shall make available to the historical society of Michigan the use of the Michigan history magazine subscriber list, or a portion of the Michigan history magazine subscriber list, at a cost not to exceed the actual expense incurred for providing a single mailing.

Sec. 508. From the funds appropriated in part 1 in the historical administration and services line item, \$100,000.00 shall be used to fund a competitive grant program for all state and local historical societies. Awards shall be made for projects that can leverage additional public and private investment and may involve, but are not limited to, capital improvements projects, restorations, research, educational programs, and publications.

LIBRARY OF MICHIGAN

Sec. 601. In order to receive subregional state aid as appropriated in part 1 to the library of Michigan, a subregional library's fiscal agency must agree to maintain local funding support at the same level in the current fiscal year as in the fiscal agency's preceding fiscal year. If a reduction in expenditures equally affects all agencies in a local unit of government that is the subregional library's fiscal agency, that reduction shall not be interpreted as a reduction in local support and shall not disqualify a subregional library from receiving state aid under part 1. If a reduction in income affects a library cooperative or district library that is a subregional library's fiscal agency or a reduction in expenditures for the subregional library's fiscal agency, a reduction in expenditures for the subregional library shall not be interpreted as a reduction in local support and shall not disqualify a subregional library from receiving state aid under part 1.

Sec. 602. The funds appropriated in part 1 for a subregional library shall not be released until a budget for that subregional library has been approved by the department for expenditures for library services directly serving the blind and persons with disabilities. Subregional state aid shall be used only for providing services to the blind and to persons with disabilities.

Sec. 603. Of the funds appropriated in part 1 for the operation of the library of Michigan, a portion may be used for statewide database access such as making computerized databases, searches of those databases, and the products of those searches available through the libraries of Michigan. Only those libraries that qualify under the federal library services and technology act, subtitle B of title II of the museum and library services act, title II of the arts, humanities, and cultural affairs act of 1976, Public Law 94-462, 110 Stat. 3009-295, are eligible to participate in these activities.

Sec. 604. The funds appropriated in section 107 of part 1 for the federal aid to libraries shall be awarded on a competitive basis to all eligible libraries for the purpose of providing libraries with computers and to train library staff to assist claimants in accessing unemployment agency websites.

Sec. 605. (1) Instead of the purposes described in former section 520 of 2002 PA 530, the work project account created in that section, account no. 2316, shall be used as a work project account to award grants to all eligible libraries for the purpose of providing libraries with computers and to train library staff to assist claimants in accessing unemployment agency websites. The following is in compliance with section 451a(1) of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the work project is to provide libraries with computers and train library staff to assist claimants in accessing unemployment agency websites. The work project shall target libraries in high unemployment areas and provide them with high speed Internet connections and methodologies for sustainability.

(b) The work project will be accomplished through the use of grants.

(c) The total estimated completion cost of the work project is \$4,000,000.00.

(d) The tentative completion date is September 30, 2004.

(2) Funding appropriated in part 1 to the Grand Rapids public library and the grant to the Detroit public library will not be available after September 30, 2004.

Sec. 606. The department shall conduct a comprehensive study on special collections at public libraries across the state and shall report to the legislature no later than September 30, 2004 on recommendations for funding and recognizing the distinct nature of the respective collections.

Sec. 607. Of the funds appropriated in part 1 for book distribution centers, the public enrichment foundation shall receive \$158,700.00 and the Michigan friends of education shall receive \$148,800.00.

REPEALERS

Sec. 701. Section 520 of 2002 PA 530 is repealed.

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

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; to prescribe powers and duties of certain state departments and certain state and local agencies and officers; and to repeal acts and parts of acts.

Thomas M. George
Michelle McManus
Conferees for the Senate

Fran Amos
John Moolenaar
Conferees for the House

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

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

The question being on the adoption of the conference report,

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

Roll Call No. 379**Yeas—30**

Allen	Cassis	Jacobs	Sanborn
Barcia	Cherry	Jelinek	Schauer
Basham	Garcia	Kuipers	Sikkema
Bernero	George	McManus	Stamas
Birkholz	Gilbert	Olshove	Switalski
Bishop	Goschka	Patterson	Toy
Brater	Hammerstrom	Prusi	Van Woerkom
Brown	Hardiman		

Nays—7

Clark-Coleman	Emerson	Leland	Thomas
Cropsey	Johnson	Scott	

Excused—0**Not Voting—1**

Clarke

In The Chair: Sanborn

The question being on concurring in the committee recommendation to give the bill immediate effect, The recommendation was concurred in, 2/3 of the members serving voting therefor.

Senator Clarke asked and was granted unanimous consent to make statements and moved that the statements be printed in the Journal.

The motion prevailed.

Senator Clarke's first statement is as follows:

There were two issues on this bill that were important to me. One was the Detroit Institute of Arts, and the other was the Detroit Public Library. I want to commend the Legislature for lifting the cap on the Detroit Institute of Arts so that it wouldn't take a multi-million dollar cut. The Detroit Public Library will be funded with \$1 million of federal Reed Act money. That's \$1 million more than the Senate had in place. So I should be very happy, but I'm not.

I represent the city of Detroit. I live down the street from the Detroit Public Library and the Detroit Institute of Arts, so it makes sense that if those institutions are going to get cut even further than what the Governor recommended, I would stand up and fight for them because I'm their Senator. All of us want to make sure that our institutions get more money or at least aren't disproportionately cut. But I'm not happy with this budget because money, believe it or not, is not my primary concern.

Now to add a little levity in this discussion, I'll use an analogy. Think about marriages, or a relationship, that allegedly fall apart over money. You know what, money is not the issue. It's something underlying that's not working. So when I ask the Legislature to maintain the funding for the Detroit Public Library, I'm not asking just for money to go to the library from the state. I'm asking the state to make a commitment to the Detroit Public Library, recognizing that library's commitment to the state's residents and the state's libraries. There is no commitment in this budget to the Detroit Public Library. This is a million dollars of federal money that will vanish quicker than any term-limited legislator. It's here today, and it's gone tomorrow.

Now I'll tell you this, if you had had half of that money—\$500,000—and it was from the General Fund, to actually demonstrate and acknowledge that the Detroit Public Library is the cornerstone of the state library system; to recognize the Detroit Public Library provides services to people who live outside the city of Detroit without charging them; that one-third of the Detroit Public Library's borrowers don't live in Detroit; and to recognize that the Detroit Public Library has some of the greatest collections in the world on genealogy and automotive history and that people from all over the state and all over the country come to use it. That commitment of the General Fund would recognize and in a partial way support the Detroit Public Library's services to the state of Michigan, but there is no commitment here. Guess what, it's only money, and money in this case isn't good enough.

Now we spend multi-billions of dollars in our school system to make sure that kids have a great opportunity. We're talking about \$3 million going to the Detroit Public Library that would keep the doors open on an institution that could actually save the lives of kids who need that culture and education in their lives. This \$3 million out of a \$38 billion budget is the best investment because of what you can leverage with it. You can keep an institution open that serves everybody around the state and serves 50 percent of the students in the city of Detroit who go to schools that have no library. For 50 percent of the kids in the city of Detroit, their library is the Detroit Public Library. Money is not enough.

Saying all of that, I will personally not vote to support this budget because it does not reflect the state's commitment to the Detroit Public Library and recognize its contribution to all of us throughout the state. The reason why I made these remarks is not to influence this vote—obviously, it's a done deal—but to hopefully make a difference as we proceed in fiscal year '05 and onward. Look, this is the best investment we can make.

Senator Clarke's second statement is as follows:

For me—to get to the point on why the Detroit Institute of Arts and the Detroit Public Library are treated differently in this budget. The Detroit Public Library doesn't have effective advocates who can speak on its behalf. The people who use the library can't afford \$50 to go to Barnes and Noble, buy cappuccino and a book.

The Detroit Institute of Arts and other institutions have effective advocates. I am urging to consider an investment in the Detroit Public Library in the upcoming fiscal years, and because of my reservations of the treatment of this library, I will not support this budget.

One thing I do want to say is the subcommittee chairman, who has been very active in trying to eliminate all the funding for the Detroit Library, has always been straight-up on his intentions. He has not blind-sided me. He has treated me and this process with respect. I do appreciate the support to the Detroit Institute of Arts, and because of that, I will not vote "no." I will pass on this budget.

Third Reading of Bills

The following bill was announced:

House Bill No. 4146, entitled

A bill to amend 2000 PA 321, entitled "Recreational authorities act," by amending sections 3 and 5 (MCL 123.1133 and 123.1135).

(This bill was read a third time on July 15 and consideration postponed. See Senate Journal No. 68, p. 1236.)

The question being on the passage of the bill,

Senator Allen offered the following amendments:

1. Amend page 2, following line 24, by inserting:

"(j) "Public historic farm" means a parcel of public land and its buildings that are accessible to the public, and provides, but is not limited to, agricultural and historical programs, farming activities and animal husbandry, community recreation activities and events, programs held in common areas, meeting rooms, and community gardens, and access to surrounding parkland." and relettering the remaining subdivisions.

2. Amend page 4, following line 4, by inserting:

**"(vi) A public museum.
(vii) A public historic farm."**

The amendments were adopted, a majority of the members serving voting therefor.

Senator Toy offered the following amendments:

1. Amend page 4, line 8, after "authority" by inserting **"or to join in the original formation of an authority"**.

2. Amend page 4, line 9, after "authority" by inserting **"or to join in the original formation of an authority"**.

The amendments were adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

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

Roll Call No. 380**Yeas—38**

Allen	Clark-Coleman	Jacobs	Sanborn
Barcia	Clarke	Jelinek	Schauer
Basham	Cropsey	Johnson	Scott
Bernero	Emerson	Kuipers	Sikkema
Birkholz	Garcia	Leland	Stamas
Bishop	George	McManus	Switalski
Brater	Gilbert	Olshove	Thomas
Brown	Goschka	Patterson	Toy
Cassis	Hammerstrom	Prusi	Van Woerkom
Cherry	Hardiman		

Nays—0**Excused—0****Not Voting—0**

In The Chair: Sanborn

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

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

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to provide for the establishment of recreational authorities; to provide powers and duties of an authority; to authorize the assessment of a fee, the levy of a property tax, and the issuance of bonds and notes by an authority; and to provide for the powers and duties of certain government officials.”.

The Senate agreed to the full title.

By unanimous consent the Senate returned to the order of

General Orders

Senator Hammerstrom moved that the Senate resolve itself into the Committee of the Whole for consideration of the General Orders calendar.

The motion prevailed, and the Assistant President pro tempore, Senator Sanborn, designated Senator Switalski as Chairperson.

After some time spent therein, the Committee arose; and, the Assistant President pro tempore, Senator Sanborn, having resumed the Chair, the Committee reported back to the Senate, favorably and without amendment, the following bill:

House Bill No. 4866, entitled

A bill to amend 1961 PA 112, entitled “An act to authorize and provide for the issuance, sale, and refunding of bonds, notes, or commercial paper of the state; to provide funds for making loans to school districts for payment of principal and interest on certain school bonds; to provide for use of moneys repaid to the state by school districts; and to make an appropriation,” by amending section 3 (MCL 388.983), as amended by 1991 PA 64.

The bill was placed on the order of Third Reading of Bills.

Resolutions

Senators Van Woerkom, Hammerstrom, Garcia and Cropsey offered the following resolution:

Senate Resolution No. 133.

A resolution to encourage the judicious use of antibiotics.

Whereas, Antibiotics have saved lives for more than 50 years; and

Whereas, Antibiotics are an important weapon against infectious bacterial diseases that harm children, senior citizens, and people of all ages and walks of life; and

Whereas, Antibiotics overuse has led to antibiotic resistance that is destroying antibiotic effectiveness, and these bacteria represent a significant threat to the health of individuals whom they infect; and

Whereas, Infections with resistant bacteria increase the cost and complexity of treating infections that previously were easily treated; and

Whereas, In 2002, the first appearance of a Staphylococcus aureus bacterium that is resistant to Vancomycin – often considered the best and, at times, the last defense against such infections – occurred in Michigan; and

Whereas, The American Society of Microbiology (ASM) presented in the Findings and Conclusions of the Report of the ASM Task Force on Antibiotic Resistance that treating antibiotic resistance in people costs Americans more than \$4 billion annually; and

Whereas, The federal Centers for Disease Control and Prevention (CDC), the American Academy of Pediatrics, and the Annals of Internal Medicine have published recommendations for health care professionals regarding best practices for the judicious use of antibiotics. The Michigan Department of Community Health and the Michigan Antibiotic Resistance Reduction (MARR) Coalition are engaged in an effort to track antibiotic resistance and encourage appropriate antibiotic use; now, therefore, be it

Resolved by the Senate, That we urge health care professionals in Michigan to follow the recommendations of the Centers for Disease Control and Prevention regarding the best use of antibiotics in their practices and formularies; urge the people of Michigan to talk with their health care practitioners about wise antibiotic use; and encourage the Michigan Department of Community Health and the MARR Coalition to increase their efforts to educate Michigan citizens and health care providers about the appropriate use of antibiotics; and be it further

Resolved, That copies of this resolution be transmitted to the Michigan Department of Community Health and the Michigan Antibiotic Resistance Reduction Coalition.

Pending the order that, under rule 3.204, the resolution be referred to the Committee on Government Operations,

Senator Hammerstrom moved that the rule be suspended.

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

The question being on the adoption of the resolution,

Senator Hammerstrom moved that the resolution be referred to the Committee on Health Policy.

The motion prevailed.

Senator Patterson offered the following resolution:

Senate Resolution No. 134.

A resolution to memorialize the United States Congress to address the issue of traffic stoppages at railroad crossings.

Whereas, Local communities have long tried to address the issue of minimizing traffic stoppages caused by trains traveling within their municipal borders. Slow trains moving through a community bring traffic to a standstill. Even worse, trains may sometimes stop completely, bringing an entire city to a halt and backing up road traffic for blocks in all directions. Commuters, shoppers, and even emergency vehicles can be trapped on one side of a railroad track, unable to reach the other side for long periods of time; and

Whereas, The State Legislature provided local governments with the means to regulate the length of time that trains may permissibly halt vehicle traffic. The authority to levy fines on train companies that block traffic for too long held the promise of compelling railroad companies to work with local governments to minimize the disruption to lives and commerce that had become routine. Unfortunately, the courts have struck down this state law, arguing that only the federal government may regulate the speed and length of trains operating in interstate commerce; and

Whereas, With local and state options to resolve this local problem foreclosed, it is imperative that the United States Congress exercise its authority to compel a reasonable solution at the federal level; now, therefore, be it

Resolved by the Senate, That we memorialize the United States Congress to address the issue of traffic stoppages at railroad crossings; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

Pending the order that, under rule 3.204, the resolution be referred to the Committee on Government Operations,

Senator Hammerstrom moved that the rule be suspended.

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

The question being on the adoption of the resolution,

Senator Hammerstrom moved that the resolution be referred to the Committee on Transportation.

The motion prevailed.

Senator Patterson offered the following concurrent resolution:

Senate Concurrent Resolution No. 29.

A concurrent resolution to memorialize the United States Congress to address the issue of traffic stoppages at railroad crossings.

Whereas, Local communities have long tried to address the issue of minimizing traffic stoppages caused by trains traveling within their municipal borders. Slow trains moving through a community bring traffic to a standstill. Even

worse, trains may sometimes stop completely, bringing an entire city to a halt and backing up road traffic for blocks in all directions. Commuters, shoppers, and even emergency vehicles can be trapped on one side of a railroad track, unable to reach the other side for long periods of time; and

Whereas, The State Legislature provided local governments with the means to regulate the length of time that trains may permissibly halt vehicle traffic. The authority to levy fines on train companies that block traffic for too long held the promise of compelling railroad companies to work with local governments to minimize the disruption to lives and commerce that had become routine. Unfortunately, the courts have struck down this state law, arguing that only the federal government may regulate the speed and length of trains operating in interstate commerce; and

Whereas, With local and state options to resolve this local problem foreclosed, it is imperative that the United States Congress exercise its authority to compel a reasonable solution at the federal level; now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That we memorialize the United States Congress to address the issue of traffic stoppages at railroad crossings; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

Pending the order that, under rule 3.204, the concurrent resolution be referred to the Committee on Government Operations,

Senator Hammerstrom moved that the rule be suspended.

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

The question being on the adoption of the concurrent resolution,

Senator Hammerstrom moved that the concurrent resolution be referred to the Committee on Transportation.

The motion prevailed.

Introduction and Referral of Bills

Senators Switalski, Jacobs, Schauer, Olshove, Prusi, Cherry, Barcia, Jelinek and Toy introduced

Senate Bill No. 619, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," (MCL 380.1 to 380.1852) by adding section 1259. The bill was read a first and second time by title and referred to the Committee on Education.

Senators Barcia and Kuipers introduced

Senate Bill No. 620, entitled

A bill to amend 1943 PA 184, entitled "Township zoning act," (MCL 125.271 to 125.310) by adding section 16i.

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

Senators McManus, Gilbert, George, Toy, Allen, Basham, Bishop and Jelinek introduced

Senate Bill No. 621, entitled

A bill to amend 1982 PA 295, entitled "Support and parenting time enforcement act," by amending section 3 (MCL 552.603), as amended by 2002 PA 572.

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

Senator Basham introduced

Senate Bill No. 622, entitled

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 3104 (MCL 500.3104), as amended by 2002 PA 662.

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

Senator Basham introduced

Senate Bill No. 623, entitled

A bill to amend 1987 PA 96, entitled "The mobile home commission act," by amending sections 7, 16, 17, and 45 (MCL 125.2307, 125.2316, 125.2317, and 125.2345).

The bill was read a first and second time by title and referred to the Committee on Local, Urban and State Affairs.

Senator Basham introduced

Senate Bill No. 624, entitled

A bill to amend 1972 PA 230, entitled "Stille-DeRossett-Hale single state construction code act," by amending section 20 (MCL 125.1520), as amended by 1980 PA 371.

The bill was read a first and second time by title and referred to the Committee on Local, Urban and State Affairs.

Senators Cassis, Allen, Kuipers, Brown, Garcia, Van Woerkom, Sanborn, Olshove, McManus and Gilbert introduced

Senate Bill No. 625, entitled

A bill to amend 1972 PA 102, entitled "An act to establish a grant program for certain part-time, independent students in this state; and to prescribe the powers and duties of certain state agencies and institutions of higher education," by amending section 3 (MCL 390.1283).

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

Senators Van Woerkom, Allen, Brown, Garcia, Stamas, Cropsey, Hardiman, Goschka, Sanborn, McManus, Gilbert and Olshove introduced

Senate Bill No. 626, entitled

A bill to amend 1964 PA 208, entitled "An act to grant scholarships to students enrolled in postsecondary education institutions; and to provide for the administration of the scholarship program," by amending section 7 (MCL 390.977), as amended by 1980 PA 500.

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

Senators Allen, Brown, Barcia, Garcia, Van Woerkom, Sanborn, Olshove, Gilbert and McManus introduced

Senate Bill No. 627, entitled

A bill to amend 1976 PA 228, entitled "The legislative merit award program act," by amending section 4 (MCL 390.1304), as amended by 1980 PA 386.

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

Senators Clark-Coleman, Allen, Kuipers, Clarke, Brown, Bernero, Scott, Garcia, Schauer, Van Woerkom, Sanborn, Olshove, Bishop and McManus introduced

Senate Bill No. 628, entitled

A bill to amend 1986 PA 273, entitled "An act to establish a Michigan educational opportunity grant program for resident qualified students enrolled in eligible public postsecondary schools; and to prescribe the powers and duties of certain state agencies," by amending section 3 (MCL 390.1403).

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

Senators Kuipers, Allen, Brown, Barcia, Garcia, Van Woerkom, Sanborn, Olshove, McManus and Gilbert introduced

Senate Bill No. 629, entitled

A bill to amend 1966 PA 313, entitled "An act to award tuition grants to resident students enrolled in independent nonprofit institutions of higher learning; and to make an appropriation therefor," by amending section 4 (MCL 390.994), as amended by 1980 PA 503.

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

Senators Patterson, Birkholz, Gilbert, George, Stamas, Van Woerkom, Hammerstrom, McManus, Bishop, Kuipers, Goschka and Jelinek introduced

Senate Bill No. 630, entitled

A bill to amend 1927 PA 175, entitled "The code of criminal procedure," by amending section 11e of chapter XVII (MCL 777.11e), as added by 2002 PA 31.

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

Senators Patterson, Birkholz, Toy, Gilbert, George, Stamas, Van Woerkom, Hammerstrom, Bishop, McManus, Kuipers, Goschka and Jelinek introduced

Senate Bill No. 631, entitled

A bill to amend 1976 PA 388, entitled "Michigan campaign finance act," by amending sections 15, 33, 34, and 35 (MCL 169.215, 169.233, 169.234, and 169.235), section 15 as amended by 2001 PA 250, sections 33 and 34 as amended by 1999 PA 238, and section 35 as amended by 2000 PA 75.

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

Senators Clark-Coleman, Jacobs, Scott, Schauer, Basham, Patterson, Clarke, Switalski, Bernero, Prusi, Cherry, Olshove, Leland, Thomas, Brater, Barcia and Emerson introduced

Senate Bill No. 632, entitled

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," (MCL 500.100 to 500.8302) by adding section 2107a. The bill was read a first and second time by title and referred to the Committee on Banking and Financial Institutions.

Senators Cropsey, Garcia, Patterson, Schauer, Bernero, Brater, Cassis, McManus, Jacobs, Goschka and Bishop introduced

Senate Bill No. 633, entitled

A bill to amend 1961 PA 236, entitled "Revised judicature act of 1961," by amending section 2912a (MCL 600.2912a), as amended by 1993 PA 78.

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

Senators Olshove, Leland, Scott, Patterson, Jacobs, Brater, Clark-Coleman, Bernero, Cherry, Schauer, Barcia, Basham, Gilbert and Clarke introduced

Senate Bill No. 634, entitled

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 3101a (MCL 500.3101a), as amended by 1996 PA 456.

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

Senator Hammerstrom introduced

Senate Bill No. 635, entitled

A bill to amend 1978 PA 368, entitled "Public health code," by amending section 21311 (MCL 333.21311), as amended by 1984 PA 311.

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

Senators Olshove, Leland, Scott, Patterson, Jacobs, Brater, Clark-Coleman, Bernero, Cherry, Schauer, Barcia, Basham, Gilbert and Clarke introduced

Senate Bill No. 636, entitled

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," (MCL 500.100 to 500.8302) by adding section 2110b. The bill was read a first and second time by title and referred to the Committee on Banking and Financial Institutions.

Senators George, Kuipers, Patterson, Garcia, Birkholz, Cropsey, McManus, Jelinek and Schauer introduced

Senate Bill No. 637, entitled

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," by amending section 703 (MCL 436.1703), as amended by 1999 PA 53.

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

Senators Olshove, Leland, Scott, Patterson, Jacobs, Brater, Clark-Coleman, Bernero, Cherry, Schauer, Barcia, Basham, Gilbert and Clarke introduced

Senate Bill No. 638, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 328 (MCL 257.328), as amended by 1995 PA 287, and by adding section 520a.

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

Senators Switalski, Brater and Cherry introduced

Senate Bill No. 639, entitled

A bill to amend 1939 PA 288, entitled "Probate code of 1939," by amending sections 23f and 24 of chapter X (MCL 710.23f and 710.24), section 23f as amended by 1994 PA 373 and section 24 as amended by 1996 PA 409.

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

House Bill No. 4945, entitled

A bill to amend 1936 (Ex Sess) PA 1, entitled "Michigan employment security act," by amending sections 3, 17, 20, and 64 (MCL 421.3, 421.17, 421.20, and 421.64), sections 3 and 20 as amended by 2002 PA 192, section 17 as amended by 1996 PA 535, and section 64 as amended by 1993 PA 275.

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

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

Recess

Senator Hammerstrom moved that the Senate recess subject to the call of the Chair.
The motion prevailed, the time being 12:02 p.m.

12:18 p.m.

Pursuant to rule 1.101, in the absence of the Presiding Officers, the Senate was called to order by the Secretary of the Senate.

Recess

Senator Hammerstrom moved that the Senate recess until 2:30 p.m.
The motion prevailed, the time being 12:19 p.m.

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

Recess

Senator Hammerstrom moved that the Senate recess until 4:00 p.m.
The motion prevailed, the time being 2:31 p.m.

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

By unanimous consent the Senate returned to the order of

Messages from the House**Senate Bill No. 266, entitled**

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

(For Conference Report, see Senate Journal No. 68, p. 1273.)

The House of Representatives has adopted the report of the Committee of Conference.

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

Senate Bill No. 277, entitled

A bill to make appropriations for the department of state police and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for certain reports and the consideration of those reports; to provide for the disposition of other income received by the various state agencies; to provide for the testing of certain persons; to provide for certain emergency powers; and to provide for the powers and duties of certain committees, certain state agencies, and certain employees.

(For Conference Report, see Senate Journal No. 68, p. 1263.)

The House of Representatives has adopted the report of the Committee of Conference.

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

Senate Bill No. 281, entitled

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2004; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

(For Conference Report, see Senate Journal No. 63, p. 1017.)

The House of Representatives has adopted the report of the Committee of Conference.

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

Senate Bill No. 286, entitled

A bill to make appropriations for the department of consumer and industry services and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the imposition of certain fees; to provide for the disposition of fees and other income received by the state agencies; to provide for reports to certain persons; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

(For Conference Report, see Senate Journal No. 63, p. 1033.)

The House of Representatives has adopted the report of the Committee of Conference.

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

Senate Bill No. 288, entitled

A bill to make appropriations for the department of agriculture for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to require reports, audits, and plans; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by certain state agencies.

(For Conference Report, see Senate Journal No. 63, p. 1045.)

The House of Representatives has adopted the report of the Committee of Conference.

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

Senate Bill No. 509, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," (MCL 257.1 to 257.923) by adding section 732a.

The House of Representatives has concurred in the Senate amendment to the House Substitute (H-6).

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

By unanimous consent the Senate returned to the order of

Motions and Communications

Senator Hammerstrom moved that the rules be suspended and that the following bills, now on Committee Reports, be placed on the General Orders calendar for consideration today:

House Bill No. 4627

House Bill No. 4630

House Bill No. 4631

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

By unanimous consent the Senate returned to the order of

General Orders

Senator Hammerstrom moved that the Senate resolve itself into the Committee of the Whole for consideration of the General Orders calendar.

The motion prevailed, and the Assistant President pro tempore, Senator Sanborn, designated Senator Switalski as Chairperson.

After some time spent therein, the Committee arose; and, the Assistant President pro tempore, Senator Sanborn, having resumed the Chair, the Committee reported back to the Senate, favorably and without amendment, the following bills:

House Bill No. 4630, entitled

A bill to amend 1952 PA 214, entitled "An act authorizing the Mackinac bridge authority to acquire a bridge connecting the upper and lower peninsulas of Michigan, including causeways, tunnels, roads and all useful related equipment and facilities, including park, parking, recreation, lighting and terminal facilities; extending the corporate existence of the authority; authorizing such authority to enjoy and carry out all powers incident to its corporate objects;

authorizing the appropriation and use of state funds for the preliminary purposes of the authority; providing for the payment of the cost of such bridge and in that connection authorizing the authority to issue revenue bonds payable solely from the revenues of the bridge; granting the right of condemnation to the authority; granting the use of state land and property to the authority; making provisions for the payment and security of such bonds and granting certain rights and remedies to the holders thereof; authorizing banks and trust companies to perform certain acts in connection therewith; authorizing the imposition of tolls and charges; authorizing the authority to secure the consent of the United States government to the construction of the bridge and to secure approval of plans, specifications and location of same; authorizing employment of engineers irrespective of whether such engineers have been previously employed to make preliminary inspections or reports with respect to the bridge; authorizing the state highway department to operate and maintain such bridge or to contribute thereto and enter into leases and agreements in connection therewith; exempting such bonds and the property of the authority from taxation; prohibiting competing traffic facilities; authorizing the operation of ferries by the authority; providing for the construction and use of certain buildings; and making an appropriation," by amending section 12 (MCL 254.322).

House Bill No. 4631, entitled

A bill to amend 1951 PA 51, entitled "An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts," by amending the title and section 11 (MCL 247.661), the title as amended by 1997 PA 79 and section 11 as amended by 2002 PA 639.

The bills were placed on the order of Third Reading of Bills.

The Committee of the Whole reported back to the Senate, favorably and with amendment, the following bill:

House Bill No. 4627, entitled

A bill to amend 1952 PA 214, entitled "An act authorizing the Mackinac bridge authority to acquire a bridge connecting the upper and lower peninsulas of Michigan, including causeways, tunnels, roads and all useful related equipment and facilities, including park, parking, recreation, lighting and terminal facilities; extending the corporate existence of the authority; authorizing such authority to enjoy and carry out all powers incident to its corporate objects; authorizing the appropriation and use of state funds for the preliminary purposes of the authority; providing for the payment of the cost of such bridge and in that connection authorizing the authority to issue revenue bonds payable solely from the revenues of the bridge; granting the right of condemnation to the authority; granting the use of state land and property to the authority; making provisions for the payment and security of such bonds and granting certain rights and remedies to the holders thereof; authorizing banks and trust companies to perform certain acts in connection therewith; authorizing the imposition of tolls and charges; authorizing the authority to secure the consent of the United States government to the construction of the bridge and to secure approval of plans, specifications and location of same; authorizing employment of engineers irrespective of whether such engineers have been previously employed to make preliminary inspections or reports with respect to the bridge; authorizing the state highway department to operate

and maintain such bridge or to contribute thereto and enter into leases and agreements in connection therewith; exempting such bonds and the property of the authority from taxation; prohibiting competing traffic facilities; authorizing the operation of ferries by the authority; providing for the construction and use of certain buildings; and making an appropriation,” by amending section 7 (MCL 254.317).

The following is the amendment recommended by the Committee of the Whole:

- 1. Amend page 5, line 16, after “to” by inserting “**subsection (2) and**”.

The Senate agreed to the amendment recommended by the Committee of the Whole, and the bill as amended was placed on the order of Third Reading of Bills.

Senator Schauer moved that Senator Bernero be temporarily excused from the balance of today’s session. The motion prevailed.

Senator Schauer moved that Senator Scott be excused from the balance of today’s session. The motion prevailed.

Senator Bernero entered the Senate Chamber.

By unanimous consent the Senate returned to the order of

Conference Reports

House Bill No. 4390, entitled

A bill to make appropriations for the department of corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to provide for reports; to provide for the creation of certain advisory committees and boards; to prescribe certain powers and duties of the department of corrections, certain other state officers and agencies, and certain advisory committees and boards; to provide for the collection of certain funds; and to provide for the disposition of fees and other income received by certain state agencies.

The House of Representatives has adopted the report of the Committee of Conference. The Conference Report was read as follows:

FIRST CONFERENCE REPORT

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

House Bill No. 4390, entitled

A bill to make appropriations for the department of corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to provide for reports; to provide for the creation of certain advisory committees and boards; to prescribe certain powers and duties of the department of corrections, certain other state officers and agencies, and certain advisory committees and boards; to provide for the collection of certain funds; and to provide for the disposition of fees and other income received by certain state agencies.

Recommends:

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

A bill to make appropriations for the department of corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to provide for reports; to provide for the creation of certain advisory committees and boards; to prescribe certain powers and duties of the department of corrections, certain other state officers and agencies, and certain advisory committees and boards; to provide for the collection of certain funds; and to provide for the disposition of fees and other income received by certain state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of corrections for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF CORRECTIONS

APPROPRIATION SUMMARY:

Average population	50,782
Full-time equated unclassified positions	16.0
Full-time equated classified positions.....	18,296.7

	For Fiscal Year Ending Sept. 30, 2004
GROSS APPROPRIATION	\$ 1,724,507,200
Appropriated from:	
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	3,253,600
ADJUSTED GROSS APPROPRIATION	\$ 1,721,253,600
Federal revenues:	
Total federal revenues	27,798,400
Special revenue funds:	
Total local revenues	391,100
Total private revenues	0
Total other state restricted revenues	\$ 60,858,800
State general fund/general purpose	\$ 1,632,205,300
Sec. 102. EXECUTIVE	
Full-time equated unclassified positions	16.0
Full-time equated classified positions	293.2
Unclassified positions—16.0 FTE positions	\$ 1,317,200
Executive direction—76.5 FTE positions	7,564,400
Human resources—216.7 FTE positions	15,752,000
Training	3,000,000
Worker's compensation	24,126,000
GROSS APPROPRIATION	\$ 51,759,600
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDSP, Michigan justice training fund	638,600
State general fund/general purpose	\$ 51,121,000
Sec. 103. ADMINISTRATION AND PROGRAMS	
Average population	480
Full-time equated classified positions	302.9
Planning, research, and records—22.0 FTE positions	\$ 1,525,000
Administrative services—59.9 FTE positions	4,657,000
Substance abuse testing and treatment	20,070,800
Inmate legal services	314,900
Prison industries operations—220.0 FTE positions	16,312,000
Rent	2,095,200
Equipment and special maintenance	2,054,000
Compensatory buyout and union leave bank	275,000
Michigan youth correctional facility - management services	13,568,300
Michigan youth correctional facility - administration—1.0 FTE position	145,600
Average population	480
Michigan youth correctional facility - lease payments	5,646,100
Prosecutorial and detainer expenses	4,051,000
GROSS APPROPRIATION	\$ 70,714,900
Appropriated from:	
Federal revenues:	
DOJ - office of justice programs, RSAT	2,349,300
DOJ - office of justice programs, VOI/TIS	18,089,400
Special revenue funds:	
Correctional industries revolving fund	16,312,000
State general fund/general purpose	\$ 33,964,200
Sec. 104. FIELD OPERATIONS ADMINISTRATION	
Average population	581
Full-time equated classified positions	2,217.9
Field operations—1,842.2 FTE positions	\$ 126,026,400
Parole board operations—29.0 FTE positions	2,178,800
Loans to parolees	294,400
Parole/probation services	3,867,300

	For Fiscal Year Ending Sept. 30, 2004
Corrections centers—70.0 FTE positions	\$ 8,860,300
Average population	581
Electronic monitoring center—49.4 FTE positions	6,002,100
Technical rule violator program—96.3 FTE positions	9,147,600
Special alternative incarceration program—131.0 FTE positions	10,320,900
GROSS APPROPRIATION	\$ 166,697,800
Appropriated from:	
Special revenue funds:	
Local - community tether program reimbursement.....	391,100
Parole and probation oversight fees	7,674,900
Tether program participant contributions	6,431,500
Parole and probation oversight fees set-aside.....	3,867,300
Corrections centers resident contributions revenue	1,407,800
Technical rule violator program public works user fees	163,500
Special alternative incarceration program public works user fees	119,000
State general fund/general purpose	\$ 146,642,700
Sec. 105. COMMUNITY CORRECTIONS	
Full-time equated classified positions	16.0
Community corrections administration—16.0 FTE positions	\$ 1,394,300
Probation residential centers	15,034,500
Community corrections comprehensive plans and services	13,066,900
Public education and training.....	50,000
Regional jail program	100
Local facility housing program	2,451,000
Felony drunk driver jail reduction and community treatment program.....	3,000,000
County jail reimbursement program.....	13,249,000
GROSS APPROPRIATION	\$ 48,245,800
Appropriated from:	
Special revenue funds:	
Telephone fees and commissions	13,192,100
Civil infraction fees	7,000,000
State general fund/general purpose	\$ 28,053,700
Sec. 106. CONSENT DECREES	
Average population	400
Full-time equated classified positions	526.0
Hadix consent decree—138.0 FTE positions.....	\$ 10,784,000
DOJ consent decree—161.5 FTE positions	11,329,900
DOJ psychiatric plan - MDCH mental health services	68,291,200
DOJ psychiatric plan - MDOC staff and services—226.5 FTE positions	15,483,400
GROSS APPROPRIATION	\$ 105,888,500
Appropriated from:	
State general fund/general purpose	\$ 105,888,500
Sec. 107. HEALTH CARE	
Full-time equated classified positions	955.9
Health care administration—18.0 FTE positions.....	\$ 2,153,800
Hospital and specialty care services.....	60,800,200
Vaccination program	991,200
Northern region clinical complexes—234.9 FTE positions	26,371,300
Southeastern region clinical complexes—398.6 FTE positions	50,379,200
Southwestern region clinical complexes—304.4 FTE positions	30,208,200
GROSS APPROPRIATION	\$ 170,903,900
Appropriated from:	
Special revenue funds:	
Prisoner health care copayments	301,200
State general fund/general purpose	\$ 170,602,700

For Fiscal Year
Ending Sept. 30,
2004

Sec. 108. CORRECTIONAL FACILITIES - ADMINISTRATION

Average population	485	
Full-time equated classified positions	597.5	
Correctional facilities administration—45.0 FTE positions.....		\$ 4,173,000
Housing inmates in federal institutions		554,100
Education services and federal education grants—10.0 FTE positions.....		5,615,700
Federal school lunch program		712,800
Leased beds and alternatives to leased beds.....		100
Inmate housing fund—118.0 FTE positions		2,461,900
Average population	485	
Academic/vocational programs—424.5 FTE positions		33,679,800
GROSS APPROPRIATION		\$ <u>47,197,400</u>

Appropriated from:

Federal revenues:

DOJ BOP - federal prisoner reimbursement.....		372,600
DED - OESE title 1		512,600
DED - OVAE adult education		1,859,200
DED - adult literacy grants		302,800
DED - OSERS		99,400
DED - vocational education equipment.....		272,700
DED - youthful offender/Specter grant		1,266,700
DOJ OJP - serious and violent offender reintegration initiative		1,000,000
DAG - FNS national school lunch.....		712,800
SSA - SSI incentive payment.....		100,000
State general fund/general purpose		\$ 40,698,600

Sec. 109. NORTHERN REGION CORRECTIONAL FACILITIES

Average population	14,253	
Full-time equated classified positions	4,263.2	
Alger maximum correctional facility - Munising—362.8 FTE positions.....		\$ 27,917,600
Average population	849	
Baraga maximum correctional facility - Baraga—425.4 FTE positions.....		31,433,400
Average population	1,084	
Chippewa correctional facility - Kincheloe—513.7 FTE positions.....		39,148,700
Average population	2,182	
Kinross correctional facility - Kincheloe—560.7 FTE positions		45,167,700
Average population	2,423	
Marquette branch prison - Marquette—403.4 FTE positions.....		32,565,800
Average population	1,129	
Newberry correctional facility - Newberry—345.4 FTE positions		25,950,500
Average population	1,144	
Oaks correctional facility - Eastlake—378.6 FTE positions.....		29,565,400
Average population	900	
Ojibway correctional facility - Marenisco—287.4 FTE positions.....		21,797,900
Average population	1,202	
Pugsley correctional facility - Kingsley—220.4 FTE positions		16,489,700
Average population	954	
Saginaw correctional facility - Freeland—360.8 FTE positions		28,525,800
Average population	1,480	
Standish maximum correctional facility - Standish—404.6 FTE positions.....		<u>31,292,400</u>
Average population	906	
GROSS APPROPRIATION		\$ 329,854,900

Appropriated from:

Special revenue funds:

Camps public works user fees.....		396,600
Resident stores.....		916,200
State general fund/general purpose		\$ 328,542,100

For Fiscal Year
Ending Sept. 30,
2004

Sec. 110. SOUTHEASTERN REGION CORRECTIONAL FACILITIES

Average population	16,853	
Full-time equated classified positions	4,782.6	
Cooper street correctional facility - Jackson—268.2 FTE positions		\$ 22,143,700
Average population	1,360	
G. Robert Cotton correctional facility - Jackson—431.7 FTE positions		33,393,300
Average population	1,734	
Charles E. Egeler correctional facility - Jackson—414.2 FTE positions		32,508,500
Average population	1,106	
Gus Harrison correctional facility - Adrian—500.0 FTE positions.....		38,991,100
Average population	2,200	
Huron Valley correctional facility - Ypsilanti—277.6 FTE positions		21,070,200
Average population	510	
Macomb correctional facility - New Haven—361.9 FTE positions		27,585,500
Average population	1,468	
Mound correctional facility - Detroit—340.2 FTE positions		25,128,300
Average population	1,051	
Parnall correctional facility - Jackson—265.0 FTE positions		21,744,600
Average population	1,378	
Ryan correctional facility - Detroit—333.1 FTE positions		25,443,100
Average population	1,059	
Robert Scott correctional facility - Plymouth—424.9 FTE positions		32,105,500
Average population	1,261	
Southern Michigan correctional facility - Jackson—420.0 FTE positions		29,707,600
Average population	1,481	
Thumb correctional facility - Lapeer—375.3 FTE positions		29,584,800
Average population	1,467	
Western Wayne correctional facility - Plymouth—272.5 FTE positions		21,772,400
Average population	778	
Jackson area support and services—98.0 FTE positions		16,445,100
GROSS APPROPRIATION		\$ 377,623,700
Appropriated from:		
Intradepartmental transfer revenues:		
IDT, production kitchen user fees		2,615,000
Federal revenues:		
DOJ - state criminal alien assistance program		860,900
Special revenue funds:		
Camps public works user fees.....		274,600
Resident stores.....		1,291,600
State general fund/general purpose		\$ 372,581,600

Sec. 111. SOUTHWESTERN REGION CORRECTIONAL FACILITIES

Average population	17,730	
Full-time equated classified positions	4,341.5	
Bellamy Creek correctional facility - Ionia—450.8 FTE positions.....		\$ 34,085,000
Average population	1,830	
Earnest C. Brooks correctional facility - Muskegon—481.7 FTE positions		38,461,000
Average population	2,200	
Carson City correctional facility - Carson City—530.8 FTE positions.....		41,448,300
Average population	2,200	
Florence Crane correctional facility - Coldwater—392.0 FTE positions		31,368,100
Average population	1,560	
Deerfield correctional facility - Ionia—198.4 FTE positions		16,285,700
Average population	960	
Richard A. Handlon correctional facility - Ionia—257.0 FTE positions.....		21,109,900
Average population	1,320	
Ionia maximum correctional facility - Ionia—359.6 FTE positions		26,733,700
Average population	636	

	For Fiscal Year Ending Sept. 30, 2004
Lakeland correctional facility - Coldwater—283.5 FTE positions.....	\$ 22,965,000
Average population	1,256
Muskegon correctional facility - Muskegon—265.4 FTE positions.....	22,442,000
Average population	1,310
Pine River correctional facility - St. Louis—215.6 FTE positions	17,032,100
Average population	960
Riverside correctional facility - Ionia—308.5 FTE positions	26,478,200
Average population	1,244
St. Louis correctional facility - St. Louis—598.2 FTE positions.....	44,822,900
Average population	2,254
GROSS APPROPRIATION	\$ 343,231,900
Appropriated from:	
Special revenue funds:	
Camps public works user fees.....	139,000
Resident stores	1,362,500
State general fund/general purpose	\$ 341,730,400
Sec. 112. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 12,388,800
GROSS APPROPRIATION	\$ 12,388,800
Appropriated from:	
Special revenue funds:	
Correctional industries revolving fund	9,000
State general fund/general purpose	\$ 12,379,800

PART 2
PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$1,693,064,100.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$81,068,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF CORRECTIONS

Field operations - assumption of county probation staff	\$ 37,313,900
Prosecutorial and detainer expenses.....	4,051,000
Public service work projects	9,100,600
Community corrections comprehensive plans and services	13,066,900
Community corrections probation residential centers.....	15,034,500
Local facility housing program	2,451,000
Community corrections public education and training	50,000
Regional jail program	100
TOTAL.....	\$ 81,068,000

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

Sec. 203. As used in this act:

- (a) "DAG" means the United States department of agriculture.
- (b) "DAG - FNS" means the DAG food and nutrition service.
- (c) "DED" means the United States department of education.
- (d) "DED - OESE" means the DED office of elementary and secondary education.
- (e) "DED - OSERS" means the DED office of special education and rehabilitative services.
- (f) "DED - OVAE" means the DED office of vocational and adult education.
- (g) "Department" or "MDOC" means the Michigan department of corrections.
- (h) "DOJ" means the United States department of justice.
- (i) "DOJ BOP" means the DOJ bureau of prisons.
- (j) "DOJ OJP" means the DOJ office of justice programs.
- (k) "FTE" means full-time equated.
- (l) "IDG" means interdepartmental grant.
- (m) "IDT" means intradepartmental transfer.

(n) "MDCH" means the Michigan department of community health.

(o) "MDSP" means the Michigan department of state police.

(p) "OCC" means office of community corrections.

(q) "RSAT" means residential substance abuse treatment.

(r) "SSA" means the United States social security administration.

(s) "SSA - SSI" means SSA supplemental security income.

(t) "VOI/TIS" means violent offender incarceration/truth in sentencing.

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

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

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause a loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Sec. 207. At least 120 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

Sec. 209. Funds appropriated in part 1 should not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods and services, or both, are available. Preference should be given to goods and services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value.

Sec. 210. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 211. (1) Pursuant to the provisions of civil service rules and regulations and applicable collective bargaining agreements, individuals seeking employment with the department shall submit to a controlled substance test. The test shall be administered by the department.

(2) Individuals seeking employment with the department who refuse to take a controlled substance test or who test positive for the illicit use of a controlled substance on such a test shall be denied employment.

Sec. 212. The department may charge fees and collect revenues in excess of appropriations in part 1 not to exceed the cost of offender services and programming, employee meals, academic/vocational services, custody escorts, compassionate visits, union steward activities, public work programs, and emergency services provided to units of government. The revenues and fees collected shall be appropriated for all expenses associated with these services and activities.

Sec. 213. Of the state general fund/general purpose revenue appropriated in part 1, \$579,242,500.00 represents a state spending increase over the amount provided to the department for the fiscal year ending September 30, 1994, and may be used to meet state match requirements of programs contained in the violent crime control and law enforcement act of 1994, Public Law 103-322, 108 Stat. 1796, or successor grant programs, so that any additional federal funds received shall supplement funding provided to the department in part 1.

Sec. 214. The department shall provide quarterly reports on the Michigan youth correctional facility to the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director. The reports shall provide information relevant to an assessment of the safety and security of the institution, including, but not limited to, information on the number of critical incidents by type occurring at the facility, the number of custody staff at the facility, staff turnover rates, staff vacancy rates, overtime reports, prisoner grievances, and number and severity of assaults occurring at the facility. The reports also shall provide information on programming available at the facility and on program enrollments, including, but not limited to, academic/vocational programs, counseling programs, mental health treatment programs, substance abuse treatment programs, and cognitive restructuring programs.

Sec. 215. The department shall require the contract monitor for the Michigan youth correctional facility to provide a manual to each prisoner at intake that details programs and services available at the facility, the processes by which prisoner complaints and grievances can be pursued, and the identity of staff available at the facility to answer questions regarding the information in the manual. The contract monitor shall obtain written verification of receipt from each prisoner receiving the manual. The contract monitor also shall answer prisoner questions regarding facility programs, services, and grievance procedures.

Sec. 216. As a condition of expending funds appropriated in part 1 for the Michigan youth correctional facility, the department shall use electronic mail to notify the members of the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies that an invitation to bid, request for proposals, or similar document pertaining to management services for the Michigan youth correctional facility has been issued and shall provide a link to an Internet or Intranet site from which the document can be viewed and downloaded. The electronic mail shall be sent on the same day the document is made available to the public.

Sec. 217. The bureau of health care services shall develop information on Hepatitis C prevention and the risks associated with exposure to Hepatitis C, and the health care providers shall disseminate this information verbally and in writing to each prisoner at the health screening and full health appraisal conducted at admissions, at the annual health care screening 1 week before or after a prisoner's birthday, and prior to release to the community by parole, transfer to community residential placement, or discharge on the maximum.

Sec. 218. (1) As a condition of expenditure of appropriations for health care made under part 1, the department shall conduct a seroprevalence study to determine the incidence of infection with Hepatitis C among the intake population and reliability of self-reported information pertinent to high-risk behaviors and the incidence of Hepatitis C infection. The study shall consist of testing each incoming prisoner for infection with the Hepatitis C virus and the collection of pertinent self-reported information. The study shall continue for as long as necessary to collect statistically significant data that will enable the department to assess the incidence of Hepatitis C in the prison intake.

(2) The department shall report the results of the study to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director as soon as practicable after completion, but no later than April 1, 2004.

Sec. 219. From the funds appropriated in part 1, the department shall offer an alanine aminotransferase (ALT) test to each prisoner who has received positive parole action. An explanation of results of the test shall be provided confidentially to the prisoner prior to release on parole, and if appropriate based on the test results, the prisoner shall also be provided a recommendation to seek follow-up medical attention in the community. The test shall be voluntary; if the prisoner refuses to be tested, that decision shall not affect parole release, conditions of parole, or parole supervision.

Sec. 220. By April 1, 2004, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on academic/vocational programs for the most recently completed appropriation year. The report shall provide information relevant to an assessment of the department's academic and vocational programs, including, but not limited to, the following:

(a) The number of prisoners enrolled in each program, the number of prisoners completing each program, and the number of prisoners on waiting lists for each program.

(b) The steps the department has undertaken to improve programs and reduce waiting lists.

(c) An explanation of the value and purpose of each program, e.g., to improve employability, reduce recidivism, reduce prisoner idleness, or some combination of these and other factors.

(d) An identification of program outcomes for each academic and vocational program.

(e) An explanation of the department's plans for academic and vocational programs.

Sec. 221. By February 15, 2004, the department shall provide the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director with a report detailing nongeneral fund/general purpose sources of revenue, including but not limited to, federal revenues, state restricted revenues, local and private revenues, offender reimbursements and other payments, revolving funds, and 1-time sources of revenue, whether or not such revenues were appropriated. The report shall include statements detailing for each account the total amount of revenue received during fiscal year 2002-2003, the amount by which the revenue exceeded any applicable appropriated fund source, the amount spent during fiscal year 2002-2003, the account balance at the close of fiscal year 2002-2003, and the projected revenues and expenditures for fiscal year 2003-2004.

Sec. 222. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the departments and agencies and the department of information technology.

Sec. 223. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of corrections technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 224. By October 15, 2003, the department shall report to the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies a detailed plan of how the department will implement reductions in order to compensate for unfunded economic increases in salaries, insurance, and retirement rates. The report shall include, but not be limited to, the department's plan for layoffs, program changes and eliminations, prisoner release, and facility closures.

SUBSTANCE ABUSE TESTING AND TREATMENT

Sec. 301. (1) The department shall screen and assess each prisoner for alcohol and other drug involvement to determine the need for further treatment. The assessment process shall be designed to identify the severity of alcohol and other drug addiction and determine the treatment plan, if appropriate.

(2) Subject to the availability of funding resources, the department shall provide substance abuse treatment to prisoners with priority given to those prisoners who are most in need of treatment and who can best benefit from program intervention based on the screening and assessment provided under subsection (1).

Sec. 302. (1) In expending residential substance abuse treatment services funds appropriated by this act, the department shall ensure to the maximum extent possible that residential substance abuse treatment services are available statewide.

(2) It is the intent of the legislature that the funds appropriated in part 1 for substance abuse testing and treatment be fully expended for that purpose.

(3) By April 1, 2004, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the allocation, distribution, and expenditure of all funds appropriated by the substance abuse testing and treatment line item during fiscal year 2002-2003 and projected for fiscal year 2003-2004. The report shall include, but not be limited to, an explanation of an anticipated year-end balance, the number of participants in substance abuse programs, and the number of offenders on waiting lists for residential substance abuse programs. Information required by this subsection shall, where possible, be separated by MDOC administrative region and by offender type, including, but not limited to, a distinction between prisoners, parolees, and probationers.

EXECUTIVE

Sec. 401. The department shall submit 3-year and 5-year prison population projection updates by February 1, 2004 to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director.

Sec. 402. The department shall prepare by April 1, 2004 individual reports for the technical rule violator program, the community residential program, the electronic tether program, and the special alternative to incarceration program. The reports shall be submitted to the house and senate appropriations subcommittees on corrections, the house and senate fiscal agencies, and the state budget director. The reports shall include the following:

- (a) Monthly new participants.
- (b) Monthly participant unsuccessful terminations, including cause.
- (c) Number of successful terminations.
- (d) End month population by facility/program.
- (e) Average length of placement.
- (f) Return to prison statistics.
- (g) Description of program location(s), capacity, and staffing.
- (h) Sentencing guideline scores and actual sentence statistics for participants, if applicable.
- (i) Comparison with prior year statistics.
- (j) Analysis of the impact on prison admissions and jail utilization and the cost effectiveness of the program.

Sec. 403. From the funds appropriated in part 1, the department shall continue to maintain county jail services staff sufficient to enable the department to continue to fulfill its functions of providing technical support, inspections of county jails, and maintenance of the jail reimbursement program.

Sec. 404. The department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director by April 1, 2004 on the ratio of correctional officers to prisoners for each correctional institution, the ratio of shift command staff to line custody staff, and the ratio of noncustody institutional staff to prisoners for each correctional institution.

Sec. 405. (1) The department shall review and revise as necessary policy proposals that provide alternatives to prison for offenders being sentenced to prison as a result of technical probation violations and technical parole violations. To the extent the department has insufficient policies or resources to affect the continued increase in prison commitments among these offender populations, the department shall explore other policy options to allow for program alternatives, including department or OCC-funded programs, local level programs, and programs available through private agencies that may be used as prison alternatives for these offenders.

(2) To the extent policies or programs described in subsection (1) are used, developed, or contracted for, the department may request that funds appropriated in part 1 be transferred under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393, for their operation.

(3) The department shall continue to utilize parole violator processing guidelines that require parole agents to utilize all available appropriate community-based, nonincarcerative postrelease sanctions and services when appropriate. The department shall periodically evaluate such guidelines for modification, in response to emerging information from the pilot projects for substance abuse treatment provided under this act and applicable provisions of prior budget acts for the department.

(4) By March 1, 2004, the department shall report to the senate and house appropriations subcommittees on corrections, senate and house fiscal agencies, and state budget director on the effect that any recommended policy changes for technical violators of parole and technical violators of probation would have on admission to prison and jail and the impact on other program alternatives.

Sec. 406. From the funds allocated in part 1, the department shall conduct a cost/benefit analysis of privatizing prisoner transportation services and shall report the findings of this cost/benefit analysis to the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies by January 1, 2004.

ADMINISTRATION AND PROGRAMS

Sec. 501. From the funds appropriated in part 1 for prosecutorial and detainer expenses, the department shall reimburse counties for housing and custody of parole violators and offenders being returned by the department from community placement who are available for return to institutional status and for prisoners who volunteer for placement in a county jail.

FIELD OPERATIONS ADMINISTRATION

Sec. 601. From the funds appropriated in part 1, the department shall conduct a statewide caseload audit of field agents. The audit shall address public protection issues and assess the ability of the field agents to complete their professional duties. The results of the audit shall be submitted to the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies, and the state budget office by September 30, 2004.

Sec. 602. (1) Of the amount appropriated in part 1 for field operations, a sufficient amount shall be allocated for the community service work program and shall be used for salaries and wages and fringe benefit costs of community service coordinators employed by the department to supervise offenders participating in work crew assignments. Funds shall also be used to cover motor transport division rates on state vehicles used to transport offenders to community service work project sites.

(2) The community service work program shall provide offenders with community service work of tangible benefit to a community while fulfilling court-ordered community service work sanctions and other postconviction obligations.

(3) As used in this section, "community service work" means work performed by an offender in an unpaid position with a nonprofit or tax-supported or government agency for a specified number of hours of work or service within a given time period.

Sec. 603. (1) All prisoners, probationers, and parolees involved with the electronic tether program shall reimburse the department for the equipment costs and telephone charges associated with their participation in the program. The department may require community service work reimbursement as a means of payment for those able-bodied individuals unable to pay for the cost of the equipment.

(2) Program participant contributions and local community tether program reimbursement for the electronic tether program appropriated in part 1 are related to program expenditures and may be used to offset expenditures for this purpose.

(3) Included in the appropriation in part 1 is adequate funding to implement the community tether program to be administered by the department. The community tether program is intended to provide sentencing judges and county sheriffs in coordination with local community corrections advisory boards access to the state's electronic tether program to reduce prison admissions and improve local jail utilization. The department shall determine the appropriate distribution of the tether units throughout the state based upon locally developed comprehensive corrections plans pursuant to the community corrections act, 1988 PA 511, MCL 791.401 to 791.414.

(4) For a fee determined by the department, the department shall provide counties with the tether equipment, replacement parts, administrative oversight of the equipment's operation, notification of violators, and periodic reports regarding county program participants. Counties are responsible for tether equipment installation and service. For an additional fee as determined by the department, the department shall provide staff to install and service the equipment. Counties are responsible for the coordination and apprehension of program violators.

(5) Any county with tether charges outstanding over 60 days shall be considered in violation of the community tether program agreement and lose access to the program.

Sec. 604. Community-placement prisoners and parolees shall reimburse the department for the operational costs of the program. As an alternative method of payment, the department may develop a community service work schedule for those individuals unable to meet reimbursement requirements established by the department.

Sec. 605. The department shall establish a uniform rate to be paid by agencies that benefit from public work services provided by special alternative incarceration participants and prisoners.

COMMUNITY CORRECTIONS

Sec. 701. The office of community corrections shall provide and coordinate the delivery and implementation of services in communities to facilitate successful offender reintegration into the community. Programs and services to be offered shall include, but are not limited to, technical assistance for comprehensive corrections plan development, new program start-up funding, program funding for those programs delivering services for eligible offenders in geographic areas identified by the office of community corrections as having a shortage of available services, technical assistance, referral services for education, employment services, and substance abuse and family counseling. As used in this act:

(a) "Alternative to incarceration in a state facility or jail" means a program that involves offenders who receive a sentencing disposition which appears to be in place of incarceration in a state correctional facility or jail based on historical local sentencing patterns or which amounts to a reduction in the length of sentence in a jail.

(b) "Goal" means the intended or projected result of a comprehensive corrections plan or community corrections program to reduce prison commitment rates, to reduce the length of stay in a jail, or to improve the utilization of a jail.

(c) "Jail" means a facility operated by a local unit of government for the physical detention and correction of persons charged with or convicted of criminal offenses.

(d) "Offender eligibility criteria" means particular criminal violations, state felony sentencing guidelines descriptors, and offender characteristics developed by advisory boards and approved by local units of government that identify the offenders suitable for community corrections programs funded through the office of community corrections.

(e) "Offender target population" means felons or misdemeanants who would likely be sentenced to imprisonment in a state correctional facility or jail, who would not increase the risk to the public safety, who have not demonstrated a pattern of violent behavior, and who do not have criminal records that indicate a pattern of violent offenses.

(f) "Offender who would likely be sentenced to imprisonment" means either of the following:

(i) A felon or misdemeanant who receives a sentencing disposition that appears to be in place of incarceration in a state correctional facility or jail, according to historical local sentencing patterns.

(ii) A currently incarcerated felon or misdemeanant who is granted early release from incarceration to a community corrections program or who is granted early release from incarceration as a result of a community corrections program.

Sec. 702. (1) The funds included in part 1 for community corrections comprehensive plans and services are to encourage the development through technical assistance grants, implementation, and operation of community corrections programs that serve as an alternative to incarceration in a state facility or jail. The comprehensive corrections plans shall include an explanation of how the public safety will be maintained, the goals for the local jurisdiction, offender target populations intended to be affected, offender eligibility criteria for purposes outlined in the plan, and how the plans will meet the following objectives, consistent with section 8(4) of the community corrections act, 1988 PA 511, MCL 791.408:

(a) Reduce admissions to prison of nonviolent offenders who would have otherwise received an active sentence, including probation violators.

(b) Improve the appropriate utilization of jail facilities, the first priority of which is to open jail beds intended to house otherwise prison-bound felons, and the second priority being to appropriately utilize jail beds so that jail crowding does not occur.

(c) Open jail beds through the increase of pretrial release options.

(d) Reduce the readmission to prison of parole violators.

(e) Reduce the admission or readmission to prison of offenders, including probation violators and parole violators, for substance abuse violations.

(2) The award of community corrections comprehensive plans funds shall be based on criteria that include, but are not limited to, the prison commitment rate by category of offenders, trends in prison commitment rates and jail utilization, historical trends in community corrections program capacity and program utilization, and the projected impact and outcome of annual policies and procedures of programs on prison commitment rates and jail utilization.

(3) Funds awarded for probation residential centers in part 1 shall provide for a per diem reimbursement of not more than \$43.00.

Sec. 703. The comprehensive corrections plans shall also include, where appropriate, descriptive information on the full range of sanctions and services which are available and utilized within the local jurisdiction and an explanation of how jail beds, probation residential services, the special alternative incarceration program (boot camp), probation detention centers, the electronic monitoring program for probationers, and treatment and rehabilitative services will be utilized to support the objectives and priorities of the comprehensive corrections plan and the purposes and priorities of section 8(4) of the community corrections act, 1988 PA 511, MCL 791.408. The plans shall also include, where appropriate, provisions that detail how the local communities plan to respond to sentencing guidelines found in chapter XVII of the code of criminal procedure, 1927 PA 175, MCL 777.1 to 777.69, and the use of the county jail reimbursement program pursuant to section 706 of this act. The state community corrections board shall encourage local community corrections boards to include in their comprehensive corrections plans strategies to collaborate with local alcohol and drug treatment agencies of the department of community health for the provision of alcohol and drug screening, assessment, case management planning, and delivery of treatment to alcohol- and drug-involved offenders, including, but not limited to, probation and parole violators who are at risk of revocation.

Sec. 704. (1) As part of the March biannual report specified under section 12(2) of the community corrections act, 1988 PA 511, MCL 791.412, which requires an analysis of the impact of that act on prison admissions and jail utilization, the department shall submit to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director the following information for each county and counties consolidated for comprehensive corrections plans:

(a) Approved technical assistance grants and comprehensive corrections plans including each program and level of funding, the utilization level of each program, and profile information of enrolled offenders.

(b) If federal funds are made available, the number of participants funded, the number served, the number successfully completing the program, and a summary of the program activity.

(c) Status of the community corrections information system and the jail population information system.

(d) Data on probation residential centers, including participant data, participant sentencing guideline scores, program expenditures, average length of stay, and bed utilization data.

(e) Offender disposition data by sentencing guideline range, by disposition type, number and percent statewide and by county, current year, and comparisons to prior 3 years.

(2) The report required under subsection (1) shall include the total funding allocated, program expenditures, required program data, and year-to-date totals.

Sec. 705. (1) The department shall identify and coordinate information regarding the availability of and the demand for community corrections programs, jail-based community corrections programs, and basic state-required jail data.

(2) The department shall be responsible for the collection, analysis, and reporting of state-required jail data.

(3) As a prerequisite to participation in the programs and services offered through the department, counties shall provide basic jail data to the department.

Sec. 706. (1) The department shall administer a county jail reimbursement program from the funds appropriated in part 1 for the purpose of reimbursing counties for housing in jails felons who otherwise would have been sentenced to prison.

(2) The county jail reimbursement program shall reimburse counties for housing and custody of convicted felons if the conviction was for a crime committed before January 1, 1999 and 1 of the following applies:

(a) The felon would otherwise have been sentenced to a state prison term with a minimum sentencing guidelines range minimum of 12 months or more.

(b) The felon was sentenced under section 11 or 12 of chapter IX of the code of criminal procedure, 1927 PA 175, MCL 769.11 and 769.12.

(3) The county jail reimbursement program shall reimburse counties for housing and custody of convicted felons if the conviction was for a crime committed on or after January 1, 1999 and 1 of the following applies:

(a) The felon's sentencing guidelines recommended range upper limit is more than 18 months, the felon's sentencing guidelines recommended range lower limit is 12 months or less, the felon's prior record variable score is 35 or more points, and the felon's sentence is not for commission of a crime in crime class G or crime class H under chapter XVII of the code of criminal procedure, 1927 PA 175, MCL 777.1 to 777.69.

(b) The felon's minimum sentencing guidelines range minimum is more than 12 months.

(4) State reimbursement under this section for prisoner housing and custody expenses per diverted offender shall be \$43.50 per diem for up to a 1-year total.

(5) From the funds appropriated in part 1 for the county jail reimbursement program, the department shall contract for an ongoing study to determine the impact of the new legislative sentencing guidelines. The study shall analyze sentencing patterns of jurisdictions as well as future patterns in order to determine and quantify the population impact on prisons and jails of the new guidelines as well as to identify and define felon or crime characteristics or sentencing guidelines scores that indicate a felon is a prison diversion. The department shall contract for a local and statewide study for this purpose and provide periodic reports regarding the status and findings of the study to the house and senate appropriations subcommittees on corrections, the house and senate fiscal agencies, and the state budget director.

(6) The department, the Michigan association of counties, and the Michigan sheriffs' association shall review the periodic findings of the study required in subsection (5) and, if appropriate, recommend modification of the criteria for reimbursement contained in subsection (3)(b) and (c). Any recommended modification shall be forwarded to the house and senate appropriations subcommittees on corrections and the state budget office.

(7) The department shall reimburse counties for offenders in jail based upon the reimbursement eligibility criteria in place on the date the offender was originally sentenced for the reimbursable offense.

(8) County jail reimbursement program expenditures shall not exceed the amount appropriated in part 1 for this purpose. Payments to counties under the county jail reimbursement program shall be made in the order in which properly documented requests for reimbursements are received. A request shall be considered to be properly documented if it meets MDOC requirements for documentation. The department shall by October 15, 2003 distribute the documentation requirements to all counties.

Sec. 707. Funds included in part 1 for the local facility housing program are appropriated for the purpose of reimbursing local units of government for housing state prisoners.

Sec. 708. (1) From the funds appropriated in part 1 for probation residential centers, funds are allocated for the operation of a probation detention program in a county that has adopted a charter pursuant to 1966 PA 293, MCL 45.501 to 45.521. The probation detention program shall have a capacity of 100 beds. The department shall provide the program administrator monthly with 90-day projections of the numbers of beds expected to be needed for probationers and parolees in Phase II residential placement under section 4(2) of the special alternative incarceration act, 1988 PA 287, MCL 798.14, and the program administrator shall make beds available as necessary to house probationers and parolees entering Phase II residential placement.

(2) Funds awarded for probation residential centers in part 1 shall provide for a per diem reimbursement of not more than \$43.00.

(3) Payments under this section for operation of the probation detention program shall be made at the same rates applicable to disbursement of other funds awarded under the probation residential centers line item, not to exceed a total expenditure of \$1,569,500.00.

(4) The purpose of the probation detention program is to reduce the admission to prison of probation violators by providing a community punishment program within a secure environment with 24-hour supervision and programming with an emphasis on structured daily activities. Programming shall include, but need not be limited to, the following components that may be provided directly or by referral:

- (a) Orientation and assessment.
- (b) Substance abuse counseling.
- (c) Life skills counseling.
- (d) Education.
- (e) Employment preparation.
- (f) Vocational training.
- (g) Employment.
- (h) Community service.
- (i) Physical training.
- (j) Cognitive skill training.

(5) The probation detention program shall reduce the admission to prison of probation violators directly or indirectly by providing a program for direct sentencing of felony probation violators who likely would be prison-bound based on historical local sentencing practices or by removing probation violators from jail with a resulting increase in the number of jail beds available and used for felons who otherwise would be likely to be sentenced to prison based on historical local sentencing practices.

(6) The operation of the probation detention program shall be included in an approved community corrections comprehensive plan for the county described in subsection (1) pursuant to the community corrections act, 1988 PA 511, MCL 791.401 to 791.414, and shall be consistent with sections 701, 702, and 703.

(7) The comprehensive plan shall specify the programs, eligibility criteria, referral, and enrollment process, the assessment and client-specific planning case management process, a program design that includes a variable length of stay based on assessed need, and the evaluation methodology to show the impact of the program on prison admissions and recidivism.

(8) The length of stay for a probationer or parolee in Phase II residential placement shall be at the department's discretion based on the offender assessment and client-specific planning case management process and the offender's progress at meeting the case management objectives, but shall not exceed 120 days.

(9) The department shall require the program administrator to report not later than March 1, 2004 to the state budget director, the senate and house fiscal agencies, and the senate and house appropriations subcommittees on corrections concerning the program's impact on prison admissions and recidivism including, but not limited to, the numbers of offenders released from the probation detention program who are arrested for a felony offense within 1 year of their termination from the program.

Sec. 709. (1) As a condition of receipt of the funds appropriated in part 1 for community corrections plans and services and probation residential centers, the department shall only award those funds requested under a properly prepared and approved comprehensive corrections plan submitted under section 8 of the community corrections act, 1988 PA 511, MCL 791.408, or directly applied for under section 10 of the community corrections act, 1988 PA 511, MCL 791.410.

(2) The department shall only halt funding for an entity funded under section 8 of the community corrections act, 1988 PA 511, MCL 791.408, in instances of substantial noncompliance during the period covered by the plan.

Sec. 710. (1) Funds included in part 1 for the felony drunk driver jail reduction and community treatment program are appropriated for and may be expended for any of the following purposes:

(a) To increase availability of treatment options to reduce drunk driving and drunk driving-related deaths by addressing the alcohol addiction of felony drunk drivers who otherwise likely would be sentenced to jail or a combination of jail and other sanctions.

(b) To divert from jail sentences or to reduce the length of jail sentences for felony drunk drivers who otherwise would have been sentenced to jail and whose recommended minimum sentence ranges under sentencing guidelines have upper limits of 18 months or less, through funding programs that may be used in lieu of incarceration and that increase the likelihood of rehabilitation.

(c) To provide a policy and funding framework to make additional jail space available for housing convicted felons whose recommended minimum sentence ranges under sentencing guidelines have lower limits of 12 months or less and who likely otherwise would be sentenced to prison, with the aim of enabling counties to meet or exceed amounts received through the county jail reimbursement program during fiscal year 2002-2003 and reducing the numbers of felons sentenced to prison.

(2) Expenditure of funds included in part 1 for the felony drunk driver jail reduction and community treatment program shall be by grant awards consistent with standards developed by a committee of the state community corrections advisory board. The chairperson of the committee shall be the board member representing county sheriffs. Remaining members of the committee shall be appointed by the chairperson of the board.

(3) In developing standards, the committee shall consult with interested agencies and associations. Standards developed by the committee shall include application criteria, performance objectives and measures, funding allocations, and allowable uses of the fund, consistent with the purposes specified in this section.

(4) Allowable uses of the fund shall include reimbursing counties for transportation, treatment costs, and housing felony drunk drivers during a period of assessment for treatment and case planning. Reimbursements for housing during the assessment process shall be at the rate of \$43.50 per day per offender, up to a maximum of 5 days per offender.

(5) The standards developed by the committee shall assign each county a maximum funding allocation based on the amount the county received under the county jail reimbursement program in fiscal year 2001-2002 for housing felony drunk drivers whose sentencing guidelines recommended minimum sentence ranges had upper limits of 18 months or less.

(6) Awards of funding under this section shall be provided consistent with the local comprehensive corrections plans developed under the community corrections act, 1988 PA 511, MCL 791.401 to 791.414. Funds awarded under this section may be used in conjunction with funds awarded under grant programs established under that act. Due to the need for felony drunk drivers to be transitioned from county jails to community treatment services, it is the intent of the legislature that local units of government utilize funds received under this section to support county sheriff departments.

(7) As used in this section, "felony drunk driver" means a felon convicted of operating a motor vehicle under the influence of intoxicating liquor or a controlled substance, or both, third or subsequent offense, under section 625(8)(c) of the Michigan vehicle code, 1949 PA 300, MCL 257.625, or its predecessor statute, punishable as a felony.

CONSENT DECREES

Sec. 801. Funding appropriated in part 1 for consent decree line items is appropriated into separate control accounts created for each line item. Funding in each control account shall be distributed as necessary into separate accounts created for the purpose of separately identifying costs and expenditures associated with each consent decree.

HEALTH CARE

Sec. 901. The department shall not expend funds appropriated under part 1 for any surgery, procedure, or treatment to provide or maintain a prisoner's sex change unless it is determined medically necessary by the chief medical officer of the department.

Sec. 902. (1) As a condition of expenditure of the funds appropriated in part 1, the department shall report to the senate and house appropriations subcommittees on corrections on January 1, 2004 and July 1, 2004 the status of payments from contractors to vendors for health care services provided to prisoners, as well as the status of the contracts, and an assessment of prisoner health care quality.

(2) It is the intent of the legislature that, in the interest of providing the most efficient and cost-effective delivery of health care, local health care providers shall be considered and given the opportunity to competitively bid as vendors under future managed care contracts.

Sec. 903. There are sufficient funds and FTEs appropriated in part 1 to provide a full complement of nurses for clinical complexes working regular pay hours and it is the intent of the legislature that sufficient nurses be hired or retained to limit the use of overtime other-than-holiday pay.

Sec. 904. From the funds allocated in part 1 for health care services, the department shall conduct a 1-year cost/benefit analysis of privatizing pharmacy services and shall report the findings of this 1-year cost/benefit analysis to the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies not less than 120 days before any effort to privatize pharmacy services unless a report is completed prior to October 1, 2003.

Sec. 905. As a condition of expending funds appropriated in part 1 for hospital and specialty care or other correctional managed care health care services, the department shall use electronic mail to notify the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director that an invitation to bid, request for proposals, or similar document pertaining to hospital and specialty

care or other correctional managed care health care services has been issued and shall provide a link to an Internet or Intranet site from which the document can be viewed and downloaded. The electronic mail shall be sent on the same day that the invitation to bid, request for proposals, or similar document is released to potential bidders and other members of the public.

Sec. 906. It is the intent of the legislature that, with the funds appropriated in part 1 for hospital and specialty care services, the department shall ensure that local providers of ambulance services to prisoners be reimbursed within 60 days of the filing of any uncontested claim for service.

Sec. 907. The department shall identify and manage prisoners who abuse the availability of medical services by obtaining transportation to off-site medical care when unnecessary or reasonably avoidable. In doing this, the department shall, when appropriate, consult with off-site medical facilities on how to accomplish this goal.

INSTITUTIONAL OPERATIONS

Sec. 1001. As a condition of expenditure of the funds appropriated in part 1, the department shall ensure that smoking areas are designated for use by prisoners and staff at each facility. At a minimum, all outdoor areas within each facility’s perimeter shall be designated for smoking, except that smoking may be forbidden within 20 feet of any building designated as nonsmoking or smoke-free.

Sec. 1002. From the funds appropriated in part 1, the department shall allocate sufficient funds to develop a pilot children’s visitation program. The pilot program shall teach parenting skills and arrange for day visitation at these facilities for parents and their children, except for the families of prisoners convicted of a crime involving criminal sexual conduct in which the victim was less than 18 years of age or involving child abuse.

Sec. 1003. The department shall prohibit prisoners access to or use of the Internet or any similar system.

Sec. 1004. Any department employee who, in the course of his or her job, is determined by a physician to have had a potential exposure to the Hepatitis B virus, shall receive a Hepatitis B vaccination upon request.

Sec. 1006. (1) The inmate housing fund shall be used for the custody, treatment, clinical, and administrative costs associated with the housing of prisoners other than those specifically budgeted for elsewhere in this act. Funding in the inmate housing fund is appropriated into a separate control account. Funding in the control account shall be distributed as necessary into separate accounts created to separately identify costs for specific purposes.

(2) Quarterly reports on all expenditures from the inmate housing fund shall be submitted by the department to the state budget director, the senate and house appropriations subcommittees on corrections, and the senate and house fiscal agencies.

Sec. 1008. It is the intent of the legislature that from the funds appropriated in part 1 for prison operations the department maintain on a voluntary basis 1 or more cognitive restructuring programs such as Project CHANGE for high-security-level prisoners.

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

A bill to make appropriations for the department of corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to provide for reports; to provide for the creation of certain advisory committees and boards; to prescribe certain powers and duties of the department of corrections, certain other state officers and agencies, and certain advisory committees and boards; to provide for the collection of certain funds; and to provide for the disposition of fees and other income received by certain state agencies.

Mike Pumford
Triage Reeves
Conferees for the House

Alan L. Cropsey
Mike Goschka
Conferees for the Senate

Pending the order that, under joint rule 9, the conference report be laid over one day,

Senator Hammerstrom moved that the rule be suspended.

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

The question being on the adoption of the conference report,

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

Roll Call No. 381

Yeas—37

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer

Bernero
Birkholz
Bishop
Brater
Brown
Cassis
Cherry

Emerson
Garcia
George
Gilbert
Goschka
Hammerstrom

Johnson
Kuipers
Leland
McManus
Olshove
Patterson

Sikkema
Stamas
Switalski
Thomas
Toy
Van Woerkom

Nays—0

Excused—1

Scott

Not Voting—0

In The Chair: Sanborn

Senator Hammerstrom moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.

House Bill No. 4391, entitled

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

The House of Representatives has adopted the report of the Committee of Conference.

The Conference Report was read as follows:

FIRST CONFERENCE REPORT

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

House Bill No. 4391, entitled

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

Recommends:

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

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of education for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF EDUCATION

APPROPRIATION SUMMARY:

Full-time equated unclassified positions6.0
Full-time equated classified positions427.1

GROSS APPROPRIATION \$ 114,381,200

	For Fiscal Year Ending Sept. 30, 2004
Interdepartmental grant revenues:	
Interdepartmental grant from corrections academy lease.....	\$ 1,000,000
Total interdepartmental grants and intradepartmental transfers	1,000,000
ADJUSTED GROSS APPROPRIATION	\$ 113,381,200
Federal revenues:	
Total federal revenues	65,834,100
Special revenue funds:	
Local cost sharing (schools for blind/deaf)	4,641,600
Local school district service fees	150,000
Total local revenues	4,791,600
Gifts, bequests, and donations.....	504,200
Private foundations	197,200
Total private revenues	701,400
Total local and private revenues	5,493,000
Certification fees.....	3,130,100
Commodity distribution fees	72,300
Driver fees	8,128,000
Lansing, Michigan school for the blind rent	739,000
Motorcycle license fees.....	5,000
Student insurance revenue.....	205,100
Teacher testing fees	282,100
Training and orientation workshop fees	100,000
Total other state restricted revenues	12,661,600
State general fund/general purpose	\$ 29,392,500
Sec. 102. STATE BOARD OF EDUCATION/OFFICE OF THE SUPERINTENDENT	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	13.0
State board of education, per diem payments.....	\$ 24,400
Unclassified positions—6.0 FTE positions.....	515,600
State board/superintendent operations—13.0 FTE positions	1,909,300
GROSS APPROPRIATION	\$ 2,449,300
Appropriated from:	
Federal revenues	1,128,900
Special revenue funds:	
Certification fees.....	70,700
Private foundations	23,000
State general fund/general purpose	\$ 1,226,700
Sec. 103. CENTRAL SUPPORT	
Full-time equated classified positions	43.3
Central support—43.3 FTE positions	\$ 5,409,800
Worker’s compensation	26,000
Building occupancy charges - property management services	1,346,000
Training and orientation workshops	100,000
Terminal leave payments.....	624,100
GROSS APPROPRIATION	\$ 7,505,900
Appropriated from:	
Federal revenues	4,999,600
Special revenue funds:	
Certification fees.....	256,900
Commodity distribution fees	7,000
Driver fees	28,100
Local cost sharing	93,400
Motorcycle license fees.....	5,000
Teacher testing fees	12,300
Training and orientation workshop fees	100,000
State general fund/general purpose	\$ 2,003,600

For Fiscal Year
Ending Sept. 30,
2004

Sec. 104. SCHOOL SUPPORT SERVICES	
Full-time equated classified positions	40.4
School support operations—40.4 FTE positions	\$ 4,667,600
GROSS APPROPRIATION	\$ 4,667,600
Appropriated from:	
Federal revenues	3,946,000
Special revenue funds:	
Commodity distribution fees	65,300
Driver fees	499,900
State general fund/general purpose	\$ 156,400
Sec. 105. INFORMATION TECHNOLOGY SERVICES	
Information technology operations.....	\$ 2,514,100
GROSS APPROPRIATION	\$ 2,514,100
Appropriated from:	
Interdepartmental grant revenues:	
Federal revenues	1,276,900
Special revenue funds:	
Certification fees.....	168,200
Driver fees	44,800
State general fund/general purpose	\$ 1,024,200
Sec. 106. SPECIAL EDUCATION SERVICES	
Full-time equated classified positions	68.6
Special education operations—68.6 FTE positions	\$ 11,237,900
GROSS APPROPRIATION	\$ 11,237,900
Appropriated from:	
Federal revenues	11,006,500
Special revenue funds:	
Certification fees.....	35,200
State general fund/general purpose	\$ 196,200
Sec. 107. LANSING, MICHIGAN SCHOOL FOR THE BLIND FORMER SITE	
General services.....	\$ 1,749,000
GROSS APPROPRIATION	\$ 1,749,000
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from corrections academy lease.....	1,000,000
Special revenue funds:	
Gifts, bequests, and donations.....	10,000
Lansing, Michigan school for the blind rent	739,000
State general fund/general purpose	\$ 0
Sec. 108. MICHIGAN SCHOOLS FOR THE DEAF AND BLIND	
Full-time equated classified positions	93.0
Michigan schools for the deaf and blind operations—92.0 FTE positions	\$ 9,201,400
Summer institute	90,000
Camp Tuhsmehta—1.0 FTE position.....	250,100
Private gifts - blind	90,000
Private gifts - deaf	50,000
GROSS APPROPRIATION	\$ 9,681,500
Appropriated from:	
Federal revenues	4,328,800
Special revenue funds:	
Local cost sharing (schools for blind/deaf)	4,503,400
Local school district service fees	150,000
Gifts, bequests, and donations.....	494,200
Student insurance revenue.....	205,100
State general fund/general purpose	\$ 0

For Fiscal Year
Ending Sept. 30,
2004

Sec. 109. PROFESSIONAL PREPARATION SERVICES

Full-time equated classified positions	31.0	
Professional preparation operations—31.0 FTE positions		\$ 5,020,900
Department of attorney general		50,000
GROSS APPROPRIATION		<u>\$ 5,070,900</u>
Appropriated from:		
Federal revenues		2,528,100
Special revenue funds:		
Certification fees.....		2,273,000
Teacher testing fees		269,800
State general fund/general purpose		\$ 0

Sec. 110. FIELD SERVICES

Full-time equated classified positions	46.9	
Field services operations—46.9 FTE positions		\$ 5,868,300
GROSS APPROPRIATION		<u>\$ 5,868,300</u>
Appropriated from:		
Federal revenues		5,868,300
State general fund/general purpose		\$ 0

Sec. 111. OFFICE OF SCHOOL EXCELLENCE

Full-time equated classified positions	61.5	
School excellence operations—61.5 FTE positions		\$ 10,413,300
GROSS APPROPRIATION		<u>\$ 10,413,300</u>
Appropriated from:		
Federal revenues		8,818,200
Private foundations		79,400
State general fund/general purpose		\$ 1,515,700

Sec. 112. GOVERNMENT SERVICES

Full-time equated classified positions	9.1	
Government services operations—9.1 FTE positions		\$ 572,300
GROSS APPROPRIATION		<u>\$ 572,300</u>
Appropriated from:		
Federal revenues		420,400
State general fund/general purpose		\$ 151,900

Sec. 113. SAFE SCHOOLS AND ADMINISTRATIVE LAW

Full-time equated classified positions	11.5	
Safe schools operations—2.5 FTE positions		\$ 393,700
Administrative law operations—9.0 FTE positions		710,000
GROSS APPROPRIATION		<u>\$ 1,103,700</u>
Appropriated from:		
Federal revenues		532,200
Special revenue funds:		
Certification fees.....		226,100
State general fund/general purpose		\$ 345,400

Sec. 114. EDUCATION OPTIONS, CHARTERS, AND CHOICE

Full-time equated classified positions	8.8	
Education options operations—8.8 FTE positions.....		\$ 1,132,500
GROSS APPROPRIATION		<u>\$ 1,132,500</u>
Appropriated from:		
Federal revenues		980,200
State general fund/general purpose		\$ 152,300

Sec. 115. GRANTS AND DISTRIBUTIONS

FEDERAL PROGRAMS:		
Urgent school renovation		\$ 20,000,000
STATE PROGRAMS:		
Christa McAuliffe grants		\$ 94,800
Driver education		7,600,000

	For Fiscal Year Ending Sept. 30, 2004
National board certification	100,000
School breakfast programs	10,370,100
School readiness grants.....	12,250,000
GROSS APPROPRIATION	\$ 50,414,900
Appropriated from:	
Federal revenues:	
DED-OESE, urgent school renovation	20,000,000
Special revenue funds:	
Certification fees.....	100,000
Driver fees	7,600,000
Private foundations	94,800
State general fund/general purpose	\$ 22,620,100

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$42,054,100.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is estimated at \$18,960,100.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

GRANTS AND DISTRIBUTIONS

STATE PROGRAMS:

Driver education	\$ 7,600,000
School readiness grants.....	990,100
School lunch and breakfast	10,370,000
TOTAL.....	\$ 18,960,100

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

Sec. 203. As used in this act:

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

(b) "Department" means the Michigan department of education.

(c) "District" means a local school district as defined in section 6 of the revised school code, 1976 PA 451, MCL 380.6, or a local act school district or public school academy as defined in section 5 of the revised school code, 1976 PA 451, MCL 380.5.

(d) "FTE" means full-time equated.

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

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

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report monthly to the chairpersons of the senate and house appropriations committees and the fiscal agencies the number of exceptions to the hiring freeze approved during the previous month and the reasons to justify the exceptions.

Sec. 206. Unless otherwise specified, the departments and agencies receiving appropriations in part 1 shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement, or it may include placement of reports on an Internet or Intranet site.

Sec. 207. The department may carry into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 and that do not require additional state matching funds are appropriated for the purposes intended.

Sec. 208. The department shall provide the state budget director and the senate and house fiscal agencies with copies of the state board of education agenda and all supporting documents at the time the agenda and supporting documents are provided to state board of education members.

Sec. 209. (1) Upon receipt of the federal drug free grant, the department shall allocate \$225,000.00 of the grant to the office for safe schools within the department. The office for safe schools shall work with local school boards, law enforcement agencies, community leaders, and the office of drug control policy for the prevention of school violence. The office for safe schools shall develop and implement, and serve as coordinator of, a statewide clearinghouse for information, program development, model programs and policies, and technical assistance on school violence prevention.

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

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

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

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

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

Sec. 210. The department shall require all public school districts to maintain complete records within the personnel file of a teacher or school employee of any disciplinary actions taken by the local school board against the teacher or employee for sexual misconduct. The records shall not be destroyed or removed from the teacher's or employee's personnel file except as required by a court order.

Sec. 211. From the general funds appropriated in part 1 for special education services, the department shall provide funding for 1.0 special education auditors to audit school districts.

Sec. 212. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 213. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of education projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 214. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. The department shall follow all federal guidelines and state laws regarding short-term and long-term retention of records.

Sec. 215. At least 60 days before beginning any effort to privatize services, the department shall submit a complete project plan to the appropriate house and senate appropriations subcommittees and the fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate subcommittees of the house and senate standing committees on appropriations and the fiscal agencies within 30 months.

Sec. 216. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced American goods or services, or both, of comparable quality, are available.

Sec. 217. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 218. (1) The department of management and budget and each principal executive department and agency shall provide to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies a monthly report on all personal service contracts awarded without competitive bidding, pricing, or rate-setting. The notification shall include all of the following:

(a) The total dollar amount of the contract.

(b) The duration of the contract.

(c) The name of the vendor.

(d) The type of service to be provided.

(2) For personal service contracts of \$10,000.00 or more, the department of management and budget shall provide a monthly report including all of the following:

(a) The total dollar amount of the contract.

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

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

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

(5) The department shall not enter into personal service contracts awarded without competitive bidding, pricing, or rate-setting valued at more than \$10,000.00.

(6) The department shall not enter into more than 1 personal service contract with any 1 contractor in a fiscal year.

Sec. 219. The department shall work with the department of state to ensure that the motorcycle safety education program and grants are administered in the same manner as in 2002-2003.

Sec. 220. The department shall work with the department of natural resources to ensure that the off-road vehicle safety training program and grants are administered in the same manner as in 2002-2003.

Sec. 222. Before publishing a list of schools or districts determined to have failed to make adequate yearly progress as required by the federal no child left behind act of 2001, Public Law 107-110, 115 Stat. 1425, the department shall allow a school or district to appeal that determination. The department shall consider and act upon the appeal within 30 days after it is submitted and shall not publish the list until after all appeals have been considered and decided.

STATE BOARD/OFFICE OF THE SUPERINTENDENT

Sec. 301. (1) The appropriations in part 1 may be used for per diem payments to the state board at which a quorum is present. The per diem payments shall be at a rate as follows:

- (a) State board of education - president \$ 110.00 per day
- (b) State board of education - member other than president..... \$ 100.00 per day

(2) A state board of education member shall not be paid a per diem for more than 30 days per year.

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

Sec. 302. From the amount appropriated in part 1 to the state board of education, not more than \$35,000.00 shall be expended for in-state travel. No amount appropriated in part 1 shall be expended for out-of-state travel.

MICHIGAN SCHOOLS FOR THE DEAF AND BLIND

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

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

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

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

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

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

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

(6) Unexpended balances of appropriations and any surplus restricted revenue for the former school for the blind site in Lansing, up to \$100,000.00 in total, shall not lapse to the state general fund at the end of the fiscal year. Any unexpended and unencumbered funds remaining on September 30, 2004 may be carried forward as a work project or as restricted revenue and expended for special maintenance and repairs of facilities at the former Michigan school for the blind site in Lansing. The work project shall be performed by state employees or by contract when necessary at an estimated cost of \$100,000.00. The estimated completion date of the work project is September 30, 2005.

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

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

(3) Unexpended balances of appropriations for the schools for the deaf and blind operations, and from proceeds of the sale of surplus property and facilities at the Michigan schools for the deaf and blind, up to \$250,000.00 in total, shall not lapse to the state general fund at the end of the fiscal year. Any unexpended and unencumbered funds remaining on September 30, 2004 may be carried forward as a work project or as restricted revenue and expended for special maintenance and repairs of facilities at the campus of the Michigan schools for the deaf and blind in Flint. The work shall be carried out by state employees, or by contract as necessary, at an estimated cost of \$250,000.00. The estimated completion date of the work is September 30, 2005.

Sec. 407. The department shall report to the house and senate appropriations subcommittees on education detailed information on the expenditures made from the amount authorized in part 1 quarterly for general services for the Michigan school for the blind's former site.

Sec. 408. The department may assist the department of community health, other departments, and local school districts to secure reimbursement for eligible services provided in Michigan schools from the federal Medicaid program. The department may submit reports of direct expenses related to this effort to the department of community health for reimbursement.

Sec. 409. (1) The Michigan schools for the deaf and blind may promote its residential program as a possible appropriate option for children who are deaf or hard of hearing or who are blind or visually impaired. The Michigan schools for the deaf and blind shall distribute information detailing its services to all intermediate school districts in the state.

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

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

Sec. 410. In addition to those funds appropriated in part 1, the department may receive and expend funds from the mid-Michigan academy for capital improvements. The department shall report to the house and senate fiscal agencies and the state budget office on an annual basis any expenditures made under this section. These additional funds are appropriated specifically for capital improvements authorized by the department of management and budget and shall be negotiated as part of the lease agreement.

Sec. 411. The department shall ensure that rental payments made by each tenant for space at the Michigan school for the blind former site are used for operation, maintenance, and renovation expenses associated with the leased space designated in the tenant's lease agreement.

Sec. 412. The department shall provide a report to the house and senate appropriations subcommittees on the department of education that details, to the extent information is available or attainable, the number of blind students in Michigan, the number of teachers certified to teach Braille, and the extent to which Braille is being offered and taught to blind or visually impaired students. This report shall be submitted by April 1, 2004.

PROFESSIONAL PREPARATION SERVICES

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

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

EDUCATION OPTIONS, CHARTERS, AND CHOICE

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

(2) It is the intent of the legislature to assess the number of FTEs allocated for the charter school office based on information provided by the department describing current staffing and the future staffing needed to sufficiently administer charter school legislation and associated regulations, coordinate the activities of the department relating to charter schools, and address the findings in the office of the auditor general audit report of June 2002.

GRANTS AND DISTRIBUTIONS

Sec. 701. The department shall disburse the funds to a general fund grantee in accordance with the same standards of timing and amount that apply to disbursements made by the department to a federal fund grantee. The disbursement shall be restricted to the minimum amount needed for immediate disbursement by the grantee. The department may waive this section if extenuating circumstances warrant and are substantiated in the grantee's application or other

appropriate documentation. A waiver granted pursuant to this section shall not be effective until 15 days after written notice of the proposed waiver is given to the state budget director and the chairpersons of the senate and house appropriations subcommittees having jurisdiction over the department budget.

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

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

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

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

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

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

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

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

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

(d) Priority in the recommendation for awarding of grants by the superintendent of public instruction to applicants shall be based upon the following criteria:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Except as otherwise provided, an applicant that receives a 2003-2004 grant under this section shall also receive priority for fiscal years 2004-2005 and 2005-2006 funding. However, after 3 fiscal years of continuous funding, an applicant will be required to compete openly with new programs and other programs completing their third year. All grant awards are contingent on the availability of funds and documented evidence of grantee compliance with standards for early childhood development consistent with programs for 4-year-olds, as approved by the state board of education, and with all operational, fiscal, administrative, and other program requirements. A program which offers supplementary day care and thereby offers full-day programs as part of its early childhood development program shall receive priority in the allocation of competitive funds.

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

Sec. 705. Before expending funds for DED-OESE, title IV, part A, community service grants and DED-OESE, title IV, part B, 21st century community learning centers, the department shall provide an assurance to the United States department of education that the application was developed in consultation and coordination with appropriate state officials, including the chief state school officer, and other state agencies administering before and after school programs, the heads of the state health and mental health agencies or their designees, and representatives of teachers, parents, students, the business community, and community-based organizations.

SAFE SCHOOLS AND ADMINISTRATIVE LAW

Sec. 801. The department shall furnish a report to the legislature on teacher tenure by December 31, 2003. The report shall include at least all of the following:

- (a) A history of teacher tenure in this state.
- (b) A statement of the purpose of teacher tenure and an assessment of the current need for teacher tenure.
- (c) A history of administrative law cases related to teacher tenure.
- (d) The number of teacher tenure cases heard by administrative law judges for the most recent year for which data is available.
- (e) An estimate of the cost incurred by the department related to teacher tenure.

INFORMATION TECHNOLOGY

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

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

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

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

John Moolenaar
 Judy Emmons
 Gretchen Whitmer
 Conferees for the House

Ron Jelinek
 Alan Cropsey
 Martha G. Scott
 Conferees for the Senate

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

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

The question being on the adoption of the conference report,

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

Roll Call No. 382

Yeas—37

Allen
 Barcia

Clark-Coleman
 Clarke

Hardiman
 Jacobs

Prusi
 Sanborn

Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	George	Leland	Switalski
Brater	Gilbert	McManus	Thomas
Brown	Goschka	Olshove	Toy
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0

Excused—1

Scott

Not Voting—0

In The Chair: Sanborn

Senator Hammerstrom moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.

House Bill No. 4388, entitled

A bill to make and supplement appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2003 and for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to establish or continue certain funds, programs, and categories; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

The House of Representatives has adopted the report of the Committee of Conference.

The Conference Report was read as follows:

FIRST CONFERENCE REPORT

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

House Bill No. 4388, entitled

A bill to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to establish or continue certain funds, programs, and categories; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

Recommends:

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

A bill to make and supplement appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2003 and for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to establish or continue certain funds, programs, and categories; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2003-04

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for community colleges and certain other state purposes relating to education for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

COMMUNITY COLLEGES

APPROPRIATION SUMMARY:

GROSS APPROPRIATION \$ 289,013,100

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Total interdepartmental grants and intradepartmental transfers	\$ 0
ADJUSTED GROSS APPROPRIATION	\$ 289,013,100
Total federal revenues	0
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 289,013,100
Sec. 102. OPERATIONS	
Alpena Community College	\$ 4,930,500
Bay de Noc Community College.....	4,766,800
Delta College	13,331,900
Glen Oaks Community College.....	2,236,800
Gogebic Community College	4,078,400
Grand Rapids Community College.....	16,769,300
Henry Ford Community College	20,436,700
Jackson Community College.....	11,312,800
Kalamazoo Valley Community College	11,542,800
Kellogg Community College.....	9,068,800
Kirtland Community College	2,752,400
Lake Michigan College	4,880,800
Lansing Community College.....	28,999,400
Macomb Community College.....	30,941,500
Mid Michigan Community College.....	4,127,600
Monroe County Community College.....	4,015,800
Montcalm Community College	2,904,700
C.S. Mott Community College.....	14,661,600
Muskegon Community College	8,343,600
North Central Michigan College	2,826,100
Northwestern Michigan College.....	8,513,800
Oakland Community College	19,518,300
St. Clair County Community College.....	6,537,800
Schoolcraft College.....	11,455,400
Southwestern Michigan College.....	6,149,300
Washtenaw Community College.....	11,642,900
Wayne County Community College	15,050,600
West Shore Community College	2,144,000
GROSS APPROPRIATION	\$ 283,940,400
Appropriated from:	
State general fund/general purpose	\$ 283,940,400
Sec. 103. GRANTS	
At-risk student success program	\$ 3,322,700
Renaissance zone tax reimbursement funding	1,750,000
GROSS APPROPRIATION	\$ 5,072,700
Appropriated from:	
State general fund/general purpose	\$ 5,072,700

PART 1A

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2002-03

Sec. 151. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for community colleges and certain other state purposes relating to education for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

COMMUNITY COLLEGES

APPROPRIATION SUMMARY:

GROSS APPROPRIATION	\$ 1,077,700
Appropriated from:	
Total interdepartmental grants and intradepartmental transfers	0

	For Fiscal Year Ending Sept. 30, 2004
ADJUSTED GROSS APPROPRIATION	\$ 1,077,700
Total federal revenues	0
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	\$ 1,077,700
State general fund/general purpose	\$ 0
Sec. 152. OPERATIONS	
Alpena Community College	\$ 18,100
Bay de Noc Community College.....	17,500
Delta College	50,600
Glen Oaks Community College.....	8,500
Gogebic Community College	14,900
Grand Rapids Community College.....	63,600
Henry Ford Community College	77,600
Jackson Community College.....	42,900
Kalamazoo Valley Community College.....	43,800
Kellogg Community College.....	34,400
Kirtland Community College	10,400
Lake Michigan College	18,500
Lansing Community College.....	110,100
Macomb Community College.....	117,400
Mid Michigan Community College.....	15,700
Monroe County Community College.....	15,200
Montcalm Community College	11,000
C.S. Mott Community College.....	55,600
Muskegon Community College	31,700
North Central Michigan College	10,700
Northwestern Michigan College.....	32,300
Oakland Community College	74,100
St. Clair County Community College.....	24,800
Schoolcraft College.....	43,500
Southwestern Michigan College.....	23,300
Washtenaw Community College.....	44,200
Wayne County Community College	58,800
West Shore Community College	8,500
GROSS APPROPRIATION	\$ <u>1,077,700</u>
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	1,077,700
State general fund/general purpose	\$ 0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2003-04

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$289,013,100.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$289,013,100.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

Operations.....	\$ 283,940,400
At-risk student success program	3,322,700
Renaissance zone tax reimbursement program	1,750,000
TOTAL.....	\$ <u>289,013,100</u>

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

Sec. 203. Unless otherwise specified, the department of career development shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

Sec. 209. Funds appropriated in part 1 should not be used for the purchase of foreign goods or services, or both, if American goods or services, or both, that are competitively priced and of comparable quality are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value.

Sec. 210. The principal executive officer of each community college receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each principal executive officer shall strongly encourage firms with which the community college contracts to subcontract with certified businesses in depressed and deprived communities for services or supplies, or both.

Sec. 211. (1) The money appropriated in this act is appropriated for community colleges with fiscal years ending June 30, 2004, and shall be paid out of the state treasury and distributed by the state treasurer to the respective community colleges in 11 monthly installments on the sixteenth of each month, or the next succeeding business day, beginning with October 16, 2003. Each community college shall accrue its July and August 2004 payments to its institutional fiscal year ending June 30, 2004. However, if a community college fails to submit all verified Michigan community colleges activities classification structure data for school year 2002-2003 to the department of career development by November 1, 2003, the monthly installments shall be withheld from that community college until those data are submitted. The department of career development shall publish the activities classification structure data book for Michigan community colleges on or before March 1, 2004, for use by the legislature during budget development for the fiscal year ending September 30, 2005. The amount from the money appropriated in part 1 that is allocated under section 103 to address the special needs of at-risk students shall be paid in full by the state treasurer by November 1, 2003. The amount distributed to a community college or department shall not exceed the net state allocation authorized by this act.

(2) Except as otherwise provided by law, each of the amounts appropriated shall be used solely for the respective purposes stated in this act. The money appropriated by this act may be used to match the cost of any available programs under the Carl D. Perkins vocational and applied technology education act, Public Law 88-210, 98 Stat. 2435, including local administration.

Sec. 212. (1) The auditor general or an independent public accounting firm appointed by the auditor general shall audit data for the fiscal year ending on June 30, 2003, as submitted to the department of career development by 7 randomly selected community colleges. A community college shall maintain and provide those records necessary for the auditor general or certified public accountant appointed by the auditor general to determine the accuracy of the reported data. The audits shall be based upon the definitions and requirements contained in the Manual for Uniform Financial Reporting, Michigan Public Community Colleges, published by the Michigan department of career development in 2001, and the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education. Before the submission of a final audit report, a community college may appeal the findings of the preliminary report under an appeal process to be established by the auditor general. The auditor general shall submit a report of the findings to the house and senate appropriations committees, the department of career development, and the state budget director before June 1, 2004.

(2) The auditor general or a certified public accountant appointed by the auditor general may conduct performance audits of community colleges as the auditor general considers necessary.

(3) Not more than 60 days after an audit report is released by the office of the auditor general, the principal executive officer of the community college that was audited shall submit to the house and senate appropriations committees, the house and senate fiscal agencies, the department of career development, the auditor general, and the state budget director a plan to comply with audit recommendations. The plan shall contain projected dates and resources required, if any, to achieve compliance with the audit recommendations, or a documented explanation of the college's noncompliance with the audit recommendations concerning the matters on which the audited community college and office of the auditor general disagree.

(4) A community college whose audited activities classification structure data is significantly different than the data used to determine state aid under this act shall return any overappropriated money as provided in this subsection. The department of career development shall compare formula computations for the audited colleges using pre- and post-audit data. If the state allocation is 2% or more than the post-audit allocation amount, the college shall return the excess money. The returned money shall be redistributed to all 28 community colleges, prorated on the base appropriations contained in part 1.

Sec. 213. The department of career development shall review the taxonomy of the 7 community colleges selected for the audit under section 212 that is based on the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education.

Sec. 214. (1) A community college shall retain certified class summaries, class lists, registration documents, and student transcripts that are consistent with the taxonomy of courses. For each enrollment period during the fiscal year,

these certified documents shall identify clearly by course the number of in-district and out-of-district student credit and contact hours. The class summaries and class lists shall be consistent with each other and shall include the course prefix and numbers, course title, course credit and contact hours, credit and contact hours generated by each student, and activity classifications consistent with the taxonomy. An auditable process shall be used by the community college to determine the unduplicated head count for in-district students, out-of-district students, and prisoners for each enrollment period during the fiscal year.

(2) Contracts between the community college and agencies that reimburse the community college for the costs of instruction shall be retained for audit purposes.

Sec. 215. Each community college shall have an annual audit of all income and expenditures performed by an independent auditor and shall furnish the independent auditor's management letter and an annual audited accounting of all general and current funds income and expenditures including audits of college foundations to the members of the senate and house appropriations subcommittees on community colleges, the senate and house fiscal agencies, the auditor general, the department of career development, and the state budget director before November 15, 2003. If a community college fails to furnish the audit materials, the monthly state aid installments shall be withheld from that college until the information is submitted. All reporting shall conform to the requirements set forth in the Manual for Uniform Financial Reporting, Michigan Public Community Colleges, published by the Michigan department of career development in 2001.

Sec. 216. (1) A community college shall pay the employer's contributions to the Michigan public school employees' retirement system created by the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of receiving money appropriated under this act.

(2) A community college shall not pay an employer's contribution to more than 1 retirement fund providing benefits for an employee.

(3) A community college shall not be required to submit more than 4 reports annually to the Michigan public school employees' retirement system for purposes of calculating retirement benefits.

Sec. 217. Money appropriated in part 1 shall not be used to pay for the construction or maintenance of a self-liquidating project. Any construction, renovation, or other capital outlay project that exceeds \$1,000,000.00 requires the approval of a use and finance statement by the joint capital outlay subcommittee (JCOS) pursuant to JCOS policy.

Sec. 219. The department of treasury shall annually collect and compile data on the tax revenue losses to community colleges resulting from tax increment financing authorities (TIFA) and tax abatements. The department of treasury shall produce a report detailing the data. The report shall be completed and presented to the house and senate appropriations subcommittees on community colleges, the department of career development, and the department of management and budget not later than February 15, 2004. The report shall include, but is not limited to, the following:

(a) Estimated revenue losses for each community college for the calendar year 2003.

(b) Confirmed revenue losses for each community college for the calendar years 2001 and 2002.

(c) Other requirements requested by the house and senate appropriations subcommittees on community colleges.

Sec. 220. It is the intent of the legislature that the legislature, in cooperation with the Michigan community college association, develop proposals and financing alternatives for special maintenance projects at community colleges that otherwise would not qualify for financing under the state building authority.

Sec. 221. (1) Each community college shall report the following to the department of career development, no later than November 1, 2003:

(a) The number of North American Indian students enrolled each term for the previous fiscal year, using guidelines and procedures developed by the department of career development and the Michigan commission on Indian affairs.

(b) The number of Indian tuition waivers granted each term, and the monetary value of the waivers for the previous fiscal year.

(2) Colleges shall use the criteria cited in 1976 PA 174, MCL 390.1251 to 390.1253, to determine eligibility for tuition waivers, and shall grant those waivers to individuals who meet the criteria and request tuition waivers.

(3) The department of career development shall compile the information received under subsection (1) and shall submit this compilation to the house and senate appropriations subcommittees on community colleges, the senate and house fiscal agencies, and the state budget director by January 7, 2004.

Sec. 222. The appropriation in part 1 for renaissance zone reimbursements shall be made to each eligible recipient no later than 60 days after the department of treasury certifies to the state budget director that it has received all necessary information to properly determine the amounts due each eligible recipient under section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692.

Sec. 223. Upon request, a community college shall inform interested Michigan high schools of the aggregate academic status of its students for the prior academic year, in a manner prescribed by the Michigan community college association and in cooperation with the Michigan association of secondary school principals.

Sec. 224. Recognizing the critical importance of education in strengthening Michigan's workforce, the legislature encourages the state's public community colleges to explore ways of increasing collaboration and cooperation with 4-year universities, particularly in the areas related to training, instruction, and program articulation.

Sec. 226. (1) Each community college shall report to the house and senate fiscal agencies, the state budget director, and the department of career development by August 31, 2003, the tuition and mandatory fee rates paid by a full-time in-district student and a full-time out-of-district student as established by the college governing board for the 2003-2004 academic year. Each community college shall also report any revisions to the reported 2003-2004 academic year tuition and mandatory fee rates adopted by the college governing board to the house and senate fiscal agencies, the state budget director, and the department of career development within 15 days of being adopted.

(2) The department of career development shall prepare and provide to community colleges a standard format for reporting tuition and fee rates pursuant to subsection (1).

Sec. 227. (1) Each community college shall report to the department of career development the numbers and type of associate degrees and other certificates awarded during the previous fiscal year. The report shall be made not later than November 15, 2003.

(2) The department of career development shall compile the information received under subsection (1) and shall submit this compilation to the house and senate appropriations subcommittees on community colleges, the senate and house fiscal agencies, and the state budget director by January 7, 2004.

Sec. 228. It is the intent of the legislature to achieve full funding of the Gast-Mathieu fairness in funding formula.

Sec. 229. A community college receiving funding under this act and also subject to the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2381, shall make a copy of all material prepared in accordance with the public information reporting requirements under the crime awareness and campus security act of 1990, title II of the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2384, available in hard copy and electronic format accessible through the Internet for school districts, parents, and students.

Sec. 230. (1) A community college shall not expend money appropriated under this act to provide health care coverage for community college employees or their dependents for abortion services, other than for spontaneous abortion or to prevent the death of the woman upon whom the abortion is performed. A community college shall not approve a collective bargaining agreement or enter into any other employment contract that includes health care coverage for abortion services other than spontaneous abortion or to prevent the death of the woman upon whom the abortion is performed.

(2) If a community college expends money appropriated under this act in violation of subsection (1), the community college shall repay to this state an amount equal to the amount of money spent in violation of subsection (1).

Sec. 231. In light of sections 1, 3, and 4 of 1846 RS 83, MCL 551.1, 551.3, and 551.4, and section 1 of 1939 PA 168, MCL 551.271, the legislature intends that a community college receiving funding under this act shall not use part 1 money to extend employee benefits to the unmarried partners of the community college's employees except for pre- and post-natal costs.

Sec. 233. Community colleges that include prescription drugs and medications as a covered health benefit for adults are encouraged to ensure that payment for preventative contraceptives are included in the insurance plan.

Sec. 234. The legislature intends that each community college do all of the following:

(a) Undertake active measures to promote equal opportunities, eliminate discrimination, and foster a diverse student body and administration among all people including, but not limited to, women, minorities, seniors, veterans, and people with disabilities.

(b) Review, analyze, and eradicate activities that may tend to discriminate.

Sec. 235. It is the intent of the legislature that a workgroup be formed to evaluate, discuss, and make recommendations for future action regarding state university admission and enrollment policies that specifically address the acceptance and application of college credits earned by students through the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524. The workgroup shall be bipartisan and shall include the chairs of the house and senate appropriations subcommittees on higher education, community colleges, and school aid.

Sec. 236. (1) It is the intent of the legislature that the frequency and scope of on-site visits, evaluations, audits, and similar activities be limited to that which is reasonably necessary to monitor the performance of community colleges and confirm the accuracy of reported data. On-site visits, evaluations, audits, and similar activities conducted to comply with the state plan approved by the United States department of education under the Perkins act shall be limited to those necessary to meet the requirements of the state plan.

(2) In developing and implementing audit and reporting requirements, including those included in current and proposed state plans under the Perkins act, the department of career development shall consult with community colleges, the legislative auditor general, and independent auditors in an effort to coordinate activities and minimize duplication of audit and reporting requirements imposed on community colleges.

(3) At least 30 days before submission of a new state plan to the United States department of education for approval under the Perkins act, the department of career development shall provide copies of the proposed plan to the members of the senate and house appropriations subcommittees on community colleges for their review and comment. Copies of the proposed plan shall be provided to the senate and house fiscal agencies and the state budget director at the same time that they are provided to the senate and house subcommittees.

(4) The Perkins grant application process and content shall be streamlined to the extent possible.

(5) As used in this section, "Perkins act" means the Carl D. Perkins vocational and applied technology education act, Public Law 88-210, 98 Stat. 2435.

STATE AID - OPERATIONS

Sec. 301. Unless otherwise stated, all data items used in determining state aid in this act are as defined in the Manual for Uniform Financial Reporting, Michigan Public Community Colleges, published by the Michigan department of career development in 2001, which shall be the basis for reporting data, and the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education, as amended by the department of career development, which shall be used to document financial needs of the community colleges.

Sec. 302. A community college shall not include in the enrollment data reported for determining state aid under this act any student credit hours or student contact hours for a student incarcerated in a Michigan penal institution. Exclusion of these students is intended to avoid the payment of state aid under this act for the same individuals for whom reimbursement is provided by the state correctional system.

GRANTS

Sec. 401. (1) The community college at-risk student success program is continued. The funding shall be prorated among community colleges based on the number of student contact hours for developmental and preparatory instruction reported by each community college to the department of career development for use in the Activities Classification Structure Manual for Michigan Community Colleges, 1996 revision of the final report of the activities classification structure task force (July 1981), published by the department of education. Of the amount appropriated in part 1 for the at-risk student success program, \$1,120,000.00 is allocated for base grants of \$40,000.00 each, to address the special needs of at-risk students at community colleges or the acquisition or upgrade of technology related equipment and software.

(2) Of the amount appropriated in part 1 for the at-risk student success program, the balance of the appropriated money shall be distributed on a proration utilizing the sum of the most recent 3 years developmental/preparatory contact hours divided by the sum of the 3-year total contact hours at each college. Each community college's percentage shall be divided by the sum of all the percentages systemwide to obtain each community college's prorated grant amount.

(3) For the fiscal year ending September 30, 2004, the at-risk student success program money is allocated as follows:

Alpena Community College	\$ 68,700
Bay de Noc Community College.....	82,400
Delta College	99,400
Glen Oaks Community College.....	127,500
Gogebic Community College	71,500
Grand Rapids Community College.....	98,000
Henry Ford Community College	146,500
Jackson Community College	101,800
Kalamazoo Valley Community College	100,200
Kellogg Community College.....	143,000
Kirtland Community College	146,600
Lake Michigan College	162,100
Lansing Community College.....	147,600
Macomb Community College.....	84,400
Mid Michigan Community College.....	124,000
Monroe County Community College.....	90,700
Montcalm Community College	67,800
C.S. Mott Community College	101,900
Muskegon Community College	185,300
North Central Michigan College	121,300
Northwestern Michigan College.....	129,700
Oakland Community College	141,700
St. Clair Community College	88,500
Schoolcraft College.....	134,800
Southwestern Michigan College.....	152,400
Washtenaw Community College.....	157,200
Wayne County Community College	129,500
West Shore Community College	118,200

(4) As used in this act, "at-risk students" means students who meet 1 or more of the following criteria:

(a) Are initially placed in 1 or more developmental courses as a result of standardized testing or as a result of failure to make satisfactory academic progress.

(b) Are diagnosed as learning disabled.

(c) Require English as a second language (ESL) assistance.

(5) Grant funding under this section shall be utilized to address the special needs of at-risk students or for equipment or upgrade of information technology hardware or software. Activities related to services provided to at-risk students include, but are not limited to, pretesting for academic ability, counseling contacts, and special programs. Equipment or information technology hardware or software purchased under this section need not be associated with the operation of a program designed to address the needs of at-risk students.

(6) Grant funding under this section shall not be used for indirect costs including, but not limited to, rent, utilities, or, except as provided in this section, college administration.

(7) Each community college shall report to the department of career development a summary of all accomplishments under, expenditures for, and compliance with the intent of this program, including the number of at-risk students served. The report is subject to audit as provided for in section 212(1). The report shall be submitted not later than 90 days after the end of the state's fiscal year.

Sec. 402. The legislature intends that any executive or legislative proposal or action, subsequent to the adoption of a recommendation for appropriations for community colleges for the fiscal year ending September 30, 2004, to increase appropriations to state-supported 4-year universities in excess of the governor's original recommendation for the fiscal year ending September 30, 2004, will be accompanied by a similar action or proposal for state-supported community colleges.

Sec. 403. The legislature intends that not less than 70% of the economic development job training grant money be awarded to community colleges or a consortium of community colleges and other eligible applicants as provided in the budget that appropriated the economic development job training grant money. Further, the legislature intends that at least a portion of the total appropriation for economic development job training grants be awarded to community colleges that offer certified programs that are bureau of apprenticeship training certified. The Michigan economic development corporation shall report by November 1 of each year to the house and senate appropriations subcommittees on community colleges and the senate and house fiscal agencies the names of the community colleges awarded grant money under this section, the amount of the grants awarded, and the percentage awarded to bureau of apprenticeship training certified programs.

PART 2A

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2002-03

GENERAL SECTIONS

Sec. 1201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1A for fiscal year 2002-2003 is \$1,077,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$1,077,700.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

Operations.....	\$	1,077,700
TOTAL.....	\$	<u>1,077,700</u>

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

A bill to make and supplement appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2003 and for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to establish or continue certain funds, programs, and categories; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

Bruce Caswell
Michael Sak
Conferees for the House

Ron Jelinek
Tony Stamas
Michael Switalski
Conferees for the Senate

Pending the order that, under joint rule 9, the conference report be laid over one day,

Senator Hammerstrom moved that the rule be suspended.

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

The question being on the adoption of the conference report,

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

Roll Call No. 383

Yeas—37

Allen
Barcia

Clark-Coleman
Clarke

Hardiman
Jacobs

Prusi
Sanborn

Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	George	Leland	Switalski
Brater	Gilbert	McManus	Thomas
Brown	Goschka	Olshove	Toy
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0

Excused—1

Scott

Not Voting—0

In The Chair: Sanborn

Senator Hammerstrom moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.

House Bill No. 4400, entitled

A bill to make appropriations for the department of natural resources for the fiscal years ending September 30, 2003 and September 30, 2004; to provide for the expenditure of those appropriations; to create funds and accounts; to require reports; to prescribe certain powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

The House of Representatives has adopted the report of the Committee of Conference.
The Conference Report was read as follows:

FIRST CONFERENCE REPORT

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

House Bill No. 4400, entitled

A bill to make appropriations for the department of natural resources for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create funds and accounts; to require reports; to prescribe certain powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

Recommends:

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

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

A bill to make appropriations for the department of natural resources for the fiscal years ending September 30, 2003 and September 30, 2004; to provide for the expenditure of those appropriations; to create funds and accounts; to require reports; to prescribe certain powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2003-04

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of natural resources for the fiscal year ending September 30, 2004, from the funds indicated in this part.

For Fiscal Year
Ending Sept. 30,
2004

The following is a summary of the appropriations in this part:

DEPARTMENT OF NATURAL RESOURCES

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	2,088.5	
GROSS APPROPRIATION		\$ 254,243,100
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		3,437,900
ADJUSTED GROSS APPROPRIATION		\$ 250,805,200
Federal revenues:		
Total federal revenues		33,706,600
Special revenue funds:		
Total local revenues		0
Total private revenues		1,871,400
Total other state restricted revenues		186,403,700
State general fund/general purpose		\$ 28,823,500

DEPARTMENT OF NATURAL RESOURCES - FUNDING SOURCE SUMMARY

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	2,088.5	
GROSS APPROPRIATION		\$ 254,243,100
Interdepartmental grant revenues:		
IDG, engineering services to work orders		1,472,800
IDG, MacMullan conference center revenue		1,300,600
IDG, land acquisition services to work orders		664,500
Total interdepartmental grants and intradepartmental transfers		3,437,900
ADJUSTED GROSS APPROPRIATION		\$ 250,805,200
Federal revenues:		
DAG, federal		6,831,700
DOC, federal		60,900
DOE, federal		1,000
DOD, federal		31,000
DOI, federal		18,880,000
DOI, oil and gas royalty revenue		150,000
DOI, timber revenue		3,300,000
DOT, federal		4,203,300
EPA, federal		248,700
Total federal revenues		33,706,600
Special revenue funds:		
Private funds		1,271,400
Private, gift revenues		500,000
Private, IGLFC		100,000
Total private revenues		1,871,400
Air photo fees-geographic information system		135,000
Aircraft fees		219,900
Automated license system revenue		429,300
Clean Michigan initiative fund		277,800
Delinquent property tax administration fund		1,765,900
Forest recreation fund		1,120,700
Forest resource revenue		25,575,500
Game and fish protection fund		60,771,500
Game and fish protection fund - deer habitat reserve		2,263,100
Game and fish protection fund - turkey permit fees		1,457,200
Game and fish protection fund - waterfowl fees		90,500
Game and fish - wildlife resource protection fund		1,344,100
Harbor development fund		245,900

	For Fiscal Year Ending Sept. 30, 2004
Land exchange facilitation fund.....	\$ 5,503,100
Marine safety fund.....	4,588,200
Michigan civilian conservation corps endowment fund.....	1,000,000
Michigan state parks endowment fund.....	11,576,600
Michigan state waterways fund.....	14,980,200
Michigan natural resources trust fund.....	4,134,800
Nongame wildlife fund.....	592,500
Off-road vehicle trail improvement fund.....	2,759,800
Safety education fund.....	344,300
Park improvement fund.....	33,562,300
Publication revenue.....	58,700
Recreation improvement fund.....	1,414,400
Shop fees.....	56,300
Snowmobile registration fee revenue.....	1,780,100
Snowmobile trail improvement fund.....	8,356,000
Total other state restricted revenues.....	186,403,700
State general fund/general purpose.....	\$ 28,823,500
Sec. 102. EXECUTIVE	
Full-time equated unclassified positions.....	6.0
Full-time equated classified positions.....	42.6
Commission (including travel expense—per diem).....	\$ 90,000
Unclassified salaries—6.0 FTE positions.....	438,600
Education and outreach—32.6 FTE positions.....	2,991,500
Executive direction—10.0 FTE positions.....	1,711,900
GROSS APPROPRIATION.....	\$ 5,232,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG, MacMullan conference center revenue.....	21,400
Special revenue funds:	
Aircraft fees.....	500
Air photo fees - geographic information system.....	10,500
Automated license system revenue.....	3,000
Delinquent property tax administration fund.....	9,000
Forest resource revenue.....	266,100
Game and fish protection fund.....	1,789,900
Harbor development fund.....	600
Land exchange facilitation fund.....	37,100
Marine safety fund.....	41,300
Michigan civilian conservation corps endowment fund.....	500
Michigan natural resources trust fund.....	7,600
Michigan state parks endowment fund.....	28,800
Michigan state waterways fund.....	308,800
Nongame wildlife fund.....	4,800
Off-road vehicle trail improvement fund.....	2,700
Park improvement fund.....	1,876,900
Publications revenue.....	500
Recreation improvement fund.....	5,200
Snowmobile registration fee revenue.....	4,200
Snowmobile trail improvement fund.....	32,200
State general fund/general purpose.....	\$ 780,400
Sec. 103. ADMINISTRATIVE SERVICES	
Full-time equated classified positions.....	237.2
Budget and support services—10.0 FTE positions.....	\$ 776,200
Grants, contracts, and customer systems—31.0 FTE positions.....	5,241,700
Human resources—24.0 FTE positions.....	2,045,700
Office of financial services—26.0 FTE positions.....	2,253,500

	For Fiscal Year Ending Sept. 30, 2004
Office of land and facilities—134.2 FTE positions	\$ 16,704,600
Program assistance and review—12.0 FTE positions	738,700
GROSS APPROPRIATION	\$ 27,760,400
Appropriated from:	
Interdepartmental grant revenues:	
IDG, MacMullan conference center revenue	1,279,200
IDG, engineering services to work orders	1,472,800
IDG, land acquisition services to work orders	664,500
Federal revenues:	
DOI, federal	320,300
Special revenue funds:	
Aircraft fees	112,900
Air photo fees - geographic information system	700
Automated license system revenue	426,300
Clean Michigan initiative fund	277,800
Delinquent property tax administration fund	1,720,800
Forest resource revenue	1,659,300
Game and fish protection fund	8,600,100
Land exchange facilitation fund	5,424,400
Marine safety fund	368,600
Michigan natural resources trust fund	756,500
Michigan state parks endowment fund	46,000
Michigan state waterways fund	883,700
Michigan civilian conservation corps endowment fund	5,900
Nongame wildlife fund	3,700
Off-road vehicle trail improvement fund	63,200
Park improvement fund	1,377,800
Publication revenue	58,200
Recreation improvement fund	5,300
Snowmobile registration fee revenue	65,600
Snowmobile trail improvement fund	77,100
State general fund/general purpose	\$ 2,089,700
Sec. 104. DEPARTMENTAL OPERATION SUPPORT	
Building occupancy charges	\$ 2,000,100
Rent - privately owned property	335,700
Gifts and bequests	500,000
GROSS APPROPRIATION	\$ 2,835,800
Appropriated from:	
Special revenue funds:	
Private - gift revenues	500,000
Forest resource revenue	753,100
Game and fish protection fund	726,900
Marine safety fund	44,600
Michigan state parks endowment fund	211,200
Michigan state waterways fund	203,800
Michigan natural resources trust fund	62,700
Snowmobile trail improvement fund	20,800
Park improvement fund	304,800
State general fund/general purpose	\$ 7,900
Sec. 105. WILDLIFE MANAGEMENT	
Full-time equated classified positions	191.0
Wildlife administration—14.5 FTE positions	\$ 1,448,200
Wildlife management—167.5 FTE positions	22,158,100
Natural resources heritage—9.0 FTE positions	1,192,700
State game and wildlife area maintenance	200,000
GROSS APPROPRIATION	\$ 24,999,000

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Interdepartmental grant revenues:	
Federal revenues:	
DOD, federal	\$ 31,000
DOI, federal.....	9,983,500
EPA, federal.....	1,000
Special revenue funds:	
Private funds	100,000
Game and fish protection fund.....	8,626,800
Game and fish protection fund - deer habitat reserve.....	2,020,100
Game and fish protection fund - turkey permit fees.....	1,457,200
Game and fish protection fund - waterfowl fees.....	90,500
Nongame wildlife fund	563,600
State general fund/general purpose	\$ 2,125,300
Sec. 106. FISHERIES MANAGEMENT	
Full-time equated classified positions	225.0
Fisheries administration—8.5 FTE positions.....	\$ 959,600
Fisheries resource management—159.1 FTE positions	15,756,600
Fish production—57.4 FTE positions.....	7,372,400
Stream habitat improvement	1,284,800
GROSS APPROPRIATION	\$ 25,373,400
Appropriated from:	
Federal revenues:	
DOE, federal.....	1,000
DOC, federal.....	45,900
DOI, federal.....	7,410,400
EPA, federal.....	142,100
Special revenue funds:	
Private, IGLFC.....	100,000
Game and fish protection fund.....	17,651,900
State general fund/general purpose	\$ 22,100
Sec. 107. PARKS AND RECREATION	
Full-time equated classified positions	785.7
State parks—581.2 FTE positions	\$ 38,285,700
State park improvement revenue bonds - debt service.....	1,081,900
Recreational boating—201.5 FTE positions.....	12,306,700
Michigan civilian conservation corps—3.0 FTE positions	993,600
GROSS APPROPRIATION	\$ 52,667,900
Appropriated from:	
Interdepartmental grant revenues:	
Federal revenues:	
EPA, federal.....	104,600
Special revenue funds:	
Private funds	316,600
Harbor development fund.....	245,300
Michigan civilian conservation corps endowment fund.....	993,600
Michigan state parks endowment fund	10,753,700
Michigan state waterways fund.....	12,061,400
Off-road vehicle trail improvement fund.....	211,700
Park improvement fund.....	27,981,000
State general fund/general purpose	\$ 0
Sec. 108. FOREST, MINERAL, AND FIRE MANAGEMENT	
Full-time equated classified positions	334.5
Forest and timber treatments—114.0 FTE positions	\$ 12,378,700
Forest management planning—13.0 FTE positions	4,556,900
Adopt-a-forest program.....	50,000

	For Fiscal Year Ending Sept. 30, 2004
Forest fire protection—137.5 FTE positions	\$ 9,506,000
Forest recreation and trails—33.0 FTE positions	4,400,000
Minerals management—17.3 FTE positions.....	1,979,700
Bennett arboretum.....	20,000
Cooperative resource programs—10.5 FTE positions.....	3,112,100
Forest management initiative—9.2 FTE positions	1,009,000
Forest fire equipment	1,700,000
GROSS APPROPRIATION	\$ 38,712,400
Appropriated from:	
Federal revenues:	
DAG, federal.....	2,056,700
DOI, federal.....	2,000
EPA, federal.....	1,000
Special revenue funds:	
Private funds	804,800
Aircraft fees.....	106,500
Air photo fees - geographic information system	103,000
Forest recreation fund	1,120,700
Forest resource revenue.....	21,360,900
Game and fish protection fund.....	1,781,800
Michigan state waterways fund.....	340,500
Michigan natural resources trust fund	1,106,400
Michigan state parks endowment fund	496,700
Off-road vehicle trail improvement fund.....	363,700
Recreation improvement fund	284,900
Shop fees	56,300
Snowmobile trail improvement fund	1,745,900
State general fund/general purpose	\$ 6,980,600
Sec. 109. LAW ENFORCEMENT	
Full-time equated classified positions	272.5
Wildlife resource protection—10.0 FTE positions	\$ 1,332,500
General law enforcement—262.5 FTE positions	25,504,300
GROSS APPROPRIATION	\$ 26,836,800
Appropriated from:	
Federal revenues:	
DOC, federal.....	15,000
DOI, federal.....	1,062,800
DOT, federal	2,403,300
Special revenue funds:	
Game and fish - wildlife resource protection fund	1,332,500
Game and fish protection fund.....	15,619,800
Marine safety fund.....	1,304,800
Off-road vehicle trail improvement fund.....	744,000
Safety education fund	50,000
Snowmobile registration fee revenue	564,600
State general fund/general purpose	\$ 3,740,000
Sec. 110. PAYMENTS IN LIEU OF TAXES	
Swamp and tax reverted lands.....	\$ 7,071,500
Purchased lands	8,272,800
Commercial forest reserve	2,691,700
GROSS APPROPRIATION	\$ 18,036,000
Appropriated from:	
Special revenue funds:	
Game and fish protection fund.....	4,668,300
Michigan natural resources trust fund	1,214,700
Michigan state waterways fund.....	376,900
State general fund/general purpose	\$ 11,776,100

	For Fiscal Year Ending Sept. 30, 2004
Sec. 111. GRANTS	
Grant to counties - marine safety	\$ 2,805,000
Federal - land and water conservation fund payments	1,000
Federal - forest stewardship grants	625,000
Federal - urban forestry grants	3,900,000
Federal - rural community fire protection	250,000
Federal - clean vessel act grants	100,000
Grants to communities - federal oil, gas, and timber payments	3,450,000
Recreation improvement fund grants	1,100,000
Sebewaing harbor commission flood control	50,000
Snowmobile local grants program	6,480,000
Snowmobile law enforcement grants	1,142,000
Off-road vehicle safety training grants	294,300
Off-road vehicle trail improvement grants	1,374,500
National recreational trails	1,850,000
Game and nongame wildlife fund grants	10,000
Inland fisheries resources grants	200,000
GROSS APPROPRIATION	\$ 23,631,800
Appropriated from:	
Federal revenues:	
DAG, federal	4,775,000
DOI, federal	101,000
DOI, federal oil and gas royalty revenue	150,000
DOI, federal timber revenue	3,300,000
DOT	1,800,000
Special revenue funds:	
Private funds	50,000
Game and fish protection fund	200,000
Marine safety fund	2,805,000
Michigan state waterways fund	50,000
Nongame wildlife fund	10,000
Off-road vehicle trail improvement fund	1,374,500
Safety education fund	294,300
Recreation improvement fund	1,100,000
Snowmobile registration fee revenue	1,142,000
Snowmobile trail improvement fund	6,480,000
State general fund/general purpose	\$ 0
Sec. 112. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 8,157,500
GROSS APPROPRIATION	\$ 8,157,500
Appropriated from:	
Special revenue funds:	
Air photo fees - geographic information system	20,800
Delinquent property tax administration fund	36,100
Forest resource revenue	1,536,100
Game and fish protection fund	1,106,000
Game and fish protection fund - deer habitat reserve	243,000
Game and fish - wildlife resource protection fund	11,600
Land exchange facilitation fund	41,600
Marine safety fund	23,900
Michigan natural resources trust fund	986,900
Michigan state parks endowment fund	40,200
Michigan state waterways fund	755,100
Nongame wildlife fund	10,400
Park improvement fund	2,021,800
Recreation improvement fund	19,000

	For Fiscal Year Ending Sept. 30, 2004
Snowmobile registration fee revenue	\$ 3,700
State general fund/general purpose	\$ 1,301,300
Sec. 113. FEDERAL ADVISORY REPORT	
Game and fish protection fund	\$ 100
GROSS APPROPRIATION	\$ 100
Appropriated from:	
State general fund/general purpose	\$ 100

PART 1A

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2002-03

Sec. 151. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of natural resources for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF NATURAL RESOURCES

FUND SOURCE SUMMARY:

GROSS APPROPRIATION	\$ 100
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 100
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 100
Sec. 152. FEDERAL ADVISORY REPORT	
Game and fish protection fund	\$ 100
GROSS APPROPRIATION	\$ 100
Appropriated from:	
State general fund/general purpose	\$ 100

PART 2

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2003-04

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for the fiscal year ending September 30, 2004 is \$215,227,200.00 and state spending from state resources to be paid to local units of government for the fiscal year ending September 30, 2004 is \$21,983,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF NATURAL RESOURCES

PAYMENTS IN LIEU OF TAXES

Swamp and tax reverted lands	7,071,500
Purchased lands	8,272,800
Commercial forest reserves	2,691,700

GRANTS

Grants to counties - marine safety	2,805,000
Snowmobile law enforcement	1,142,000
TOTAL	\$ 21,983,000

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

Sec. 203. As used in this act:

- (a) "Commission" means the commission of natural resources.
- (b) "DAG" means the United States department of agriculture.
- (c) "Department" means the department of natural resources.
- (d) "DOC" means the United States department of commerce.
- (e) "DOD" means the United States department of defense.
- (f) "DOE" means the United States department of energy.
- (g) "DOI" means the United States department of interior.

- (h) "DOT" means the United States department of transportation.
- (i) "EPA" means the United States environmental protection agency.
- (j) "FTE" means full-time equated.
- (k) "IDG" means interdepartmental grant.
- (l) "IGLFC" means the international Great Lakes fish commission.

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

Sec. 205. (1) Beginning October 1, 2003, a hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Sec. 207. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Sec. 208. Unless otherwise specified in this act, the department shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

Sec. 209. Funds appropriated in part 1 should not be used for the purchase of foreign goods or services, or both, if competitively priced American goods or services, or both, of comparable quality are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value.

Sec. 210. By February 15, 2004, the department shall provide the state budget director, the senate and house appropriations subcommittees on natural resources, and the senate and house fiscal agencies with an annual report on estimated restricted fund balances, projected revenues, and expenditures for the fiscal years ending September 30, 2003 and September 30, 2004.

Sec. 211. The departments and state agencies receiving appropriations under this act shall receive and retain copies of all reports funded from appropriations in part 1. These departments and state agencies shall follow federal and state guidelines for short-term and long-term retention of these reports. To the extent consistent with federal and state guidelines, the requirements of this section are satisfied if the reports funded from appropriations in part 1 are retained in electronic format.

Sec. 212. (1) From the funds appropriated under part 1, the department shall prepare a report that lists all of the following regarding grant, loan, or grant and loan programs administered by the department for the fiscal year ending on September 30, 2004:

- (a) The name of each program.
- (b) The goals, criteria, filing fees, nominating procedures, eligibility requirements, processes, and deadlines for each program.
- (c) The maximum and minimum grant and loan available and whether there is a match requirement for each program.
- (d) The amount of any required match, and whether in-kind contributions may be used as part or all of a required match.
- (e) Information pertaining to the application process, timeline for each program, and the contact people within the department.
- (f) The source of funds for each program, including the citation of pertinent authorizing acts.
- (g) Information regarding plans for the next fiscal year for the phaseout, expansion, or changes for each program.
- (h) A listing of all recipients of grants or loans awarded by the department by type and amount of grant or loan during the fiscal year ending September 30, 2003.

(2) The reports required under this section shall be submitted to the state budget director, the senate and house appropriations committees and the senate and house fiscal agencies by January 1, 2004.

Sec. 213. Appropriations of state restricted game and fish protection funds have been made to the following departments and agencies in their respective appropriation bills. The amounts appropriated to these departments and agencies are limited to the amounts listed below:

Department of civil service	\$ 293,200
Legislative auditor general	21,400
Attorney general	640,800
Department of management and budget	320,500
Department of treasury	4,200

Sec. 214. (1) Before January 16, 2004, the department, in cooperation with the Michigan state waterways commission, shall report to the executive budget office, the senate and house fiscal agencies, and the senate and house of representatives appropriations subcommittees on natural resources detailing operations of the Michigan state waterways commission for the preceding 1-year period.

(2) The department, in cooperation with the Michigan state waterways commission, shall determine which projects should be acquired or developed with money from the state waterways fund or harbor development fund and shall submit to the executive budget office, the senate and house fiscal agencies, and the senate and house of representatives appropriations subcommittees on natural resources in January 2004 a list of those projects, compiled in order of priority. The list shall be accompanied by estimates of total costs for the proposed projects.

(3) The department, in cooperation with the Michigan state waterways commission, shall supply with each list under subsection (2) a statement of the guidelines used in listing and assigning the priority of these projects.

Sec. 215. The department shall develop a plan for allocating restricted funds among department administrative support and regulatory activities. This plan shall be submitted to the house and senate appropriations subcommittees on natural resources by January 30, 2004. This plan shall include a cost allocation plan for financial services support, office space rent and building occupancy charges, support division service for information systems and technology, and a methodology to use information generated through activity reports that identifies the percentage of employee time spent on restricted fund activities.

Sec. 216. Pursuant to section 43703(3) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.43703, there is appropriated from the game and fish protection trust fund to the game and fish protection fund, \$6,000,000.00 for the fiscal year ending September 30, 2004.

Sec. 217. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 218. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 219. The department of information technology shall establish a schedule of rates, user fees, and charges or assessments for standard services and information system support requirements to be made to departments for technology-related services and projects. This schedule, as well as copies of related interagency agreements, shall be provided to the state budget office and the house of representatives and senate committees on appropriations before October 15, 2003. The department of natural resources shall not process any payments or fund transfers to the department of information technology until the schedule of rates, user fees, and assessments is provided to the legislature and the department of natural resources.

EXECUTIVE

Sec. 301. On June 15, 2004, the department shall submit to the house and senate appropriations subcommittees on natural resources and the house and senate fiscal agencies a report on fish, game, and nongame habitat improvement and treatment projects completed or planned during the fiscal years ending September 30, 2003 and September 30, 2004. This report shall include a list of all habitat treatment and improvement projects by management unit. This list shall be accompanied by all of the following information:

- (a) The target species of wildlife or fish to benefit from unit projects.
- (b) The number of acres or, for an inland lake, river, or stream, the number of feet treated or improved, the county in which the project is located, and the methods of treatment or improvement.
- (c) The division with lead responsibility for the projects and all organizations involved in the projects, including, but not limited to, department personnel, contractors, or subcontractors.
- (d) The total cost per acre and the funding sources supporting management unit projects. The report shall identify the program line item supporting project expenditures.
- (e) A separate summary, by fund or subfund, of all projects completed in the fiscal year ending September 30, 2003 or September 30, 2004.

ADMINISTRATIVE SERVICES

Sec. 401. The department may charge the appropriations contained in part 1, including all special maintenance and capital projects appropriated for the fiscal year ending September 30, 2004, for engineering services provided, a standard percentage fee to recover actual costs. The department may use the revenue derived to support the engineering services charges provided for in part 1.

Sec. 402. The department may charge land acquisition projects appropriated for the fiscal year ending September 30, 2004, and for prior fiscal years, a standard percentage fee to recover actual costs, and may use the revenue derived to support the land acquisition service charges provided for in part 1.

Sec. 403. The department of natural resources may charge both application fees and transaction fees related to the exchange or sale of state-owned land or rights in land. The fees shall be set by the director at a rate which allows the department to recover its costs for providing these services.

Sec. 404. The department shall prominently display in a prominent place in the fishing guide provided to each licensed fisher and paid for from the funds appropriated in part 1, the website for the department of community health. In addition, the fishing guide shall include information on alternative sources where interested parties without Internet access may find information on fish advisories issued by the department of community health.

Sec. 405. The department shall report quarterly on all land transactions completed by the department in the previous fiscal quarter. For each land transaction, the report shall include, but not be limited to, the size of the parcel, the county and municipality in which the parcel is located, the dollar amount of the transaction, the fund source used to purchase the parcel, and the type of transaction, such as tax reversion, purchase, public auction, transfer, exchange, or other type of transaction. The report shall be submitted to the senate and house appropriation subcommittees on natural resources within 21 days of the end of each fiscal quarter.

Sec. 406. The department is encouraged to offer the land occupied by the Roscommon airport for lease or sale.

Sec. 407. The department shall provide a commission subsidy to offset the dealer cost of credit card license sales. This cost reimbursement shall not exceed 5% of the license sales.

Sec. 408. In addition to the annual report on travel expenditures required by section 217 of the management and budget act, 1984 PA 431, MCL 18.1217, the department shall provide to the senate and house appropriations subcommittees on natural resources and the senate and house fiscal agencies a quarterly report within 30 days of the end of each quarter on expenses incurred for travel inside and outside the state. The report shall include, but not be limited to, the name of the person who traveled, total expenditures for compensation, fees, or remuneration for meals, transportation, and related contractual services, supplies, and materials, and the destination, reason for, and dates of the travel.

WILDLIFE MANAGEMENT

Sec. 501. By April 1, 2004 and September 30, 2004, the department shall report to the state budget director, the senate and house appropriations subcommittees on natural resources, and the senate and house fiscal agencies on spending from the amounts appropriated in part 1 for bovine tuberculosis control efforts. The report shall include, but not be limited to, information on activities at the animal diagnostic laboratory at Michigan State University that are funded with appropriations in part 1.

Sec. 502. Of the funds appropriated in part 1, the department shall reimburse the department of agriculture for costs incurred for indemnification payments for livestock losses caused by wolves or coyotes under the animal industry act of 1987, 1988 PA 466, MCL 287.701 to 287.745.

FISHERIES MANAGEMENT

Sec. 601. The department shall not impede the certification process for water control structures on Michigan waterways. The department shall fund from funds appropriated in part 1 all non-water-quality studies or requirements that the department requests of either of the following:

(a) The department of environmental quality as a condition for issuance of a certification under section 401 of title IV of the federal water pollution control act, chapter 758, 86 Stat. 877, 33 U.S.C. 1341.

(b) The federal energy regulatory commission as a condition of licensing under the federal power act, chapter 285, 41 Stat. 1063, 16 U.S.C. 791a to 793, 796 to 797, 798 to 818, 820 to 824a, and 824b to 825r.

Sec. 602. (1) From the appropriation in part 1 for stream habitat improvement, not more than \$758,000.00 shall be allocated for grants to watershed councils, resource development councils, soil conservation districts, local governmental units, and other nonprofit organizations for stream habitat stabilization and soil erosion control.

(2) The fisheries division of the department shall develop priority and cost estimates for all recommended projects.

Sec. 603. From the funds appropriated in part 1 for fisheries resource management, \$22,100.00 is provided to the Big Rapids area foundation for completion of the riverwalk project.

PARKS AND RECREATION

Sec. 701. Pursuant to section 1902(2) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.1902, there is appropriated from the Michigan natural resources trust fund to the Michigan state parks endowment fund an amount not to exceed \$10,000,000.00 for the fiscal year ending September 30, 2004.

Sec. 702. The department shall provide trash receptacles and regular trash collection services in all public use areas located in state parks.

Sec. 703. (1) The department shall prepare detailed reports for construction projects in state parks that will involve campsite or campground closures. These reports shall include expected costs, impacts on recreation opportunities, impacts on state park revenues, and the expected impact on state park users. The department shall also prepare reports on average monthly campground occupancy rates for every state park during the previous summer season. The department shall provide reports described in this subsection to the house and senate appropriations subcommittees on natural resources and environmental quality and the house and senate fiscal agencies not later than April 1, 2004.

(2) The department shall notify the house and senate appropriations subcommittees on natural resources and environmental quality and the house and senate fiscal agencies if it intends to reduce operations or reduce recreation opportunities at any state park or recreation area.

Sec. 704. From the funds appropriated in part 1, the department shall attempt to place an appropriate number of defibrillators in state parks. State parks may accept donations of defibrillators.

Sec. 705. On September 30, 2004, the department shall submit a report on the economic impact and financial status of the ski hill in porcupine mountains wilderness state park to the legislature, the state budget director, and the senate and house fiscal agencies. Except as provided in the current request for proposals process, the department shall not alter or halt operations of the ski hill or demolish buildings related to the ski hill in porcupine mountains wilderness state park until this report is received. The department shall collaborate with travel Michigan for both the marketing and promotion of the ski hill and in locating an operating partner through a competitive bidding process.

Sec. 706. As a condition of expenditure of appropriations under part 1 for state parks, the department shall not enter into a lease, concession, or other agreement for the operation of a farm on state park property with a party that has an annual operating budget of less than \$100,000.00, that employs fewer than 2 individuals, or that has not been recognized by the United States government as a 501(c) tax-exempt organization by issuance of an internal revenue service letter of final determination. The party must be licensed to solicit donations under the charitable organizations and solicitation act, 1975 PA 169, MCL 400.271 to 400.294, and must provide a financial statement audited or reviewed by a certified public accountant to the department at the time the lease, concession, or agreement is awarded.

Sec. 707. The department shall collaborate with the department of history, arts, and libraries to begin implementation of the department of natural resources' recommendations for a system of water trails in the state as part of the statewide recreation plan.

FOREST, MINERAL, AND FIRE MANAGEMENT

Sec. 801. Of the funds appropriated in part 1, the department shall prescribe appropriate treatment on 63,000 acres, plus or minus 10%, at the current average rate of 12.5 to 13 cords per acre provided that the department shall take into consideration the impact of timber harvesting on wildlife habitat and recreation uses. The department shall endeavor to increase marking or treatment of hardwood timber by 10% over 2003 levels. In addition, the department shall take into consideration silvicultural analysis and report annually to the legislature on plans and efforts to address factors limiting management of timber.

Sec. 802. The department shall spend amounts appropriated in part 1 for forest-related activities to employ or contract for additional foresters to mark timber, pursuant to section 801.

Sec. 803. The appropriation for the adopt-a-forest program in part 1 shall be used to cover the cost of disposing of waste material collected from state forest lands.

Sec. 804. In addition to the funds appropriated in part 1, \$350,000.00 is appropriated to cover costs related to any declared emergency involving the collapse of any abandoned mine shaft located on state land. This appropriation shall not be expended unless the state budget director recommends the expenditure and the department notifies the house and senate committees on appropriations.

Sec. 805. It is the intent of the legislature that there shall be at least 1 owner or operator of an off-road vehicle dealership among the members of the off-road vehicle trails advisory committee.

Sec. 806. As a condition of expenditure of appropriations in part 1, on October 1, 2003 the department shall provide \$1,000,000.00 from cooperative resources programs as an interdepartmental grant to the department of agriculture for the cooperative resources management initiative program for the purposes of supporting forestry programs in local conservation districts.

Sec. 807. Forest camping fees shall not be assessed for dispersed camping in state forests.

LAW ENFORCEMENT

Sec. 901. The appropriation in part 1 for snowmobile law enforcement grants shall be used to provide grants to county law enforcement agencies in counties with state snowmobile trails to enforce part 821 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.82101 to 324.82160, including rules promulgated under that part and ordinances enacted pursuant to that part. The department shall consider the number of enforcement hours and the number of miles of trails in each county in allocating these grants. Any funds not distributed to counties revert back to the local law enforcement fund. Counties shall provide semiannual reports to the department.

GRANTS

Sec. 1101. The amount appropriated in part 1 for federal-rural community fire protection shall be awarded as grants to local fire protection departments. To be eligible, local fire protection departments shall be located in governmental units or fire protection districts with permanent populations of less than 10,000.

Sec. 1102. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 for grants to communities - federal oil, gas, and timber payments and that do not require additional state matching funds are appropriated for the purposes intended. By November 30, 2004, the department shall report to the senate and house appropriations subcommittees on natural resources, the senate and house fiscal agencies, and the state budget office on all amounts appropriated under this section during the fiscal year ending September 30, 2003.

Sec. 1103. (1) The use of federal funding received by the state from the land and water conservation fund and appropriated in part 1 shall be coordinated with state grants to local units of government from the Michigan natural resources trust fund. The coordination of the two funding sources shall be conducted in a manner that minimizes the total matching funds required from local units of government for local land acquisition or recreational development projects.

(2) The Michigan natural resources trust fund board shall report on the final disposition of federal funding from the land and water conservation fund in the board's annual report to the legislature.

Sec. 1104. Of the amount appropriated in part 1 for off-road vehicle trail improvement grants, not less than \$25,000.00 shall be available for a county that contains a state park off-road vehicle area and applies for law enforcement assistance to regulate off-road vehicle use.

FEDERAL ADVISORY REPORT

Sec. 1201. The amount appropriated in part 1 for the game and fish protection fund is an appropriation from the general fund to the game and fish protection fund pursuant to the settlement agreement addressing issues raised in the advisory report from the United States fish and wildlife service dated February 5, 2003. Pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393, the department shall request the approval of transfers by the legislature from unobligated appropriation balances to the appropriation for the game and fish protection fund of up to \$556,000.00.

PART 2A

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2002-03

GENERAL SECTIONS

Sec. 1301. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1a for fiscal year 2002-03 is \$100.00, and state spending from state resources to be paid to local units of government for fiscal year 2002-03 is \$0.00.

FEDERAL ADVISORY REPORT

Sec. 1401. The amount appropriated in part 1A for the game and fish protection fund is an appropriation from the general fund to the game and fish protection fund pursuant to the settlement agreement addressing issues raised in the advisory report from the United States fish and wildlife service dated February 5, 2003. Pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393, the department shall request the approval of transfers by the legislature from unobligated appropriation balances to the appropriation for the game and fish protection fund of up to \$556,000.00.

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

A bill to make appropriations for the department of natural resources for the fiscal years ending September 30, 2003 and September 30, 2004; to provide for the expenditure of those appropriations; to create funds and accounts; to require reports; to prescribe certain powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

John Pastor
Rick Shaffer
Rich Brown
Conferees for the House

Michelle McManus
Shirley Johnson
Conferees for the Senate

Pending the order that, under joint rule 9, the conference report be laid over one day,

Senator Hammerstrom moved that the rule be suspended.

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

The question being on the adoption of the conference report,

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

Roll Call No. 384

Yeas—37

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas

Bishop
Brater
Brown
Cassis
Cherry

George
Gilbert
Goschka
Hammerstrom

Leland
McManus
Olshove
Patterson

Switalski
Thomas
Toy
Van Woerkom

Nays—0

Excused—1

Scott

Not Voting—0

In The Chair: Sanborn

Senator Hammerstrom moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.

House Bill No. 4396, entitled

A bill to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2003 and for the fiscal year ending September 30, 2004; to provide for the expenditures of those appropriations; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

The House of Representatives has adopted the report of the Committee of Conference.

The Conference Report was read as follows:

FIRST CONFERENCE REPORT

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

House Bill No. 4396, entitled

A bill to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2004; to provide for the expenditures of those appropriations; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

Recommends:

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

A bill to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2003 and for the fiscal year ending September 30, 2004; to provide for the expenditures of those appropriations; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2003-2004

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for higher education for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

HIGHER EDUCATION

APPROPRIATION SUMMARY:

Full-time equated classified positions	1.0	
GROSS APPROPRIATION		\$ 1,789,837,000

For Fiscal Year
Ending Sept. 30,
2004

Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	\$ 0
ADJUSTED GROSS APPROPRIATION	\$ 1,789,837,000
Federal revenues:	
Total federal revenues	4,400,000
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	152,750,000
State general fund/general purpose	\$ 1,632,687,000
Sec. 102. CENTRAL MICHIGAN UNIVERSITY	
Operations.....	\$ 81,541,700
GROSS APPROPRIATION	\$ 81,541,700
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund	538,440
State general fund/general purpose	\$ 81,003,260
Sec. 103. EASTERN MICHIGAN UNIVERSITY	
Operations.....	\$ 78,873,300
GROSS APPROPRIATION	\$ 78,873,300
Appropriated from:	
State general fund/general purpose	\$ 78,873,300
Sec. 104. FERRIS STATE UNIVERSITY	
Operations.....	\$ 49,968,200
GROSS APPROPRIATION	\$ 49,968,200
Appropriated from:	
State general fund/general purpose	\$ 49,968,200
Sec. 105. GRAND VALLEY STATE UNIVERSITY	
Operations.....	\$ 59,085,800
GROSS APPROPRIATION	\$ 59,085,800
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund	5,000,000
State general fund/general purpose	\$ 54,085,800
Sec. 106. LAKE SUPERIOR STATE UNIVERSITY	
Operations.....	\$ 12,841,800
GROSS APPROPRIATION	\$ 12,841,800
Appropriated from:	
State general fund/general purpose	\$ 12,841,800
Sec. 107. MICHIGAN STATE UNIVERSITY	
Operations.....	\$ 293,383,700
Agricultural experiment station.....	33,163,800
Cooperative extension service	28,604,300
GROSS APPROPRIATION	\$ 355,151,800
Appropriated from:	
State general fund/general purpose	\$ 355,151,800
Sec. 108. MICHIGAN TECHNOLOGICAL UNIVERSITY	
Operations.....	\$ 49,717,400
GROSS APPROPRIATION	\$ 49,717,400
Appropriated from:	
State general fund/general purpose	\$ 49,717,400
Sec. 109. NORTHERN MICHIGAN UNIVERSITY	
Operations.....	\$ 46,811,500
GROSS APPROPRIATION	\$ 46,811,500
Appropriated from:	
State general fund/general purpose	\$ 46,811,500

For Fiscal Year
Ending Sept. 30,
2004

Sec. 110. OAKLAND UNIVERSITY	
Operations.....	\$ 49,087,900
GROSS APPROPRIATION	\$ 49,087,900
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	1,941,768
State general fund/general purpose	\$ 47,146,132
Sec. 111. SAGINAW VALLEY STATE UNIVERSITY	
Operations.....	\$ 26,673,700
GROSS APPROPRIATION	\$ 26,673,700
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund.....	2,019,792
State general fund/general purpose	\$ 24,653,908
Sec. 112. UNIVERSITY OF MICHIGAN - ANN ARBOR	
Operations.....	\$ 327,206,100
GROSS APPROPRIATION	\$ 327,206,100
Appropriated from:	
State general fund/general purpose	\$ 327,206,100
Sec. 113. UNIVERSITY OF MICHIGAN - DEARBORN	
Operations.....	\$ 25,193,900
GROSS APPROPRIATION	\$ 25,193,900
Appropriated from:	
State general fund/general purpose	\$ 25,193,900
Sec. 114. UNIVERSITY OF MICHIGAN - FLINT	
Operations.....	\$ 21,661,300
GROSS APPROPRIATION	\$ 21,661,300
Appropriated from:	
State general fund/general purpose	\$ 21,661,300
Sec. 115. WAYNE STATE UNIVERSITY	
Operations.....	\$ 228,279,900
GROSS APPROPRIATION	\$ 228,279,900
Appropriated from:	
State general fund/general purpose	\$ 228,279,900
Sec. 116. WESTERN MICHIGAN UNIVERSITY	
Operations.....	\$ 113,109,300
GROSS APPROPRIATION	\$ 113,109,300
Appropriated from:	
State general fund/general purpose	\$ 113,109,300
Sec. 117. STATE AND REGIONAL PROGRAMS	
Full-time equated positions.....	1.0
Higher education database modernization and conversion— 1.0 FTE position.....	\$ 200,000
Midwestern higher education compact.....	82,500
GROSS APPROPRIATION	\$ 282,500
Appropriated from:	
State general fund/general purpose	\$ 282,500
Sec. 118. MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA PARKS PROGRAM	
Select student supportive services.....	\$ 1,956,100
Michigan college/university partnership program.....	586,800
Morris Hood, Jr. educator development program	148,600
GROSS APPROPRIATION	\$ 2,691,500
Appropriated from:	
State general fund/general purpose	\$ 2,691,500
Sec. 119. GRANTS AND FINANCIAL AID	
State competitive scholarships	\$ 35,530,500
Tuition grants.....	64,768,100

	For Fiscal Year Ending Sept. 30, 2004
Michigan work-study program	7,326,300
Part-time independent student program	2,653,300
Dental clinics grant	4,547,000
Michigan education opportunity grants	2,084,200
Robert C. Byrd honors scholarship program	1,500,000
Nursing scholarship program	4,000,000
Michigan merit award program	130,000,000
Tuition incentive program	9,250,000
GROSS APPROPRIATION	\$ 261,659,400
Appropriated from:	
Federal revenues:	
Higher education act of 1965, title IV, 20 U.S.C.....	2,900,000
Higher education act of 1965, title IV, part A	1,500,000
Special revenue funds:	
Michigan merit award trust fund	143,250,000
State general fund/general purpose	\$ 114,009,400

PART 1A

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2002-2003

HIGHER EDUCATION

APPROPRIATION SUMMARY:

GROSS APPROPRIATION	\$ 7,000,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 7,000,000
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	7,000,000
State general fund/general purpose	\$ 0

Sec. 152. CENTRAL MICHIGAN UNIVERSITY

Operations.....	\$ 1,500,000
GROSS APPROPRIATION	\$ 1,500,000

Appropriated from:

Special revenue funds:	
Michigan merit award trust fund	1,500,000
State general fund/general purpose	\$ 0

Sec. 153. EASTERN MICHIGAN UNIVERSITY

Operations.....	\$ 423,932
GROSS APPROPRIATION	\$ 423,932

Appropriated from:

Special revenue funds:	
Michigan merit award trust fund	423,932
State general fund/general purpose	\$ 0

Sec. 154. FERRIS STATE UNIVERSITY

Operations.....	\$ 360,190
GROSS APPROPRIATION	\$ 360,190

Appropriated from:

Special revenue funds:	
Michigan merit award trust fund	360,190
State general fund/general purpose	\$ 0

Sec. 156. LAKE SUPERIOR STATE UNIVERSITY

Operations.....	\$ 278,320
GROSS APPROPRIATION	\$ 278,320

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund	\$ 278,320
State general fund/general purpose	\$ 0
Sec. 157. MICHIGAN STATE UNIVERSITY	
Operations.....	\$ 896,973
GROSS APPROPRIATION	\$ 896,973
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund	896,973
State general fund/general purpose	\$ 0
Sec. 158. MICHIGAN TECHNOLOGICAL UNIVERSITY	
Operations.....	\$ 359,637
GROSS APPROPRIATION	\$ 359,637
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund	359,637
State general fund/general purpose	\$ 0
Sec. 159. NORTHERN MICHIGAN UNIVERSITY	
Operations.....	\$ 353,229
GROSS APPROPRIATION	\$ 353,229
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund	353,229
State general fund/general purpose	\$ 0
Sec. 162. UNIVERSITY OF MICHIGAN - ANN ARBOR	
Operations.....	\$ 971,558
GROSS APPROPRIATION	\$ 971,558
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund	971,558
State general fund/general purpose	\$ 0
Sec. 163. UNIVERSITY OF MICHIGAN - DEARBORN	
Operations.....	\$ 305,558
GROSS APPROPRIATION	\$ 305,558
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund	305,558
State general fund/general purpose	\$ 0
Sec. 164. UNIVERSITY OF MICHIGAN - FLINT	
Operations.....	\$ 297,768
GROSS APPROPRIATION	\$ 297,768
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund	297,768
State general fund/general purpose	\$ 0
Sec. 165. WAYNE STATE UNIVERSITY	
Operations.....	\$ 753,405
GROSS APPROPRIATION	\$ 753,405
Appropriated from:	
Special revenue funds:	
Michigan merit award trust fund	753,405
State general fund/general purpose	\$ 0
Sec. 166. WESTERN MICHIGAN UNIVERSITY	
Operations.....	\$ 499,430
GROSS APPROPRIATION	\$ 499,430

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:
Special revenue funds:

Michigan merit award trust fund.....	\$	499,430
State general fund/general purpose	\$	0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2003-2004

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$1,785,437,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$3,759,100.00. The itemized statement below identifies the estimated appropriations from which spending to units of local government will occur:

Part-time independent student program.....	\$	1,255,700
Michigan education opportunity grant.....		932,900
Michigan work-study		1,570,500
TOTAL.....	\$	3,759,100

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

Sec. 208. Unless otherwise specified, the institutions of higher education receiving appropriations in part 1 shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement, or it may include placement of reports on an Internet or Intranet site.

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods and services, or both, are available.

Sec. 212. (1) The funds appropriated in part 1 to state institutions of higher education shall be paid out of the state treasury and distributed by the state treasurer to the respective institutions in 11 equal monthly installments on the sixteenth of each month, or the next succeeding business day, beginning with October 16, 2003. Except for Wayne State University, each institution shall accrue its July and August 2004 payments to its institutional fiscal year ending June 30, 2004.

(2) All universities shall submit higher education institutional data inventory (HEIDI) data and associated financial and program information requested by and in a manner prescribed by the state budget director. For universities with fiscal years ending June 30, 2003, these data shall be submitted to the state budget director by October 15, 2003. Universities with a fiscal year ending September 30, 2003 shall submit preliminary HEIDI data by November 15, 2003 and final data by December 15, 2003. If a university fails to submit HEIDI data and associated financial aid program information in accordance with this reporting schedule, the state treasurer shall withhold the monthly installments under subsection (1) to the university until those data are submitted.

(3) A detailed description of procedures utilized to arrive at the amounts appropriated in part 1 shall be submitted to each institution by the senate and house fiscal agencies.

Sec. 213. Funds received by the state from the federal government or private sources for the use of a college or university are appropriated for the purposes for which they are provided. The acceptance and use of federal or private funds do not place an obligation upon the legislature to continue the purposes for which the funds are made available.

Sec. 214. If section 274 of the income tax act of 1967, 1967 PA 281, MCL 206.274, is not repealed and if a state institution of higher education that receives funds under this act notifies the department of treasury regarding its tuition and fee rates in order to qualify as an eligible institution for the Michigan tuition tax credit under section 274 of the income tax act of 1967, 1967 PA 281, MCL 206.274, the institution shall also submit the notification and applicable documentation of tuition and fee changes to the house and senate fiscal agencies.

Sec. 215. A state institution of higher education that receives funds under this act shall furnish all program and financial information that is required by and in a manner prescribed by the state budget director or the house or senate appropriations committee.

GRANTS AND FINANCIAL AID

Sec. 301. (1) Payments of the amounts included in part 1 for the state competitive scholarship program shall be distributed pursuant to 1964 PA 208, MCL 390.971 to 390.981.

(2) The Michigan higher education assistance authority shall implement a proportional competitive scholarship maximum award level for recipients enrolled less than full-time in a given semester or term.

(3) If a student who receives an award under this section has his or her tuition and fees paid under the Michigan educational trust program, pursuant to the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1444, and still has financial need, the funds awarded under this section may be used for educational expenses other than tuition and fees.

(4) If the Michigan higher education assistance authority increases the maximum award per eligible student from that provided in the previous fiscal year, it shall not have the effect of reducing the number of eligible students receiving awards in relation to the total number of eligible applicants. Any increase in the maximum grant shall be proportional for all eligible students receiving awards.

Sec. 302. (1) The amounts appropriated in part 1 for the state tuition grant program shall be distributed pursuant to 1966 PA 313, MCL 390.991 to 390.997a.

(2) Tuition grant awards shall be made to all eligible Michigan residents who apply before July 15, 2003 and who are qualified. Tuition grant awards shall not be made to students newly enrolled in a juris doctor law degree program after the 1995-96 academic year.

(3) The Michigan higher education assistance authority shall determine an actual maximum tuition grant award per student that ensures that the aggregate payments for the tuition grant program do not exceed the appropriation contained in part 1 for the state tuition grant program. By December 15, 2003, and again by February 1, 2004, the authority shall analyze the status of award commitments, shall make any necessary adjustments, and shall confirm that those award commitments will not exceed the appropriation contained in part 1 for the tuition grant program. The determination and actions shall be reported to the state budget director and the house and senate fiscal agencies no later than February 15, 2004. If award adjustments are necessary, the students shall be notified of the adjustment by the third Monday in February.

(4) Any unexpended and unencumbered funds remaining on September 30, 2004 from the amounts appropriated in part 1 for the tuition grant program shall not lapse on September 30, 2004, but shall continue to be available for expenditure for tuition grants provided in the 2004-2005 fiscal year. The use of these unexpended fiscal year 2003-2004 funds shall terminate at the end of the 2004-2005 fiscal year.

(5) The Michigan higher education assistance authority shall continue a proportional tuition grant maximum award level for recipients enrolled less than full-time in a given semester or term.

(6) If the Michigan higher education assistance authority increases the maximum award per eligible student from that provided in the previous fiscal year, it shall not have the effect of reducing the number of eligible students receiving awards in relation to the total number of eligible applicants. Any increase in the maximum grant shall be proportional for all eligible students receiving awards for fiscal year 2003-2004.

(7) All Ferris State University students enrolled at Kendall College of Art and Design prior to January 1, 2001 who were qualified for the state tuition grant shall continue to receive the dollar amount of the state tuition grant for which they were eligible until they graduate or are no longer enrolled in the Kendall College of Art and Design at Ferris State University.

Sec. 303. (1) Included in the appropriation in part 1 is funding for the Michigan work-study program established under 1986 PA 288, MCL 390.1371 to 390.1382, and 1986 PA 303, MCL 390.1321 to 390.1332. An effort should be made by each institution participating in the Michigan work-study program to assure that not less than 10% of those undergraduate, graduate, and professional students eligible to participate in the program are placed with for-profit employers no later than December 31 of each year for which funding is provided under this act.

(2) The Michigan higher education assistance authority shall allocate funds to institutions eligible for work-study money based upon each institution's specific Pell grant index and each institution's utilization rate of work-study funds for the 3 most recent years for which statistics are available.

(3) The Michigan higher education assistance authority shall set aside not more than 5% of the total work-study appropriation to process requests from participating institutions for allocation adjustments. Allocation adjustments shall be based on criteria set by the authority prior to making the allocations under subsection (2).

Sec. 307. The auditor general may audit selected enrollments, degrees, and awards at selected independent colleges and universities receiving awards administered by the department of treasury. The audits shall be based upon definitions and requirements established by the Michigan higher education assistance authority, the state budget director, and the senate and house fiscal agencies. The auditor general shall accept the Free Application for Federal Student Aid (FAFSA) form as the standard of residency documentation. The auditor general shall submit a report of findings to the senate and house appropriations committees and state budget director by May 1, 2004.

Sec. 308. The sums appropriated in part 1 for the student financial aid programs shall be paid out of the state treasury and shall be distributed to the respective institutions under a quarterly payment system as follows:

(a) For the state competitive scholarship, nursing scholarship, tuition incentive, and tuition grant programs, 40% shall be paid at the beginning of the state's first fiscal quarter, 40% at the beginning of the state's second fiscal quarter, 10% at the beginning of the state's third fiscal quarter, and 10% at the beginning of the state's fourth fiscal quarter.

(b) For the work-study program, payments shall be made in 11 monthly installments from October 1 to August 31 of any year.

(c) For the part-time independent student program and the Michigan education opportunity grant program, 50% shall be paid at the beginning of the state's first fiscal quarter, 25% at the beginning of the state's second fiscal quarter, and 25% at the beginning of the state's third fiscal quarter.

(d) For the dental clinics grant program and Robert C. Byrd honors scholarship program, 50% shall be paid at the beginning of the state's first fiscal quarter and 50% at the beginning of the state's second fiscal quarter after the number of earned degrees conferred and total amounts to be paid are certified.

Sec. 309. The Michigan higher education assistance authority shall determine the needs analysis criteria for students to qualify for the competitive scholarship program and tuition grant program. To be consistent with federal requirements, student wages may be taken into consideration when determining the amount of the award.

Sec. 310. (1) The funds appropriated in part 1 for the tuition incentive program/high school completion program shall be distributed as provided in this section and pursuant to the administrative procedures for the tuition incentive program/high school completion program of the department of treasury.

(2) As used in this section:

(a) "Phase I" means the first part of the tuition incentive assistance program defined as the academic period of 80 semester or 120 term credits, or less, leading to an associate degree or certificate.

(b) "Phase II" means the second part of the tuition incentive assistance program which provides assistance in the third and fourth year of 4-year degree programs.

(c) "Department" means the department of treasury.

(3) A person shall meet the following basic criteria and financial thresholds to be eligible for tuition incentive benefits:

(a) To be eligible for phase I, a person shall meet all of the following criteria:

(i) Apply for certification to the department before graduating from high school or completing the general education development (GED) certificate.

(ii) Be less than 20 years of age at the time of high school graduation or GED completion.

(iii) Be a United States citizen and a resident of Michigan according to institutional criteria.

(iv) Be at least a half-time student, earning less than 80 semester or 120 term credits at a participating educational institution within 4 years of high school graduation or GED certificate completion.

(b) To be eligible for phase II, a person shall meet either of the following criteria in addition to the criteria in subdivision (a):

(i) Complete at least 56 transferable semester or 84 transferable term credits.

(ii) Obtain an associate degree or certificate at a participating institution.

(c) To be eligible for phase I or phase II, a person must be financially eligible as determined by the department. A person is financially eligible for the tuition incentive program if that person was Medicaid eligible for 24 months within the 36 months before application. Certification of eligibility may begin in the sixth grade and continue until the time of enrollment in a participating institution.

(4) For phase I, the department shall provide payment on behalf of a person eligible under subsection (3). The department shall reject billings that are excessive or outside the guidelines for the type of educational institution.

(5) For phase I, all of the following apply:

(a) Payments for associate degree or certificate programs shall not be made for more than 80 semester or 120 term credits for any individual student at any participating institution.

(b) For persons enrolled at a Michigan community college, the department shall pay the current in-district tuition and mandatory fees. For persons residing in an area that is not included in any community college district, the out-of-district tuition rate may be authorized.

(c) For persons enrolled at a Michigan public university, the department shall pay lower level resident tuition and mandatory fees for the current year.

(d) For persons enrolled at a Michigan independent, nonprofit degree granting college or university, or a Michigan federal tribally controlled community college, or Focus: HOPE, the department shall pay mandatory fees for the current year and a per-credit payment that does not exceed the average community college in-district per-credit tuition rate as reported on August 1, for the immediately preceding academic year.

(6) A person participating in phase II may be eligible for additional funds not to exceed \$500.00 per semester or \$400.00 per term up to a maximum of \$2,000.00 subject to the following conditions:

(a) Credits are earned in a 4-year program at a Michigan degree granting 4-year college or university.

(b) The tuition reimbursement is for coursework completed within 30 months of completion of the phase I requirements.

(7) Program payments shall not be used by any recipient for theology or divinity courses.

(8) The department shall work closely with participating institutions to develop an application and eligibility determination process that will provide the highest level of participation and ensure that all requirements of the program are met.

(9) Applications for the tuition incentive program may be approved at any time after the student begins the sixth grade. If a determination of financial eligibility is made, that determination is valid as long as the student meets all other program requirements and conditions.

(10) Each institution shall ensure that all known available restricted grants for tuition and fees are used prior to billing the tuition incentive program for any portion of a student's tuition and fees.

(11) The department shall ensure that the tuition incentive program is well publicized and that potentially eligible Medicaid clients are provided information on the program. The department shall provide the necessary funding and staff to fully operate the program.

(12) Any unexpended and unencumbered funds remaining on September 30, 2004 from the amounts appropriated in part 1 for the tuition incentive program shall not lapse on September 30, 2004, but shall continue to be available for expenditure for the tuition incentive program in the fiscal year ending September 30, 2005.

Sec. 311. To enable the legislature and the state budget director to evaluate the appropriation needs of higher education, each independent college and university shall make available to the legislature or state budget director, upon request, data regarding grants for the preceding, current, and ensuing fiscal years.

Sec. 312. From the funds appropriated in part 1, the Michigan higher education assistance authority shall administer the nursing scholarship program pursuant to 2002 PA 591, MCL 390.1181 to 390.1189.

Sec. 315. Included in part 1 is funding for the dental clinics grant. This appropriation is for the University of Detroit Mercy to support dental clinical services provided by its school of dentistry to low income residents in southeastern Michigan.

STATE UNIVERSITIES

Sec. 401. (1) Included in part 1 is \$5,720,400.00 to Wayne State University for the Joseph F. Young, Sr. psychiatric research and training program. Wayne State University shall use these funds for psychiatric laboratory and clinical research, training, and treatment services. Within the available appropriation, services shall not be denied to any patient who meets established research guidelines for treatment on the basis of personal financial circumstances, age, geographic residence, or projected/actual length of treatment as medically warranted.

(2) Wayne State University shall report the following information to the department of community health by November 1, 2004:

(a) The number and type of psychiatric research projects funded by the appropriation described in subsection (1).

(b) The number and type of students trained and the location of training funded by the appropriation.

(c) Demographic data regarding the number and profile of patients to receive psychiatric services funded by the appropriation and a profile of the services provided.

(d) A summary budget outlining major expenditure categories and any first- and third-party reimbursements.

(3) Copies of these reports shall also be provided to the house and senate fiscal agencies and the state budget director.

Sec. 402. The University of Michigan biological station at Douglas Lake in Cheboygan County is regarded as a unique resource and is designated as a special research reserve. It is the intent of the legislature to protect and preserve the unique long-term research value and capabilities of the biological station area and Douglas Lake. The legislature further intends that no state programs or policies be developed that would have a deleterious impact on the research value of Douglas Lake.

Sec. 405. (1) There is created the higher education institutional data inventory advisory committee. The committee shall be appointed by the state budget director and shall consist of the following members:

(a) One representative from the house fiscal agency.

(b) One representative from the senate fiscal agency.

(c) One representative from the state budget director's office.

(d) Three representatives of the presidents council of state universities. The presidents council shall appoint 1 representative each from a masters, a doctoral, and a research university.

(2) The committee shall be responsible for maintaining and enhancing the state higher education database for which funding is included in part 1.

Sec. 408. The legislature recognizes that the first and foremost obligation of the public universities is undergraduate instruction. The public universities are therefore encouraged to increase their commitment of tenured and tenure track faculty to undergraduate instruction.

Sec. 418. No state funds shall be used by any state university to undertake a collaborative effort with any other university that would have the effect of increasing its enrollment of first-time professional law degree seeking students.

Sec. 421. (1) Central Michigan University shall report by September 30, 2004 to the state budget director, house and senate appropriations committees, and the house and senate fiscal agencies information on the activities and effectiveness of the national charter schools institute for which an appropriation is provided in part 1. Included in the report shall be an accounting of all revenues and expenditures of the institute, the names of the public school academies served, and the type of assistance provided to each public school academy.

(2) All funds received under part 1 for the national charter schools institute are intended to be expended on activities of that institute.

Sec. 426. It is the legislative intent that private bookstores that sell textbooks to university students and student governments that provide a book swap for university students have accurate and timely access to lists of universities' required textbooks in order to provide prompt and efficient service for students. It is further the legislative intent that each state university allow students who are on financial aid or are receiving tuition grants to decide where to purchase their textbooks.

Sec. 433. (1) Included in part 1 is \$2,953,400.00 for the agricultural experiment station and \$2,619,000.00 for the cooperative extension service for project GREEN. Project GREEN is intended to address critical regulatory, food safety, economic, and environmental problems faced by this state's plant-based agriculture, forestry, and processing industries. "GREEN" is an acronym for generating research and extension to meet environmental and economic needs.

(2) The department of agriculture and Michigan State University, in consultation with agricultural commodity groups and other interested parties, shall develop project GREEN and its program priorities.

(3) Not later than September 30, 2004, a report shall be submitted by Michigan State University to the state budget director, the house and senate appropriations subcommittees on agriculture and on higher education, and the house and senate fiscal agencies for the preceding fiscal year regarding project GREEN projects. The report shall include, but is not limited to, the dollar amount of each project and a review of each project's performance and accomplishments.

Sec. 434. All state universities shall work with the Michigan economic development corporation (MEDC) to foster the state's economic development. The presidents council shall meet quarterly with the MEDC or its representative to discuss potential cooperative efforts and examine any strategies or issues of concern related to advancement of Michigan's economic development. The state universities, through its presidents council, shall submit a report that summarizes the discussion and identifies any conclusions or recommendations of the participants at each quarterly meeting. The quarterly report shall be submitted to the state budget director, the house and senate appropriations subcommittees on higher education, and the house and senate fiscal agencies no later than 30 days after each quarterly meeting.

Sec. 436. The appropriations in part 1 for Michigan's 15 public universities are intended to maintain the access and affordability to these institutions for students and parents. As a condition to receiving the appropriations in part 1, public universities shall adopt reasonable tuition and fee increases for the 2003-2004 academic year.

Sec. 437. It is the intent of the legislature that funds in a Michigan public school employee retirement system (MPSERS) stabilization subaccount be used for fiscal year 2003-04 to maintain the annual level percentage of the payroll contribution rate at the fiscal year 2002-03 estimated rate for the 7 state universities that have employees in the MPSERS system.

Sec. 439. Any of Michigan's public universities which have a policy allowing smoking in their dormitories or residence halls shall report to the legislature, by December 1, 2003, the reason or reasons for that policy.

MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA PARKS PROGRAMS

Sec. 501. (1) Included in the appropriation for each public university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks future faculty program, that is intended to increase the pool of minority candidates pursuing faculty teaching careers in postsecondary education. Each university shall apply the percentage increase applicable to every university in the calculation of appropriations in part 1 to the amount of funds allocated to the future faculty program.

(2) The program shall be administered by each university in a manner prescribed by the Michigan department of career development. The Michigan department of career development shall use a good faith effort standard to evaluate whether a fellowship is in default.

Sec. 502. (1) Included in the appropriation for each public university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks college day program that is intended to introduce schoolchildren underrepresented in postsecondary education to the potential of a college education.

(2) Individual program plans of each university shall include a budget of equal contributions from this program, the participating public university, the participating school district, and the participating independent degree granting college. College day funds shall not be expended to cover indirect costs. Not more than 20% of the university match shall be attributable to indirect costs. Each university shall apply the percentage increase applicable to every university in the calculation of appropriations in part 1 to the amount of funds allocated to the college day program.

(3) The program shall be administered by each university in a manner prescribed by the Michigan department of career development.

Sec. 503. (1) Included in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks select student support services program for developing academically and economically disadvantaged student retention programs for 4-year public and independent educational institutions in this state.

(2) An award made under this program to any 1 institution shall not be greater than \$150,000.00, and the amount awarded shall be matched on a 70% state, 30% college or university basis.

(3) The program shall be administered by the Michigan department of career development.

Sec. 504. (1) Included in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks college/university partnership program between 4-year public and independent colleges and universities and public community colleges, which is intended to increase the number of academically and economically disadvantaged students who transfer from community colleges into baccalaureate programs.

(2) The grants shall be made under this program to Michigan public and independent colleges and universities. An award to any 1 institution shall not be greater than \$150,000.00, and the amount awarded shall be matched on a 70% state, 30% college or university basis.

(3) The program shall be administered by the Michigan department of career development.

Sec. 505. (1) Included in the appropriation for each public university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks visiting professors program which is intended to increase the number of underrepresented minority instructors in the classroom and provide role models for underrepresented minority students.

(2) The program shall be administered by the Michigan department of career development.

Sec. 506. (1) Included in the appropriation in part 1 is funding under the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks initiative for the Morris Hood, Jr. educator development program which is intended to increase the number of minority students, especially males, who enroll in and complete K-12 teacher education programs at the baccalaureate level.

(2) The program shall be administered by each state-approved teacher education institution in a manner prescribed by the Michigan department of career development.

(3) Approved teacher education institutions may and are encouraged to use student support services funding in coordination with the Morris Hood, Jr. funding to achieve the goals of the program.

Sec. 507. Each state institution of higher education receiving funds under section 503, 504, or 506 shall notify the Michigan department of career development by April 15, 2004 as to whether it will expend by the end of its fiscal year the funds received under section 503, 504, or 506. Notwithstanding the award limitations in sections 503 and 504, the amount of funding reported as not being expended will be reallocated to the institutions that intend to expend all funding received under section 503, 504, or 506.

STUDENT PERFORMANCE REPORTING

Sec. 601. (1) From the amount appropriated in part 1 for state universities, the state universities shall systematically inform Michigan high schools regarding the academic status of students from each high school in a manner prescribed by the presidents council, state universities of Michigan in cooperation with the Michigan association of secondary school principals.

(2) The Michigan high schools shall systematically inform the state universities about the use of information received under this section in a manner prescribed by the Michigan association of secondary school principals in cooperation with the presidents council, state universities of Michigan.

Sec. 602. From the amount appropriated in part 1 for state universities, the state universities shall inform Michigan community colleges regarding the academic status of community college transfer students in a manner prescribed by the presidents council, state universities of Michigan in cooperation with the Michigan community college association.

GENERAL REPORTS AND AUDITS

Sec. 701. (1) The auditor general shall review higher education institutional data inventory (HEIDI) enrollment data submitted by all public universities and may perform audits of selected public universities if determined necessary. The review and audits shall be based upon the definitions, requirements, and uniform reporting categories established by the state budget director and the senate and house fiscal agencies. The auditor general shall submit a report of findings to the house and senate appropriations committees and the state budget director no later than July 1, 2004.

(2) Student credit hours reports shall not include the following:

(a) Student credit hours generated through correspondence courses, credit by examination, or inmate prison programs regardless of teaching location.

(b) Student credit hours generated in new degree programs after January 1, 1975, that have not been specifically authorized for funding by the legislature, except spin-off programs converted from existing core programs that do all of the following:

(i) Represent new options, fields, or concentrations within existing programs.

(ii) Are consistent with the current institutional role and mission.

(iii) Are accommodated within the continuing funding base of the institution.

(iv) Do not require a new degree level beyond that which the institution is currently authorized to grant within that discipline or field.

(v) Do not require funding from the state other than that provided by the student credit hours generated within the program, either before program initiation or within the first 3 years of program operation.

(3) The auditor general shall periodically audit higher education institutional data inventory (HEIDI) data as submitted by the state universities for compliance with the definitions approved by the HEIDI advisory committee for the HEIDI database.

Sec. 701a. (1) Pursuant to section 701(2)(b), the following degree programs may be established:

(a) Bachelors:

Ferris State University

Ferris State University

Ferris State University

Ferris State University

Grand Valley State University

Art education, B.F.A.

Biochemistry major, B.A.

Chemistry major, B.A.

Metals/jewelry design, B.F.A.

Cell and molecular biology, B.S.

Grand Valley State University	Clinical laboratory science, B.S.
Grand Valley State University	Dance, B.A.
Grand Valley State University	Medical imaging/radiation science, B.S.
Lake Superior State University	Athletic training, B.S.
Michigan State University	Professional writing, B.A.
Michigan Technological University	Computer network and system administration, B.S.
Michigan Technological University	Computer systems science, B.S.
Northern Michigan University	Earth science, Bachelors
Northern Michigan University	Entertainment and sports promotion, Bachelors
Northern Michigan University	Geographic information science, Bachelors
Oakland University	Financial information systems, B.S.
Oakland University	Wellness, health promotion, and injury prevention, B.S.
Wayne State University	Major in health education, B.S.
Western Michigan University	Athletic training, B.A.
Western Michigan University	Engineering, B.S.E.
Western Michigan University	Major in financial planning, B.B.A.
Western Michigan University	Major in geochemistry, B.S.
Western Michigan University	Major in global and international studies, B.A.
(b) Masters:	
Central Michigan University	Reading and literacy K-12, M.A.
Eastern Michigan University	Schools, society, and violence, M.A.
Ferris State University	Masters in business administration, M.B.A.
Grand Valley State University	Biology, M.S.
Grand Valley State University	M.A. program in English, M.A.
Grand Valley State University	Psychology, M.S.
Michigan State University	Digital rhetoric and professional writing, M.A.
Michigan State University	Environmental design, M.A.
Michigan State University	Finance, M.S.
Michigan State University	Food safety, M.S.
Michigan State University	Youth development, M.A.
Saginaw Valley State University	Instructional technology, M.A.
University of Michigan	Health and health care research, M.S.
University of Michigan	International tax, L.L.M.
University of Michigan	Media arts, M.A.
University of Michigan-Dearborn	Psychology specialization in health psychology, M.S.
University of Michigan-Dearborn	Science education, M.S.
Wayne State University	Accounting, M.S.
Wayne State University	Master of occupational therapy, M.O.T.
(c) Doctorate:	
Michigan State University	Rhetoric and writing, Ph.D.
Oakland University	Ph.D. program in mechanical engineering, Ph.D.
University of Michigan	Joint doctoral program on women's studies and sociology
Western Michigan University	Evaluation, Ph.D.
Western Michigan University	Spanish, Ph.D.

(2) The listing of degree programs in subsection (1) does not constitute legislative intent to provide additional dollars for those programs.

(3) When submitting the listing of new degree programs for future fiscal years, the presidents council shall also provide a listing of degree programs that will no longer be offered in subsequent academic years.

Sec. 702. The principal executive officer of each institution of higher education receiving an appropriation under this act shall expend a portion of the funds appropriated to that institution to make a report to the auditor general, the house and senate fiscal agencies, and the state budget director within 60 days after the auditor general issues his or her report on the operation of the institution. The institution's report shall specify all of the following:

(a) The recommendations of the auditor general implemented by the institution, including projected dates and resources required, if any, to achieve compliance.

(b) The recommendations of the auditor general not implemented by the institution or implemented by the institution as modified.

(c) The rationale for not implementing a recommendation of the auditor general or of implementing a recommendation as modified.

Sec. 708. The auditor general may conduct performance audits of state universities during the fiscal year ending September 30, 2004 as the auditor general considers necessary.

Sec. 709. An institution receiving funds under this bill and also subject to the student right-to-know and campus security act, Public Law 101-522, 104 Stat. 2381, shall make a copy of all material prepared pursuant to the public information reporting requirements under the crime awareness and campus security act of 1990, title II of the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2381 available in electronic Internet format on their websites.

Sec. 710. By February 15, 2004, each public university that receives funds under this act shall report to the house and senate appropriations subcommittees on higher education and the house and senate fiscal agencies the aggregate dollar amount and the number and percentages of undergraduate students who receive need-based grants, merit-based scholarships and grants, loans, and work-study financial aid for the academic year 2002-2003.

PART 2A

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2002-2003

GENERAL SECTIONS

Sec. 1201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1A for fiscal year 2002-2003 is \$7,000,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$0.00.

Sec. 1301. The appropriations in 2002 PA 746 for fiscal year 2002-2003, sections 153 and 157, financed from the Michigan merit award trust fund, shall be appropriated from the tobacco settlement trust fund instead of the Michigan merit award trust fund. An amount of \$1,595,982.00 for community colleges and \$9,060,952.00 for higher education shall be appropriated from the tobacco settlement trust fund instead of the Michigan merit award trust fund.

Sec. 1302. It is the intent of the legislature that Michigan competitive scholarship award applicants and Michigan tuition grant applicants be notified not later than July 31, 2003 of the status of their awards.

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

A bill to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2003 and for the fiscal year ending September 30, 2004; to provide for the expenditures of those appropriations; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

Sandy Caul
Glenn Steil, Jr.
Rich Brown
Conferees for the House

Mike Goschka
Shirley Johnson
Deborah Cherry
Conferees for the Senate

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

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

The question being on the adoption of the conference report,

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

Roll Call No. 385

Yeas—37

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	George	Leland	Switalski
Brater	Gilbert	McManus	Thomas
Brown	Goschka	Olshove	Toy
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0

Excused—1

Scott

Not Voting—0

In The Chair: Sanborn

Senator Hammerstrom moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.

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

Senator Hammerstrom moved that the rules be suspended and that the following bills, now on the order of Third Reading of Bills, be placed on their immediate passage:

Senate Bill No. 99
House Bill No. 4218
House Bill No. 4866
House Bill No. 4627
House Bill No. 4630
House Bill No. 4631

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

Senator Schauer moved that Senator Emerson be temporarily excused from the balance of today's session.
The motion prevailed.

Senator Emerson entered the Senate Chamber.

The following bill was read a third time:

Senate Bill No. 99, entitled

A bill to authorize the administration of an organ donor leave time program for certain persons employed by this state; to provide for implementation and operation; and to prescribe powers and duties of certain state officers and agencies.

The question being on the passage of the bill,

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

Roll Call No. 386**Yeas—37**

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	George	Leland	Switalski
Brater	Gilbert	McManus	Thomas
Brown	Goschka	Olshove	Toy
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0

Excused—1

Scott

Not Voting—0

In The Chair: Sanborn

The Senate agreed to the title of the bill.

The following bill was read a third time:

House Bill No. 4218, entitled

A bill to amend 1976 PA 451, entitled “The revised school code,” by amending section 1303 (MCL 380.1303), as amended by 1995 PA 289.

The question being on the passage of the bill,

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

Roll Call No. 387**Yeas—37**

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	George	Leland	Switalski
Brater	Gilbert	McManus	Thomas
Brown	Goschka	Olshove	Toy
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0**Excused—1**

Scott

Not Voting—0

In The Chair: Sanborn

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

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

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, and intermediate school districts; to prescribe rights,

powers, duties, and privileges of schools, school districts, public school academies, and intermediate school districts; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts.”.

The Senate agreed to the full title.

The following bill was read a third time:

House Bill No. 4866, entitled

A bill to amend 1961 PA 112, entitled “An act to authorize and provide for the issuance, sale, and refunding of bonds, notes, or commercial paper of the state; to provide funds for making loans to school districts for payment of principal and interest on certain school bonds; to provide for use of moneys repaid to the state by school districts; and to make an appropriation,” by amending section 3 (MCL 388.983), as amended by 1991 PA 64.

The question being on the passage of the bill,

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

Roll Call No. 388

Yeas—37

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	George	Leland	Switalski
Brater	Gilbert	McManus	Thomas
Brown	Goschka	Olshove	Toy
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0

Excused—1

Scott

Not Voting—0

In The Chair: Sanborn

The question being on concurring in the committee recommendation to give the bill immediate effect, The recommendation was concurred in, 2/3 of the members serving voting therefor. The Senate agreed to the title of the bill.

The following bill was read a third time:

House Bill No. 4627, entitled

A bill to amend 1952 PA 214, entitled “An act authorizing the Mackinac bridge authority to acquire a bridge connecting the upper and lower peninsulas of Michigan, including causeways, tunnels, roads and all useful related equipment and facilities, including park, parking, recreation, lighting and terminal facilities; extending the corporate existence of the authority; authorizing such authority to enjoy and carry out all powers incident to its corporate objects; authorizing the appropriation and use of state funds for the preliminary purposes of the authority; providing for the

payment of the cost of such bridge and in that connection authorizing the authority to issue revenue bonds payable solely from the revenues of the bridge; granting the right of condemnation to the authority; granting the use of state land and property to the authority; making provisions for the payment and security of such bonds and granting certain rights and remedies to the holders thereof; authorizing banks and trust companies to perform certain acts in connection therewith; authorizing the imposition of tolls and charges; authorizing the authority to secure the consent of the United States government to the construction of the bridge and to secure approval of plans, specifications and location of same; authorizing employment of engineers irrespective of whether such engineers have been previously employed to make preliminary inspections or reports with respect to the bridge; authorizing the state highway department to operate and maintain such bridge or to contribute thereto and enter into leases and agreements in connection therewith; exempting such bonds and the property of the authority from taxation; prohibiting competing traffic facilities; authorizing the operation of ferries by the authority; providing for the construction and use of certain buildings; and making an appropriation,” by amending section 7 (MCL 254.317).

The question being on the passage of the bill,

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

Roll Call No. 389

Yeas—24

Allen	Garcia	Jelinek	Sanborn
Birkholz	George	Johnson	Schauer
Bishop	Gilbert	Kuipers	Sikkema
Brown	Goschka	McManus	Stamas
Cassidy	Hammerstrom	Patterson	Toy
Cropsey	Hardiman	Prusi	Van Woerkom

Nays—13

Barcia	Cherry	Emerson	Olshove
Basham	Clark-Coleman	Jacobs	Switalski
Bernero	Clarke	Leland	Thomas
Brater			

Excused—1

Scott

Not Voting—0

In The Chair: Sanborn

The question being on concurring in the committee recommendation to give the bill immediate effect,
 The recommendation was concurred in, 2/3 of the members serving voting therefor.
 The Senate agreed to the title of the bill.

The following bill was read a third time:

House Bill No. 4630, entitled

A bill to amend 1952 PA 214, entitled “An act authorizing the Mackinac bridge authority to acquire a bridge connecting the upper and lower peninsulas of Michigan, including causeways, tunnels, roads and all useful related equipment and facilities, including park, parking, recreation, lighting and terminal facilities; extending the corporate existence of the authority; authorizing such authority to enjoy and carry out all powers incident to its corporate objects;

authorizing the appropriation and use of state funds for the preliminary purposes of the authority; providing for the payment of the cost of such bridge and in that connection authorizing the authority to issue revenue bonds payable solely from the revenues of the bridge; granting the right of condemnation to the authority; granting the use of state land and property to the authority; making provisions for the payment and security of such bonds and granting certain rights and remedies to the holders thereof; authorizing banks and trust companies to perform certain acts in connection therewith; authorizing the imposition of tolls and charges; authorizing the authority to secure the consent of the United States government to the construction of the bridge and to secure approval of plans, specifications and location of same; authorizing employment of engineers irrespective of whether such engineers have been previously employed to make preliminary inspections or reports with respect to the bridge; authorizing the state highway department to operate and maintain such bridge or to contribute thereto and enter into leases and agreements in connection therewith; exempting such bonds and the property of the authority from taxation; prohibiting competing traffic facilities; authorizing the operation of ferries by the authority; providing for the construction and use of certain buildings; and making an appropriation,” by amending section 12 (MCL 254.322).

The question being on the passage of the bill,

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

Roll Call No. 390

Yeas—37

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	George	Leland	Switalski
Brater	Gilbert	McManus	Thomas
Brown	Goschka	Olshove	Toy
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0

Excused—1

Scott

Not Voting—0

In The Chair: Sanborn

The question being on concurring in the committee recommendation to give the bill immediate effect,
The recommendation was concurred in, 2/3 of the members serving voting therefor.
The Senate agreed to the title of the bill.

The following bill was read a third time:

House Bill No. 4631, entitled

A bill to amend 1951 PA 51, entitled “An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up

and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts," by amending section 11 (MCL 247.661), as amended by 2002 PA 639.

The question being on the passage of the bill,

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

Roll Call No. 391

Yeas—24

Allen	Garcia	Jelinek	Sanborn
Birkholz	George	Johnson	Schauer
Bishop	Gilbert	Kuipers	Sikkema
Brown	Goschka	McManus	Stamas
Cassis	Hammerstrom	Patterson	Toy
Cropsey	Hardiman	Prusi	Van Woerkom

Nays—13

Barcia	Cherry	Emerson	Olshove
Basham	Clark-Coleman	Jacobs	Switalski
Bernero	Clarke	Leland	Thomas
Brater			

Excused—1

Scott

Not Voting—0

In The Chair: Sanborn

The question being on concurring in the committee recommendation to give the bill immediate effect, The recommendation was concurred in, 2/3 of the members serving voting therefor. The Senate agreed to the title of the bill.

By unanimous consent the Senate returned to the order of
General Orders

Senator Hammerstrom moved that the Senate resolve itself into the Committee of the Whole for consideration of the General Orders calendar.

The motion prevailed, and the Assistant President pro tempore, Senator Sanborn, designated Senator Brater as Chairperson.

After some time spent therein, the Committee arose; and, the Assistant President pro tempore, Senator Sanborn, having resumed the Chair, the Committee reported back to the Senate, favorably and with a substitute therefor, the following bill:

Senate Bill No. 334, entitled

A bill to amend 1951 PA 51, entitled "An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts," by amending section 13 (MCL 247.663), as amended by 1999 PA 54.

Substitute (S-3).

The following are the amendments to the substitute recommended by the Committee of the Whole:

1. Amend page 8, line 27, after "**the**" by inserting "**major street system being spent on a**".
2. Amend page 9, line 2, after "**on**" by inserting "**maintenance and**".

The Senate agreed to the substitute, as amended, recommended by the Committee of the Whole, and the bill as substituted was placed on the order of Third Reading of Bills.

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

House Bill No. 4393, entitled

A bill to make appropriations for the department of environmental quality for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create certain funds and accounts; to require certain reports; to prescribe the powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

The House of Representatives has adopted the report of the Committee of Conference.

The Conference Report was read as follows:

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning **House Bill No. 4393, entitled**

A bill to make appropriations for the department of environmental quality for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create certain funds and accounts; to require certain reports; to prescribe the powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

Recommends:

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

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

A bill to make appropriations for the department of environmental quality for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create certain funds and accounts; to require certain reports; to prescribe the powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of environmental quality for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF ENVIRONMENTAL QUALITY

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	1,605.7	
GROSS APPROPRIATION		\$ 346,424,400
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		\$ 14,142,900
ADJUSTED GROSS APPROPRIATION		\$ 332,281,500
Federal revenues:		
Total federal revenues		129,169,500
Special revenue funds:		
Total local revenues		0
Total private revenues		435,700
Total other state restricted revenues		146,480,000
State general fund/general purpose		\$ 56,196,300

FUND SOURCE SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	1,605.7	
GROSS APPROPRIATION		\$ 346,424,400
Interdepartmental grant revenues:		
IDG-MDA		100,000
IDG-MDCH, local public health operations		10,472,500
IDG-MDSP		632,200
IDG, Michigan transportation fund		884,800
IDT, interdivisional charges		2,053,400
Total interdepartmental grants and intradepartmental transfers		14,142,900
ADJUSTED GROSS APPROPRIATION		\$ 332,281,500
Federal revenues:		
DOC-NOAA, federal		3,063,500
DOD, federal		455,300
DOI, federal		525,900
EPA, multiple		124,722,900
FEMA, federal		401,900
Total federal revenues		129,169,500
Special revenue funds:		
Private funds		435,700

	For Fiscal Year Ending Sept. 30, 2004
Total private revenues	\$ 435,700
Aboveground storage tank fees	717,500
Air emissions fees.....	11,572,700
CESARS service fee	26,300
Clean Michigan initiative - administration	2,885,700
Clean Michigan initiative - clean water fund	4,400,000
Clean Michigan initiative - response activities	1,600,000
Cleanup and redevelopment fund	14,797,100
Community pollution prevention fund.....	250,000
Drinking water revolving fund	6,059,000
Environmental education fund.....	184,500
Environmental pollution prevention fund	1,492,700
Environmental protection fund	15,042,700
Environmental response fund	21,503,900
Fees and collections.....	818,700
Financial instruments.....	5,000,000
Great Lakes protection fund.....	2,551,100
Groundwater and freshwater protection fund	200,000
Groundwater discharge permit fees	1,700,000
Hazardous materials transportation permit fund.....	87,800
Land and water permit fees.....	3,330,900
Landfill maintenance trust fund	47,200
Metallic mining surveillance fee revenue	68,200
Mineral well regulatory fee revenue.....	215,300
NPDES fees	3,000,000
Oil and gas regulatory fund	7,814,200
Orphan well fund.....	2,002,000
Public utility assessments	786,100
Public water supply fees	4,445,600
Publication revenue.....	103,200
Retired engineers technical assistance fund	1,500,000
Saginaw Bay and River restoration revenue	154,500
Sand extraction fee revenue	188,300
Scrap tire regulatory fund	4,642,800
Septage waste license fees	1,752,400
Settlement funds	3,395,900
Sewage sludge land application fee.....	742,500
Soil erosion and sedimentation control training fund.....	101,300
Solid waste program fees	3,914,500
Stormwater permit fees	2,526,500
Submerged log recovery fund	101,600
Underground storage tank fees.....	4,245,400
Waste reduction fee revenue	4,464,300
Wastewater operator training fees	168,400
Water analysis fees	2,839,700
Water pollution control revolving fund	2,884,300
Water quality protection fund.....	25,000
Water use reporting fees	130,200
Total other state restricted revenues	146,480,000
State general fund/general purpose	\$ 56,196,300
Sec. 102. EXECUTIVE	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	15.0
Unclassified salaries—6.0 FTE positions	\$ 482,600
Executive direction—8.0 FTE positions	847,500
Office of the Great Lakes—7.0 FTE positions	820,700
GROSS APPROPRIATION	\$ 2,150,800

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Federal revenues:	
DOI, federal.....	\$ 120,000
EPA, multiple.....	101,100
Special revenue funds:	
Environmental education fund.....	184,500
Environmental response fund.....	43,200
Great Lakes protection fund.....	501,100
Oil and gas regulatory fund.....	89,600
Settlement funds.....	210,700
State general fund/general purpose.....	\$ 900,600
Sec. 103. DEPARTMENT SUPPORT SERVICES	
Full-time equated classified positions.....	72.0
Financial and business services—32.0 FTE positions.....	\$ 1,570,600
Field operations support—20.0 FTE positions.....	1,325,600
Automated data processing.....	2,053,400
Office of special environmental projects—3.0 FTE positions.....	406,300
Personnel—13.0 FTE positions.....	715,200
Administrative hearings—4.0 FTE positions.....	369,900
Building occupancy charges.....	7,895,000
Rent - privately owned property.....	1,836,900
Environmental support projects.....	5,000,000
GROSS APPROPRIATION.....	\$ 21,172,900
Appropriated from:	
Interdepartmental grant revenues:	
IDT, interdivisional charges.....	2,053,400
Federal revenues:	
EPA, multiple.....	57,800
Special revenue funds:	
Aboveground storage tank fees.....	25,600
Air emissions fees.....	401,800
Clean Michigan initiative - administration.....	162,600
Environmental pollution prevention fund.....	62,900
Environmental response fund.....	1,443,700
Fees and collections.....	99,400
Financial instruments.....	5,000,000
Land and water permit fees.....	107,500
Oil and gas regulatory fund.....	598,100
Public utility assessments.....	12,300
Public water supply fees.....	528,100
Scrap tire regulatory fund.....	88,400
Settlement funds.....	170,600
Solid waste program fees.....	69,600
Stormwater permit fees.....	50,500
Underground storage tank fees.....	206,600
Waste reduction fee revenue.....	54,700
Water analysis fees.....	187,700
Water pollution control revolving fund.....	14,900
Water use reporting fees.....	8,400
State general fund/general purpose.....	\$ 9,768,300
Sec. 104. AIR QUALITY	
Full-time equated classified positions.....	249.5
Air quality programs—249.5 FTE positions.....	\$ 20,546,300
GROSS APPROPRIATION.....	\$ 20,546,300
Appropriated from:	
Federal revenues:	
EPA, multiple.....	3,777,100

	For Fiscal Year Ending Sept. 30, 2004
Special revenue funds:	
Air emissions fees.....	\$ 10,029,800
Environmental response fund.....	89,200
Fees and collections.....	343,000
State general fund/general purpose.....	\$ 6,307,200
Sec. 105. ENVIRONMENTAL SCIENCE AND SERVICES	
Full-time equated classified positions.....	184.5
Environmental services—26.5 FTE positions.....	\$ 1,886,000
Laboratory services—68.0 FTE positions.....	5,886,600
Municipal assistance—35.5 FTE positions.....	4,670,800
Pollution prevention and technical assistance—54.5 FTE positions.....	5,062,800
Pollution prevention outreach.....	300,000
Retired engineers technical assistance program.....	1,500,000
GROSS APPROPRIATION.....	\$ 19,306,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDA.....	100,000
Federal revenues:	
DOC-NOAA, federal.....	300,000
EPA, multiple.....	2,150,600
Special revenue funds:	
Private funds.....	300,000
Air emissions fees.....	654,200
Clean Michigan initiative - administration.....	147,900
Clean Michigan initiative - response activities.....	1,600,000
Drinking water revolving fund.....	1,273,800
Environmental protection fund.....	58,200
Environmental response fund.....	255,800
Public water supply fees.....	218,000
Retired engineers technical assistance fund.....	1,500,000
Settlement funds.....	363,100
Stormwater permit fees.....	86,500
Waste reduction fee revenue.....	3,962,900
Wastewater operator training fees.....	168,400
Water analysis fees.....	2,496,600
Water pollution control revolving fund.....	2,159,300
State general fund/general purpose.....	\$ 1,510,900
Sec. 106. GEOLOGICAL AND LAND MANAGEMENT	
Full-time equated classified positions.....	201.5
Program direction—11.0 FTE positions.....	\$ 797,800
Coal and sand dune management—3.0 FTE positions.....	594,200
Field permitting and project assistance—69.0 FTE positions.....	5,858,700
Great Lakes shorelands—28.0 FTE positions.....	2,374,800
Metallic mine reclamation—1.0 FTE position.....	68,200
Mineral wells management—3.0 FTE positions.....	215,300
Orphan well—2.5 FTE positions.....	2,002,000
Services to oil and gas—61.0 FTE positions.....	6,623,600
Water management—23.0 FTE positions.....	2,120,800
Submerged log recovery.....	101,600
GROSS APPROPRIATION.....	\$ 20,757,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG, Michigan transportation fund.....	838,500
Federal revenues:	
DOC-NOAA, federal.....	1,237,900
DOI, federal.....	405,900

	For Fiscal Year Ending Sept. 30, 2004
EPA, multiple.....	\$ 453,000
FEMA, federal.....	401,900
Special revenue funds:	
Environmental response fund.....	75,900
Land and water permit fees.....	2,691,700
Metallic mining surveillance fee revenue.....	68,200
Mineral well regulatory fee revenue.....	215,300
Oil and gas regulatory fund.....	6,444,500
Orphan well fund.....	2,002,000
Publication revenue.....	103,200
Sand extraction fee revenue.....	188,300
Submerged log recovery fund.....	101,600
State general fund/general purpose.....	\$ 5,529,100
Sec. 107. REMEDIATION AND REDEVELOPMENT	
Full-time equated classified positions.....	304.5
Contaminated site investigation, cleanup, and revitalization—233.5 FTE positions.....	\$ 19,957,900
Federal cleanup project management—71.0 FTE positions.....	7,203,200
Emergency cleanup actions.....	4,000,000
Environmental cleanup and redevelopment program.....	21,715,000
State cleanup 451.....	3,027,900
Superfund cleanup.....	4,000,000
GROSS APPROPRIATION	\$ 59,904,000
Appropriated from:	
Federal revenues:	
DOD, federal.....	455,300
EPA, multiple.....	8,723,200
Special revenue funds:	
Private funds.....	135,700
Clean Michigan initiative - administration.....	2,038,200
Cleanup and redevelopment fund.....	13,097,100
Environmental protection fund.....	14,915,500
Environmental response fund.....	18,569,200
Landfill maintenance trust fund.....	47,200
Settlement funds.....	1,922,600
State general fund/general purpose.....	\$ 0
Sec. 108. WASTE AND HAZARDOUS MATERIALS	
Full-time equated classified positions.....	187.5
Aboveground storage tank program—9.0 FTE positions.....	\$ 691,900
Hazardous waste management program—61.0 FTE positions.....	5,634,200
Low-level radioactive waste authority—2.0 FTE positions.....	769,700
Radiological protection program—16.5 FTE positions.....	1,504,800
Scrap tire regulatory program—11.0 FTE positions.....	915,000
Solid waste management program—51.0 FTE positions.....	3,846,800
Underground storage tank program—37.0 FTE positions.....	4,102,900
GROSS APPROPRIATION	\$ 17,465,300
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDSP.....	632,200
Federal revenues:	
EPA, multiple.....	3,383,400
Special revenue funds:	
Aboveground storage tank fees.....	691,900
Environmental pollution prevention fund.....	1,429,800
Environmental response fund.....	262,700
Hazardous materials transportation permit fund.....	87,800
Public utility assessments.....	769,700

	For Fiscal Year Ending Sept. 30, 2004
Scrap tire regulatory fund	\$ 915,000
Solid waste program fees	3,784,900
Underground storage tank fees	3,864,900
Waste reduction fee revenue	61,900
State general fund/general purpose	\$ 1,581,100
Sec. 109. WATER	
Full-time equated classified positions	369.2
Aquifer protection and dispute resolution	\$ 400,000
Aquifer protection revolving fund	400,000
Drinking water—84.2 FTE positions	13,663,600
Environmental health—30.0 FTE positions	2,725,400
Fish contaminant monitoring	316,100
Groundwater discharge—31.0 FTE positions	1,717,500
Groundwater use reporting	150,000
NPDES nonstormwater program—121.4 FTE positions	8,624,100
Sewage sludge land application program—6.5 FTE positions	742,500
Surface water—96.1 FTE positions	14,316,300
GROSS APPROPRIATION	\$ 43,055,500
Appropriated from:	
Federal revenues:	
EPA, multiple	12,741,400
Special revenue funds:	
CESARS service fee	26,300
Clean Michigan initiative - administration	537,000
Clean Michigan initiative - clean water fund	4,400,000
Drinking water revolving fund	3,369,600
Environmental response fund	147,800
Fees and collections	376,300
Great Lakes protection fund	150,000
Groundwater and freshwater protection fund	200,000
Groundwater discharge permit fees	1,700,000
Land and water permit fees	425,000
NPDES fees	3,000,000
Public water supply fees	2,034,200
Saginaw Bay and River restoration revenue	154,500
Septage waste license fees	227,400
Sewage sludge land application fee	742,500
Soil erosion and sedimentation control training fund	101,300
Stormwater permit fees	2,389,500
Water pollution control revolving fund	590,300
Water use reporting fees	121,800
State general fund/general purpose	\$ 9,620,600
Sec. 110. CRIMINAL INVESTIGATIONS	
Full-time equated classified positions	22.0
Environmental investigations—22.0 FTE positions	\$ 1,832,600
GROSS APPROPRIATION	\$ 1,832,600
Appropriated from:	
Federal revenues:	
EPA, multiple	129,900
Special revenue funds:	
Environmental response fund	111,700
Oil and gas regulatory fund	137,800
Scrap tire regulatory fund	58,100
State general fund/general purpose	\$ 1,395,100
Sec. 111. GRANTS	
Grants to counties—air pollution	\$ 83,700

	For Fiscal Year Ending Sept. 30, 2004
Water pollution control and drinking water revolving fund.....	\$ 102,353,500
Noncommunity water grants	1,400,000
Coastal management grants.....	1,800,000
Federal - nonpoint source water pollution grants	6,500,000
Federal - Great Lakes remedial action plan grants	700,000
Grants to counties - water quality monitoring	1,700,000
Great Lakes research and protection grants.....	1,900,000
Pollution prevention local grants.....	250,000
Radon grants.....	134,300
Septage waste compliance grants	1,525,000
Scrap tire grants.....	3,500,000
Drinking water revolving fund implementation	1,330,000
Local health department operations.....	10,472,500
Volunteer river, stream, and creek cleanup.....	25,000
GROSS APPROPRIATION	\$ 133,674,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDCH, local public health operations	10,472,500
Federal revenues:	
DOC-NOAA, federal.....	1,500,000
EPA, multiple.....	92,590,000
Special revenue funds:	
Cleanup and redevelopment fund	1,700,000
Community pollution prevention fund.....	250,000
Drinking water revolving fund	1,330,000
Great Lakes protection fund.....	1,900,000
Public water supply fees	1,400,000
Scrap tire regulatory fund	3,500,000
Septage waste license fees	1,525,000
Water quality protection fund.....	25,000
State general fund/general purpose	\$ 17,481,500
Sec. 112. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 6,559,800
GROSS APPROPRIATION	\$ 6,559,800
Appropriated from:	
Interdepartmental grant revenues:	
IDG, Michigan transportation fund	46,300
Federal revenues:	
DOC-NOAA, federal.....	25,600
EPA, multiple.....	615,400
Special revenue funds:	
Air emissions fees.....	486,900
Drinking water revolving fund	85,600
Environmental protection fund.....	69,000
Environmental response fund	504,700
Land and water permit fees.....	106,700
Oil and gas regulatory fund	544,200
Public utility assessments	4,100
Public water supply fees	265,300
Scrap tire regulatory fund	81,300
Settlement funds	728,900
Solid waste program fees.....	60,000
Underground storage tank fees.....	173,900
Waste reduction fee revenue	384,800
Water analysis fees	155,400
Water pollution control revolving fund	119,800
State general fund/general purpose	\$ 2,101,900

PART 2
PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$202,676,300.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$20,145,500.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF ENVIRONMENTAL QUALITY

GRANTS

Table with 2 columns: Description of grants and Amount. Rows include Grants to counties - air pollution, water quality monitoring, Local health department operations, etc., totaling \$20,145,500.

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

Sec. 203. As used in this act:

- (a) "CESARS" means chemical evaluation search and retrieval system.
(b) "Department" means the department of environmental quality.
(c) "DOC" means the United States department of commerce.
(d) "DOC-NOAA" means the DOC national oceanic and atmospheric administration.
(e) "DOD" means the United States department of defense.
(f) "DOI" means the United States department of interior.
(g) "EPA" means the United States environmental protection agency.
(h) "FEMA" means the federal emergency management agency.
(i) "FTE" means full-time equated.
(j) "IDG" means interdepartmental grant.
(k) "IDT" means intradepartmental transfer.
(l) "MDA" means the Michigan department of agriculture.
(m) "MDCH" means the Michigan department of community health.
(n) "MDSP" means the Michigan department of state police.
(o) "MI" means Michigan.
(p) "NPDES" means national pollutant discharge elimination system.

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

Sec. 205. (1) Beginning October 1, 2004, a hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to the hiring freeze described in subsection (1) when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause a loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Sec. 207. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Sec. 208. Unless otherwise specified in this act, the department shall use the internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced American goods or services, or both, of comparable quality are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value.

Sec. 211. The departments and state agencies receiving appropriations under this act shall receive and retain copies of all reports funded from appropriations in part 1. These departments and state agencies shall follow federal and state guidelines for short-term and long-term retention of these reports. To the extent consistent with federal and state guidelines, the requirements of this section are satisfied if the reports funded from appropriations in part 1 are retained in electronic format.

Sec. 212. By February 15, 2004, the department shall provide the state budget director, the subcommittees on natural resources and environmental quality of the senate and house appropriations committees, and the senate and house fiscal agencies with an annual report on restricted fund balances, projected revenues, and expenditures for the fiscal years ending September 30, 2003 and September 30, 2004.

Sec. 213. (1) From funds appropriated under part 1, the department shall prepare a report that lists all of the following regarding grant or loan or grant and loan programs administered by the department for the fiscal year ending September 30, 2004:

- (a) The name of each program.
 - (b) The goals of the program, the criteria, eligibility, process, filing fees, nominating procedures, and deadlines for each program.
 - (c) The maximum and minimum grant and loan available and whether there is a match requirement for each program.
 - (d) The amount of any required match, and whether in-kind contributions may be used as part or all of a required match.
 - (e) Information pertaining to the application process, timeline for each program, and the contact people within the department.
 - (f) The source of funds for each program, including the citation of pertinent authorizing acts.
 - (g) Information regarding plans for the next fiscal year for the phaseout, expansion, or changes for each program.
 - (h) A listing of all recipients of grants or loans awarded by the department by type and amount of grant or loan.
- (2) The reports required under this section shall be submitted to the state budget office, the senate and house appropriations committees, and senate and house fiscal agencies by January 1, 2004.

Sec. 215. The department shall notify the legislature and shall provide a public meeting and public comment opportunity with respect to any request received by the state of Michigan to divert water from the Great Lakes pursuant to the water resources development act of 1986, Public Law 99-662, 100 Stat. 4082.

Sec. 216. (1) The department shall report all of the following information relative to allocations made in part 1 for the environmental cleanup and redevelopment program, state cleanup, emergency actions, superfund cleanup, the revitalization revolving loan program, the brownfield grants and loans program, the leaking underground storage tank cleanup program, the contaminated lake and river sediments cleanup program, and the environmental protection bond projects under section 19508(7) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.19508, to the state budget director, the senate and house appropriations subcommittees on environmental quality, and the senate and house fiscal agencies:

- (a) The name and location of the site for which an allocation is made.
 - (b) The nature of the problem encountered at the site.
 - (c) A brief description of how the problem will be resolved if the allocation is made for a response activity.
 - (d) The estimated date that site closure activities will be completed.
 - (e) The amount of the allocation, or the anticipated financing for the site.
 - (f) A summary of the sites and the total amount of funds expended at the sites at the conclusion of the fiscal year.
 - (g) The number of sites that would qualify as brownfields that were redeveloped.
- (2) The report prepared under subsection (1) shall also include all of the following:
- (a) The status of all state-owned facilities that are on the list compiled under part 201 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101 to 324.20142.
 - (b) The report shall include the total amount of funds expended during the fiscal year and the total amount of funds awaiting expenditure.
 - (c) The total amount of bonds issued for the environmental protection bond program pursuant to part 193 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.19301 to 324.19306, and bonds issued pursuant to the clean Michigan initiative act, 1998 PA 284, MCL 324.95101 to 324.95108.
- (3) The report shall be made available by March 31 of each year.

Sec. 217. (1) In addition to the funds appropriated in part 1 for the environmental cleanup and redevelopment program and the leaking underground storage tank cleanup program, the department of environmental quality is authorized to expend amounts remaining from prior fiscal year appropriations to meet funding needs of legislatively approved sites.

(2) Unexpended and unencumbered amounts remaining from appropriations from the environmental protection bond fund contained in 1989 PA 180, 1990 PA 55, 1990 PA 194, 1991 PA 31, 1991 PA 160, 1993 PA 74, 1993 PA 353, 1994 PA 442, 1996 PA 353, and 1997 PA 114 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

(3) Unexpended and unencumbered amounts remaining from appropriations from the cleanup and redevelopment fund and unclaimed bottle deposits fund contained in 1996 PA 319, 1997 PA 113, 1997 PA 114, 1998 PA 292, 1999 PA 125, 2000 PA 275, 2001 PA 43, and 2002 PA 520 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

(4) Unexpended and unencumbered amounts remaining from appropriations from the clean Michigan initiative fund - response activities contained in 1999 PA 111, 2000 PA 52, 2000 PA 506, and 2001 PA 120 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

Sec. 218. Of the money appropriated from the environmental education fund in part 1, \$5,000.00 shall be allocated to Michigan State University Extension Service - 4-H Youth Programs to fund the Michigan Youth Conservation Council.

Sec. 219. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. These user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 220. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of environmental quality technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 221. The department of information technology shall establish a schedule of rates, user fees, and charges or assessments for standard services and information system support requirements to be made to departments for technology related services and projects. This schedule, as well as copies of related interagency agreements, shall be provided to the state budget office and the house of representatives and senate committees on appropriations before October 15, 2003. The department of environmental quality shall not process any payments or fund transfers to the department of information technology until the schedule of rates, user fees, and assessments is provided to the legislature and the department of environmental quality.

DEPARTMENT SUPPORT SERVICES

Sec. 301. In addition to the annual report on travel expenditures required by section 217 of the management and budget act, 1984 PA 431, MCL 18.1217, the department shall provide to the senate and house appropriation subcommittees on natural resources and the senate and house fiscal agencies a quarterly report within 30 days of the end of each quarter on expenses incurred for travel inside and outside the state. The report shall include, but not be limited to, the name of the person who traveled, total expenditures for compensation, fees, or remuneration for meals, transportation, and related contractual services, supplies, and materials, and the destination, reason for, and dates of the travel.

AIR QUALITY

Sec. 401. The department shall report quarterly, via the department's Internet website, on air quality program expenditures and revenues. The report shall include expenditures and revenues by fund source and by program function.

ENVIRONMENTAL SCIENCE AND SERVICES

Sec. 501. The funds appropriated in part 1 for pollution prevention and technical assistance include authorization for 1.0 FTE position and \$60,000.00 to provide technical assistance to organizations and businesses involved in recycling and composting.

Sec. 502. The recycling coordinator shall conduct a study of the state's capacity to handle material recovered for recycling, the feasibility of collecting and transporting the material for recycling within the state, and the ability of the state to sustain markets for products containing recycled content. The department shall make recommendations for improving and expanding recycling in the state in a report submitted to the legislature, the state budget director, and the senate and house fiscal agencies no later than December 30, 2004.

Sec. 503. By July 1, 2004, the department shall prepare and submit a report to the state budget director, the legislature, the chairs of the standing committees of the senate and house of representatives with primary responsibility for issues related to natural resources and the environment, and the chairs of the subcommittees of the senate and house appropriations committees with primary responsibility for appropriations for the department of environmental quality, outlining the implementation of the Great Lakes water quality bond, 2002 PA 397, MCL 324.19701 to 324.19708, including, but not limited to, the amount of bonds issued and the date they were issued, the number of applications received for loans from the state water pollution control revolving fund created in section 16a of the shared credit rating act, 1985 PA 227, MCL 141.1066a, the total amount of loans requested, a listing of the applicants receiving loans and the total amount of loans provided to those applicants, a listing of applicants whose loan applications were not approved and the reasons why those applications were not approved, the amount of the loans granted that were leveraged from bond proceeds, and the remaining bond proceeds and bond authorization.

GEOLOGICAL AND LAND MANAGEMENT

Sec. 601. The department shall collect Great Lakes bottomland permit fees uniformly and fairly from commercial and noncommercial users of the Great Lakes bottomlands.

Sec. 602. The department may waive permit fees for nonprofit organizations conducting approved stream habitat improvement projects.

REMEDIATION AND REDEVELOPMENT

Sec. 701. The unexpended funds appropriated in part 1 for the state cleanup program, environmental cleanup and redevelopment program, emergency cleanup action, contaminated site investigations, cleanup and revitalization, state site cleanup, leaking underground storage tank cleanup program, and superfund cleanup projects are considered work project appropriations and any unencumbered or unallotted funds are carried forward into the succeeding fiscal year. The following is in compliance with section 451a(1) of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the projects to be carried forward is to provide contaminated site cleanup.

(b) The projects will be accomplished by contract.

(c) The total estimated cost of all projects is identified in each line-item appropriation.

(d) The tentative completion date is September 30, 2008.

Sec. 702. The funds appropriated in part 1 for the environmental cleanup and redevelopment program shall be used to fund redevelopment and cleanup activities on the following sites:

Allegan	Sunrise Landfill
Berrien	Coloma DCPA
Berrien	Bendix
Branch	Bronson Area Wells
Cass	U.S. Aviex
Eaton	Parsons Chemical
Gladwin	Gladwin Bulk Oil Plant State St.
Gratiot	Velsicol Chemical Corporation
Gratiot	Pine R Downstream of St. Louis
Houghton	Torch Lake
Ingham	Americhem Corporation
Iosco	Res Wells Bachman Rd.
Jackson	Exxon Petroleum
Kalamazoo	Portage Creek/Kalamazoo River
Kent	Former Autostyle Plastics, Inc.
Mecosta	Joe's Tire/Ridderman Oil
Midland	Tittabawasee River
Montmorency	Mary D's
Muskegon	Green Ridge Subdivision
Muskegon	Laketon Auto Clinic
Muskegon	Meat Block
Wayne	Plymouth Industrial Center Holding Company

Sec. 703. Of the funds appropriated in part 1 for the environmental cleanup and redevelopment program, an amount not to exceed \$2,000,000.00 shall be expended for the NPL municipal landfill match grants.

Sec. 704. If federal funding is available, the department shall work with local stakeholders to identify the sources of contamination in the ruddiman creek watershed and shall submit an application for federal funding pursuant to the Great Lakes legacy act of 2002, title I of the Great Lakes and Lake Champlain act of 2002, Public Law 107-303, 116 Stat. 2355, for this sediment cleanup project.

WASTE AND HAZARDOUS MATERIALS

Sec. 802. By February 1, 2004, the department shall submit to the chairpersons of the senate and house of representatives standing committees on appropriations, the chairpersons of the senate and house appropriations subcommittees on environmental quality, the state budget director, and the senate and house fiscal agencies a report on out-of-state waste disposed of in landfills in this state. The report shall include, but not be limited to, the amount, type, and state of origin for all out-of-state waste.

WATER

Sec. 901. Of the funds appropriated in part 1 for water quality monitoring, funding up to \$20,000.00 may be provided, on a 50:50 cost-sharing basis, to erect signs at beaches owned by governmental entities. These signs will inform the public where the most recent beach water quality information may be found.

Sec. 902. The appropriation in part 1 for aquifer protection and dispute resolution includes a \$100,000.00 interdepartmental grant to the Michigan department of agriculture to cover costs related to implementation of part 317 of the natural resources and environmental protection act, 1994 PA 451.

Sec. 903. The funds appropriated in part 1 for groundwater use reporting shall be awarded as a grant for the development of a groundwater database needed to model the demands for domestic water uses of groundwater supplies.

Sec. 904. The appropriation in part 1 for drinking water includes \$1,000,000.00 from the clean Michigan initiative - clean water fund for preparation of the statewide groundwater inventory and map established in section 32802 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.32802.

Sec. 909. By February 1, 2004, the department shall submit a report on the department's use of the national pollutant discharge elimination system fund created in MCL 324.3121 for the previous fiscal year, to the senate and house appropriations subcommittees on environmental quality and natural resources, the standing committees of the legislature with jurisdiction over issues primarily related to natural resources and the environment, and the senate and house fiscal agencies. The report shall include a summary of how the appropriations in part 1 for NPDES nonstormwater program were used for the various permissible uses of the fund and shall include specific information on all of the following:

(a) The number of compliance and complaint inspections completed, by category, the number of on-site compliance inspections conducted, and the number of compliance inspections that were not announced in advance to the permittee or licensee.

(b) The number and percent of permit and license inspections that were found to be in significant noncompliance, by category.

(c) The number of administrative enforcement actions taken for permit or license violations and the results of the enforcement actions, including the amount of fines and penalties collected.

(d) The number of judicial enforcement actions taken for permit or license violations and the results of the enforcement actions, including the amount of fines and penalties collected.

(e) A listing of the supplemental environmental projects agreed to as a result of a consent agreement including all of the following: the case name, the monetary value of the supplemental environmental project, and a description of the project.

CRIMINAL INVESTIGATIONS

Sec. 1001. From funds appropriated in part 1, the department shall conduct periodic inspections of imported solid waste at disposal facilities to mitigate the unpermitted disposal of waste at Michigan disposal sites.

Sec. 1002. With funds appropriated in part 1, the department shall provide training in support of local efforts to regulate solid waste disposal. Department environmental conservation officers shall be directed to help train law enforcement officers and other enforcement personnel to develop community partnerships to combat illegal dumping at the local level.

GRANTS

Sec. 1101. If a certified health department does not exist in a city, county, or district or does not fulfill its responsibilities under part 117 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11701 to 324.11719, then the department may spend funds appropriated in part 1 under the septage waste compliance program in accordance with section 11716 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11716.

Sec. 1102. Of the funds appropriated in part 1 for scrap tire grants, \$100,000.00 shall be available for grants to communities to cover scrap tire fire suppression costs, provided owner liability bonds and other available funding sources have been exhausted.

Sec. 1103. From the funds appropriated in part 1 for the drinking water revolving loan program, the department shall provide low-interest loans for public water supply systems found to be out of compliance with federal arsenic standards.

Sec. 1104. Of the money appropriated in part 1 for grants to counties - water quality monitoring, \$700,000.00 is for the city of St. Clair Shores for dredging of contaminated canals and \$1,000,000.00 is to establish and operate a comprehensive monitoring program to protect and manage the environmental quality of the St. Clair River, Lake St. Clair, and the Clinton River watershed, consistent with the appropriation made for this purpose in section 1205 of 2002 PA 520.

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

A bill to make appropriations for the department of environmental quality for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create certain funds and accounts; to require certain reports; to prescribe the powers and duties of certain state agencies and officials; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by the various state agencies.

John Pastor
Howard Walker
Rich Brown
Conferees for the House

Michelle McManus
Mike Goschka
Conferees for the Senate

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

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

The question being on the adoption of the conference report,

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

Roll Call No. 392**Yeas—37**

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	George	Leland	Switalski
Brater	Gilbert	McManus	Thomas
Brown	Goschka	Olshove	Toy
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0**Excused—1**

Scott

Not Voting—0

In The Chair: Sanborn

Senator Hammerstrom moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.

Senator Brater asked and was granted unanimous consent to make a statement and moved that the statement be printed in the Journal.

The motion prevailed.

Senator Brater's statement is as follows:

I do appreciate the work that the Senate has done on this bill, and I know it's been a very difficult environment to work in this year—no pun intended. The environment of the state of Michigan couldn't be more important, and the fact that we are the steward of four of the five Great Lakes, we have to keep an eye on the discharges that are being put into the Great Lakes. A major component of this budget is the NPDES program and other water quality programs that, for the first time, the Governor has asked us that those who are creating this pollution that goes into our water pay the full cost of the service that the department is providing.

Unfortunately, the bill that we have before us at this point, even though the Senate did make more of an effort than the House to reach the levels that are needed to fully enforce and monitor those discharges, it is still not sufficient money. Right now it's under \$5 million for NPDES, which is no more than the current year that we're spending, and that program only allows that permits to be issued and are not to be monitored or enforced.

So there are some serious problems with this budget. I know that some of the fees are going to be dealt with separately in separate bills, but I certainly have some reservations about this budget and the level of commitment that we are able to show this year to protecting the environment in our great state. I think we have a lot more work to do before we can really pat ourselves on the back for it. I'm committed to work with people on both sides of the aisle to improve this situation, and I know that all of my colleagues are committed to clean air and clean water in this state. So I look forward to working with you to find some even better solutions to this problem.

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

Senate Bill No. 279, entitled

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; to prescribe powers and duties of certain state departments and certain state and local agencies and officers; and to repeal acts and parts of acts.

(For Conference Report, see p. 1288.)

The House of Representatives has adopted the report of the Committee of Conference.

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

Senate Bill No. 283, entitled

A bill to make, supplement, and adjust appropriations for the family independence agency and certain state purposes related to public welfare services for the fiscal years ending September 30, 2003 and September 30, 2004; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, and officers; and to repeal acts and parts of acts.

(For Conference Report, see Senate Journal No. 64, p. 1070.)

The House of Representatives has adopted the report of the Committee of Conference.

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

Recess

Senator Hammerstrom moved that the Senate recess until 7:00 p.m.
The motion prevailed, the time being 5:03 p.m.

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

Recess

Senator Hammerstrom moved that the Senate recess subject to the call of the Chair.
The motion prevailed, the time being 7:01 p.m.

7:16 p.m.

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

Senator Schauer moved that Senator Emerson be temporarily excused from the balance of today's session.
The motion prevailed.

Senator Emerson entered the Senate Chamber.

Senate Bill No. 464, entitled

A bill to amend 1952 PA 214, entitled "An act authorizing the Mackinac bridge authority to acquire a bridge connecting the upper and lower peninsulas of Michigan, including causeways, tunnels, roads and all useful related equipment and facilities, including park, parking, recreation, lighting and terminal facilities; extending the corporate existence of the authority; authorizing such authority to enjoy and carry out all powers incident to its corporate objects; authorizing the appropriation and use of state funds for the preliminary purposes of the authority; providing for the payment of the cost of such bridge and in that connection authorizing the authority to issue revenue bonds payable

solely from the revenues of the bridge; granting the right of condemnation to the authority; granting the use of state land and property to the authority; making provisions for the payment and security of such bonds and granting certain rights and remedies to the holders thereof; authorizing banks and trust companies to perform certain acts in connection therewith; authorizing the imposition of tolls and charges; authorizing the authority to secure the consent of the United States government to the construction of the bridge and to secure approval of plans, specifications and location of same; authorizing employment of engineers irrespective of whether such engineers have been previously employed to make preliminary inspections or reports with respect to the bridge; authorizing the state highway department to operate and maintain such bridge or to contribute thereto and enter into leases and agreements in connection therewith; exempting such bonds and the property of the authority from taxation; prohibiting competing traffic facilities; authorizing the operation of ferries by the authority; providing for the construction and use of certain buildings; and making an appropriation,” by amending section 2 (MCL 254.312).

Substitute (H-1).

The question being on concurring in the substitute made to the bill by the House,

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

Roll Call No. 393

Yeas—25

Allen	Garcia	Jelinek	Schauer
Bernero	George	Johnson	Sikkema
Birkholz	Gilbert	McManus	Stamas
Bishop	Goschka	Patterson	Thomas
Brown	Hammerstrom	Prusi	Toy
Cassis	Hardiman	Sanborn	Van Woerkom
Cropsey			

Nays—10

Barcia	Cherry	Emerson	Olshove
Basham	Clark-Coleman	Jacobs	Switalski
Brater	Clarke		

Excused—1

Scott

Not Voting—2

Kuipers	Leland
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In The Chair: Sanborn

The question being on concurring in the committee recommendation to give the bill immediate effect,
 The recommendation was concurred in, 2/3 of the members serving voting therefor.
 The bill was referred to the Secretary for enrollment printing and presentation to the Governor.

Senate Bill No. 466, entitled

A bill to amend 2000 PA 403, entitled “Motor fuel tax act,” by amending section 163 (MCL 207.1163).

The House of Representatives has passed the bill, ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

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

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

The Senate agreed to the full title.

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

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

House Bill No. 4392, entitled

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

The House of Representatives has adopted the report of the Committee of Conference.
 The conference report was read as follows:

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning
House Bill No. 4392, entitled

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

Recommends:

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

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF COMMUNITY HEALTH

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	4,382.3	
Average population	995.0	
GROSS APPROPRIATION		\$ 9,486,616,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		\$ 69,204,800
ADJUSTED GROSS APPROPRIATION		\$ 9,417,411,200
Federal revenues:		
Total federal revenues		5,248,332,100
Special revenue funds:		
Total local revenues		812,256,100
Total private revenues		57,844,000
Tobacco settlement revenue		98,000,000
Total other state restricted revenues		639,408,300
State general fund/general purpose		\$ 2,561,570,700

Sec. 102. DEPARTMENTWIDE ADMINISTRATION

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	286.9	
Director and other unclassified—6.0 FTE positions		\$ 581,500
Community health advisory council		28,900
Departmental administration and management—265.5 FTE positions		23,490,400
Certificate of need program administration—10.0 FTE positions		944,800
Worker’s compensation program		9,550,700

	For Fiscal Year Ending Sept. 30, 2004
Rent and building occupancy	\$ 8,300,100
Developmental disabilities council and projects—10.0 FTE positions	2,743,600
Rural health services	1,377,900
Michigan essential health care provider program	1,391,700
Primary care services—1.4 FTE positions	2,790,100
GROSS APPROPRIATION	\$ 51,199,700
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of treasury, Michigan state hospital finance authority.....	101,600
Federal revenues:	
Total federal revenues	15,706,000
Special revenue funds:	
Total private revenues	185,900
Total other state restricted revenues	1,580,000
State general fund/general purpose	\$ 33,626,200
Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS	
Full-time equated classified positions	83.3
Mental health/substance abuse program administration—83.3 FTE positions	\$ 9,135,900
Consumer involvement program.....	189,100
Gambling addiction.....	3,500,000
Protection and advocacy services support	777,400
Mental health initiatives for older persons	1,349,200
Community residential and support services	3,838,200
Highway safety projects.....	1,837,200
Federal and other special projects	1,977,200
GROSS APPROPRIATION	\$ 22,604,200
Federal revenues:	
Total federal revenues	6,169,100
Special revenue funds:	
Total private revenues	190,000
Total other state restricted revenues	3,682,300
State general fund/general purpose	\$ 12,562,800
Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS	
Full-time equated classified positions	2.5
Medicaid mental health services	\$ 1,372,625,900
Community mental health non-Medicaid services.....	328,394,100
Medicaid adult benefits waiver	40,000,000
Multicultural services	3,663,800
Medicaid substance abuse services	27,788,900
Respite services	1,000,000
CMHSP, purchase of state services contracts	97,115,800
Civil service charges.....	2,065,500
Federal mental health block grant—2.5 FTE positions	15,317,400
State disability assistance program substance abuse services	2,509,800
Community substance abuse prevention, education and treatment programs.....	80,548,400
GROSS APPROPRIATION	\$ 1,971,029,600
Appropriated from:	
Federal revenues:	
Total federal revenues	917,992,600
Special revenue funds:	
Total local revenues	26,000,000
Total other state restricted revenues	3,042,400
State general fund/general purpose	\$ 1,023,994,600

For Fiscal Year
Ending Sept. 30,
2004

**Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS
WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL
HEALTH SERVICES**

Total average population	995.0	
Full-time equated classified positions	3,060.4	
Caro regional mental health center-psychiatric hospital-adult—409.2 FTE positions.....		\$ 36,376,400
Average population	167.0	
Kalamazoo psychiatric hospital-adult—317.9 FTE positions		20,568,200
Average population	115.0	
Walter P. Reuther psychiatric hospital-adult—452.0 FTE positions		38,718,800
Average population	244.0	
Hawthorn center-psychiatric hospital-children and adolescents—242.6 FTE positions		20,370,500
Average population	80.0	
Mount Pleasant center-developmental disabilities—428.1 FTE positions.....		29,107,100
Average population	164.0	
Center for forensic psychiatry—495.0 FTE positions		41,785,400
Average population	225.0	
Forensic mental health services provided to the department of corrections— 704.6 FTE positions		68,120,600
Revenue recapture.....		750,000
IDEA, federal special education.....		120,000
Special maintenance and equipment.....		335,300
Purchase of medical services for residents of hospitals and centers.....		1,358,200
Closed site, transition, and related costs—11.0 FTE positions.....		1,067,200
Severance pay		216,900
Gifts and bequests for patient living and treatment environment.....		500,000
GROSS APPROPRIATION		\$ 259,394,600
Appropriated from:		
Interdepartmental grant revenues:		
Interdepartmental grant from the department of corrections.....		68,120,600
Federal revenues:		
Total federal revenues		30,004,900
Special revenue funds:		
CMHSP, purchase of state services contracts		97,115,800
Other local revenues		15,228,300
Total private revenues		500,000
Total other state restricted revenues		7,034,600
State general fund/general purpose		\$ 41,390,400

Sec. 106. PUBLIC HEALTH ADMINISTRATION

Full-time equated classified positions	76.3	
Executive administration—7.0 FTE positions		\$ 1,014,300
Minority health grants and contracts.....		650,000
Vital records and health statistics—69.3 FTE positions		6,141,700
GROSS APPROPRIATION		\$ 7,806,000

Appropriated from:

Interdepartmental grant revenues:		
Interdepartmental grant from family independence agency		447,800
Federal revenues:		
Total federal revenues		2,045,100
Special revenue funds:		
Total other state restricted revenues		2,963,400
State general fund/general purpose		\$ 2,349,700

Sec. 107. INFECTIOUS DISEASE CONTROL

Full-time equated classified positions	51.3	
AIDS prevention, testing, and care programs—13.0 FTE positions		\$ 29,158,600
Immunization local agreements.....		13,990,300

	For Fiscal Year Ending Sept. 30, 2004
Immunization program management and field support— 14.0 FTE positions	\$ 1,582,100
Sexually transmitted disease control local agreements	3,494,900
Sexually transmitted disease control management and field support— 24.3 FTE positions.....	3,377,100
GROSS APPROPRIATION	\$ 51,603,000
Appropriated from:	
Federal revenues:	
Total federal revenues	37,593,000
Special revenue funds:	
Total private revenues	1,847,000
Total other state restricted revenues	7,550,000
State general fund/general purpose	\$ 4,613,000
Sec. 108. LABORATORY SERVICES	
Full-time equated classified positions	115.2
Laboratory services— 115.2 FTE positions	\$ 12,091,600
GROSS APPROPRIATION	\$ 12,091,600
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from environmental quality	392,100
Federal revenues:	
Total federal revenues	2,040,100
Special revenue funds:	
Total other state restricted revenues	3,131,300
State general fund/general purpose	\$ 6,528,100
Sec. 109. EPIDEMIOLOGY	
Full-time equated classified positions	90.0
AIDS surveillance and prevention program.....	\$ 1,883,100
Asthma prevention and control	1,032,300
Bioterrorism preparedness— 59.5 FTE positions	50,579,900
Epidemiology administration— 30.5 FTE positions	5,375,700
Tuberculosis control and recalcitrant AIDS program.....	867,000
GROSS APPROPRIATION	\$ 59,738,000
Appropriated from:	
Federal revenues:	
Total federal revenues	57,619,600
Special revenue funds:	
Total other state restricted revenues	179,000
State general fund/general purpose	\$ 1,939,400
Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS	
Full-time equated classified positions	3.0
Implementation of 1993 PA 133, MCL 333.17015	\$ 100,000
Lead abatement program— 3.0 FTE positions	1,550,200
Local health services.....	220,000
Local public health operations	40,618,400
Medical services cost reimbursement to local health departments.....	1,800,000
GROSS APPROPRIATION	\$ 44,288,600
Appropriated from:	
Federal revenues:	
Total federal revenues	3,249,100
Special revenue funds:	
Total other state restricted revenues	344,600
State general fund/general purpose	\$ 40,694,900
Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION	
Full-time equated classified positions	41.6
African-American male health initiative	\$ 106,700
AIDS and risk reduction clearinghouse and media campaign.....	1,576,000

	For Fiscal Year Ending Sept. 30, 2004
Alzheimer's information network.....	\$ 440,000
Cancer prevention and control program—10.6 FTE positions	11,043,100
Chronic disease prevention	1,622,400
Diabetes and kidney program—8.0 FTE positions	2,953,900
Health education, promotion, and research programs—11.0 FTE positions	1,038,800
Injury control intervention project	714,900
Morris Hood Wayne State University diabetes outreach.....	250,000
Obesity program	250,000
Physical fitness, nutrition, and health	100,000
Public health traffic safety coordination.....	350,000
School health and education programs	500,000
Smoking prevention program—12.0 FTE positions.....	4,852,700
Tobacco tax collection and enforcement	810,000
Violence prevention	1,446,900
GROSS APPROPRIATION	\$ 28,055,400
Appropriated from:	
Federal revenues:	
Total federal revenues	15,493,200
Special revenue funds:	
Total other state restricted revenues	9,891,800
State general fund/general purpose	\$ 2,670,400
Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES	
Full-time equated classified positions	72.0
Childhood lead program—5.0 FTE positions	\$ 1,470,700
Children's waiver home care program.....	19,549,800
Community living, children, and families administration—60.0 FTE positions	7,074,100
Dental programs.....	485,400
Dental program for persons with developmental disabilities	151,000
Early childhood collaborative secondary prevention	524,000
Family planning local agreements.....	11,318,100
Family support subsidy	15,593,500
Housing and support services.....	5,579,300
Local MCH services	13,050,200
Migrant health care	200,000
Newborn screening follow-up and treatment services	2,428,000
Omnibus budget reconciliation act implementation—7.0 FTE positions	12,770,500
Pediatric AIDS prevention and control.....	1,026,300
Pregnancy prevention program.....	5,846,100
Prenatal care outreach and service delivery support.....	3,049,300
Southwest community partnership	996,700
Special projects.....	5,274,500
Sudden infant death syndrome program	321,300
GROSS APPROPRIATION	\$ 106,708,800
Appropriated from:	
Federal revenues:	
Total federal revenues	76,378,000
Special revenue funds:	
Private funds	261,100
Total other state restricted revenues	10,540,000
State general fund/general purpose	\$ 19,529,700
Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAMS	
Full-time equated classified positions	41.0
Women, infants, and children program administration and special projects— 41.0 FTE positions.....	\$ 5,600,100
Women, infants, and children program local agreements and food costs.....	181,392,100
GROSS APPROPRIATION	\$ 186,992,200

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Federal revenues:	
Total federal revenues	\$ 136,644,900
Special revenue funds:	
Total private revenues	50,347,300
State general fund/general purpose	\$ 0
Sec. 114. CHILDREN'S SPECIAL HEALTH CARE SERVICES	
Full-time equated classified positions	66.6
Children's special health care services administration—66.6 FTE positions	\$ 4,478,800
Amputee program	184,600
Bequests for care and services	1,829,600
Case management services	3,773,500
Conveyor contract	513,500
Medical care and treatment	129,465,100
GROSS APPROPRIATION	\$ 140,245,100
Appropriated from:	
Federal revenues:	
Total federal revenues	69,387,200
Special revenue funds:	
Private - bequests	1,000,000
Total other state restricted revenues	650,000
State general fund/general purpose	\$ 69,207,900
Sec. 115. OFFICE OF DRUG CONTROL POLICY	
Full-time equated classified positions	17.0
Drug control policy—17.0 FTE positions	\$ 1,973,400
Anti-drug-abuse grants	26,859,200
Interdepartmental grant to judiciary for drug treatment courts	1,800,000
GROSS APPROPRIATION	\$ 30,632,600
Appropriated from:	
Federal revenues:	
Total federal revenues	30,246,600
State general fund/general purpose	\$ 386,000
Sec. 116. CRIME VICTIM SERVICES COMMISSION	
Full-time equated classified positions	9.0
Grants administration services—9.0 FTE positions	\$ 1,080,500
Justice assistance grants	13,000,000
Crime victim rights services grants	8,265,300
GROSS APPROPRIATION	\$ 22,345,800
Appropriated from:	
Federal revenues:	
Total federal revenues	13,946,900
Special revenue funds:	
Total other state restricted revenues	7,984,400
State general fund/general purpose	\$ 414,500
Sec. 117. OFFICE OF SERVICES TO THE AGING	
Full-time equated classified positions	32.5
Commission (per diem \$50.00)	\$ 10,500
Office of services to aging administration—32.5 FTE positions	4,167,800
Community services	35,286,100
Nutrition services	38,191,200
Senior volunteer services	5,645,900
Senior citizen centers staffing and equipment	1,068,700
Employment assistance	2,818,300
Respite care program	7,100,000
GROSS APPROPRIATION	\$ 94,288,500

	For Fiscal Year Ending Sept. 30, 2004
Appropriated from:	
Federal revenues:	
Total federal revenues	\$ 52,094,300
Special revenue funds:	
Tobacco settlement revenue	5,000,000
Total other state restricted revenues	2,267,000
State general fund/general purpose	\$ 34,927,200
Sec. 118. MEDICAL SERVICES ADMINISTRATION	
Full-time equated classified positions	333.7
Medical services administration—333.7 FTE positions.....	\$ 39,319,900
Facility inspection contract - state police	132,800
MIChild administration	4,327,800
GROSS APPROPRIATION	\$ 43,780,500
Appropriated from:	
Federal revenues:	
Total federal revenues	29,512,300
Special revenue funds:	
State general fund/general purpose	\$ 14,268,200
Sec. 119. MEDICAL SERVICES	
Hospital services and therapy	\$ 892,626,500
Hospital disproportionate share payments	45,000,000
Physician services	227,166,200
Medicare premium payments	172,663,700
Pharmaceutical services	517,225,600
Home health services	36,401,400
Transportation	8,538,300
Auxiliary medical services	88,195,600
Ambulance services	5,000,000
Long-term care services	1,626,345,000
Elder prescription insurance coverage	68,011,800
Health plan services	1,549,361,500
MIChild program	36,875,600
Medicaid adult benefits waiver	178,707,600
Maternal and child health	9,234,500
Social services to the physically disabled	1,344,900
Subtotal basic medical services program.....	5,462,698,200
School-based services	69,159,500
Special adjustor payments.....	791,338,100
Subtotal special medical services payments	860,497,600
GROSS APPROPRIATION	\$ 6,323,195,800
Appropriated from:	
Federal revenues:	
Total federal revenues	3,734,905,000
Special revenue funds:	
Total local revenues	673,912,000
Total private revenues	3,512,700
Tobacco settlement revenue	93,000,000
Total other state restricted revenues	576,773,700
State general fund/general purpose	\$ 1,241,092,400
Sec. 120. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 30,616,000
GROSS APPROPRIATION	\$ 30,616,000
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of corrections.....	142,700
Federal revenues:	
Total federal revenues	17,304,200

For Fiscal Year
Ending Sept. 30,
2004

Special revenue funds:	
Total other state restricted revenues	\$ 1,793,800
State general fund/general purpose	\$ 11,375,300

**PART 2
PROVISIONS CONCERNING APPROPRIATIONS**

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$3,298,979,000.00 and state spending from state resources to be paid to units of local government for fiscal year 2003-2004 is \$1,042,260,100.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF COMMUNITY HEALTH

DEPARTMENTWIDE ADMINISTRATION

Departmental administration and management	\$ 11,657,700
Rural health services	35,000

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS

Mental health initiatives for older persons	1,049,200
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COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

State disability assistance program substance abuse services	2,509,800
Community substance abuse prevention, education, and treatment programs	19,133,500
Medicaid mental health services	575,692,600
Community mental health non-Medicaid services	328,394,100
Multicultural services	3,663,800
Medicaid substance abuse services	11,652,900
Respite services	1,000,000

INFECTIOUS DISEASE CONTROL

AIDS prevention, testing and care programs	1,466,800
Immunization local agreements	2,973,900
Sexually transmitted disease control local agreements	406,100

LOCAL HEALTH ADMINISTRATION AND GRANTS

Local public health operations	40,618,400
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CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

School health and education programs	500,000
Smoking prevention program	1,898,400

COMMUNITY LIVING, CHILDREN, AND FAMILIES

Childhood lead program	85,000
Family planning local agreements	1,142,200
Local MCH services	246,100
Omnibus budget reconciliation act implementation	2,030,800
Prenatal care outreach and service delivery support	610,000

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Case management services	3,169,900
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MEDICAL SERVICES

Transportation	1,175,300
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OFFICE OF SERVICES TO THE AGING

Community services	12,530,300
Nutrition services	12,439,500
Senior volunteer services	517,500

CRIME VICTIM SERVICES COMMISSION

Crime victim rights services grants	5,661,300
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TOTAL OF PAYMENTS TO LOCAL UNITS

OF GOVERNMENT	\$ 1,042,260,100
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Sec. 202. (1) The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(2) Funds for which the state is acting as the custodian or agent are not subject to annual appropriation.

Sec. 203. As used in this act:

(a) "AIDS" means acquired immunodeficiency syndrome.

(b) "CMHSP" means a community mental health services program as that term is defined in section 100a of the mental health code, 1974 PA 258, MCL 330.1100a.

(c) "Disease management" means a comprehensive system that incorporates the patient, physician, and health plan into 1 system with the common goal of achieving desired outcomes for patients.

(d) "Department" means the Michigan department of community health.

(e) "DSH" means disproportionate share hospital.

(f) "EPIC" means elder prescription insurance coverage program.

(g) "EPSDT" means early and periodic screening, diagnosis, and treatment.

(h) "FTE" means full-time equated.

(i) "GME" means graduate medical education.

(j) "Health plan" means, at a minimum, an organization that meets the criteria for delivering the comprehensive package of services under the department's comprehensive health plan.

(k) "HMO" means health maintenance organization.

(l) "IDEA" means individual disability education act.

(m) "IDG" means interdepartmental grant.

(n) "MCH" means maternal and child health.

(o) "MiChild" means the program described in section 1670.

(p) "MSS/ISS" means maternal and infant support services.

(q) "Specialty prepaid health plan" means a program described in section 232b of the mental health code, 1974 PA 258, MCL 330.1232b.

(r) "Title XVIII" means title XVIII of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395b-6 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to 1395yy, and 1395bbb to 1395ggg.

(s) "Title XIX" means title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6 and 1396r-8 to 1396v.

(t) "Title XX" means title XX of the social security act, chapter 531, 49 Stat. 620, 49 U.S.C. 1397 to 1397f.

(u) "WIC" means women, infants, and children supplemental nutrition program.

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

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

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining the vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Sec. 207. Sixty days before beginning any effort to privatize services, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on the Internet or Intranet site.

Sec. 209. (1) Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and comparable quality American goods or services, or both, are available.

(2) Funds appropriated in part 1 shall not be used for the purchase of out-of-state goods or services, or both, if competitively priced and comparable quality Michigan goods or services, or both, are available.

Sec. 210. (1) The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

(2) The director shall take all reasonable steps to ensure equal opportunity for all who compete for and perform contracts to provide services or supplies, or both, for the department. The director shall strongly encourage firms with which the department contracts to provide equal opportunity for subcontractors to provide services or supplies, or both.

Sec. 211. If the revenue collected by the department from fees and collections exceeds the amount appropriated in part 1, the revenue may be carried forward with the approval of the state budget director into the subsequent fiscal year. The revenue carried forward under this section shall be used as the first source of funds in the subsequent fiscal year.

Sec. 212. (1) From the amounts appropriated in part 1, no greater than the following amounts are supported with federal maternal and child health block grant, preventive health and health services block grant, substance abuse block grant, healthy Michigan fund, and Michigan health initiative funds:

(a) Maternal and child health block grant	\$ 21,714,000
(b) Preventive health and health services block grant	4,982,500
(c) Substance abuse block grant	60,095,600
(d) Healthy Michigan fund.....	56,617,100
(e) Michigan health initiative	9,060,200

(2) On or before February 1, 2004, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the detailed name and amounts of federal, restricted, private, and local sources of revenue that support the appropriations in each of the line items in part 1 of this act.

(3) Upon the release of the fiscal year 2004-2005 executive budget recommendation, the department shall report to the same parties in subsection (2) on the amounts and detailed sources of federal, restricted, private, and local revenue proposed to support the total funds appropriated in each of the line items in part 1 of the fiscal year 2004-2005 executive budget proposal.

(4) The department shall provide to the same parties in subsection (2) all revenue source detail for consolidated revenue line item detail upon request to the department.

Sec. 213. The state departments, agencies, and commissions receiving tobacco tax funds from part 1 shall report by January 1, 2004, to the senate and house of representatives appropriations committees, the senate and house fiscal agencies, and the state budget director on the following:

- (a) Detailed spending plan by appropriation line item including description of programs.
- (b) Description of allocations or bid processes including need or demand indicators used to determine allocations.
- (c) Eligibility criteria for program participation and maximum benefit levels where applicable.
- (d) Outcome measures to be used to evaluate programs.
- (e) Any other information considered necessary by the house of representatives or senate appropriations committees or the state budget director.

Sec. 214. The use of state-restricted tobacco tax revenue received for the purpose of tobacco prevention, education, and reduction efforts and deposited in the healthy Michigan fund shall not be used for lobbying as defined in 1978 PA 472, MCL 4.411 to 4.431.

Sec. 216. (1) In addition to funds appropriated in part 1 for all programs and services, there is appropriated for write-offs of accounts receivable, deferrals, and for prior year obligations in excess of applicable prior year appropriations, an amount equal to total write-offs and prior year obligations, but not to exceed amounts available in prior year revenues.

(2) The department's ability to satisfy appropriation deductions in part 1 shall not be limited to collections and accruals pertaining to services provided in fiscal year 2003-2004, but shall also include reimbursements, refunds, adjustments, and settlements from prior years.

(3) The department shall report by March 15, 2004 to the house of representatives and senate appropriations subcommittees on community health on all reimbursements, refunds, adjustments, and settlements from prior years.

Sec. 218. Basic health services for the purpose of part 23 of the public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are: immunizations, communicable disease control, sexually transmitted disease control, tuberculosis control, prevention of gonorrhea eye infection in newborns, screening newborns for the 8 conditions listed in section 5431(1)(a) through (h) of the public health code, 1978 PA 368, MCL 333.5431, community health annex of the Michigan emergency management plan, and prenatal care.

Sec. 219. (1) The department may contract with the Michigan public health institute for the design and implementation of projects and for other public health related activities prescribed in section 2611 of the public health code, 1978 PA 368, MCL 333.2611. The department may develop a master agreement with the institute to carry out these purposes for up to a 3-year period. The department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on or before November 1, 2003 and May 1, 2004 all of the following:

- (a) A detailed description of each funded project.
- (b) The amount allocated for each project, the appropriation line item from which the allocation is funded, and the source of financing for each project.
- (c) The expected project duration.
- (d) A detailed spending plan for each project, including a list of all subgrantees and the amount allocated to each subgrantee.

(2) If a report required under subsection (1) is not received by the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on or before the date specified for that report, the disbursement of funds to the Michigan public health institute under this section shall stop. The disbursement of those funds shall recommence when the overdue report is received.

(3) On or before September 30, 2004, the department shall provide to the same parties listed in subsection (1) a copy of all reports, studies, and publications produced by the Michigan public health institute, its subcontractors, or the department with the funds appropriated in part 1 and allocated to the Michigan public health institute.

Sec. 220. All contracts with the Michigan public health institute funded with appropriations in part 1 shall include a requirement that the Michigan public health institute submit to financial and performance audits by the state auditor general of projects funded with state appropriations.

Sec. 223. The department of community health may establish and collect fees for publications, videos and related materials, conferences, and workshops. Collected fees shall be used to offset expenditures to pay for printing and mailing costs of the publications, videos and related materials, and costs of the workshops and conferences. The costs shall not exceed fees collected.

Sec. 259. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the departments and agencies and the department of information technology.

Sec. 260. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of community health projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 262. (1) The department shall provide the members of the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies with a written explanation for all legislative transfers upon submission of the request for legislative transfer by the department of management and budget. The explanation should include reasons for not fully expending appropriated funds which shall include references to boilerplate language expressing intent for program implementation, if applicable, and transfers requested for work projects.

(2) The department shall provide an annual report of lapses by line item for this appropriation act.

Sec. 264. Upon submission of a Medicaid waiver, a Medicaid state plan amendment, or a similar proposal to the centers for Medicare and Medicaid services, the department shall notify the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies of the submission.

Sec. 265. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. Federal and state guidelines for short-term and long-term retention of records shall be followed.

DEPARTMENTWIDE ADMINISTRATION

Sec. 301. From funds appropriated for worker's compensation, the department may make payments in lieu of worker's compensation payments for wage and salary and related fringe benefits for employees who return to work under limited duty assignments.

Sec. 303. The department is prohibited from requiring first-party payment from individuals or families with a taxable income of \$10,000.00 or less for mental health services for determinations made in accordance with section 818 of the mental health code, 1974 PA 258, MCL 330.1818.

Sec. 304. The funds appropriated in part 1 for the Michigan essential health care provider program may also provide loan repayment for dentists that fit the criteria established by part 27 of the public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

Sec. 305. The department is directed to continue support of multicultural agencies that provide primary care services from the funds appropriated in part 1.

Sec. 307. From the funds appropriated in part 1 for primary care services, an amount not to exceed \$2,790,100.00 is appropriated to enhance the service capacity of the federally qualified health centers and other health centers which are similar to federally qualified health centers.

Sec. 313. By November 1, 2003, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on activities undertaken by the department to address compulsive gambling.

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS

Sec. 350. The department may enter into a contract with the protection and advocacy service, authorized under section 931 of the mental health code, 1974 PA 258, MCL 330.1931, or a similar organization to provide legal services for purposes of gaining and maintaining occupancy in a community living arrangement which is under lease or contract with the department or a community mental health services program to provide services to persons with mental illness or developmental disability.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 401. Funds appropriated in part 1 are intended to support a system of comprehensive community mental health services under the full authority and responsibility of local CMHSPs or specialty prepaid health plans. The department shall ensure that each CMHSP or specialty prepaid health plan provides all of the following:

- (a) A system of single entry and single exit.
- (b) A complete array of mental health services which shall include, but shall not be limited to, all of the following services: residential and other individualized living arrangements, outpatient services, acute inpatient services, and long-term, 24-hour inpatient care in a structured, secure environment.
- (c) The coordination of inpatient and outpatient hospital services through agreements with state-operated psychiatric hospitals, units, and centers in facilities owned or leased by the state, and privately-owned hospitals, units, and centers licensed by the state pursuant to sections 134 through 149b of the mental health code, 1974 PA 258, MCL 330.1134 to 330.1149b.
- (d) Individualized plans of service that are sufficient to meet the needs of individuals, including those discharged from psychiatric hospitals or centers, and that ensure the full range of recipient needs is addressed through the CMHSP's or specialty prepaid health plan's program or through assistance with locating and obtaining services to meet these needs.
- (e) A system of case management to monitor and ensure the provision of services consistent with the individualized plan of services or supports.
- (f) A system of continuous quality improvement.
- (g) A system to monitor and evaluate the mental health services provided.
- (h) A system that serves at-risk and delinquent youth as required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106.

Sec. 402. (1) From funds appropriated in part 1, final authorizations to CMHSPs or specialty prepaid health plans shall be made upon the execution of contracts between the department and CMHSPs or specialty prepaid health plans. The contracts shall contain an approved plan and budget as well as policies and procedures governing the obligations and responsibilities of both parties to the contracts. Each contract with a CMHSP or specialty prepaid health plan that the department is authorized to enter into under this subsection shall include a provision that the contract is not valid unless the total dollar obligation for all of the contracts between the department and the CMHSPs or specialty prepaid health plans entered into under this subsection for fiscal year 2003-2004 does not exceed the amount of money appropriated in part 1 for the contracts authorized under this subsection.

(2) The department shall immediately report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director if either of the following occurs:

- (a) Any new contracts with CMHSPs or specialty prepaid health plans that would affect rates or expenditures are enacted.
- (b) Any amendments to contracts with CMHSPs or specialty prepaid health plans that would affect rates or expenditures are enacted.

(3) The report required by subsection (2) shall include information about the changes and their effects on rates and expenditures.

Sec. 403. From the funds appropriated in part 1 for multicultural services, the department shall ensure that CMHSPs or specialty prepaid health plans continue contracts with multicultural services providers.

Sec. 404. (1) Not later than May 31 of each fiscal year, the department shall provide a report on the community mental health services programs to the members of the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director that includes the information required by this section.

(2) The report shall contain information for each CMHSP or specialty prepaid health plan and a statewide summary, each of which shall include at least the following information:

- (a) A demographic description of service recipients which, minimally, shall include reimbursement eligibility, client population, age, ethnicity, housing arrangements, and diagnosis.
- (b) When the encounter data is available, a breakdown of clients served, by diagnosis. As used in this subdivision, "diagnosis" means a recipient's primary diagnosis, stated as a specifically named mental illness, emotional disorder, or developmental disability corresponding to terminology employed in the latest edition of the American psychiatric association's diagnostic and statistical manual.
- (c) Per capita expenditures by client population group.
- (d) Financial information which, minimally, shall include a description of funding authorized; expenditures by client group and fund source; and cost information by service category, including administration. Service category shall include all department approved services.
- (e) Data describing service outcomes which shall include, but not be limited to, an evaluation of consumer satisfaction, consumer choice, and quality of life concerns including, but not limited to, housing and employment.

(f) Information about access to community mental health services programs which shall include, but not be limited to, the following:

(i) The number of people receiving requested services.

(ii) The number of people who requested services but did not receive services.

(iii) The number of people requesting services who are on waiting lists for services.

(iv) The average length of time that people remained on waiting lists for services.

(g) The number of second opinions requested under the code and the determination of any appeals.

(h) An analysis of information provided by community mental health service programs in response to the needs assessment requirements of the mental health code, including information about the number of persons in the service delivery system who have requested and are clinically appropriate for different services.

(i) An estimate of the number of FTEs employed by the CMHSPs or specialty prepaid health plans or contracted with directly by the CMHSPs or specialty prepaid health plans as of September 30, 2003 and an estimate of the number of FTEs employed through contracts with provider organizations as of September 30, 2003.

(j) Lapses and carryforwards during fiscal year 2002-2003 for CMHSPs or specialty prepaid health plans.

(k) Contracts for mental health services entered into by CMHSPs or specialty prepaid health plans with providers, including amount and rates, organized by type of service provided.

(l) Information on the community mental health Medicaid managed care program, including, but not limited to, both of the following:

(i) Expenditures by each CMHSP or specialty prepaid health plan organized by Medicaid eligibility group, including per eligible individual expenditure averages.

(ii) Performance indicator information required to be submitted to the department in the contracts with CMHSPs or specialty prepaid health plans.

(3) The department shall include data reporting requirements listed in subsection (2) in the annual contract with each individual CMHSP or specialty prepaid health plan.

(4) The department shall take all reasonable actions to ensure that the data required are complete and consistent among all CMHSPs or specialty prepaid health plans.

Sec. 405. It is the intent of the legislature that the employee wage pass-through funded to the community mental health services programs for direct care workers in local residential settings and for paraprofessional and other nonprofessional direct care workers in day programs, supported employment, and other vocational programs shall continue to be paid to direct care workers.

Sec. 406. (1) The funds appropriated in part 1 for the state disability assistance substance abuse services program shall be used to support per diem room and board payments in substance abuse residential facilities. Eligibility of clients for the state disability assistance substance abuse services program shall include needy persons 18 years of age or older, or emancipated minors, who reside in a substance abuse treatment center.

(2) The department shall reimburse all licensed substance abuse programs eligible to participate in the program at a rate equivalent to that paid by the family independence agency to adult foster care providers. Programs accredited by department-approved accrediting organizations shall be reimbursed at the personal care rate, while all other eligible programs shall be reimbursed at the domiciliary care rate.

Sec. 407. (1) The amount appropriated in part 1 for substance abuse prevention, education, and treatment grants shall be expended for contracting with coordinating agencies or designated service providers. It is the intent of the legislature that the coordinating agencies and designated service providers work with the CMHSPs or specialty prepaid health plans to coordinate the care and services provided to individuals with both mental illness and substance abuse diagnoses.

(2) The department shall establish a fee schedule for providing substance abuse services and charge participants in accordance with their ability to pay. Any changes in the fee schedule shall be developed by the department with input from substance abuse coordinating agencies.

Sec. 408. (1) By April 15, 2004, the department shall report the following data from fiscal year 2002-2003 on substance abuse prevention, education, and treatment programs to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget office:

(a) Expenditures stratified by coordinating agency, by central diagnosis and referral agency, by fund source, by subcontractor, by population served, and by service type. Additionally, data on administrative expenditures by coordinating agency and by subcontractor shall be reported.

(b) Expenditures per state client, with data on the distribution of expenditures reported using a histogram approach.

(c) Number of services provided by central diagnosis and referral agency, by subcontractor, and by service type. Additionally, data on length of stay, referral source, and participation in other state programs.

(d) Collections from other first- or third-party payers, private donations, or other state or local programs, by coordinating agency, by subcontractor, by population served, and by service type.

(2) The department shall take all reasonable actions to ensure that the required data reported are complete and consistent among all coordinating agencies.

Sec. 409. The funding in part 1 for substance abuse services shall be distributed in a manner that provides priority to service providers that furnish child care services to clients with children.

Sec. 410. The department shall assure that substance abuse treatment is provided to applicants and recipients of public assistance through the family independence agency who are required to obtain substance abuse treatment as a condition of eligibility for public assistance.

Sec. 411. (1) The department shall ensure that each contract with a CMHSP or specialty prepaid health plan requires the CMHSP or specialty prepaid health plan to implement programs to encourage diversion of persons with serious mental illness, serious emotional disturbance, or developmental disability from possible jail incarceration when appropriate.

(2) Each CMHSP or specialty prepaid health plan shall have jail diversion services and shall work toward establishing working relationships with representative staff of local law enforcement agencies, including county prosecutors' offices, county sheriffs' offices, county jails, municipal police agencies, municipal detention facilities, and the courts. Written interagency agreements describing what services each participating agency is prepared to commit to the local jail diversion effort and the procedures to be used by local law enforcement agencies to access mental health jail diversion services are strongly encouraged.

Sec. 412. The department shall contract directly with the Salvation Army harbor light program to provide non-Medicaid substance abuse services at not less than the amount contracted for in fiscal year 2002-2003.

Sec. 414. Medicaid substance abuse treatment services shall be managed by selected CMHSPs or specialty prepaid health plans pursuant to the centers for Medicare and Medicaid services' approval of Michigan's 1915(b) waiver request to implement a managed care plan for specialized substance abuse services. The selected CMHSPs or specialty prepaid health plans shall receive a capitated payment on a per eligible per month basis to assure provision of medically necessary substance abuse services to all beneficiaries who require those services. The selected CMHSPs or specialty prepaid health plans shall be responsible for the reimbursement of claims for specialized substance abuse services. The CMHSPs or specialty prepaid health plans that are not coordinating agencies may continue to contract with a coordinating agency. Any alternative arrangement must be based on client service needs and have prior approval from the department.

Sec. 418. On or before the tenth of each month, the department shall report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the amount of funding paid to the CMHSPs or specialty prepaid health plans to support the Medicaid managed mental health care program in that month. The information shall include the total paid to each CMHSP or specialty prepaid health plan, per capita rate paid for each eligibility group for each CMHSP or specialty prepaid health plan, and number of cases in each eligibility group for each CMHSP or specialty prepaid health plan, and year-to-date summary of eligibles and expenditures for the Medicaid managed mental health care program.

Sec. 423. The department shall work cooperatively with the family independence agency and the departments of corrections, education, state police, and military and veterans affairs to coordinate and improve the delivery of substance abuse prevention, education, and treatment programs within existing appropriations. The department shall report by March 15, 2004 on the outcomes of this cooperative effort to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

Sec. 424. Each community mental health services program or specialty prepaid health plan that contracts with the department to provide services to the Medicaid population shall adhere to the following timely claims processing and payment procedure for claims submitted by health professionals and facilities:

(a) A "clean claim" as described in section 111i of the social welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days after receipt of the claim by the community mental health services program or specialty prepaid health plan. A clean claim that is not paid within this time frame shall bear simple interest at a rate of 12% per annum.

(b) A community mental health services program or specialty prepaid health plan must state in writing to the health professional or facility any defect in the claim within 30 days after receipt of the claim.

(c) A health professional and a health facility have 30 days after receipt of a notice that a claim or a portion of a claim is defective within which to correct the defect. The community mental health services program or specialty prepaid health plan shall pay the claim within 30 days after the defect is corrected.

Sec. 425. By April 1, 2004, the department, in conjunction with the department of corrections, shall report the following data from fiscal year 2002-2003 on mental health and substance abuse services to the house of representatives and senate appropriations subcommittees on community health and corrections, the house and senate fiscal agencies, and the state budget office:

(a) The number of prisoners receiving substance abuse services which shall include a description and breakdown on the type of substance abuse services provided to prisoners.

(b) The number of prisoners receiving mental health services which shall include a description and breakdown on the type of mental health services provided to prisoners.

(c) Data indicating if prisoners receiving mental health services were previously hospitalized in a state psychiatric hospital for persons with mental illness.

Sec. 428. (1) Each CMHSP and affiliation of CMHSPs shall provide, from internal resources, local funds to be used as a bona fide part of the state match required under the Medicaid program in order to increase capitation rates for CMHSPs and affiliations of CMHSPs. These funds shall not include either state funds received by a CMHSP for

services provided to non-Medicaid recipients or the state matching portion of the Medicaid capitation payments made to a CMHSP or an affiliation of CMHSPs.

(2) The distribution of the aforementioned increases in the capitation payment rates, if any, shall be based on a formula developed by a committee established by the department, including representatives from CMHSPs or affiliations of CMHSPs and department staff.

Sec. 435. A county required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide matching funds to a CMHSP for mental health services rendered to residents in its jurisdiction shall pay the matching funds in equal installments on not less than a quarterly basis throughout the fiscal year, with the first payment being made by October 1, 2003.

Sec. 439. (1) It is the intent of the legislature that the department, in conjunction with CMHSPs, support pilot projects that facilitate the movement of adults with mental illness from state psychiatric hospitals to community residential settings.

(2) The purpose of the pilot projects is to encourage the placement of persons with mental illness in community residential settings who may require any of the following:

- (a) A secured and supervised living environment.
- (b) Assistance in taking prescribed medications.
- (c) Intensive case management services.
- (d) Assertive community treatment team services.
- (e) Alcohol or substance abuse treatment and counseling.
- (f) Individual or group therapy.
- (g) Day or partial day programming activities.
- (h) Vocational, educational, or self-help training or activities.
- (i) Other services prescribed to treat a person's mental illness to prevent the need for hospitalization.

(3) The pilot projects described in this section shall be completely voluntary.

(4) The department shall provide semiannual reports to the house of representatives and senate appropriations subcommittees on community health, the state budget office, and the house and senate fiscal agencies as to any activities undertaken by the department and CMHSPs for pilot projects implemented under this section.

Sec. 442. (1) It is the intent of the legislature that the \$40,000,000.00 in funding transferred from the community mental health non-Medicaid services line to support the Medicaid adult benefits waiver program be used to provide state match for increases in federal funding for primary care and specialty services provided to Medicaid adult benefits waiver enrollees and for economic increases for the Medicaid specialty services and supports program.

(2) The department shall assure that persons eligible for mental health services under the priority population sections of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106, will receive mandated services under this plan.

(3) Capitation payments to CMHSPs or specialty prepaid health plans for persons who become enrolled in the Medicaid adult benefits waiver program shall be made using the same rate methodology as payments for the current Medicaid beneficiaries.

(4) If enrollment in the Medicaid adult benefits waiver program does not achieve expectations and the funding appropriated for the Medicaid adult benefits waiver program for specialty services is not expended, the general fund balance shall be transferred back to the community mental health non-Medicaid services line. The department shall report quarterly to the senate and house of representatives appropriation subcommittees on community health a summary of eligible expenditures for the Medicaid adult benefits waiver program by CMHSPs or specialty prepaid health plans.

(5) In the waiver renewal application the department submits to the centers for Medicare and Medicaid services for continuation of the state's 1915(b) specialty services waiver, the department will request that the amount of savings that may be retained by a specialty prepaid health plan be changed from 5% to 7.5% of aggregate capitation payments. If the department is unable to secure centers for Medicare and Medicaid services approval for this change, the department shall allow specialty prepaid health plans and their affiliate CMHSP members to retain 50% of the unspent general fund/general purpose portion of the funds allocated to the specialty prepaid health plan for services to be provided under the Medicaid specialty services waiver. Any such general fund/general purpose portion retained by the specialty prepaid health plan and its CMHSP affiliates under this section shall be considered as state revenues for purposes of determining the amount of state funds that the CMHSP may carry forward under section 226(2)(c) of the mental health code, 1974 PA 258, MCL 330.1226.

Sec. 450. The department shall establish a work group comprised of CMHSPs or specialty prepaid health plans and departmental staff to recommend strategies to streamline audit and reporting requirements for CMHSPs or specialty prepaid health plans. The department shall report on the recommendations of the work group by March 31, 2004 to the house of representatives and senate appropriations subcommittees on community health, the house fiscal agency, the senate fiscal agency, and the state budget director.

STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES

Sec. 601. (1) In funding of staff in the financial support division, reimbursement, and billing and collection sections, priority shall be given to obtaining third-party payments for services. Collection from individual recipients of services and their families shall be handled in a sensitive and nonharassing manner.

(2) The department shall continue a revenue recapture project to generate additional revenues from third parties related to cases that have been closed or are inactive. Revenues collected through project efforts are appropriated to the department for departmental costs and contractual fees associated with these retroactive collections and to improve ongoing departmental reimbursement management functions.

Sec. 602. Unexpended and unencumbered amounts and accompanying expenditure authorizations up to \$500,000.00 remaining on September 30, 2004 from pay telephone revenues and the amounts appropriated in part 1 for gifts and bequests for patient living and treatment environments shall be carried forward for 1 fiscal year. The purpose of gifts and bequests for patient living and treatment environments is to use additional private funds to provide specific enhancements for individuals residing at state-operated facilities. Use of the gifts and bequests shall be consistent with the stipulation of the donor. The expected completion date for the use of gifts and bequests donations is within 3 years unless otherwise stipulated by the donor.

Sec. 603. The funds appropriated in part 1 for forensic mental health services provided to the department of corrections are in accordance with the interdepartmental plan developed in cooperation with the department of corrections. The department is authorized to receive and expend funds from the department of corrections in addition to the appropriations in part 1 to fulfill the obligations outlined in the interdepartmental agreements.

Sec. 604. (1) The CMHSPs or specialty prepaid health plans shall provide semiannual reports to the department on the following information:

- (a) The number of days of care purchased from state hospitals and centers.
- (b) The number of days of care purchased from private hospitals in lieu of purchasing days of care from state hospitals and centers.
- (c) The number and type of alternative placements to state hospitals and centers other than private hospitals.
- (d) Waiting lists for placements in state hospitals and centers.

(2) The department shall semiannually report the information in subsection (1) to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

Sec. 605. (1) The department shall not implement any closures or consolidations of state hospitals, centers, or agencies until CMHSPs or specialty prepaid health plans have programs and services in place for those persons currently in those facilities and a plan for service provision for those persons who would have been admitted to those facilities.

(2) All closures or consolidations are dependent upon adequate department-approved CMHSP plans that include a discharge and aftercare plan for each person currently in the facility. A discharge and aftercare plan shall address the person's housing needs. A homeless shelter or similar temporary shelter arrangements are inadequate to meet the person's housing needs.

(3) Four months after the certification of closure required in section 19(6) of the state employees' retirement act, 1943 PA 240, MCL 38.19, the department shall provide a closure plan to the house of representatives and senate appropriations subcommittees on community health.

(4) Upon the closure of state-run operations and after transitional costs have been paid, the remaining balances of funds appropriated for that operation shall be transferred to CMHSPs or specialty prepaid health plans responsible for providing services for persons previously served by the operations.

Sec. 606. The department may collect revenue for patient reimbursement from first- and third-party payers, including Medicaid, to cover the cost of placement in state hospitals and centers. The department is authorized to adjust financing sources for patient reimbursement based on actual revenues earned. If the revenue collected exceeds current year expenditures, the revenue may be carried forward with approval of the state budget director. The revenue carried forward shall be used as a first source of funds in the subsequent year.

INFECTIOUS DISEASE CONTROL

Sec. 801. In the expenditure of funds appropriated in part 1 for AIDS programs, the department and its subcontractors shall ensure that adolescents receive priority for prevention, education, and outreach services.

Sec. 802. In developing and implementing AIDS provider education activities, the department may provide funding to the Michigan state medical society to serve as lead agency to convene a consortium of health care providers, to design needed educational efforts, to fund other statewide provider groups, and to assure implementation of these efforts, in accordance with a plan approved by the department.

Sec. 803. The department shall continue the AIDS drug assistance program maintaining the prior year eligibility criteria and drug formulary. This section is not intended to prohibit the department from providing assistance for improved AIDS treatment medications.

EPIDEMIOLOGY

Sec. 853. From the funds appropriated in part 1 for bioterrorism preparedness, up to \$1,000,000.00, as allowed by federal law and regulations, shall be allocated for bioterrorism preparedness and response services to a multispecies laboratory and necropsy facility located in this state that is certified by the United States department of agriculture animal, plant, health inspection service, with a biosafety level 2/3 certification.

LOCAL HEALTH ADMINISTRATION AND GRANTS

Sec. 901. The amount appropriated in part 1 for implementation of the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local health departments for costs incurred related to implementation of section 17015(18) of the public health code, 1978 PA 368, MCL 333.17015.

Sec. 902. If a county that has participated in a district health department or an associated arrangement with other local health departments takes action to cease to participate in such an arrangement after October 1, 2003, the department shall have the authority to assess a penalty from the local health department's operational accounts in an amount equal to no more than 5% of the local health department's local public health operations funding. This penalty shall only be assessed to the local county that requests the dissolution of the health department.

Sec. 903. The department shall provide a report annually to the house of representatives and senate appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the expenditures and activities undertaken by the lead abatement program. The report shall include, but is not limited to, a funding allocation schedule, expenditures by category of expenditure and by subcontractor, revenues received, description of program elements, and description of program accomplishments and progress.

Sec. 904. (1) Funds appropriated in part 1 for local public health operations shall be prospectively allocated to local health departments to support immunizations, infectious disease control, sexually transmitted disease control and prevention, hearing screening, vision services, food protection, public water supply, private groundwater supply, and on-site sewage management. Food protection shall be provided in consultation with the Michigan department of agriculture. Public water supply, private groundwater supply, and on-site sewage management shall be provided in consultation with the Michigan department of environmental quality.

(2) Local public health departments will be held to contractual standards for the services in subsection (1).

(3) Distributions in subsection (1) shall be made only to counties that maintain local spending in fiscal year 2003-2004 of at least the amount expended in fiscal year 1992-1993 for the services described in subsection (1).

(4) By April 1, 2004, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health, the senate or house fiscal agency, or the state budget director on the planned allocation of the funds appropriated for local public health operations.

CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Sec. 1001. From the state funds appropriated in part 1, the department shall allocate funds to promote awareness, education, and early detection of breast, cervical, prostate, and colorectal cancer, and provide for other health promotion media activities.

Sec. 1002. (1) Provision of the school health education curriculum, such as the Michigan model or another comprehensive school health education curriculum, shall be in accordance with the health education goals established by the Michigan model for the comprehensive school health education state steering committee. The state steering committee shall be comprised of a representative from each of the following offices and departments:

- (a) The department of education.
- (b) The department of community health.
- (c) The health administration in the department of community health.
- (d) The bureau of mental health and substance abuse services in the department of community health.
- (e) The family independence agency.
- (f) The department of state police.

(2) Upon written or oral request, a pupil not less than 18 years of age or a parent or legal guardian of a pupil less than 18 years of age, within a reasonable period of time after the request is made, shall be informed of the content of a course in the health education curriculum and may examine textbooks and other classroom materials that are provided to the pupil or materials that are presented to the pupil in the classroom. This subsection does not require a school board to permit pupil or parental examination of test questions and answers, scoring keys, or other examination instruments or data used to administer an academic examination.

Sec. 1003. Funds appropriated in part 1 for the Alzheimer's information network shall be used to provide information and referral services through regional networks for persons with Alzheimer's disease or related disorders, their families, and health care providers.

Sec. 1006. In spending the funds appropriated in part 1 for the smoking prevention program, priority shall be given to prevention and smoking cessation programs for pregnant women, women with young children, and adolescents.

Sec. 1007. (1) The funds appropriated in part 1 for violence prevention shall be used for, but not be limited to, the following:

- (a) Programs aimed at the prevention of spouse, partner, or child abuse and rape.
- (b) Programs aimed at the prevention of workplace violence.

(2) In awarding grants from the amounts appropriated in part 1 for violence prevention, the department shall give equal consideration to public and private nonprofit applicants.

(3) From the funds appropriated in part 1 for violence prevention, the department may include local school districts as recipients of the funds for family violence prevention programs.

Sec. 1009. From the funds appropriated in part 1 for the diabetes and kidney program, a portion of the funds may be allocated to the National Kidney Foundation of Michigan for kidney disease prevention programming including early identification and education programs and kidney disease prevention demonstration projects.

Sec. 1010. Contingent on the availability of state restricted healthy Michigan fund money or federal preventive health and health services block grant fund money, funds shall be appropriated for osteoporosis prevention and treatment education.

Sec. 1019. From the funds appropriated in part 1 for chronic disease prevention, \$50,000.00 shall be allocated for stroke prevention, education, and outreach. The objectives of the program shall include education to assist persons in identifying risk factors, and education to assist persons in the early identification of the occurrence of a stroke in order to minimize stroke damage.

Sec. 1020. From the funds appropriated in part 1 for chronic disease prevention, \$105,000.00 shall be allocated for a childhood and adult arthritis program.

Sec. 1028. Contingent on the availability of state restricted healthy Michigan fund money or federal preventive health and health services block grant fund money, funds shall be appropriated for the African-American male health initiative.

COMMUNITY LIVING, CHILDREN, AND FAMILIES

Sec. 1101. The department shall review the basis for the distribution of funds to local health departments and other public and private agencies for the women, infants, and children food supplement program; family planning; and prenatal care outreach and service delivery support program and indicate the basis upon which any projected underexpenditures by local public and private agencies shall be reallocated to other local agencies that demonstrate need.

Sec. 1104. Before April 1, 2004, the department shall submit a report to the house and senate fiscal agencies and the state budget director on planned allocations from the amounts appropriated in part 1 for local MCH services, prenatal care outreach and service delivery support, family planning local agreements, and pregnancy prevention programs. Using applicable federal definitions, the report shall include information on all of the following:

(a) Funding allocations.

(b) Actual number of women, children, and/or adolescents served and amounts expended for each group for the fiscal year 2002-2003.

Sec. 1105. For all programs for which an appropriation is made in part 1, the department shall contract with those local agencies best able to serve clients. Factors to be used by the department in evaluating agencies under this section shall include ability to serve high-risk population groups; ability to serve low-income clients, where applicable; availability of, and access to, service sites; management efficiency; and ability to meet federal standards, when applicable.

Sec. 1106. Each family planning program receiving federal title X family planning funds shall be in compliance with all performance and quality assurance indicators that the United States bureau of community health services specifies in the family planning annual report. An agency not in compliance with the indicators shall not receive supplemental or reallocated funds.

Sec. 1106a. (1) Federal abstinence money expended in part 1 for the purpose of promoting abstinence education shall provide abstinence education to teenagers most likely to engage in high-risk behavior as their primary focus, and may include programs that include 9- to 17-year-olds. Programs funded must meet all of the following guidelines:

(a) Teaches the gains to be realized by abstaining from sexual activity.

(b) Teaches abstinence from sexual activity outside of marriage as the expected standard for all school-age children.

(c) Teaches that abstinence is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other health problems.

(d) Teaches that a monogamous relationship in the context of marriage is the expected standard of human sexual activity.

(e) Teaches that sexual activity outside of marriage is likely to have harmful effects.

(f) Teaches that bearing children out of wedlock is likely to have harmful consequences.

(g) Teaches young people how to avoid sexual advances and how alcohol and drug use increases vulnerability to sexual advances.

(h) Teaches the importance of attaining self-sufficiency before engaging in sexual activity.

(2) Coalitions, organizations, and programs that do not provide contraceptives to minors and demonstrate efforts to include parental involvement as a means of reducing the risk of teens becoming pregnant shall be given priority in the allocations of funds.

(3) Programs and organizations that meet the guidelines of subsection (1) and criteria of subsection (2) shall have the option of receiving all or part of their funds directly from the department of community health.

Sec. 1107. Of the amount appropriated in part 1 for prenatal care outreach and service delivery support, not more than 10% shall be expended for local administration, data processing, and evaluation.

Sec. 1108. The funds appropriated in part 1 for pregnancy prevention programs shall not be used to provide abortion counseling, referrals, or services.

Sec. 1109. (1) Subject to subsection (3), from the amounts appropriated in part 1 for dental programs, funds shall be allocated to the Michigan dental association for the administration of a volunteer dental program that would provide dental services to the uninsured in an amount that is no less than the amount allocated to that program in fiscal year 1996-1997.

(2) Not later than December 1 of the current fiscal year, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health or the senate or house of representatives standing committee on health policy the number of individual patients treated, number of procedures performed, and approximate total market value of those procedures through September 30, 2003.

(3) As a condition to receiving the allocation of the funds described in subsection (1), the Michigan dental association shall provide a report to the senate and house subcommittees on community health and the senate and house fiscal agencies documenting the Michigan dental association's efforts to increase its membership's participation as Medicaid providers. This report shall be provided no later than December 1, 2003.

Sec. 1110. Agencies that currently receive pregnancy prevention funds and either receive or are eligible for other family planning funds shall have the option of receiving all of their family planning funds directly from the department of community health and be designated as delegate agencies.

Sec. 1111. The department shall allocate no less than 87% of the funds appropriated in part 1 for family planning local agreements and the pregnancy prevention program for the direct provision of family planning/pregnancy prevention services.

Sec. 1112. From the funds appropriated for prenatal care outreach and service delivery support, the department shall allocate at least \$1,000,000.00 to communities with high infant mortality rates.

Sec. 1124. (1) From the funds appropriated in part 1 from the federal maternal and child health block grant, \$450,000.00 shall be allocated if additional block grant funds are available for the statewide fetal infant mortality review network.

(2) It is the intent of the legislature that this project shall be funded with a like amount in fiscal year 2004-2005 should federal funds become available.

Sec. 1128. The department shall make every effort to maximize the receipt of federal Medicaid funds to support the activities of the migrant health care line item.

Sec. 1129. The department shall provide a report annually to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the number of children with elevated blood lead levels from information available to the department. The report shall provide the information by county, shall include the level of blood lead reported, and shall indicate the sources of the information.

Sec. 1133. The department shall release infant mortality rate data to all local public health departments no later than 48 hours prior to releasing infant mortality rate data to the public.

Sec. 1134. On the condition that there are unallocated funds remaining in the special projects line item, following the allotment of funds from this line item to existing programs that are required to be funded under this act, the department may provide \$100,000.00 to the yellow ribbon suicide prevention program for an adolescent suicide and assessment pilot project.

WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM

Sec. 1151. The department may work with local participating agencies to define local annual contributions for the farmer's market nutrition program, project FRESH, to enable the department to request federal matching funds by April 1, 2004 based on local commitment of funds.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Sec. 1201. Funds appropriated in part 1 for medical care and treatment of children with special health care needs shall be paid according to reimbursement policies determined by the Michigan medical services program. Exceptions to these policies may be taken with the prior approval of the state budget director.

Sec. 1202. The department may do 1 or more of the following:

(a) Provide special formula for eligible clients with specified metabolic and allergic disorders.

(b) Provide medical care and treatment to eligible patients with cystic fibrosis who are 21 years of age or older.

(c) Provide genetic diagnostic and counseling services for eligible families.

(d) Provide medical care and treatment to eligible patients with hereditary coagulation defects, commonly known as hemophilia, who are 21 years of age or older.

Sec. 1203. All children who are determined medically eligible for the children's special health care services program shall be referred to the appropriate locally-based services program in their community.

OFFICE OF DRUG CONTROL POLICY

Sec. 1250. In addition to the \$1,800,000.00 in Byrne formula grant program funding the department provides to local drug treatment courts, the department shall provide \$1,800,000.00 in Byrne formula grant program funding to the judiciary by interdepartmental grant.

CRIME VICTIM SERVICES COMMISSION

Sec. 1302. From the funds appropriated in part 1 for justice assistance grants, up to \$50,000.00 shall be allocated for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for the prosecution of sexual assault. The funds shall be used for program coordination, training, and counseling. Unexpended funds shall be carried forward.

Sec. 1304. The department shall work with the department of state police, the Michigan hospital association, the Michigan state medical society, and the Michigan nurses association to ensure that the recommendations included in the "Standard Recommended Procedures for the Emergency Treatment of Sexual Assault Victims" are followed in the collection of evidence.

OFFICE OF SERVICES TO THE AGING

Sec. 1401. The appropriation in part 1 to the office of services to the aging, for community and nutrition services and home services, shall be restricted to eligible individuals at least 60 years of age who fail to qualify for home care services under title XVIII, XIX, or XX.

Sec. 1403. The office of services to the aging shall require each region to report to the office of services to the aging home delivered meals waiting lists based upon standard criteria. Determining criteria shall include all of the following:

- (a) The recipient's degree of frailty.
- (b) The recipient's inability to prepare his or her own meals safely.
- (c) Whether the recipient has another care provider available.
- (d) Any other qualifications normally necessary for the recipient to receive home delivered meals.

Sec. 1404. The area agencies and local providers may receive and expend fees for the provision of day care, care management, respite care, and certain eligible home and community-based services. The fees shall be based on a sliding scale, taking client income into consideration. The fees shall be used to expand services.

Sec. 1406. The appropriation of \$5,000,000.00 of tobacco settlement funds to the office of services to the aging for the respite care program shall be allocated in accordance with a long-term care plan developed by the long-term care working group established in section 1657 of 1998 PA 336 upon implementation of the plan. The use of the funds shall be for direct respite care or adult respite care center services. Not more than 10% of the amount allocated under this section shall be expended for administration and administrative purposes.

Sec. 1413. The legislature affirms the commitment to locally-based services. The legislature supports the role of local county board of commissioners in the approval of area agency on aging plans. The legislature supports choice and the right of local counties to change membership in the area agencies on aging if the change is to an area agency on aging that is contiguous to that county. The legislature supports the office of services to the aging working with others to provide training to commissions to better understand and advocate for aging issues. It is the intent of the legislature to prohibit area agencies on aging from providing direct services, including home and community-based waiver services, unless they receive a waiver from the department. The legislature's intent in this section is conditioned on compliance with federal and state laws, rules, and policies.

Sec. 1416. The legislature affirms the commitment to provide in-home services, resources, and assistance for the frail elderly who are not being served by the Medicaid home and community services waiver program.

MEDICAL SERVICES

Sec. 1601. The cost of remedial services incurred by residents of licensed adult foster care homes and licensed homes for the aged shall be used in determining financial eligibility for the medically needy. Remedial services include basic self-care and rehabilitation training for a resident.

Sec. 1602. Medical services shall be provided to elderly and disabled persons with incomes less than or equal to 100% of the official poverty line, pursuant to the state's option to elect such coverage set out at section 1902(a)(10)(A)(ii) and (m) of title XIX, 42 U.S.C. 1396a.

Sec. 1603. (1) The department may establish a program for persons to purchase medical coverage at a rate determined by the department.

(2) The department may receive and expend premiums for the buy-in of medical coverage in addition to the amounts appropriated in part 1.

(3) The premiums described in this section shall be classified as private funds.

Sec. 1605. (1) The protected income level for Medicaid coverage determined pursuant to section 106(1)(b)(iii) of the social welfare act, 1939 PA 280, MCL 400.106, shall be 100% of the related public assistance standard.

(2) The department shall notify the senate and house of representatives appropriations subcommittees on community health and the state budget director of any proposed revisions to the protected income level for Medicaid coverage related to the public assistance standard 90 days prior to implementation.

Sec. 1606. For the purpose of guardian and conservator charges, the department of community health may deduct up to \$60.00 per month as an allowable expense against a recipient's income when determining medical services eligibility and patient pay amounts.

Sec. 1607. (1) An applicant for Medicaid, whose qualifying condition is pregnancy, shall immediately be presumed to be eligible for Medicaid coverage unless the preponderance of evidence in her application indicates otherwise. The

applicant who is qualified as described in this subsection shall be allowed to select or remain with the Medicaid participating obstetrician of her choice.

(2) An applicant qualified as described in subsection (1) shall be given a letter of authorization to receive Medicaid covered services related to her pregnancy. All qualifying applicants shall be entitled to receive all medically necessary obstetrical and prenatal care without preauthorization from a health plan. All claims submitted for payment for obstetrical and prenatal care shall be paid at the Medicaid fee-for-service rate in the event a contract does not exist between the Medicaid participation obstetrical or prenatal care provider and the managed care plan. The applicant shall receive a listing of Medicaid physicians and managed care plans in the immediate vicinity of the applicant's residence.

(3) In the event that an applicant, presumed to be eligible pursuant to subsection (1), is subsequently found to be ineligible, a Medicaid physician or managed care plan that has been providing pregnancy services to an applicant under this section is entitled to reimbursement for those services until such time as they are notified by the department that the applicant was found to be ineligible for Medicaid.

(4) If the preponderance of evidence in an application indicates that the applicant is not eligible for Medicaid, the department shall refer that applicant to the nearest public health clinic or similar entity as a potential source for receiving pregnancy-related services.

(5) The department shall develop an enrollment process for pregnant women covered under this section that facilitates the selection of a managed care plan at the time of application.

Sec. 1608. The department shall update by October 1, 2003 and distribute by November 1, 2003 to health care providers the pamphlet identifying patient rights and responsibilities described in section 20201 of the public health code, 1978 PA 368, MCL 333.20201.

Sec. 1610. The department of community health shall provide an administrative procedure for the review of cost report grievances by medical services providers with regard to reimbursement under the medical services program. Settlements of properly submitted cost reports shall be paid not later than 9 months from receipt of the final report.

Sec. 1611. (1) For care provided to medical services recipients with other third-party sources of payment, medical services reimbursement shall not exceed, in combination with such other resources, including Medicare, those amounts established for medical services-only patients. The medical services payment rate shall be accepted as payment in full. Other than an approved medical services copayment, no portion of a provider's charge shall be billed to the recipient or any person acting on behalf of the recipient. Nothing in this section shall be considered to affect the level of payment from a third-party source other than the medical services program. The department shall require a nonenrolled provider to accept medical services payments as payment in full.

(2) Notwithstanding subsection (1), medical services reimbursement for hospital services provided to dual Medicare/medical services recipients with Medicare Part B coverage only shall equal, when combined with payments for Medicare and other third-party resources, if any, those amounts established for medical services-only patients, including capital payments.

Sec. 1615. Unless prohibited by federal or state law or regulation, the department shall require enrolled Medicaid providers to submit their billings for services electronically by April 1, 2004 and have a program that provides a mechanism for Medicaid providers to submit their billings for services over the Internet.

Sec. 1620. (1) For fee-for-service recipients, the pharmaceutical dispensing fee shall be \$3.77 or the pharmacy's usual or customary cash charge, whichever is less.

(2) If carved-out of the capitation rate for managed care recipients, the pharmaceutical dispensing fee shall be \$3.77 or the pharmacy's usual or customary cash charge or the usual charge allowed by the recipient's Medicaid HMO, whichever is less.

(3) The department shall require a prescription copayment for Medicaid recipients except as prohibited by federal or state law or regulation.

Sec. 1621. (1) The department may implement prospective drug utilization review and disease management systems. The prospective drug utilization review and disease management systems authorized by this subsection shall have physician oversight, shall focus on patient, physician, and pharmacist education, and shall be developed in consultation with the national pharmaceutical council, Michigan state medical society, Michigan association of osteopathic physicians, Michigan pharmacists' association, Michigan health and hospital association, and Michigan nurses' association.

(2) This section does not authorize or allow therapeutic substitution.

Sec. 1621a. (1) The department, in conjunction with pharmaceutical manufacturers or their agents, may establish pilot projects to test the efficacy of disease management and health management programs.

(2) The department may negotiate a plan that uses the savings resulting from the services rendered from these programs, in lieu of requiring a supplemental rebate for the inclusion of those participating parties' products on the department's preferred drug list.

Sec. 1622. The department shall implement a pharmaceutical best practice initiative. All of the following apply to that initiative:

(a) A physician that calls the department's agent for prior authorization of drugs that are not on the department's preferred drug list shall be informed of the option to speak to the agent's physician on duty concerning the prior

authorization request if the agent's pharmacist denies the prior authorization request. If immediate contact with the agent's physician on duty is requested, but cannot be arranged, the physician placing the call shall be immediately informed of the right to request a 72-hour supply of the nonauthorized drug.

(b) The department's prior authorization and appeal process shall be available on the department's website. The department shall also continue to implement a program that allows providers to file prior authorization and appeal requests electronically.

(c) The department shall provide authorization for prescribed drugs that are not on its preferred drug list if the prescribing physician verifies that the drugs are necessary for the continued stabilization of the patient's medical condition following documented previous failures on earlier prescription regimens. Documentation of previous failures may be provided by telephone, facsimile, or electronic transmission.

(d) Meetings of the department's pharmacy and therapeutics committee shall be open to the public with advance notice of the meeting date, time, place, and agenda posted on the department's website 14 days in advance of each meeting date. By January 31 of each year, the department shall publish the committee's regular meeting schedule for the year on the department's website. The pharmacy and therapeutics committee meetings shall be subject to the requirements of the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The committee shall provide an opportunity for interested parties to comment at each meeting following written notice to the committee's chairperson of the intent to provide comment.

(e) The pharmacy and therapeutics committee shall make recommendations for the inclusion of medications on the preferred drug list based on sound clinical evidence found in labeling, drug compendia, and peer-reviewed literature pertaining to use of the drug in the relevant population. The committee shall develop a method to receive notification and clinical information about new drugs. The department shall post this process and the necessary forms on the department's website.

(f) The department shall assure compliance with the published Medicaid bulletin implementing the Michigan pharmaceutical best practices initiative program. The department shall also include this information on its website.

(g) The department shall by March 15, 2004 provide to the members of the house and senate subcommittees on community health a report on the impact of the pharmaceutical best practice initiative on the Medicaid community. The report shall include, but not be limited to, the number of appeals used in the prior authorization process and any reports of patients who are hospitalized because of authorization denial.

(h) By May 15, 2004, the department shall provide a report to the members of the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies identifying the prescribed drugs that are grandfathered in as preferred drugs and available without prior authorization and the population groups to which they apply. The report shall assess strategies to improve the drug prior authorization process.

Sec. 1622a. (1) It is the intent of the legislature that the pharmacy and therapeutics committee shall consist of the following 11 members:

(a) Five members of the committee shall be Michigan licensed retail pharmacists who are in active clinical practice residing in the state. All member pharmacists shall have a representative portion of fee-for-service Medicaid clients in their practice.

(b) Six members of the committee shall be Michigan licensed physicians who are in active clinical practice residing in the state. All member physicians shall have a representative portion of fee-for-service Medicaid clients in their practice.

(2) It is also the intent of the legislature that the membership on the committee shall be developed by appointing:

(a) Physicians, recommended by the Michigan medical society and the Michigan osteopathic association, and may include at least 1 physician with expertise in mental health.

(b) Retail pharmacists, recommended by the Michigan pharmacists association and the Michigan retailers association, and may include at least 1 pharmacist with expertise with mental health drugs.

Sec. 1623. (1) The department shall continue the Medicaid policy that allows for the dispensing of a 100-day supply for maintenance drugs.

(2) The department shall notify all HMOs, physicians, pharmacies, and other medical providers that are enrolled in the Medicaid program that Medicaid policy allows for the dispensing of a 100-day supply for maintenance drugs.

(3) The notice in subsection (2) shall also clarify that a pharmacy shall fill a prescription written for maintenance drugs in the quantity specified by the physician, but not more than the maximum allowed under Medicaid, unless subsequent consultation with the prescribing physician indicates otherwise.

Sec. 1624. The department may continue all rebate and supplemental rebate contracts with a pharmaceutical manufacturer until a multistate drug purchasing compact is fully established.

Sec. 1625. The department shall continue its practice of placing all atypical antipsychotic medications on the Medicaid preferred drug list.

Sec. 1626. Prior to implementing a multistate drug purchasing compact, the department shall provide the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies with a benefit-cost

analysis to document that the savings from the compact exceed the savings from the current preferred drug list (PDL) supplemental rebate drug programs.

Sec. 1627. (1) The department shall use procedures and rebates amounts specified under section 1927 of title XIX, 42 U.S.C. 1396r-8, to secure quarterly rebates from pharmaceutical manufacturers for outpatient drugs dispensed to participants in the MICHild program, maternal outpatient medical services program, state medical program, children's special health care services, and EPIC.

(2) For products distributed by pharmaceutical manufacturers not providing quarterly rebates as listed in subsection (1), the department may require preauthorization.

Sec. 1628. Recipients of children's special health care services shall be exempt from the prior authorization requirements for prescription drugs related to their qualifying condition in the department of community health's pharmaceutical best practices initiative.

Sec. 1629. The department shall utilize maximum allowable cost pricing for generic drugs that is based on wholesaler pricing to providers that is available from at least 2 wholesalers who deliver in the state of Michigan.

Sec. 1630. Medicaid hearing aid services, podiatric services, and chiropractic services shall continue at not less than the level in effect on October 1, 2002, except that reasonable utilization limitations may be adopted in order to prevent excess utilization. The department shall not impose utilization restrictions on chiropractic services unless a recipient has exceeded 18 office visits within 1 year.

Sec. 1631. The department shall require copayments on dental, podiatric, chiropractic, vision, and hearing aid services provided to Medicaid recipients, except as prohibited by federal or state law or regulation.

Sec. 1633. From the funds appropriated in part 1 for auxiliary medical services, the department shall expand the healthy kids dental program statewide if funds become available specifically for expansion of the program.

Sec. 1634. From the funds appropriated in part 1 for ambulance services, the department shall continue the 5% increase in payment rates for ambulance services implemented in fiscal year 2000-2001.

Sec. 1641. An institutional provider that is required to submit a cost report under the medical services program shall submit cost reports completed in full within 5 months after the end of its fiscal year.

Sec. 1643. Of the funds appropriated in part 1 for graduate medical education in the hospital services and therapy line item appropriation, \$7,270,200.00 shall be allocated for the psychiatric residency training program that establishes and maintains collaborative relations with the schools of medicine at Michigan State University and Wayne State University if the necessary Medicaid matching funds are provided by the universities as allowable state match.

Sec. 1647. From the funds appropriated in part 1 for hospital services, the department shall allocate for graduate medical education not less than the level of rates and payments in effect on April 1, 2003.

Sec. 1648. The department shall maintain an automated toll-free phone line to enable medical providers to verify the eligibility status of Medicaid recipients. There shall be no charge to providers for the use of the toll-free phone line.

Sec. 1649. From the funds appropriated in part 1 for medical services, the department shall continue breast and cervical cancer treatment coverage for women up to 250% of the federal poverty level, who are under age 65, and who are not otherwise covered by insurance. This coverage shall be provided to women who have been screened through the centers for disease control breast and cervical cancer early detection program, and are found to have breast or cervical cancer, pursuant to the breast and cervical cancer prevention and treatment act of 2000, Public Law 106-354, 114 Stat. 1381.

Sec. 1650. (1) The department may require medical services recipients residing in counties offering managed care options to choose the particular managed care plan in which they wish to be enrolled. Persons not expressing a preference may be assigned to a managed care provider.

(2) Persons to be assigned a managed care provider shall be informed in writing of the criteria for exceptions to capitated managed care enrollment, their right to change HMOs for any reason within the initial 90 days of enrollment, the toll-free telephone number for problems and complaints, and information regarding grievance and appeals rights.

(3) The criteria for medical exceptions to HMO enrollment shall be based on submitted documentation that indicates a recipient has a serious medical condition, and is undergoing active treatment for that condition with a physician who does not participate in 1 of the HMOs. If the person meets the criteria established by this subsection, the department shall grant an exception to mandatory enrollment at least through the current prescribed course of treatment, subject to periodic review of continued eligibility.

Sec. 1651. (1) Medical services patients who are enrolled in HMOs have the choice to elect hospice services or other services for the terminally ill that are offered by the HMOs. If the patient elects hospice services, those services shall be provided in accordance with part 214 of the public health code, 1978 PA 368, MCL 333.21401 to 333.21420.

(2) The department shall not amend the medical services hospice manual in a manner that would allow hospice services to be provided without making available all comprehensive hospice services described in 42 C.F.R. part 418.

Sec. 1653. Implementation and contracting for managed care by the department through HMOs shall be subject to the following conditions:

(a) Continuity of care is assured by allowing enrollees to continue receiving required medically necessary services from their current providers for a period not to exceed 1 year if enrollees meet the managed care medical exception criteria.

(b) The department shall require contracted HMOs to submit data determined necessary for evaluation on a timely basis.

(c) A health plans advisory council is functioning that meets all applicable federal and state requirements for a medical care advisory committee. The council shall review at least quarterly the implementation of the department's managed care plans.

(d) Mandatory enrollment of Medicaid beneficiaries living in counties defined as rural by the federal government, which is any nonurban standard metropolitan statistical area, is allowed if there is only 1 HMO serving the Medicaid population, as long as each Medicaid beneficiary is assured of having a choice of at least 2 physicians by the HMO.

(e) Enrollment of recipients of children's special health care services in HMOs shall be voluntary during fiscal year 2003-2004.

(f) The department shall develop a case adjustment to its rate methodology that considers the costs of persons with HIV/AIDS, end stage renal disease, organ transplants, epilepsy, and other high-cost diseases or conditions and shall implement the case adjustment when it is proven to be actuarially and fiscally sound. Implementation of the case adjustment must be budget neutral.

Sec. 1654. Medicaid HMOs shall provide for reimbursement of HMO covered services delivered other than through the HMO's providers if medically necessary and approved by the HMO, immediately required, and that could not be reasonably obtained through the HMO's providers on a timely basis. Such services shall be considered approved if the HMO does not respond to a request for authorization within 24 hours of the request. Reimbursement shall not exceed the Medicaid fee-for-service payment for those services.

Sec. 1655. (1) The department may require a 12-month lock-in to the HMO selected by the recipient during the initial and subsequent open enrollment periods, but allow for good cause exceptions during the lock-in period.

(2) Medicaid recipients shall be allowed to change HMOs for any reason within the initial 90 days of enrollment.

Sec. 1656. (1) The department shall provide an expedited complaint review procedure for Medicaid eligible persons enrolled in HMOs for situations in which failure to receive any health care service would result in significant harm to the enrollee.

(2) The department shall provide for a toll-free telephone number for Medicaid recipients enrolled in managed care to assist with resolving problems and complaints. If warranted, the department shall immediately disenroll persons from managed care and approve fee-for-service coverage.

(3) Annual reports summarizing the problems and complaints reported and their resolution shall be provided to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, the state budget office, and the department's health plans advisory council.

Sec. 1657. (1) Reimbursement for medical services to screen and stabilize a Medicaid recipient, including stabilization of a psychiatric crisis, in a hospital emergency room shall not be made contingent on obtaining prior authorization from the recipient's HMO. If the recipient is discharged from the emergency room, the hospital shall notify the recipient's HMO within 24 hours of the diagnosis and treatment received.

(2) If the treating hospital determines that the recipient will require further medical service or hospitalization beyond the point of stabilization, that hospital must receive authorization from the recipient's HMO prior to admitting the recipient.

(3) Subsections (1) and (2) shall not be construed as a requirement to alter an existing agreement between an HMO and their contracting hospitals nor as a requirement that an HMO must reimburse for services that are not considered to be medically necessary.

(4) Prior to contracting with an HMO for managed care services that did not have a contract with the department before October 1, 2002, the department shall receive assurances from the office of financial and insurance services that the HMO meets the net worth and financial solvency requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

Sec. 1658. (1) It is the intent of the legislature that HMOs shall have contracts with hospitals within a reasonable distance from their enrollees. If a hospital does not contract with the HMO, in its service area, that hospital shall enter into a hospital access agreement as specified in the MSA bulletin Hospital 01-19.

(2) A hospital access agreement specified in subsection (1) shall be considered an affiliated provider contract pursuant to the requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

Sec. 1659. The following sections are the only ones that shall apply to the following Medicaid managed care programs, including the comprehensive plan, children's special health care services plan, MIChoice long-term care plan, and the mental health, substance abuse, and developmentally disabled services program: 402, 404, 414, 418, 424, 428, 442, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1662, and 1699.

Sec. 1660. (1) The department shall assure that all Medicaid children have timely access to EPSDT services as required by federal law. Medicaid HMOs shall provide EPSDT services to their child members in accordance with Medicaid EPSDT policy.

(2) The primary responsibility of assuring a child's hearing and vision screening is with the child's primary care provider. The primary care provider shall provide age appropriate screening or arrange for these tests through referrals

to local health departments. Local health departments shall provide preschool hearing and vision screening services and accept referrals for these tests from physicians or from Head Start programs in order to assure all preschool children have appropriate access to hearing and vision screening. Local health departments shall be reimbursed for the cost of providing these tests for Medicaid eligible children by the Medicaid program.

(3) The department shall require Medicaid HMOs to provide EPSDT utilization data through the encounter data system, and health employer data and information set well child health measures in accordance with the National Committee on Quality Assurance prescribed methodology.

(4) The department shall require HMOs to be responsible for well child visits and maternal and infant support services as described in Medicaid policy. These responsibilities shall be specified in the information distributed by the HMOs to their members.

(5) The department shall provide, on an annual basis, budget neutral incentives to Medicaid HMOs and local health departments to improve performance on measures related to the care of children and pregnant women.

Sec. 1661. (1) The department shall assure that all Medicaid eligible children and pregnant women have timely access to MSS/ISS services. Medicaid HMOs shall assure that maternal support service screening is available to their pregnant members and that those women found to meet the maternal support service high-risk criteria are offered maternal support services. Local health departments shall assure that maternal support service screening is available for Medicaid pregnant women not enrolled in an HMO and that those women found to meet the maternal support service high-risk criteria are offered maternal support services or are referred to a certified maternal support service provider.

(2) The department shall prohibit HMOs from requiring prior authorization of their contracted providers for any EPSDT screening and diagnosis service, for any MSS/ISS screening referral, or for up to 3 MSS/ISS service visits.

(3) The department shall assure the coordination of MSS/ISS services with the WIC program, state-supported substance abuse, smoking prevention, and violence prevention programs, the family independence agency, and any other state or local program with a focus on preventing adverse birth outcomes and child abuse and neglect.

Sec. 1662. (1) The department shall require the external quality review contractor to conduct a review of all EPSDT components provided to children from a statistically valid sample of health plan medical records.

(2) The department shall provide a copy of the analysis of the Medicaid HMO annual audited health employer data and information set reports and the annual external quality review report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director, within 30 days of the department's receipt of the final reports from the contractors.

(3) The department shall work with the Michigan association of health plans and the Michigan association for local public health to improve service delivery and coordination in the MSS/ISS and EPSDT programs.

(4) The department shall provide training and technical assistance workshops on EPSDT and MSS/ISS for Medicaid health plans, local health departments, and MSS/ISS contractors.

Sec. 1664. The department shall develop and implement incentives for providers to increase early entry of Medicaid recipients into prenatal care. The department shall provide documentation to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on their progress in carrying out this section by June 1, 2004.

Sec. 1665. The department shall develop and implement a plan to improve access to health screening services under the EPSDT program for all Medicaid-eligible persons under the age of 21. The department shall provide documentation to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on their progress in carrying out this section by June 1, 2004.

Sec. 1670. (1) The appropriation in part 1 for the MICHild program is to be used to provide comprehensive health care to all children under age 19 who reside in families with income at or below 200% of the federal poverty level, who are uninsured and have not had coverage by other comprehensive health insurance within 6 months of making application for MICHild benefits, and who are residents of this state. The department shall develop detailed eligibility criteria through the medical services administration public concurrence process, consistent with the provisions of this act. Health care coverage for children in families below 150% of the federal poverty level shall be provided through expanded eligibility under the state's Medicaid program. Health coverage for children in families between 150% and 200% of the federal poverty level shall be provided through a state-based private health care program.

(2) The department shall enter into a contract to obtain MICHild services from any HMO, dental care corporation, or any other entity that offers to provide the managed health care benefits for MICHild services at the MICHild capitated rate. As used in this subsection:

(a) "Dental care corporation", "health care corporation", "insurer", and "prudent purchaser agreement" mean those terms as defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL 550.52.

(b) "Entity" means a health care corporation or insurer operating in accordance with a prudent purchaser agreement.

(3) The department may enter into contracts to obtain certain MICHild services from community mental health service programs.

(4) The department may make payments on behalf of children enrolled in the MICHild program from the line-item appropriation associated with the program as described in the MICHild state plan approved by the United States department of health and human services, or from other medical services line-item appropriations providing for specific health care services.

Sec. 1671. From the funds appropriated in part 1, the department shall continue a comprehensive approach to the marketing and outreach of the MICHild program. The marketing and outreach required under this section shall be coordinated with current outreach, information dissemination, and marketing efforts and activities conducted by the department.

Sec. 1672. The department may provide up to 1 year of continuous eligibility to children eligible for the MICHild program unless the family fails to pay the monthly premium, a child reaches age 19, or the status of the children's family changes and its members no longer meet the eligibility criteria as specified in the federally approved MICHild state plan.

Sec. 1673. The department may establish premiums for MICHild eligible persons in families with income above 150% of the federal poverty level. The monthly premiums shall not exceed \$5.00 for a family.

Sec. 1674. The department shall not require copayments under the MICHild program.

Sec. 1675. Children whose category of eligibility changes between the Medicaid and MICHild programs shall be assured of keeping their current health care providers through the current prescribed course of treatment for up to 1 year, subject to periodic reviews by the department if the beneficiary has a serious medical condition and is undergoing active treatment for that condition.

Sec. 1676. To be eligible for the MICHild program, a child must be residing in a family with an adjusted gross income of less than or equal to 200% of the federal poverty level. The department's verification policy shall be used to determine eligibility.

Sec. 1677. The MICHild program shall provide all benefits available under the state employee insurance plan that are delivered through contracted providers and consistent with federal law, including, but not limited to, the following medically necessary services:

(a) Inpatient mental health services, other than substance abuse treatment services, including services furnished in a state-operated mental hospital and residential or other 24-hour therapeutically planned structured services.

(b) Outpatient mental health services, other than substance abuse services, including services furnished in a state-operated mental hospital and community-based services.

(c) Durable medical equipment and prosthetic and orthotic devices.

(d) Dental services as outlined in the approved MICHild state plan.

(e) Substance abuse treatment services that may include inpatient, outpatient, and residential substance abuse treatment services.

(f) Care management services for mental health diagnoses.

(g) Physical therapy, occupational therapy, and services for individuals with speech, hearing, and language disorders.

(h) Emergency ambulance services.

Sec. 1680. (1) It is the intent of the legislature that payment increases for enhanced wages and new or enhanced employee benefits provided through the Medicaid nursing home wage pass-through program in previous years be continued in fiscal year 2003-2004.

(2) The department shall provide a report to the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies regarding the amount of nursing home employee wage and benefit increases provided through the nursing home wage pass-through program in fiscal year 2002-2003.

Sec. 1681. From the funds appropriated in part 1 for home and community-based services, the department and local waiver agents shall encourage the use of family members, friends, and neighbors of home and community-based services participants, where appropriate, to provide homemaker services, meal preparation, transportation, chore services, and other nonmedical covered services to participants in the Medicaid home and community-based services program. This section shall not be construed as allowing for the payment of family members, friends, or neighbors for these services unless explicitly provided for in federal or state law.

Sec. 1682. (1) The department shall implement enforcement actions as specified in the nursing facility enforcement provisions of section 1919 of title XIX, 42 U.S.C. 1396r.

(2) The department is authorized to receive and spend penalty money received as the result of noncompliance with medical services certification regulations. Penalty money, characterized as private funds, received by the department shall increase authorizations and allotments in the long-term care accounts.

(3) Any unexpended penalty money, at the end of the year, shall carry forward to the following year.

Sec. 1683. The department shall promote activities that preserve the dignity and rights of terminally ill and chronically ill individuals. Priority shall be given to programs, such as hospice, that focus on individual dignity and quality of care provided persons with terminal illness and programs serving persons with chronic illnesses that reduce the rate of suicide through the advancement of the knowledge and use of improved, appropriate pain management for

these persons; and initiatives that train health care practitioners and faculty in managing pain, providing palliative care, and suicide prevention.

Sec. 1685. All nursing home rates, class I and class III, must have their respective fiscal year rate set 30 days prior to the beginning of their rate year. Rates may take into account the most recent cost report prepared and certified by the preparer, provider corporate owner or representative as being true and accurate, and filed timely, within 5 months of the fiscal year end in accordance with Medicaid policy. If the audited version of the last report is available, it shall be used. Any rate factors based on the filed cost report may be retroactively adjusted upon completion of the audit of that cost report.

Sec. 1687. (1) The department shall undertake an assessment and inventory of all facilities capable of providing the appropriate level of residential care to persons afflicted with Alzheimer's disease or dementia.

(2) As part of this assessment, the department may establish pilot projects with freestanding psychiatric or other qualifying facilities that have developed specific units to provide specialized residential care for patients with Alzheimer's disease or dementia, or both. The purpose of these pilots shall be to ascertain whether such treatment modalities are cost effective at negotiated rates and can increase access to this level of care needed by affected patients and their families.

Sec. 1688. The department shall not impose a limit on per unit reimbursements to service providers that provide personal care or other services under the Medicaid home and community-based waiver program for the elderly and disabled. The department's per day per client reimbursement cap calculated in the aggregate for all services provided under the Medicaid home and community-based waiver is not a violation of this section.

Sec. 1689. (1) Priority in enrolling additional persons in the Medicaid home and community-based services program shall be given to those who are currently residing in nursing homes or who are eligible to be admitted to a nursing home if they are not provided home and community-based services. The department shall implement screening and assessment procedures to assure that no additional Medicaid eligible persons are admitted to nursing homes who would be more appropriately served by the Medicaid home and community-based services program. If there is a net decrease in the number of Medicaid nursing home days of care during the most recent quarter in comparison with the previous quarter and a net cost savings attributable to moving individuals from a nursing home to the home and community-based services waiver program, the department shall transfer the net cost savings to the home and community-based services waiver program. If a transfer is required, it shall be done on a quarterly basis.

(2) Within 30 days of the end of each fiscal quarter, the department shall provide a report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies that details existing and future allocations for the home and community-based waiver program by regions as well as the associated expenditures. The report shall include information regarding the net cost savings from moving individuals from a nursing home to the home and community-based services waiver program and the amount of funds transferred.

(3) The department shall utilize a competitive bid process to award funds for the implementation of the new screening process to be applied to home and community-based services and nursing facility services provided by Medicaid.

Sec. 1690. (1) Contingent on the availability of funds and the approval of the centers for Medicaid and Medicare services, the department shall encourage and assist in the establishment of a program of all inclusive care for the elderly (PACE), in at least parts of 3 west Michigan counties, being Kent, Barry, and Ionia.

(2) This program shall provide a capitated, managed care benefit for the frail elderly, provided by a not-for-profit agency, that will feature a comprehensive medical and social service delivery system. In addition, the program shall use a multidisciplinary team approach in an adult day health center supplemented by in-home and referral service in accordance with participants' needs. The PACE program may be funded by a combination of Medicaid, Medicare, or other fund sources.

Sec. 1692. (1) The department of community health is authorized to pursue reimbursement for eligible services provided in Michigan schools from the federal Medicaid program. The department and the state budget director are authorized to negotiate and enter into agreements, together with the department of education, with local and intermediate school districts regarding the sharing of federal Medicaid services funds received for these services. The department is authorized to receive and disburse funds to participating school districts pursuant to such agreements and state and federal law.

(2) From the funds appropriated in part 1 for medical services school services payments, the department is authorized to do all of the following:

(a) Finance activities within the medical services administration related to this project.

(b) Reimburse participating school districts pursuant to the fund sharing ratios negotiated in the state-local agreements authorized in subsection (1).

(c) Offset general fund costs associated with the medical services program.

Sec. 1693. The special adjutor payments appropriation in part 1 may be increased if the department submits a medical services state plan amendment pertaining to this line item at a level higher than the appropriation. The department is authorized to appropriately adjust financing sources in accordance with the increased appropriation.

Sec. 1694. The department of community health shall distribute \$695,000.00 to children's hospitals that have a high indigent care volume. The amount to be distributed to any given hospital shall be based on a formula determined by the department of community health.

Sec. 1697. (1) As may be allowed by federal law or regulation, the department may use funds provided by a local or intermediate school district, which have been obtained from a qualifying health system, as the state match required for receiving federal Medicaid or children health insurance program funds. Any such funds received shall be used only to support new school-based or school-linked health services.

(2) A qualifying health system is defined as any health care entity licensed to provide health care services in the state of Michigan, that has entered into a contractual relationship with a local or intermediate school district to provide or manage school-based or school-linked health services.

Sec. 1699. The department may make separate payments directly to qualifying hospitals serving a disproportionate share of indigent patients, and to hospitals providing graduate medical education training programs. If direct payment for GME and DSH is made to qualifying hospitals for services to Medicaid clients, hospitals will not include GME costs or DSH payments in their contracts with HMOs.

Sec. 1710. Any proposed changes by the department to the MIChoice home and community-based services waiver program screening process shall be provided to the members of the house and senate appropriations subcommittees on community health prior to implementation of the proposed changes.

Sec. 1711. (1) The department shall maintain the 2-tier reimbursement methodology for Medicaid emergency physicians professional services that was in effect on September 30, 2002, subject to the following conditions:

(a) Payments by case and in the aggregate shall not exceed 80% of Medicare payment rates.

(b) Total expenditures for these services shall not exceed the level of total payments made during fiscal year 2001-2002, after adjusting for Medicare copayments and deductibles and for changes in utilization.

(2) To ensure that total expenditures stay within the spending constraints of subsection (1)(b), the department shall develop a utilization adjustor for the basic 2-tier payment methodology. The adjustor shall be based on a good faith estimate by the department as to what the expected utilization of emergency room services will be during fiscal year 2003-2004, given changes in the number and category of Medicaid recipients. If expenditure and utilization data indicate that the amount and/or type of emergency physician professional services are exceeding the department's estimate, the utilization adjustor shall be applied to the 2-tier reimbursement methodology in such a manner as to reduce aggregate expenditures to the fiscal year 2001-2002 adjusted expenditure target.

(3) If federal law, regulation, or judicial ruling finds that this 2-tier reimbursement methodology is not health insurance portability and accountability act (HIPAA) compliant prior to the end of fiscal year 2003-2004, the department shall immediately provide the chairpersons of the senate and house appropriations subcommittee on community health and their respective fiscal agencies, with the proposed modifications necessary to bring this methodology into compliance.

(4) The proposal specified in subsection (3) should be as consistent as possible with the intent of the methodology specified in this section and must be provided to the subcommittee chairpersons and respective fiscal agencies no less than 30 days before the effective date of the proposal.

Sec. 1712. (1) Subject to the availability of funds, the department shall implement a rural health initiative. Available funds shall first be allocated as an outpatient adjustor payment to be paid directly to hospitals in rural counties in proportion to each hospital's Medicaid and indigent patient population. Additional funds, if available, shall be allocated for defibrillator grants, EMT training and support, or other similar programs.

(2) Except as otherwise specified in this section, "rural" means a city, village, or township with a population of not more than 15,000, including those entities if located within a metropolitan statistical area.

Sec. 1713. (1) The department, in conjunction with the Michigan dental association, shall undertake a study to determine the level of participation by Michigan licensed dentists in the state's Medicaid program. The study shall identify the distribution of dentists throughout the state, the volume of Medicaid recipients served by each participating dentist, and areas in the state underserved for dental services.

(2) The study described in subsection (1) shall also include an assessment of what factors may be related to the apparent low participation by dentists in the Medicaid program, and the study shall make recommendations as to how these barriers to participation may be reduced or eliminated.

(3) This study shall be provided to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies no later than April 1, 2004.

Sec. 1715. (1) It is the intent of the legislature that at least \$18,900,000.00 of general fund/general purpose savings generated by the implementation of a Medicare pharmacy prescription coverage program shall be used to fund the pharmaceutical services line item.

(2) In the event that such a program is not implemented, or that the program does not produce a general fund/general purpose savings of at least the amount specified in subsection (1), the department shall request that a transfer of funds, in an amount sufficient to offset the loss of general fund/general purpose savings, be made from the Medicaid benefits trust fund to the pharmaceutical services line item.

Sec. 1716. In implementing the hospital case rate under the Medicaid adult benefits waiver, the department shall set the hospital case rate at a level that ensures that the gross savings from the hospital case rate does not exceed \$108,592,200.00.

Sec. 1717. From the funds appropriated in part 1 for hospital services and therapy, the \$50,000,000.00 hospital disproportionate share payment for the Detroit medical center shall only be distributed if local funds in the amount of \$7,000,000.00 are received by the state from the city of Detroit and Wayne County.

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

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

Gary Newell
Marc Shulman
Gretchen Whitmer
Conferees for the House

Tony Stamas
Shirley Johnson
Deborah Cherry
Conferees for the Senate

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

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

The question being on the adoption of the conference report,

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

Roll Call No. 394

Yeas—37

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	George	Leland	Switalski
Brater	Gilbert	McManus	Thomas
Brown	Goschka	Olshove	Toy
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0

Excused—1

Scott

Not Voting—0

In The Chair: Sanborn

Senator Hammerstrom moved that the bill be given immediate effect.

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

House Bill No. 4401, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 8b, 11, 11f, 11g, 11j, 18, 19, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 38, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94a, 98, 99, 101, 104a, 105, 107, 108, 147, and 166a (MCL 388.1603, 388.1606, 388.1608b, 388.1611, 388.1611f, 388.1611g, 388.1611j, 388.1618, 388.1619, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1638, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1668, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1701, 388.1704a, 388.1705, 388.1707, 388.1708, 388.1747, and 388.1766a), section 3 as amended by 2000 PA 297, sections 6, 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94a, 98, 99, 104a, 107, 108, and 147 as amended by 2002 PA 521, sections 8b and 11j as added and sections 19, 38, and 105 as amended by 2002 PA 191, section 18 as amended by 1999 PA 119, section 101 as amended by 2002 PA 476, and section 166a as amended by 1996 PA 300, and by adding sections 11a, 11b, 11c, 20k, 22d, 22e, 31e, 32j, 41a, 55a, 98b, and 107a; and to repeal acts and parts of acts.

The House of Representatives has adopted the report of the Committee of Conference.

The conference report was read as follows:

FIRST CONFERENCE REPORT

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

House Bill No. 4401, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 8b, 11, 11f, 11g, 18, 19, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 38, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 99, 101, 105, 107, and 147 (MCL 388.1603, 388.1606, 388.1608b, 388.1611, 388.1611f, 388.1611g, 388.1618, 388.1619, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1638, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1701, 388.1705, 388.1707, and 388.1747), section 3 as amended by 2000 PA 297, sections 6, 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 99, 107, and 147 as amended by 2002 PA 521, section 8b as added and sections 19, 38, and 105 as amended by 2002 PA 191, section 18 as amended by 1999 PA 119, and section 101 as amended by 2002 PA 476, and by adding sections 20k, 20l, 22d, 22e, 32j, and 98b; and to repeal acts and parts of acts.

Recommends:

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

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 8b, 11, 11f, 11g, 11j, 18, 19, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 38, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94a, 98, 99, 101, 104a, 105, 107, 108, 147, and 166a (MCL 388.1603, 388.1606, 388.1608b, 388.1611, 388.1611f, 388.1611g, 388.1611j, 388.1618, 388.1619, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1638, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1668, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1701, 388.1704a, 388.1705, 388.1707, 388.1708, 388.1747, and 388.1766a), section 3 as amended by 2000 PA 297, sections 6, 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94a, 98, 99, 104a, 107, 108, and 147 as amended by 2002 PA 521, sections 8b and 11j as added and sections 19, 38, and 105 as amended by 2002 PA 191, section 18 as amended by 1999 PA 119, section 101 as amended by 2002 PA 476, and section 166a as amended by 1996 PA 300, and by adding sections 11a, 11b, 11c, 20k, 22d, 22e, 31e, 32j, 41a, 55a, 98b, and 107a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:
TITLE

An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain 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 create certain funds and provide for their expenditure**; to prescribe penalties; and to repeal acts and parts of acts.

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

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

(3) "Center" means the center for educational performance and information created in section 94a.

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

(5) ~~(4)~~ “Department”, except in sections 67, 68, 107, and 108, means the department of education.

(6) ~~(5)~~ “District” means a local school district established under the revised school code, a local act school district, or, except in sections 6(4), 6(6), 13, 20, 22a, 23, 31a, 32f, 105, and 105c, a public school academy. Except in sections 6(4), 6(6), 13, 20, 22a, 105, and 105c, district also includes a university school.

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

(8) ~~(7)~~ “District superintendent” means the superintendent of a district, the chief administrator of a public school academy, or the chief administrator of a university school.

Sec. 6. (1) “Center program” means a program operated by a district or intermediate district for special education pupils from several districts in programs for the autistically impaired, trainable mentally impaired, severely mentally impaired, severely multiply impaired, hearing impaired, physically and otherwise health impaired, and visually impaired. Programs for emotionally impaired pupils housed in buildings that do not serve regular education pupils 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 and high school graduation 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~~ **annual completion and pupil dropout rate that is calculated by the center pursuant to nationally recognized standards.**

(3) “~~District pupil retention and high school graduation 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 **or out of the district**, ~~transferred out of the district, or 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~~ **who leave high school with a diploma or other credential.**

(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 .8 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 .2 times the final audited count from the supplemental count day for the immediately preceding school year. All pupil counts used in this subsection are 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 superintendent, 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, and pursuant to subsection (6), 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, 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 superintendent, 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 superintendent, 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 **or service** 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, administered by the Michigan strategic fund or the department of career development, 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 101(3). 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, 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 superintendent, 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.

(t) 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.

(u) If, as a result of a disciplinary action, a district determines through the district's alternative or disciplinary 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 or disciplinary 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.

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

(w) 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.

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

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

(i) The average of the district's membership for the 3-fiscal-year period ending with that fiscal year, calculated by adding the district's actual membership for each of those 3 fiscal years, as otherwise calculated under this subsection, and dividing the sum of those 3 membership figures by 3.

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

(z) If a public school academy that is not in its first or second year of operation closes at the end of a school year and does not reopen for the next school year, the department shall adjust the membership count of the district in which

a former pupil of the public school academy enrolls and is in regular daily attendance for the next school year to ensure that the district receives the same amount of membership aid for the pupil as if the pupil were counted in the district on the supplemental count day of the preceding school year.

(5) "Public school academy" means a public school academy, **urban high school academy**, or strict discipline 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 any of the following:

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

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

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

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

(e) 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.

(f) 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 or 105c and in which the educating district enrolled nonresident pupils in accordance with section 105 or 105c.

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

(i) "At school" means in a classroom, elsewhere on school premises, on a school bus or other school-related vehicle, or at a school-sponsored activity or event whether or not it is held on school premises.

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

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

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

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

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

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

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

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

(k) A pupil enrolled in the Michigan virtual high school, for the pupil's enrollment in the Michigan virtual high school. 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) "Pupils in grades K to 12 actually enrolled and in regular daily attendance" means pupils in grades K to 12 in attendance and receiving instruction in all classes for which they are enrolled on the pupil membership count day or

the supplemental count day, as applicable. A pupil who is absent from any of the classes in which the pupil is enrolled on the pupil membership count day or supplemental count day and who does not attend each of those classes during the 10 consecutive school days immediately following the pupil membership count day or supplemental count day, except for a pupil who has been excused by the district, shall not be counted as 1.0 full-time equated membership. In addition, a pupil who is excused from attendance on the pupil membership count day or supplemental count day and who fails to attend each of the classes in which the pupil is enrolled within 30 calendar days after the pupil membership count day or supplemental count day shall not be counted as 1.0 full-time equated membership. Pupils not counted as 1.0 full-time equated membership due to an absence from a class shall be counted as a prorated membership for the classes the pupil attended. For purposes of this subsection, "class" means a period of time in 1 day when pupils and a certificated teacher or legally qualified substitute teacher are together and instruction is taking place.

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

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

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

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

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

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

(15) "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 or a pupil described in subsection (6)(d) to (k). 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.

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

(17) "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.

(18) "Textbook" means a book that is selected and approved by the governing board of a district and that contains a presentation of principles of a subject, or that is a literary work relevant to the study of a subject required for the use of classroom pupils, or another type of course material that forms the basis of classroom instruction.

~~(19) (48)~~ "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.

~~(20) (49)~~ "University school" means an instructional program operated by a public university under section 23 that meets the requirements of section 23.

Sec. 8b. (1) The department shall assign a district code to each public school academy that is authorized under the revised school code and is eligible to receive funding under this act **within 30 days after a contract is submitted to the department by the authorizing body of a public school academy.**

(2) If the department does not assign a district code to a public school academy ~~in a timely manner within the 30-day period described in subsection (1), the department of treasury may assign a temporary district code to the public school academy for the purpose of making payments under this act.~~ **district code the department shall use to make payments under this act to the newly authorized public school academy shall be a number that is equivalent to the sum of the last district code assigned to a public school academy located in the same county as the newly authorized public school academy plus 1. However, if there is not an existing public school academy located in the same county as the newly authorized public school academy, then the district code the department shall use to make payments under this act to the newly authorized public school academy shall be a 5-digit number that has the county code in which the public school academy is located as its first 2 digits, 9 as its third digit, 0 as its fourth digit, and 1 as its fifth digit.**

Sec. 11. (1) ~~For the fiscal year ending September 30, 2002, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$10,990,148,200.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$198,413,500.00 from the general fund. For the fiscal year ending September 30, 2003, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$11,259,441,400.00~~ **\$11,230,753,400.00** from the state school aid fund established by section 11 of article IX of the state constitution of 1963, the sum of \$198,413,500.00 from the general fund, and the sum of \$700,000.00 from local revenues. ~~However, if legislation authorizing the transfer of \$79,500,000.00 from the Michigan employment security act contingent fund, penalties and interest subaccount, is not enacted and in effect on or before October 1, 2002, there is instead appropriated from the general fund for 2002-2003 the sum of \$122,656,500.00. For the fiscal year ending September 30, 2004, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$11,246,667,400.00~~ **\$10,987,820,500.00** from the state school aid fund established by section 11 of article IX of the state constitution of

1963 and the sum of ~~\$198,413,500.00~~ **\$282,100,000.00** from the general fund. **For the fiscal year ending September 30, 2004, from loan repayments deposited to the general fund pursuant to section 4 of 1961 PA 112, MCL 388.984, on the settlement date, as determined under section 9c of 1961 PA 108, MCL 388.959c, there is appropriated from the general fund to the state school aid fund the amount determined by the state treasurer to equal the difference between the outstanding amount of general obligation debt incurred pursuant to 1961 PA 112, MCL 388.981 to 388.985, and the outstanding amount of loans under 1961 PA 108, MCL 388.951 to 388.963, as reduced in accordance with section 9c(1) of 1961 PA 108, MCL 388.959c. In addition, for the fiscal year ending September 30, 2004, there is appropriated from the general fund to the state school aid fund an amount equal to the amount of all school bond loan fund repayments received by the state treasurer from June 1, 2003 through December 21, 2003, determined by the state treasurer not to have been paid from proceeds of bonds of the school district and representing the difference between the outstanding amount of general obligation debt incurred by this state under 1961 PA 112, MCL 388.981 to 388.985, and the outstanding amount of loans under 1961 PA 108, MCL 388.951 to 388.963, at the time of repayment. Funds appropriated to the state school aid fund from the general fund from loan repayments received as described in this subsection shall be expended within 90 days of deposit within the state school aid fund.** In addition, available federal funds are appropriated for each of those fiscal years.

(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~~ **be deposited into the school aid stabilization fund created in section 11a.**

(3) If the maximum amount appropriated under this section ~~and section 11f~~ from the state school aid fund **and the school aid stabilization 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, 22a, 31d, 51a(2), and 51c shall be made in full. In addition, for districts beginning operations after 1994-95 that qualify for payments under section 22b, payments under section 22b shall be made so that the qualifying districts receive **the lesser of** an amount equal to the 1994-95 foundation allowance of the district in which the district beginning operations after 1994-95 is located **or \$5,500.00.** The amount of the payment to be made under section 22b for these qualifying districts shall be as calculated under section 22a, with the balance of the payment under section 22b being subject to the proration otherwise provided under this subsection **and subsection (4).** ~~State~~ **For proration before May 1, 2003, state** payments under each of the other sections of this act from all state funding sources 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 the affected~~ fiscal year. **If additional proration is necessary in 2002-2003 after May 1, 2003, and for any proration necessary after 2002-2003, state payments under each of the other sections of this act from all state funding sources shall be prorated in the manner prescribed in subsection (4) as necessary to reflect the amount available for expenditure from the state school aid fund for the affected fiscal year.** However, if the department of treasury determines that proration will be required under this subsection, the department of treasury shall notify the state budget director, and the state budget director shall not 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 state budget director, 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 state budget 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 fund the amount of the projected shortfall.

(4) **If additional proration is necessary in 2002-2003 because of the outcome of any revenue estimating conference occurring after May 1, 2003 and for any proration necessary after 2002-2003, the department shall calculate the proration in district and intermediate district payments that is required under subsection (3) as follows:**

(a) The department shall calculate the percentage of total state school aid allocated under this act for the affected fiscal year for each of the following:

- (i) Districts.
- (ii) Intermediate districts.
- (iii) Entities other than districts or intermediate districts.

(b) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(i) for districts by reducing payments to districts. This reduction shall be made by calculating an equal dollar amount per pupil as necessary to recover this percentage of the proration amount and reducing each district's total state school aid from state sources, other than payments under sections 11f, 11g, 22a, 31d, 51a(2), 51a(12), 51c, 53a, and 56, by that amount.

(c) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(ii) for intermediate districts by reducing payments to intermediate districts. This reduction shall be made by reducing the payments to each intermediate district, other than payments under sections 11f, 11g, 22a, 31d, 51a(2), 51a(12), 51c, 53a, and 56, on an equal percentage basis.

(d) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(iii) for entities other than districts and intermediate districts by reducing payments to these entities. This reduction shall be made by reducing the payments to each of these entities on an equal percentage basis.

(5) For the fiscal year ending September 30, 2003 only, in addition to the appropriations under subsection (1), the amount of \$51,000,000.00 is transferred and appropriated from the general fund to the state school aid fund. This transfer reflects the estimated net shortfall in state school aid fund revenue as determined at the May 2003 consensus revenue estimating conference and is appropriated to avoid any further proration under subsection (3) due to that estimated shortfall.

(6) (4) Except for the allocation under section 26a, any general fund allocations under this act that are not expended by the end of the state fiscal year are transferred to the state school aid fund.

Sec. 11a. (1) The school aid stabilization fund is created as a separate account within the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(2) The state treasurer may receive money or other assets from any source for deposit into the school aid stabilization fund. The state treasurer shall deposit into the school aid stabilization fund all of the following:

(a) Unexpended and unencumbered state school aid fund revenue for a fiscal year that remains in the state school aid fund as of the bookclosing for that fiscal year.

(b) Money statutorily dedicated to the school aid stabilization fund.

(c) Money appropriated to the school aid stabilization fund.

(3) Money available in the school aid stabilization fund may not be expended without a specific appropriation from the school aid stabilization fund. Money in the school aid stabilization fund shall be expended only for purposes for which state school aid fund money may be expended.

(4) The state treasurer shall direct the investment of the school aid stabilization fund. The state treasurer shall credit to the school aid stabilization fund interest and earnings from fund investments.

(5) Money in the school aid stabilization fund at the close of a fiscal year shall remain in the school aid stabilization fund and shall not lapse to the unreserved school aid fund balance or the general fund.

(6) If the maximum amount appropriated under section 11 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, there is appropriated from the school aid stabilization fund to the state school aid fund an amount equal to the projected shortfall as determined by the department of treasury, but not to exceed available money in the school aid stabilization fund. If the money in the school aid stabilization fund is insufficient to fully fund an amount equal to the projected shortfall, the state budget director shall notify the legislature as required under section 11(3) and state payments in an amount equal to the remainder of the projected shortfall shall be prorated in the manner provided under section 11(4).

Sec. 11b. From the general fund money appropriated in section 11, there is allocated for 2003-2004 the sum of \$22,000,000.00 for deposit into the school aid stabilization fund created in section 11a.

Sec. 11c. If the unreserved general fund balance after final bookclosing for the fiscal year ending September 30, 2003 is at least \$350,000,000.00, then an amount equal to \$73,100,000.00 is appropriated from the general fund and deposited to the school aid stabilization fund not later than December 31, 2003 for the fiscal year ending September 30, 2004.

~~Sec. 11f. (1) In addition to any other money appropriated under this act, there is appropriated from the state school aid fund~~ **From the appropriations under section 11, there is allocated for the purposes of this section** an amount not to exceed \$32,000,000.00 ~~each fiscal year for the fiscal year ending September 30, 2002, for the fiscal year ending September 30, 2003, for the fiscal year ending September 30, 2004 ; 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 allocations~~ 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, 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) (7). 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 was 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 was 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, submitted to the state treasurer a board resolution waiving any right or interest the district or intermediate district had or may have had 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 was less than \$75,000.00. 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 11h was 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 this section. 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.~~

(7) ~~(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.”

Sec. 11g. (1) From the general fund ~~money appropriated~~ **appropriation** in section 11, there is allocated an amount not to exceed ~~\$40,000,000.00~~ **\$141,000.00 each fiscal year** for the fiscal year ending ~~September 30, 2002, for the fiscal year ending~~ September 30, 2003, for the fiscal year ending September 30, 2004, and for **the fiscal year ending September 30, 2005. There is allocated an amount not to exceed \$34,200,000.00** 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~~ **allocations** 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, 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.

Sec. 11j. From the ~~general fund money appropriated~~ **appropriation** in section 11, there is allocated an amount not to exceed ~~\$4,674,000.00 for 2002-2003 only, and from district and intermediate district payments to the school loan bond redemption fund appropriated in section 11, there is allocated an amount not to exceed \$700,000.00 for 2002-2003 only,~~ **\$28,300,000.00 for 2003-2004** for payments to the school loan bond redemption fund in the department of treasury.

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

(2) For the purpose of determining the reasonableness of expenditures and whether a violation of this act has occurred, the department shall require that each district and intermediate district have an audit of the district's or intermediate district's financial and pupil accounting records conducted at least annually at the expense of the district or intermediate district, as applicable, by a certified public accountant or by the intermediate district superintendent, as may be required by the department, or in the case of a district of the first class by a certified public accountant, the intermediate superintendent, or the auditor general of the city. An intermediate district's annual financial audit shall be accompanied by the intermediate district's pupil accounting procedures report. A district's or intermediate district's annual financial audit shall include an analysis of the financial and pupil accounting data used as the basis for distribution of state school aid. The pupil accounting records and reports, audits, and management letters are subject to requirements established in the auditing and accounting manuals approved and published by the department. Except as otherwise provided in this subsection, a district shall file the annual financial audit reports with the intermediate district not later than 120 days after the end of each school fiscal year and the intermediate district shall forward the annual financial audit reports for its constituent districts and for the intermediate district, and the pupil accounting procedures report for the pupil membership count day and supplemental count day, to the department not later than November 15 of each year. The annual financial audit reports and pupil accounting procedures reports shall be available to the public in compliance with the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. Not later than December 1 of each year, the department shall notify the state budget director and the legislative appropriations subcommittees responsible for review of the school aid budget of districts and intermediate districts that have not filed an annual financial audit and pupil accounting procedures report required under this section for the school year ending in the immediately preceding fiscal year.

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

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

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

(6) ~~(4)~~ Not later than July 1, 1999, the department shall approve and publish pupil accounting and pupil auditing manuals. The department shall review those manuals at least annually and shall periodically update those manuals to reflect changes in this act. The pupil accounting manuals in effect for the 1996-97 school year, including subsequent revisions issued by the superintendent, shall be the interim manuals in effect until new manuals are approved and published. However, the clarification of class-by-class accounting provided in the department's April 15, 1998 memorandum on pupil accounting procedures shall be excluded from the interim manuals.

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

(8) ~~(6)~~ If a district or intermediate district does not comply with subsection (2), ~~or~~ (3), (4), or (5), the department shall withhold all state school aid due to the district or intermediate district under this act, beginning with the next

payment due to the district or intermediate district, until the district or intermediate district complies with subsections (2), ~~and (3), (4), and (5)~~. If the district or intermediate district does not comply with subsections (2), ~~and (3), (4), and (5)~~ by the end of the fiscal year, the district or intermediate district forfeits the amount withheld.

Sec. 19. (1) A district shall comply with ~~the any~~ requirements of sections 1204a, 1277, 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred to as "public act 25 of 1990" **that are not also required by the no child left behind act of 2001, Public Law 107-110, 115 Stat. 1425, as determined by the department.**

(2) Each district and intermediate district shall provide to the department, in a form and manner prescribed by the department, information necessary for the development of an annual progress report on the **required** implementation of sections 1204a, 1277, 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred to as "public act 25 of 1990". ~~Additionally, each district and intermediate district shall provide to the department of information technology, in a form and manner prescribed by the department of information technology, on the achievement of national education goals, and information necessary for the development of other performance reports.~~

(3) A district or intermediate district shall comply with all applicable reporting requirements specified in state and federal law. Data provided to the center, in a form and manner prescribed by the center, shall be aggregated and disaggregated as required by state and federal law.

(4) Each district shall furnish to the center not later than 7 weeks after the pupil membership count day, in a manner prescribed by the center, the information necessary for the preparation of the district and high school graduation report. The center shall calculate an annual graduation and pupil dropout rate for each high school, each district, and this state, in compliance with nationally recognized standards for these calculations. The center shall report all graduation and dropout rates to the senate and house education committees and appropriations committees, the state budget director, and the department not later than June 1 of each year.

(5) A district shall furnish to the center, in a manner prescribed by the center, information related to educational personnel as necessary for reporting required by state and federal law.

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

~~(7) (4) If a school in a district is not accredited under section 1280 of the revised school code, MCL 380.1280, or is not making satisfactory progress toward meeting the standards for that accreditation, the department shall withhold 5% of the total funds for which the district qualifies under this act that are attributable to pupils attending that school. The department shall place the amount withheld from a district under this subsection in an escrow account and shall not release the funds to the district until the district submits to the department a plan for achieving accreditation for each of the district's schools that are not accredited under section 1280 of the revised school code, MCL 380.1280, or are not making satisfactory progress toward meeting the standards for that accreditation.~~

(8) Before publishing a list of schools or districts determined to have failed to make adequate yearly progress as required by the federal no child left behind act of 2001, Public Law 107-110, 115 Stat. 1425, the department shall allow a school or district to appeal that determination. The department shall consider and act upon the appeal within 30 days after it is submitted and shall not publish the list until after all appeals have been considered and decided.

Sec. 20. (1) ~~For 2001-2002, the basic foundation allowance is \$6,300.00 per membership pupil. For 2002-2003 and for 2003-2004, the basic foundation allowance is \$6,700.00 per membership pupil.~~

(2) 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).

(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) Except as otherwise provided in this subsection, 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. However, for 2002-2003, the foundation allowance for a district under this subdivision is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus \$200.00.

(b) For a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately

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

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

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

(4) Except as otherwise provided in 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 principal residence~~ 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 described in subsection (3)(b), the state portion of the district's foundation allowance is an amount equal to \$6,962.00 plus the difference between the district's foundation allowance for the current state fiscal year and the district's foundation allowance for 1998-99, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a ~~homestead principal residence~~ 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, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur. 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, ~~However, beginning in 2002-2003, 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, minus \$200.00.~~

(5) The allocation calculated 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 or 105c in a district other than the pupil's district of residence, the allocation calculated 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 calculated 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. The calculation under this subsection shall take into account a district's per pupil allocation under section 20j(2).

(6) Subject to subsection (7) and section 22b(3) 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, the allocation calculated under this section is 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~~ **\$300.00**, whichever is less. ~~However, beginning in 2002-2003, this \$500.00 amount shall instead be \$300.00.~~ Notwithstanding section 101(2), for a public school academy that begins operations in ~~2001-2002, 2002-2003, or 2003-2004~~, 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 101(3). The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection.

(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 calculated under this section for a public school academy located in the district 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 principal residence** 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 an amount calculated under subsection (9); if the number of mills the district may levy on a **homestead principal residence** 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 amount calculated 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 amount calculated 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 principal residence** 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 principal residence** and qualified agricultural property are exempt and not to levy school operating taxes on a **homestead principal residence** 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 calculated under this subsection for 1994-95 and each succeeding fiscal year a separate supplemental amount in an amount equal to the amount the district would have received per membership pupil had it levied school operating taxes on a **homestead principal residence** 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. 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 principal residence** or qualified agricultural property, the amount calculated 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) ~~For Subject to subsection (4), for~~ a district that is formed or reconfigured after June 1, 2002 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 ~~lesser of an amount equal to the sum of the highest foundation allowance, as calculated under this section, among the original or affected districts plus \$50.00 or an amount equal to \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under this section for the current state fiscal year and \$5,000.00. However, beginning in 2002-2003, 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, minus \$200.00.~~ **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 or affected districts.**

(11) 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.

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

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

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

(b) The revenue adjustment factor shall be computed by dividing the sum of the estimated total state school aid fund revenue for the subsequent state fiscal year plus the estimated total state school aid fund revenue for the current state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund 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 2003-2004 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.

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

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

(16) 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, that had fewer than 7 pupils in membership in the 1993-94 state fiscal year, that has at least 1 child educated in the district in the current state fiscal year, and that levies the number of mills of school operating taxes authorized for the district under section 1211 of the revised school code, MCL 380.1211, a minimum amount of combined state and local revenue shall be calculated for the district as provided under this subsection. The minimum amount of combined state and local revenue for 1999-2000 shall be \$67,000.00 plus the district's additional expenses to educate pupils in grades 9 to 12 educated in other districts as determined and allowed by the department. The minimum amount of combined state and local revenue under this subsection, before adding the additional expenses, shall increase each fiscal year by the same percentage increase as the percentage increase in the basic foundation allowance from the immediately preceding fiscal year to the current fiscal year. The state portion of the minimum amount of combined state and local revenue under this subsection shall be calculated by subtracting from the minimum amount of combined state and local revenue under this subsection the sum of the district's local school operating revenue and an amount equal to the product of the sum of the state portion of the district's foundation allowance plus the amount calculated under section 20j times the district's membership. As used in this subsection, "additional expenses" means the district's expenses for tuition or fees, not to exceed \$6,500.00 as 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, **minus \$200.00**, plus a room and board stipend not to exceed \$10.00 per school day for each pupil in grades 9 to 12 educated in another district, as approved by the department. ~~However, beginning in 2002-2003, 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, minus \$200.00.~~

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

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

(19) For a district that received a grant under former section 32e for 2001-2002, the district's foundation allowance for 2002-2003 shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of the amount of the grant award to the district for 2001-2002 under former section 32e divided by the district's membership for 2001-2002, **and the district's foundation allowance for 2003-2004 shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of 100% of the amount of the grant award to the district for 2001-2002 under former section 32e divided by the district's membership for 2001-2002.** ~~▲ Except as otherwise provided in this subsection, a district qualifying for a foundation allowance adjustment under this section~~ **subsection shall use the funds resulting from this adjustment for at least 1 of grades K to 3 for purposes allowable under former section 32e as in effect for 2001-2002. For an individual school or schools operated by a district qualifying for a foundation allowance under this subsection that have been determined by the department to meet the adequate yearly progress standards of the federal no child left behind act of 2001, Public Law 107-110, 115 Stat. 1425, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district may submit to the department an application for flexibility in using the funds resulting from this adjustment that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to reduce class size, but that may be different from the purposes otherwise allowable under this subsection. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to reduce class size. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.**

(20) For a district that is a qualifying school district with a school reform board in place under part 5a of the revised school code, MCL 380.371 to 380.376, the district's foundation allowance for 2002-2003 shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of \$15,000,000.00 divided by the district's membership for 2002-2003. If a district ceases to meet the requirements of this subsection, the department shall adjust the district's foundation allowance in effect at that time based on a 2002-2003 foundation allowance for the district that does not include the 2002-2003 adjustment under this subsection. **This subsection only applies for 2002-2003. Beginning in 2003-2004, the foundation allowance of a district that received an adjustment under this subsection for 2002-2003 shall be calculated as if that 2002-2003 adjustment did not occur.**

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

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

(23) As used in this section:

(a) "Combined state and local revenue" 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.

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

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

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

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

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

~~(f) (g)~~ "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) (h)~~ "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.

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

(h) “Principal residence” and “qualified agricultural property” mean those terms as defined in section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd.

(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. 20k. If the maximum amount appropriated under section 11 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 so that a district’s state school aid is reduced pursuant to section 11(3), the payments calculated under section 20j and made under section 22b shall be considered to be foundation allowance payments for the purpose of determining the maximum number of mills a district may levy under section 1211(3) of the revised school code, MCL 380.1211. However, the amount to be considered a foundation allowance payment for this purpose shall not exceed the amount reduced from the district’s state aid payment as a result of the implementation of section 11(3).

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$7,022,000,000.00 for 2001-2002 and an amount not to exceed \$6,953,000,000.00 each fiscal year for 2002-2003 and \$6,816,000,000.00 for 2003-2004~~ for payments to districts, qualifying university schools, and qualifying public school academies to guarantee each district, qualifying university school, and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the payments under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

(a) Except as otherwise provided in this subsection, the state portion of a district’s 1994-95 foundation allowance is an amount equal to the district’s 1994-95 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. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district’s foundation allowance shall be calculated as if that reduction did not occur.

(b) For a district that had a 1994-95 foundation allowance greater than \$6,500.00, the state payment under this subsection shall be the sum of the amount calculated under subdivision (a) plus the amount calculated under this subdivision. The amount calculated under this subdivision shall be equal to the difference between the district’s 1994-95 foundation allowance minus \$6,500.00 and the current year hold harmless school operating taxes per pupil. If the result of the calculation under subdivision (a) is negative, the negative amount shall be an offset against any state payment calculated under this subdivision. If the result of a calculation under this subdivision is negative, there shall not be a state payment or a deduction under this subdivision. The taxable values per membership pupil used in the calculations under this subdivision are as adjusted by ad valorem property tax revenue 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.

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

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

(5) For a district that is formed or reconfigured after June 1, 2000 by consolidation of 2 or more districts or by annexation, the resulting district's 1994-95 foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the 1994-95 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 in the state fiscal year in which the consolidation takes place who reside in the geographic area of each of the original districts. If an affected district's 1994-95 foundation allowance is less than the 1994-95 basic foundation allowance, the amount of that district's 1994-95 foundation allowance shall be considered for the purpose of calculations under this subsection to be equal to the amount of the 1994-95 basic foundation allowance.

(6) As used in this section:

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

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

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

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

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

(f) "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.

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

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

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

(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 each of the following divided by the district's membership:

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

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

Sec. 22b. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$2,368,000,000.00 for 2001-2002, an amount not to exceed \$2,883,500,000.00 for 2002-2003, and an amount not to exceed \$2,880,000,000.00~~ **\$2,881,000,000.00** for 2003-2004 for discretionary nonmandated payments to districts under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

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

(4) From the allocation in subsection (1), the department shall expend funds to pay for necessary costs associated with resolving matters pending in federal court impacting payments to districts, including, but not limited to, expert witness fees. Beginning in 2001-2002, from the allocation in subsection (1), the department shall also pay up to \$1,000,000.00 in litigation costs incurred by this state associated with lawsuits filed by 1 or more districts or intermediate districts against this state. If the allocation under this section is insufficient to fully fund all payments required under this section, the payments under this subsection shall be made in full before any proration of remaining payments under this section.

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

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

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

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

(9) If a lawsuit challenging payments made to districts related to costs reimbursed by federal title XIX medicaid funds is filed against this state during 2001-2002, 2002-2003, or 2003-2004, 50% of the amount allocated in subsection (1) not previously paid out for 2002-2003, **2003-2004**, and each succeeding fiscal year is a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of the litigation. The work project shall be completed upon resolution of the litigation. In addition, this state reserves the right to terminate future federal title XIX medicaid reimbursement payments to districts if the amount or allocation of reimbursed funds is challenged in the lawsuit. As used in this subsection, "title XIX" means title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6 and 1396r-8 to 1396v.

Sec. 22d. If the department determines that a district has been required to pay interest and penalties due to a decision of the state tax tribunal involving a loss in taxable value related to property classified as industrial, the district shall receive a payment under this section to reimburse the district for the amount of interest and penalties the district is required to pay in excess of \$8,000,000.00, as determined by the department of treasury.

Sec. 22e. (1) From the appropriations in section 11, there is allocated an amount not to exceed \$120,000.00 for 2003-2004 for interest payments to districts under this section.

(2) If the department determines that a district is required to pay interest on any property tax refund ordered in the partial consent judgment entered on November 6, 2001 in Hitachi Magnetics Corporation v Home Township, Michigan tax tribunal, docket nos. 190507 and 247733 (consolidated), the district shall receive a payment under this section to reimburse the district for interest paid, in an amount determined by the department of treasury.

Sec. 24. (1) Subject to subsection (2), from the appropriation in section 11, there is allocated each fiscal year ~~for 2001-2002~~, for 2002-2003, and for 2003-2004 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 or the department of consumer and industry services 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 ~~\$8,400,000.00 for 2001-2002 and~~ \$8,900,000.00 ~~each fiscal year~~ for 2002-2003 and **\$8,000,000.00 for 2003-2004. 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, **in whole or in part**, 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. **For 2003-2004 only, for an on-grounds education program or a program located on property adjacent to a juvenile detention facility or child caring institution that was not in existence at the time the allocations under this section were approved, the department shall give approval for only that portion of the educating district's or intermediate district's total costs that will not prevent the allocated amounts under this section from first being applied to 100% of the added cost of the programs that were in existence at the time the preliminary allocations under this section were approved.****

(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 was licensed as a child caring institution and offered in 1991-92 an on-grounds educational program that was longer than 181 days but not longer than 233 days and that was operated by a district or intermediate district.

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

(4) The department shall appoint a committee to study and make recommendations concerning issues related to the education of pupils under this section, including, but not limited to, pupil counts, cost controls, and the number and type of eligible programs under this section. The committee may include, but is not limited to, appointees from 1 or more adjudicated youth educators associations, the house fiscal agency, the senate fiscal agency, the department of management and budget, the family independence agency, the department of corrections, the court system, and the department. Not later than May 15, 2004, the committee shall submit its recommendations to the house and senate appropriations subcommittees responsible for this act and to the department of management and budget.

Sec. 26a. From the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$8,800,000.00 for 2001-2002 and an amount not to exceed \$10,174,000.00 each fiscal year for 2002-2003 and \$18,700,000.00 for 2002-2003 and an amount not to exceed \$25,260,000.00~~ for 2003-2004 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 ~~2001~~, 2002, and 2003, respectively. This reimbursement shall be made by adjusting payments under section 22a 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 state budget director 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 ~~2001-2002 an amount not to exceed \$314,200,000.00 and there is allocated each fiscal year for 2002-2003 and for 2003-2004 an amount not to exceed \$314,200,000.00~~ for payments to eligible districts and eligible public school academies under this section. Subject to subsection ~~(11)~~ **(12)**, 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 Richard B. Russell national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 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 Richard B. Russell national school lunch act.

(2) To be eligible to receive funding under this section, other than funding under subsection (6), 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 sum of 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, plus the amount of the district's per pupil allocation under section 20j(2), 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, ~~However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subdivision 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, minus \$200.00.~~

(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 Richard B. Russell 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 sum of the district's foundation allowance or public school academy's per pupil amount calculated under section 20, plus the amount of the district's per pupil allocation under section 20j(2), 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, **minus \$200.00**, or of the public school academy's per membership pupil amount calculated under section 20 for the current state fiscal year. ~~However, beginning in 2002-2003, 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, minus \$200.00.~~ 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 Richard B. Russell 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 amount calculated 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; for school health clinics; and for the purposes of subsection (5) or (6). ~~and~~ **A district or public school academy** 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~~ **include, but are not limited to, tutorial services, early childhood programs to serve children age 0 to 5, and reading programs as described in former section 32f as in effect for 2001-2002.** A tutorial method ~~may be conducted~~ **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) ~~Except as otherwise provided in subsection (11),~~ 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.

(6) From the funds allocated under subsection (1), there is allocated ~~for 2001-2002 an amount not to exceed \$2,400,000.00 to support teen health centers. These 2001-2002 funds shall be distributed to existing teen health centers in a manner determined by the department in collaboration with the department of community health. From the funds allocated under subsection (1), there is allocated each fiscal year for 2002-2003 and for beginning with 2003-2004 an amount not to exceed \$3,743,000.00 for competitive grants to support teen health centers. These grants for 2002-2003 and 2003-2004 shall be awarded~~ **for 3 consecutive years beginning with 2003-2004** in a form and manner approved jointly by the department and the department of community health. **Each grant recipient shall remain in compliance with the terms of the grant award or shall forfeit the grant award for the duration of the 3-year period after the noncompliance.** If any funds allocated under this subsection are not used for the purposes of this subsection for the fiscal year in which they are allocated, those unused funds shall be used that fiscal year to avoid or minimize any proration that would otherwise be required under subsection ~~(11)~~ **(12)** for that fiscal year.

(7) Each district or public school academy receiving funds under this section shall submit to the department by July 15 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, the number of at-risk pupils eligible for free or reduced price school lunch who were served by each of those programs, and the total 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 August 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.

(8) 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.

(9) Subject to subsections (5), ~~and~~ (6), **and (11)**, 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 subsections (5), ~~and~~ (6), **and (11)**, 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.

(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, **adult English as a second language**, or adult basic education programs described in section 107.

(11) For an individual school or schools operated by a district or public school academy receiving funds under this section that have been determined by the department to meet the adequate yearly progress standards of the federal no child left behind act of 2001, Public Law 107-110, 115 Stat. 1425, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district or public school academy may submit to the department an application for flexibility in using the funds received under this section that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to benefit at-risk pupils in the school, but that may be different from the purposes otherwise allowable under this section. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to benefit at-risk pupils in the school. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

(12) ~~(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) Funds allocated under this section that are unexpended and unencumbered at the end of the fiscal year for which they were allocated shall be carried forward and used in subsequent fiscal years to avoid or minimize any proration that would otherwise be required under subsection (11).~~

(13) 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.

(14) 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 1/4 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 4,500 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 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% for 2001-2002 and 11.5% for 2002-2003 and subsequent fiscal years~~ **11.5%** of the sum of the district's foundation allowance or public school academy's per pupil allocation under section 20, plus the amount of the district's per pupil allocation under section 20j(2), 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, ~~However, beginning in 2002-2003, 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, minus \$200.00.~~

(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 Michigan education assessment program (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 did not achieve at least a score of novice 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. 31d. (1) From the ~~state school aid fund appropriation~~ **appropriations** in section 11, there is allocated an amount not to exceed ~~\$16,477,700.00 for 2001-2002 and an amount not to exceed \$17,337,200.00 each fiscal year for 2002-2003 and for 2003-2004, and from the general fund appropriation in section 11, there is allocated an amount not to exceed \$722,300.00 for 2001-2002 and an amount not to exceed \$762,800.00 each fiscal year for 2002-2003 and \$18,315,000.00 for 2002-2003 and an amount not to exceed \$21,300,000.00 for 2003-2004~~ for the purpose of making payments to districts, ~~intermediate districts,~~ and other eligible entities under this section.

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

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

(4) The payments made under this section to districts and other eligible entities that are not required under section 1272a of the revised school code, MCL 380.1272a, to provide a school lunch program shall be in an amount not to exceed \$10.00 per pupil plus 5 cents for each free lunch and 2 cents for each reduced price lunch provided, as determined by the department.

(5) ~~(4)~~ From the federal funds appropriated in section 11, there is allocated ~~each fiscal year for 2002-2003 and for 2003-2004~~ all available federal funding, estimated at \$272,125,000.00, ~~each fiscal year,~~ for the national school lunch program and all available federal funding, estimated at \$2,506,000.00, for the emergency food assistance program.

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

Sec. 31e. From the appropriations in section 11, there is allocated an amount not to exceed \$2,430,000.00 for 2002-2003 for the purpose of making payments to districts to reimburse for the cost of providing breakfast. The funds appropriated under this section shall be made available to all eligible applicant districts as determined under section 702 of 2002 PA 522.

Sec. 32c. (1) From the ~~general fund allocation in section 32a(1)~~ **appropriation in section 11**, there is allocated an amount not to exceed ~~\$2,000,000.00 each fiscal year for 2001-2002, for 2002-2003, and \$250,000.00 for 2003-2004~~ 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. The allocation under this section 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 subsection (1) 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 shall 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.

(3) Notwithstanding section 17b, payments under this section may be made pursuant to an agreement with the department.

Sec. 32d. (1) From the ~~state school aid fund allocation under section 32a(1), there is allocated an amount not to exceed \$72,600,000.00 for 2001-2002, and from the state school aid fund money allocated~~ **appropriated** under section ~~32a~~ **11**, there is allocated an amount not to exceed \$72,600,000.00 ~~each fiscal year for 2002-2003 and for 2003-2004~~ ; for school readiness **or preschool and parenting program** 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, **20 U.S.C. 6301 to 6304, 6311 to 6339, 6361 to 6368, 6371 to 6376, 6381 to 6383, 6391 to 6399, 6421 to 6472, 6491 to 6494, 6511 to 6518, 6531 to 6537, 6551 to 6561i, and 6571 to 6578**, 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 9852**, comprehensive compensatory programs designed to ~~improve~~ **do 1 or both of the following:**

(a) 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.

(b) Provide preschool and parenting education programs similar to those under former section 32b as in effect for 2001-2002.

(2) A comprehensive compensatory program funded under this section ~~shall~~ may 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.

~~(3) In addition to the allocation under subsection (1), from the general fund allocations under section 32a(1), there is allocated an amount not to exceed \$200,000.00 for 2001-2002 for the purposes of subsection (2), and from the general fund money allocated under section 32a 11, there is allocated an amount not to exceed \$200,000.00 each fiscal year for 2002-2003 and for 2003-2004 for the purposes of subsection (2) (4).~~

~~(4) (2) From the general fund allocation in subsection (4) (3), there is allocated each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004 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.~~

~~(5) (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.~~

~~(6) (4) A grant recipient receiving funds under this section shall report to the department no later than October 15 of each year the number of children participating in the program who meet the income or other eligibility criteria specified under section 37(3)(g) and the total number of children participating in the program. For children participating in the program who meet the income or other eligibility criteria specified under section 37(3)(g), grant recipients shall also report whether or not a parent is available to provide care based on employment status. For the purposes of this subsection, "employment status" shall be defined by the family independence agency in a manner consistent with maximizing the amount of spending that may be claimed for temporary assistance for needy families maintenance of effort purposes.~~

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

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

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

(b) Providing parents with methods to enhance parent-child interaction; including, but not limited to, encouraging parents to read to their preschool children at least 1/2 hour per day.

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 38. The maximum number of prekindergarten children construed to be in need of special readiness assistance under section 32d shall be calculated for each district in the following manner: one-half of the percentage of the district's pupils in grades 1-5 who are eligible for free lunch, as determined by the district's October count in the ~~immediately preceding~~ school year **2 years before the fiscal year for which the calculation is made** under the Richard B. Russell national school lunch act, chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c, and 1769f to 1769h, as reported to the department not later than December 31 of the ~~immediately preceding~~ fiscal year **2 years before the fiscal year for which the calculation is made**, shall be multiplied by the average kindergarten enrollment of the district on the pupil membership count day of the 2 immediately preceding years.

Sec. 39a. (1) From the appropriation in section 11, there is allocated ~~each fiscal year for 2002-2003 and for 2003-2004 to districts, intermediate districts, and other eligible entities all available federal funding, estimated at \$634,919,400.00 each fiscal year,~~ **\$665,458,500.00**, for the federal programs under the no child left behind act of 2001, Public Law 107-110, 115 Stat. 1425. These funds are allocated for each fiscal year as follows:

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

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

(c) An amount estimated at ~~\$22,572,000.00~~ **\$14,546,300.00** for the purpose of improving teaching and learning through a more effective use of technology, funded from DED-OESE, educational technology state grant funds.

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

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

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

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

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

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

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

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

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

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

(n) An amount estimated at ~~\$11,585,100.00~~ **\$13,475,000.00** for the purpose of implementing innovative strategies for improving student achievement, funded from DED-OESE, title VI, innovative strategies funds.

(o) An amount estimated at ~~\$11,161,200.00~~ **\$20,696,300.00** for the purpose of providing high-quality extended learning opportunities, after school and during the summer, for children in low-performing schools, funded from DED-OESE, twenty-first century community learning center funds.

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

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

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

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

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

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

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

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

(3) All federal funds allocated under this section shall be distributed in accordance with federal law and with flexibility provisions outlined in Public Law 107-116, **115 Stat. 2177** and in the education flexibility partnership act of 1999, Public Law 106-25, 113 Stat. 41. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(4) As used in this section:

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

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

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

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

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

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

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed ~~\$4,212,000.00 each fiscal year for 2001-2002, for 2002-2003, and~~ **\$2,800,000.00** for 2003-2004 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~~ **English. A pupil shall not be counted under this section or instructed in a program under this section for more than 3 years.**

Sec. 41a. From the federal funds appropriated in section 11, there is allocated an amount estimated at \$1,232,100.00 from the United States department of education-office of elementary and secondary education, language acquisition state grant funds, to districts and intermediate districts offering programs of instruction for pupils of limited English-speaking ability.

Sec. 51a. (1) From the appropriation in section 11, there is allocated ~~for 2001-2002 an amount not to exceed \$796,401,900.00 from state sources and all available federal funding under sections 611 to 619 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1419, estimated at \$203,000,000.00, plus any carryover federal funds from previous year appropriations; and there is allocated each fiscal year for 2002-2003 and for 2003-2004 an amount not to exceed \$852,721,900.00~~ **\$882,683,000.00** from state sources and all available federal funding **under sections 611 to 619 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1419**, estimated at ~~\$235,000,000.00 each fiscal year,~~ **\$285,000,000.00** 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 special education programs and services for pupils who are eligible for special education programs and services according to statute or rule. 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. All federal funds allocated under this section in excess of those allocated under this section for ~~2001-2002~~ **2002-2003** may be distributed in accordance with ~~34 C.F.R. 300.234 and section 613(a)(2)(D) of part B of title VI~~ **the flexible funding provisions of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1413 including, but not limited to, 34 C.F.R. 300.234 and 300.235.** Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(2) From the funds allocated under subsection (1), there is allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004 the amount necessary, estimated at \$139,200,000.00 for 2001-2002 and \$149,500,000.00 each fiscal year for 2002-2003 and~~ **\$160,500,000.00** for 2003-2004, 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 (12), times the sum of the foundation allowance under section 20 of the pupil's district of residence plus the amount of the district's per pupil allocation under section 20j(2), 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 \$5,000.00 **minus \$200.00**, 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 (12), 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 \$5,000.00 **minus \$200.00**, and that district's per pupil allocation under section 20j(2). ~~However, beginning in 2002-2003, the \$6,500.00 amount prescribed in this subdivision 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, minus \$200.00.~~

(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 ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ the amount necessary, estimated at ~~\$2,000,000.00 each fiscal year~~ **\$2,600,000.00**, to make payments to districts and intermediate districts under this subsection. If the amount allocated to a district or intermediate district for a fiscal year 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 the fiscal year 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 the fiscal year. This adjustment is to reflect reductions in special education program operations between 1996-97 and subsequent fiscal years. Adjustments for reductions in special education program operations shall be made in a manner determined by the department and shall include adjustments for program shifts.

(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 \$3,500,000.00 ~~each fiscal year~~ may be allocated by the department ~~for 2001-2002, for 2002-2003, and~~ for 2003-2004 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 \$2,200,000.00 ~~each fiscal year for 2001-2002, for 2002-2003, and~~ for 2003-2004 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~~ **R 340.1701c** 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 state budget director. 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 ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ 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 subsection (6) of this section as in effect for 1996-97.

(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) 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.

(11) 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.

(12) From the funds allocated in subsection (1), there is allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ the amount necessary, estimated at ~~\$7,200,000.00 each fiscal year~~ **\$6,300,000.00**, 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 sum of the foundation allowance under section 20 of the pupil's district of residence plus the amount of the district's per pupil allocation under section 20j(2), 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 \$5,000.00 **minus \$200.00**, 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 \$5,000.00 **minus \$200.00**, and that district's per pupil allocation under section 20j(2). ~~However, beginning in 2002-2003, 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, minus \$200.00.~~ 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.

(13) After payments under subsections (2) and (12) and section 51c, 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.

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

Sec. 51c. As required by the court in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492, from the allocation under section 51a(1), there is allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ the amount necessary, estimated at ~~\$576,100,000.00 for 2001-2002 and \$621,900,000.00 each fiscal year for 2002-2003 and for 2003-2004~~ **\$644,400,000.00**, for payments to reimburse 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. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 22b in order to fully fund those calculated allocations for the same fiscal year.

Sec. 51d. (1) From the federal funds appropriated in section 11, there is allocated ~~each fiscal year for 2002-2003 and for 2003-2004~~ all available federal funding, estimated at ~~\$59,837,200.00 each fiscal year~~ **\$60,500,000.00**, for special education programs that are funded by federal grants. All federal funds allocated under this section shall be distributed in accordance with federal law. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

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

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

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

(c) An amount estimated at ~~\$30,337,200.00~~ **\$31,000,000.00** for special education programs funded by DED-OSERS, handicapped program, individuals with disabilities act funds.

(3) As used in this section, "DED-OSERS" means the United States department of education office of special education and rehabilitative services.

Sec. 53a. (1) For districts, reimbursement for pupils described in subsection (2), 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 district's foundation allowance calculated under section 20, and minus the amount calculated for the district under section 20j. For intermediate districts, reimbursement for pupils described in section (2) 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 amount calculated for that district~~ **\$5,000.00, minus \$200.00**, and under section 20j. ~~However, beginning in 2002-2003, 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, minus \$200.00.~~

(2) Reimbursement under subsection (1) is 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 enrolled in a department-approved on-grounds educational program longer than 180 days, but not longer than 233 days, at a residential child care institution, if the child care institution offered in 1991-92 an on-grounds educational program longer than 180 days but not longer than 233 days.

(e) 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.

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

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

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

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

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 2001-2002, for 2002-2003, and for 2003-2004~~ of the allocation **for 2003-2004** in section 51a(1) shall be allocated under this section.

Sec. 55a. From the general fund appropriation in section 11, there is allocated the amount of \$50,000.00 for 2003-2004 to Grand Valley state university for the purpose of providing grants to at least 1 center devoted to enhancing the skills of children with motor impairments. To be eligible to receive a grant under this section, a center must provide children with motor impairments and their families with an innovative, highly successful educational program designed to improve the child's independence, self-esteem, and overall quality of life.

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

(a) "Membership" means for a particular fiscal year the total membership for the immediately preceding fiscal year 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 ~~\$37,900,000.00 for 2001-2002 and an amount not to exceed \$38,120,000.00 each fiscal year for 2002-2003 and \$36,881,100.00~~ for 2003-2004 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.

(3) ~~Reimbursement for those millages levied in 2000-2001 shall be made in 2001-2002 at an amount per 2000-2001 membership pupil computed by subtracting from \$119,200.00 the 2000-2001 taxable value behind each membership pupil and multiplying the resulting difference by the 2000-2001 millage levied. Reimbursement for those millages levied in 2001-2002 shall be made in 2002-2003 at an amount per 2001-2002 membership pupil computed by subtracting from \$125,900.00 the 2001-2002 taxable value behind each membership pupil and multiplying the resulting difference by the 2001-2002 millage levied.~~ Reimbursement for those millages levied in 2002-2003 shall be made in 2003-2004 at an amount per 2002-2003 membership pupil computed by subtracting from ~~\$125,900.00~~ **\$132,275.00** the 2002-2003 taxable value behind each membership pupil and multiplying the resulting difference by the 2002-2003 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 2001-2002, for 2002-2003, and \$50,000.00~~ for 2003-2004 to applicant intermediate districts that provide support services for the education of ~~gifted and talented~~ **advanced and accelerated** 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 2001-2002, for 2002-2003, and \$0.00~~ for 2003-2004 to support part of the cost of summer institutes for ~~gifted and talented~~ **advanced and accelerated** 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 2001-2002, for 2002-2003, and \$200,000.00~~ for 2003-2004 for the development and operation of comprehensive programs for ~~gifted and talented~~ **advanced and accelerated** pupils. An eligible district or consortium of districts shall receive an amount not to exceed \$100.00 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 \$6,000.00. Funding shall be provided in the following order: the per pupil allotment, and then the minimum total grant of \$6,000.00 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~~ **advanced and accelerated** 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 2001-2002, for 2002-2003, and \$30,000,000.00~~ for 2003-2004 to reimburse on an added cost basis districts, except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, and secondary area vocational-technical education centers for secondary-level vocational-technical education programs, including parenthood education programs, according to rules approved by the superintendent. 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 superintendent.

(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 superintendent. 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 \$388,700.00 ~~each fiscal year for 2003-2004~~ 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 a particular fiscal year the total membership for the immediately preceding fiscal year of the intermediate district and the districts constituent to the intermediate district or the total membership for the immediately preceding fiscal year 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, the membership and taxable value of a district that has elected not to come under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690, 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 ~~\$9,810,000.00 for 2001-2002 and an amount not to exceed \$9,000,000.00 each fiscal year for 2002-2003 and \$9,000,000.00~~ for 2003-2004 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 2000-2001 shall be made in 2001-2002 at an amount per 2000-2001 membership pupil computed by subtracting from \$122,300.00 the 2000-2001 taxable value behind each membership pupil, and multiplying the resulting difference by the 2000-2001 millage levied. Reimbursement for the millages levied in 2001-2002 shall be made in 2002-2003 at an amount per 2001-2002 membership pupil computed by subtracting from \$130,200.00 the 2001-2002 taxable value behind each membership pupil, and multiplying the resulting difference by the 2001-2002 millage levied.~~ Reimbursement for the millages levied in 2002-2003 shall be made in 2003-2004 at an amount per 2002-2003 membership pupil computed by subtracting from ~~\$130,200.00~~ **\$137,700.00** the 2002-2003 taxable value behind each membership pupil and multiplying the resulting difference by the 2002-2003 millage levied.

Sec. 68. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$21,850,000.00 each fiscal year for 2001-2002, for 2002-2003, and \$1,000,000.00~~ for 2003-2004 to be used to implement the Michigan career preparation system ~~in the corresponding school years~~ as provided under this section. **These funds may be used for the purposes of this section and for the purposes of former section 67 as in effect for 2002-2003.** 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 that is consistent with the workforce development board's strategic plan and is 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 participating as part of a regional career preparation system within the geographical boundaries of a workforce development board, and revised annually. If an intermediate district is located within the geographical boundaries of more than 1 workforce development board, the board of the intermediate district shall choose 1 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 workforce development board in accordance with guidelines developed under former 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, districts, intermediate districts, postsecondary institutions, career/technical educators, parents of public school pupils, and academic educators. The representatives of districts, intermediate districts, and postsecondary institutions appointed to the education advisory group by the workforce development board shall be individuals designated by the board of the district, intermediate 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 workforce development board. This education representative shall be in addition to existing education representation on the workforce development board. This education representative shall meet all workforce development board membership requirements.

(d) The components of the regional career preparation plan shall include, but are not limited to, all of the following:

(i) The roles of districts, intermediate districts, advanced career academies, postsecondary institutions, employers, labor representatives, and others in the career preparation system.

(ii) Programs to be offered, including at least career exploration activities, for middle school pupils.

(iii) Identification of integrated academic and technical curriculum, including related professional development training for teachers.

(iv) Identification of work-based learning opportunities for pupils and for teachers and other school personnel.

(v) Identification of testing and assessments that will be used to measure pupil achievement.

(vi) Identification of all federal, state, local, and private sources of funding available for career preparation activities in the region.

(e) The education advisory group shall develop a 3-year regional career preparation plan consistent with the workforce development board's strategic 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 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 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. Beginning in 2001-2002, funds shall be distributed to eligible education agencies according to workforce development board geographic area consistent with subsection (2)(a) based upon the proportion of each workforce development board area's K-12 public school membership to the total state K-12 public school membership.

(4) The department shall establish a review procedure for assessing the career preparation system in each region.

(5) An education advisory group is responsible for assuring the quality of the career preparation system. An education advisory group shall review the career preparation system in accordance with evaluation criteria established by the department.

(6) An education advisory group shall report its findings and recommendations for changes to the participating eligible education agencies, the workforce development board, and the department.

(7) The next revision of a regional career preparation plan shall take into account the findings of the education advisory group in accordance with evaluation criteria established by the department in order for the affected education agencies to receive continued funding under this section.

(8) As used in this section:

(a) "Advanced career academy" means a career-technical education program operated by a district, by an intermediate district, or by a public school academy, that applies for and receives advanced career academy designation from the department. To receive this designation, a career-technical education program shall meet criteria established by the department, which criteria shall include at least all of the following:

(i) Operation of programs for those career clusters identified by the department as being eligible for advanced career academy status.

(ii) Involvement of employers in the design and implementation of career-technical education programs.

(iii) A fully integrated program of academic and technical education available to pupils.

(iv) Demonstration of an established career preparation system resulting in industry-validated career ladders for graduates of the program, including, but not limited to, written articulation agreements with postsecondary institutions to allow pupils to receive advanced college placement and credit or federally registered apprenticeships, as applicable.

(b) "Career cluster" means a grouping of occupations from 1 or more industries that share common skill requirements.

(c) "Career preparation system" is a system of programs and strategies providing pupils with opportunities to prepare for success in careers of their choice.

(d) "Department" means the department of career development.

(e) "Eligible education agency" means a district, intermediate district, or advanced career academy that participates in an approved regional career preparation plan.

(f) "FTE" means full-time equivalent pupil as determined by the department.

(g) "Workforce development board" means a local workforce development board established pursuant to the workforce investment act of 1998, Public Law 105-220, 112 Stat. 936, and the school-to-work opportunities act of 1994, Public Law 103-239, 108 Stat. 568, or the equivalent.

(h) "Strategic plan" means a department-approved comprehensive plan prepared by a workforce development board with input from local representatives, including the education advisory group, that includes career preparation system goals and objectives for the region.

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 2001-2002, for 2002-2003, and for 2003-2004~~ 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 sections 51 and 52 of the pupil transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. 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 2001-2002, for 2002-2003, and for 2003-2004~~ to the intermediate districts the sum necessary, but not to exceed ~~\$92,170,800.00 for 2001-2002 and not to exceed \$95,028,100.00 each fiscal year for 2002-2003 and for 2003-2004~~ **\$91,702,100.00**, 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 2001-2002 an amount equal to 105% of the amount of funding actually received by the intermediate district under this subsection for 2000-2001.~~ Except as otherwise provided in this section, there shall be allocated to each intermediate district ~~each fiscal year for 2002-2003 and for 2003-2004 an amount equal to 103.1% of the amount of funding actually received by the intermediate district under this subsection for 2001-2002~~ **96.5% of the amount appropriated under this subsection for 2002-2003 in 2002 PA 521, before any reduction made for 2002-2003 under section 11(3).** 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 superintendent, 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 December 30 of the current fiscal year 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 2001-2002, for 2002-2003, or for 2003-2004, as applicable, 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.~~

~~(3)~~ (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 and the state budget director not later than June 1 of the fiscal year, and the legislature shall appropriate money for the adjustment in the next succeeding fiscal year.

~~(4)~~ (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. 94a. (1) There is created within the office of the state budget director in the department of management and budget the center for educational performance and information. **The department of management and budget shall provide administrative support to the center.** The center shall do all of the following:

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

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

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

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

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

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

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

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

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

(a) One representative from the house fiscal agency.

(b) One representative from the senate fiscal agency.

- (c) One representative from the office of the state budget director.
 - (d) One representative from the state education agency.
 - (e) One representative each from the department of career development and the department of treasury.
 - (f) Three representatives from intermediate school districts.
 - (g) One representative from each of the following educational organizations:
 - (i) Michigan association of school boards.
 - (ii) Michigan association of school administrators.
 - (iii) Michigan school business officials.
 - (h) One representative representing private sector firms responsible for auditing school records.
 - (i) Other representatives as the state budget director determines are necessary.
- (3) The CEPI advisory committee appointed under subsection (2) shall provide advice to the director of the center regarding the management of the center's data collection activities, including, but not limited to:
- (a) Determining what data is necessary to collect and maintain in order to perform the center's functions in the most efficient manner possible.
 - (b) Defining the roles of all stakeholders in the data collection system.
 - (c) Recommending timelines for the implementation and ongoing collection of data.
 - (d) Establishing and maintaining data definitions, data transmission protocols, and system specifications and procedures for the efficient and accurate transmission and collection of data.
 - (e) Establishing and maintaining a process for ensuring the accuracy of the data.
 - (f) Establishing and maintaining state and model local policies related to data collection, including, but not limited to, privacy policies related to individual student data.
 - (g) Ensuring the data is made available to state and local policymakers and citizens of this state in the most useful format possible.
 - (h) Other matters as determined by the state budget director or the director of the center.
- (4) The center may enter into any interlocal agreements necessary to fulfill its functions.
- (5) ~~From the general fund appropriation in section 11, there is allocated an amount not to exceed \$2,332,000.00 for 2001-2002 for payments to the center. From the general fund appropriation in section 11, there is allocated an amount not to exceed \$4,500,000.00 each fiscal year for 2002-2003 and \$363,400.00 for 2003-2004 to the office of the state budget in the department of management and budget to support the operations of the center. In addition, from the general fund appropriation in section 11 for 2003-2004, there is allocated \$1,500,000.00 to the center for a contract with Standard & Poor's for the school evaluation services website. The center shall cooperate with the state education agency to ensure that this state is in compliance with federal law and is maximizing opportunities for increased federal funding to improve education in this state. In addition, from the federal funds appropriated in section 11 for 2002-2003 and for 2003-2004, there is allocated the following amounts each fiscal year in order to fulfill federal reporting requirements:~~
- (a) An amount estimated at \$1,000,000.00 funded from DED-OESE, title I, disadvantaged children funds.
 - (b) An amount estimated at \$284,700.00 funded from DED-OESE, title I, reading first state grant funds.
 - (c) An amount estimated at ~~\$46,750.00~~ **\$46,800.00** funded from DED-OESE, title I, migrant education funds.
 - (d) An amount estimated at \$500,000.00 funded from DED-OESE, improving teacher quality funds.
 - (e) An amount estimated at ~~\$526,100.00~~ **\$100,000.00** funded from DED-OESE, drug-free schools and communities funds.
- (6) ~~Funds Federal funds~~ allocated under this section that are not expended in the fiscal year in which they were allocated may be carried forward to a subsequent fiscal year. ~~From the funds allocated for 1999-2000 that were carried forward under this section and from the general funds appropriated under this section for 2002-2003, the center shall make grants to intermediate districts for the purpose of assisting the intermediate districts and their constituent districts in data collection required by state and federal law or necessary for audits according to generally accepted accounting procedures. Grants to each intermediate district shall be made at the rate of \$2.00 per each full-time equated membership pupil times the total number of 2000-2001 pupils in membership in the intermediate district and its constituent districts. An intermediate district shall develop a plan in cooperation with its constituent districts to distribute the grants between the intermediate district and its constituent districts. These grants shall be paid to intermediate districts no later than the next regularly scheduled school aid payment after the effective date of this section.~~
- (7) ~~If the applicable intermediate district determines that the pupil counts submitted by a district for the February 2002 supplemental pupil count using the single record student database cannot be audited by the intermediate district pursuant to section 101, all of the following apply:~~
- (a) ~~The district may submit its pupil count data for the February 2002 supplemental pupil count using the education data network system.~~
 - (b) ~~If the applicable intermediate district determines that the pupil counts submitted by the district for the 2002-2003 pupil membership count day using the single record student database cannot be audited by the intermediate district~~

~~pursuant to section 101, the district may submit its pupil count data for the 2002-2003 pupil membership count day using the education data network system.~~

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

(7) The center may bill departments as necessary in order to fulfill reporting requirements of state and federal law.

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

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

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

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

Sec. 98. (1) From the general fund money appropriated in section 11, there is allocated an amount not to exceed ~~\$1,500,000.00 for 2001-2002 and an amount not to exceed \$5,000,000.00 each fiscal year for 2002-2003 and \$750,000.00 for 2003-2004 to the department~~ to provide a grant to the Michigan virtual university for the development, implementation, and operation of the Michigan virtual high school and to fund other purposes described in this section. In addition, from the federal funds appropriated in section 11, there is allocated ~~each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004 the following amounts:~~ (a) ~~An~~ **an** amount estimated at ~~\$3,251,800.00~~ **\$2,250,000.00** from DED-OESE, title II, improving teacher quality funds.

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

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

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

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

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

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

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

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

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

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

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

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

(a) Information technology courses.

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

(c) Courses and dual enrollment opportunities.

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

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

(f) Special interest courses.

(g) Professional development programs and services for teachers.

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

~~(4) (5)~~ The state education agency shall sign a memorandum of understanding with the Michigan virtual university regarding the DED-OESE, title II, improving teacher quality funds as provided under this subsection. ~~To the extent allowed under federal law, the Michigan virtual university shall address the unique issues of providing educational opportunities in rural communities.~~ The memorandum of understanding under this subsection shall require that the Michigan virtual university coordinate the following activities related to DED-OESE, title II, improving teacher quality funds in accordance with federal law:

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

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

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

~~(6) The state education agency shall sign a memorandum of understanding with the Michigan virtual university regarding DED-OESE, title II, educational technology grants as provided under this subsection. The Michigan virtual university shall coordinate activities described in this subsection with the pilot project sites identified in subsection (4). The memorandum of understanding shall require that the Michigan virtual university coordinate the following state activities related to DED-OESE, title II, educational technology grants in accordance with federal law:~~

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

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

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

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

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

~~(8) The state education agency shall sign a memorandum of understanding with the Michigan virtual university requiring that the Michigan virtual university coordinate the awarding of competitive grants to districts and state-level activities related to DED-OESE, title VI, rural and low-income schools grants in accordance with federal law for the following purposes:~~

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

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

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

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

(5) If a home-schooled or nonpublic school student is a resident of a district that subscribes to services provided by the Michigan virtual university, the student may use the services provided by the Michigan virtual university to the district without charge to the student beyond what is charged to a district pupil using the same services.

(6) From the allocations in subsection (1), the amount necessary, not to exceed \$1,250,000.00, shall be used to provide online professional development for classroom teachers. This allocation is intended to be for the first of 3 years. These funds may be used for designing and building courses, marketing and outreach, workshops and evaluation, content acquisition, technical assistance, project management, and customer support. The Michigan virtual university shall offer at least 5 hours of online professional development for classroom teachers under this section in 2003-2004 without charge to the teachers or to districts or intermediate districts.

(7) A district or intermediate district may require a full-time teacher to participate in at least 5 hours of online professional development provided by the Michigan virtual university under subsection (6). Five hours of this professional development shall be considered to be part of the 51 hours allowed to be counted as hours of pupil instruction under section 101(10).

(8) ~~(11)~~ As used in this section:

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

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

Sec. 98b. (1) From the school aid stabilization fund created in section 11a, there is appropriated and allocated for 2003-2004 an amount not to exceed \$22,000,000.00 for the freedom to learn program described in this section. In addition, there is allocated for 2003-2004 the following federal funds:

(a) From the federal funds appropriated in section 11, an amount estimated at \$10,343,200.00 from the competitive grants of DED-OESE, title II, educational technology grants funds.

(b) An amount estimated at \$7,000,000.00 from funds carried forward from 2002-2003 from unexpended DED-OESE, title II, educational technology grants funds.

(2) The allocations in subsection (1) shall be used to develop, implement, and operate the freedom to learn program and make program grants. The goal of the program is to achieve one-to-one access to wireless technology for K-12 pupils through statewide and local public-private partnerships. To implement the program, the state education agency shall sign a memorandum of understanding with the Michigan virtual university that provides for joint administration of program grants under this subsection. By December 1, 2003, the Michigan virtual university and the state education agency shall make grants to districts as described in this section. In awarding the grants, the Michigan virtual university and the state education agency shall give priority to applications that demonstrate that the district's program will meet all of the following:

(a) Will be ready for implementation by January 1, 2004 and will have begun professional development on technology integration in the classroom before January 1, 2004.

(b) Will utilize state structure and resources for professional development, as coordinated by the Michigan virtual university.

(c) Will opt to participate in the statewide partnership described in subsection (6).

(3) The amount of program grants to districts is estimated at \$250.00 per pupil in membership in grade 6 in 2003-2004, or in another grade allowed in this section. The state education agency and the Michigan virtual university shall establish grant criteria that maximize the distribution of federal funds to achieve the \$250.00 per pupil in districts that qualify for federal funds. To qualify for a grant under this section, a district shall submit an application to the state education agency and the Michigan virtual university and complete the application process established by the state education agency and the Michigan virtual university. The application shall include at least all of the following:

(a) If the district is applying for federal funds, how the district will meet the requirements of the competitive grants under DED-OESE, title II, part D.

(b) How the district will provide the opportunity for each pupil in membership in grade 6 to receive a wireless computing device. If the district has already achieved one-to-one wireless access in grade 6 or if the district's school building grade configuration makes implementation of the program for grade 6 impractical, the district may apply for a grant for the next highest grade. If the district does not have a grade 6 or higher, the district may apply for funding for the next lowest grade level. If the district operates 1 or more schools that are not meeting adequate yearly progress, as determined by the department, and that contain grade 6, the district may apply for funding for a school building-wide program for 1 or more of those schools. A public school academy that does not offer a grade higher than grade 5 may apply to receive a grant under this section for pupils in the highest grade offered by the public school academy.

(c) The district shall submit a plan describing the uses of the grant funds. The plan shall describe a plan for professional development on technology integration, content and curriculum, and local partnerships with the other districts and representatives from businesses, industry, and higher education. The plan shall include at least the following:

(i) The academic achievement goals, which may include, but are not limited to, goals related to mathematics, science, and language arts.

(ii) The engagement goals, which may include, but are not limited to, goals related to retention rates, dropout rates, detentions, and suspensions.

(iii) A commitment that at least 25% of the total local budget for the program will be used on professional development on technology integration in the classroom.

(d) A 3- to 5-year plan or funding model for increasing the share that is borne locally of the expenditures for one-to-one wireless access. The Michigan virtual university shall provide districts with sample local plans and funding models for the purposes of this subdivision and with information on available federal and private resources.

(e) How the district will amend its local technology plan as required under state and federal law to reflect the program under this section.

(4) A district that receives a grant under this section shall provide at least a \$25.00 per pupil match for grant money received under this section from local public or private resources.

(5) A district that received money under section 98 in 2002-2003 for a wireless technology grant is eligible to receive a grant under this section. The funding under subsection (1)(b) shall be used first to provide the grants under this subsection. A district described in this subsection shall apply to the Michigan virtual university and the state education agency for a grant in the form and manner prescribed by the department. An application under this section is not subject to the requirements of subsection (3) if the application demonstrates that the program will meet all of the following:

(a) Will continue as a demonstration program.

(b) Will provide regional assistance to schools that are not meeting adequate yearly progress, as determined by the department, and to new grant recipients, as directed by the state education agency and the Michigan virtual university.

(c) Will seek to expand its existing wireless technology initiatives.

(6) By October 15, 2003, the department of management and budget shall establish a statewide public-private partnership to implement the program. The department of management and budget shall select a program partner through a request for proposals process for a total learning technology package that includes, but is not limited to, a wireless laptop, software, professional development, service, and support, and for management by a single point of contact individual responsible for the overall implementation. The proposal selected shall achieve significant efficiencies and economies of scale and be interoperable with existing technologies. The private partner selected in the request for proposals process to partner with the state must possess all of the following:

(a) Experience in the development and successful implementation of large-scale, school-based wireless technology projects.

(b) Proven technical ability to deliver a total solutions package of learning technology for elementary and secondary students and teachers.

(c) Results-based education solutions to increase student achievement and advance professional development for teachers.

(d) Ability to coordinate, utilize, and expand existing technology infrastructures and professional development delivery systems within school districts and regions.

(e) Ability to provide a wireless computing device that is able to be connected to the wireless network and is able to access a school's preexisting local network and the internet both wirelessly in the school and through dial-up or other remote connection from the home or elsewhere outside school.

(7) A district may elect to purchase or lease wireless computing devices from a vendor other than the statewide partnership described in subsection (6) if the Michigan virtual university determines that the vendor meets the requirements of subdivisions (a) to (d) of subsection (6) and the vendor is identified in the district's grant application.

(8) The state education agency shall sign a memorandum of understanding with the Michigan virtual university regarding DED-OESE, title II, educational technology grants, as provided under this subsection. The Michigan virtual university shall coordinate activities described in this subsection with the freedom to learn grants described under this section. The memorandum of understanding shall require that the Michigan virtual university coordinate the following state activities related to DED-OESE, title II, educational technology grants in accordance with federal law:

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

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

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

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

(11) The state education agency shall ensure that the program goals and plans for the freedom to learn program are contained in the state technology plan required by federal law.

(12) From the funds allocated under this section, an amount not to exceed \$4,000,000.00 is allocated to the Michigan virtual university to be used for statewide activities, as follows:

(a) An amount estimated at \$2,700,000.00 to develop a professional development network in partnership with other statewide entities for professional development on technology integration in the classroom.

(b) An amount estimated at \$250,000.00 for development of a content resource package that will include on-line coursework content.

(c) An amount estimated at \$250,000.00 to develop or purchase an on-line assessment system to supplement the Michigan education assessment program tests and provide immediate feedback on pupil achievement. The assessment system shall include high-quality tests aligned to the state curriculum framework and tests that can be customized by teachers and integrated with on-line instructional resources. The Michigan virtual university and the state education agency shall work in partnership with the department of treasury to implement the assessment program. The state education agency shall give first priority in implementing the assessment systems to districts not meeting adequately yearly progress requirements as established by the federal no child left behind act and to schools participating in grant programs under this section.

(d) An amount not to exceed \$800,000.00 for comprehensive statewide evaluation of current and future projects under this section and for statewide administration of the freedom to learn program.

(13) The Michigan virtual university is encouraged to work in partnership with Ferris state university in performing the functions under subsection (12).

(14) Notwithstanding section 17b, payments under this section may be made pursuant to an agreement with the department.

(15) It is the intent of the legislature that this state will seek to raise private funds for the current and future funding of the freedom to learn program under this section and all of the program components.

(16) As used in this section:

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

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

Sec. 99. (1) From the ~~state school aid fund appropriation~~ **appropriations** in section 11, there is allocated an amount not to exceed ~~\$9,684,300.00 each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004~~ and from the ~~general fund appropriation in section 11~~ there is allocated an amount not to exceed ~~\$548,000.00 each fiscal year for 2001-2002, for 2002-2003, and~~ **\$2,500,000.00** for 2003-2004 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~~ **August 8, 2002**. **In addition, from the federal funds appropriated in section 11, there is allocated an amount estimated at \$2,487,700.00 from DED-OESE, title II, mathematics and science partnership grants.**

(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~~ **4** 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 **state** grant under this section to more than 1 mathematics and science center located in a ~~particular intermediate district~~ **designated region as prescribed in the 2002 master plan** unless each of the grants serves a distinct target population or provides a service that does not duplicate another program in the ~~intermediate district designated region~~.

(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~~ **33** established mathematics and science centers. ~~and, subject to subsection (9), the 8 satellite extensions that were funded in 1996-97.~~ Each established mathematics and science center that was funded in ~~1999-2000~~ **2002-2003** shall receive **state funding in** an amount equal to ~~105.3%~~ **24.43%** of the amount it received under this section ~~in 1999-2000~~ **for 2002-2003 in 2002 PA 521, before any reduction made for 2002-2003 under section 11(3).**

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

(7) ~~From the state school aid fund allocation under subsection (1), there is allocated an amount not to exceed \$611,800.00 each fiscal year for 2001-2002, for 2002-2003, and for 2003-2004 for additional funding under this subsection for mathematics and science centers that have come into compliance with the comprehensive master plan described in subsection (1). These amounts are in addition to the funding determined under subsection (5) and are as follows for each of those fiscal years:~~

(a) ~~\$68,000.00 each to the central Michigan science, mathematics, and technology center; the Hillsdale Lenawee Monroe mathematics and science center; the St. Clair mathematics, science, and technology network; the Saginaw valley state university regional center; the Genesee area mathematics, science, and technology center; the Grand Traverse area regional mathematics, science, and technology center; and the Livingston/Washtenaw mathematics and science center.~~

(b) ~~\$85,000.00 to the Grand valley state university regional mathematics and science center.~~

(c) ~~\$50,800.00 to the Seaborg center at Northern Michigan university.~~

(7) ~~(8)~~ Not later than ~~June 30, 2000~~ **September 30, 2007**, the department shall reevaluate and update the comprehensive master plan described in subsection (1), including any recommendations for upgrading satellite extensions to full centers.

(8) The department shall give preference in awarding the federal grants allocated in subsection (1) to eligible existing mathematics and science centers.

(9) ~~During the course of the 2000-2001 and 2001-2002 fiscal years, the department shall facilitate the conversion of the 8 existing satellite extensions to full mathematics and science centers. To this end, in 2000-2001 the department shall provide 4 satellite extensions, as selected by the department, with applications for conversion to full centers, and in 2001-2002 the department shall provide the remaining 4 satellite extensions with applications for conversion. The department shall provide the applications not later than October 15 of the applicable fiscal year; a satellite extension~~

~~shall submit the application and a detail plan as prescribed by the department not later than November 15 of the applicable fiscal year; and the department shall review the applications and plans and notify the satellite extensions of their status not later than December 1 of the applicable fiscal year. The allocations under this section are sufficient to fund the conversion of the satellite extensions to full centers and to fund them as full centers. In order to receive state funds under this section, a grant recipient shall provide at least a 10% local match from local public or private resources for the funds received under this section.~~

(10) As used in this section:

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

(b) "DED-OESE" means the DED office of elementary and secondary education.

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 superintendent. 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~~ **center** 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~~ **center**, in a form and manner prescribed by the ~~department~~ **center**, 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) Except as otherwise provided in this section, each district shall provide at least ~~180 days of pupil instruction and a number of 1,098~~ hours of pupil instruction. ~~at least equal to the required minimum number of hours of pupil instruction required for 2000-2001 under section 1284 of the revised school code, MCL 380.1284. Except as otherwise provided in this act, a district failing to hold 180 days of pupil instruction shall forfeit from its total state aid allocation for each day of failure an amount equal to 1/180 of its total state aid allocation.~~ Except as otherwise provided in this act, a district failing to comply with the required minimum hours of pupil instruction under this subsection shall forfeit from its total state aid allocation an amount determined by applying a ratio of the number of hours the district was in noncompliance in relation to the required minimum number of hours under this subsection. ~~A district failing to meet both the 180 days of pupil instruction requirement and the minimum number of hours of pupil instruction requirement under this subsection 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 provide at least~~ the required minimum number of hours of pupil instruction under this subsection, 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)~~ **(6)**. ~~Days or hours~~ **Hours** lost because of strikes or teachers' conferences shall not be counted as days or hours 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 1/180 that the actual percent of attendance bears to the specified percentage. The superintendent shall promulgate rules for the implementation of this subsection.

(4) Except as otherwise provided in this subsection, the first ~~2 days~~ **30 hours** 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~~ **hours** of pupil instruction. In addition, for ~~2001-2002~~ **2002-2003** only, the department shall count as days of pupil instruction not more than ~~4 5~~ additional days, and shall count as hours of pupil instruction not more than ~~24~~ **30** hours, for which pupil instruction was not provided in a district ~~after May 27, 2002~~ **from April 3, 2003 to April 11, 2003** due to a ~~train derailment involving hazardous materials~~ **storm**. Subsequent such ~~days~~ **hours** shall not be counted as ~~days~~ **hours** 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 under subsection (3) 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 superintendent 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 of hours of pupil instruction under subsection (3) or more 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.~~

~~(6)~~ ~~(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 ~~180 days and~~ the required minimum number of hours of pupil instruction under subsection (3), as specified in the following:

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

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

~~(7)~~ ~~(8)~~ In providing the minimum number of hours of pupil instruction required under subsection (3), 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 3 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.

~~(8)~~ ~~(9)~~ The department shall apply the guidelines under subsection ~~(8)~~ **(7)** in calculating the full-time equivalency of pupils.

~~(9)~~ ~~(10)~~ Upon application by the district for a particular fiscal year, the superintendent may waive for a district the ~~180 days or~~ minimum number of 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.

~~(10)~~ ~~(11)~~ ~~Beginning in 2000-2001, a~~ A district may count up to 51 hours of professional development for teachers, **including the 5 hours of online professional development provided by the Michigan virtual university under section 98**, as hours of pupil instruction. A district that elects to use this exception shall notify the department of its election.

Sec. 104a. (1) In order to receive state aid under this act, a district shall comply with this section and shall administer state assessments to high school pupils in the subject areas of communications skills, mathematics, science, and social studies. If the department of **treasury** or the Michigan assessment governing board, as applicable, determines that it would be consistent with the purposes of this section, the department of **treasury** or the Michigan assessment governing board, as applicable, may designate the grade 11 Michigan education assessment program tests **or the ACT/ACT work keys tests** as the assessments to be used for the purposes of this section. The district shall include on the pupil's high school transcript all of the following:

(a) For each high school graduate who has completed a subject area assessment under this section, the pupil's scaled score on the assessment.

(b) If the pupil's scaled score on a subject area assessment falls within the range required under subsection (2) for a category established under subsection (2), an indication that the pupil has achieved state endorsement for that subject area.

(c) The number of school days the pupil was in attendance at school each school year during high school and the total number of school days in session for each of those school years.

(2) The department of **treasury** shall develop scaled scores for reporting subject area assessment results for each of the subject areas under this section. The ~~superintendent~~ department of **treasury** shall establish 3 categories for each subject area indicating basic competency, above average, and outstanding, and shall establish the scaled score range required for each category. The department of **treasury** shall design and distribute to districts, intermediate districts, and nonpublic schools a simple and concise document that describes these categories in each subject area and indicates the scaled score ranges for each category in each subject area. A district may award a high school diploma to a pupil who successfully completes local district requirements established in accordance with state law for high school graduation, regardless of whether the pupil is eligible for any state endorsement.

(3) The assessments administered for the purposes of this section shall be administered to pupils during the last 30 school days of grade 11. The department of **treasury** shall ensure that the assessments are scored and the scores are returned to pupils, their parents or legal guardians, and districts not later than the beginning of the pupil's first semester of grade 12. The department of **treasury** shall arrange for those portions of a pupil's assessment that cannot be scored mechanically to be scored in Michigan by persons who are Michigan teachers, retired Michigan teachers, or Michigan school administrators and who have been trained in scoring the assessments. The returned scores shall indicate the pupil's scaled score for each subject area assessment, the range of scaled scores for each subject area, and the range of scaled scores required for each category established under subsection (2). In reporting the scores to pupils, parents, and schools, the department of **treasury** shall provide specific, meaningful, and timely feedback on the pupil's performance on the assessment.

(4) For each pupil who does not achieve state endorsement in 1 or more subject areas, the board of the district in which the pupil is enrolled shall provide that there be at least 1 meeting attended by at least the pupil and a member of the district's staff or a local or intermediate district consultant who is proficient in the measurement and evaluation of pupils. The district may provide the meeting as a group meeting for pupils in similar circumstances. If the pupil is a minor, the district shall invite and encourage the pupil's parent, legal guardian, or person in loco parentis to attend the meeting and shall mail a notice of the meeting to the pupil's parent, legal guardian, or person in loco parentis. The purpose of this meeting and any subsequent meeting under this subsection shall be to determine an educational program for the pupil designed to have the pupil achieve state endorsement in each subject area in which he or she did not achieve state endorsement. In addition, a district may provide for subsequent meetings with the pupil conducted by a high school counselor or teacher designated by the pupil's high school principal, and shall invite and encourage the pupil's parent, legal guardian, or person in loco parentis to attend the subsequent meetings. The district shall provide special programs for the pupil or develop a program using the educational programs regularly provided by the district unless the board of the district decides otherwise and publishes and explains its decision in a public justification report.

(5) A pupil who wants to repeat an assessment administered under this section may repeat the assessment, without charge to the pupil, in the next school year or after graduation. An individual may repeat an assessment at any time the district administers an applicable assessment instrument or during a retesting period under subsection (7).

(6) The department of **treasury** shall ensure that the length of the assessments used for the purposes of this section and the combined total time necessary to administer all of the assessments are the shortest possible that will still maintain the degree of reliability and validity of the assessment results determined necessary by the department of **treasury**. The department of **treasury** shall ensure that the maximum total combined length of time that schools are required to set aside for administration of all of the assessments used for the purposes of this section does not exceed 8 hours. However, this subsection does not limit the amount of time that individuals may have to complete the assessments.

(7) The department of **treasury** shall establish, schedule, and arrange periodic retesting periods throughout the year for individuals who desire to repeat an assessment under this section. The department of **treasury** shall coordinate the arrangements for administering the repeat assessments and shall ensure that the retesting is made available at least within each intermediate district and, to the extent possible, within each district.

(8) A district shall provide accommodations to a pupil with disabilities for the assessments required under this section, as provided under section 504 of title V of the rehabilitation act of 1973, Public Law 93-112, 29 U.S.C. 794; subtitle A of title II of the Americans with disabilities act of 1990, Public Law 101-336, 42 U.S.C. 12131 to 12134; and the implementing regulations for those statutes.

(9) For the purposes of this section, the ~~superintendent~~ **department of treasury** shall develop or select and approve assessment instruments to measure pupil performance in communications skills, mathematics, social studies, and science. ~~The~~ **Unless the department of treasury selects and approves the ACT/ACT work keys tests, the** assessment instruments shall be based on the model core academic content standards objectives under section 1278 of the revised school code, MCL 380.1278.

(10) Upon written request by the pupil's parent or legal guardian stating that the request is being made for the purpose of providing the pupil with an opportunity to qualify to take 1 or more postsecondary courses as an eligible student under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, the board of a district shall allow a pupil who is in at least grade 10 to take an assessment administered under this section without charge at any time the district regularly administers the assessment or during a retesting period established under subsection (7). A district is not required to include in an annual education report, or in any other report submitted to the department **of treasury** for accreditation purposes, results of assessments taken under this subsection by a pupil in grade 11 or lower until the results of that pupil's graduating class are otherwise reported.

(11) All assessment instruments developed or selected and approved by the state under any statute or rule for a purpose related to K to 12 education shall be objective-oriented and consistent with the model core academic content standards objectives under section 1278 of the revised school code, MCL 380.1278.

(12) A person who has graduated from high school after 1996 and who has not previously taken an assessment under this section may take an assessment used for the purposes of this section, without charge to the person, at the district from which he or she graduated from high school at any time that district administers the assessment or during a retesting period scheduled under subsection (7) and have his or her scaled score on the assessment included on his or her high school transcript. If the person's scaled score on a subject area assessment falls within the range required under subsection (2) for a category established under subsection (2), the district shall also indicate on the person's high school transcript that the person has achieved state endorsement for that subject area.

(13) A child who is a student in a nonpublic school or home school may take an assessment under this section. To take an assessment, a child who is a student in a home school shall contact the district in which the child resides, and that district shall administer the assessment, or the child may take the assessment at a nonpublic school if allowed by the nonpublic school. Upon request from a nonpublic school, the department **of treasury** shall supply assessments and the nonpublic school may administer the assessment.

(14) The purpose of the assessment under this section is to assess pupil performance in mathematics, science, social studies, and communication arts for the purpose of improving academic achievement and establishing a statewide standard of competency. The assessment under this section provides a common measure of data that will contribute to the improvement of Michigan schools' curriculum and instruction by encouraging alignment with Michigan's curriculum framework standards. These standards are based upon the expectations of what pupils should know and be able to do by the end of grade 11.

(15) If the Michigan assessment governing board is established by law, the Michigan assessment governing board shall administer this section and shall have all of the powers and duties as otherwise provided under this section for the department ~~or the superintendent~~ **of treasury**.

(16) As used in this section:

(a) "Communications skills" means reading and writing.

(b) "Social studies" means geography, history, economics, and American government.

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

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

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

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

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

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

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

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

(ii) Beginning on the third Monday in August and not later than the end of the first week of school, if any positions become available in a grade, school, or program due to accepted applicants failing to enroll or to more positions being added, the district may enroll nonresident applicants from the waiting list maintained under subsection (13), offering enrollment in the order that applicants appear on the waiting list. If there are still positions available after enrolling all applicants from the waiting list who desire to enroll, the district may not fill those positions until the second semester enrollment under subsection (3), as provided under that subsection, or until the next school year.

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

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

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

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

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

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

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

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

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

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

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

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

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

(10) A district shall continue to allow a pupil who was enrolled in and attended the district under this section in the school year or semester immediately preceding the school year or semester in question to enroll in the district until the pupil graduates from high school. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

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

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

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

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

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

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

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

~~(18) Beginning in 2002-2003, if the total number of pupils enrolled and counted in membership in a district for a fiscal year is less than 90% of the sum of the total number of pupils residing in the district who are enrolled and counted in membership for the fiscal year in that district plus the total number of pupils residing in that district who are enrolled and counted in membership for the fiscal year in 1 or more other districts under this section or section 105e, the department shall calculate the total amount of money that would be allocated to that district for the fiscal year under sections 22a and 22b if exactly 90% of the sum of the total number of pupils residing in the district who are enrolled and counted in membership for the fiscal year in that district plus the total number of pupils residing in that district who are enrolled and counted in membership for the fiscal year in 1 or more other districts under this section or section 105e were enrolled and counted in membership in that district for the fiscal year. The department shall use this calculation to calculate a payment under subsection (19).~~

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

~~(a) For 2002-2003, 75%.~~

~~(b) For 2003-2004, 50%.~~

~~(c) For 2004-2005, 25%.~~

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

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

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

~~(18) (22)~~ A district that, pursuant to this section, enrolls a nonresident pupil who is eligible for special education programs and services according to statute or rule, or who is a child with disabilities, as defined under the individuals with disabilities education act, title VI of Public Law 91-230, **20 U.S.C. 1400 to 1420, 1431 to 1461, and 1471 to 1487**, shall be considered to be the resident district of the pupil for the purpose of providing the pupil with a free appropriate public education. Consistent with state and federal law, that district is responsible for developing and implementing an individualized education plan annually for a nonresident pupil described in this subsection.

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

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

Sec. 107. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$75,000,000.00 for 2001-2002 and an amount not to exceed \$77,500,000.00 each fiscal year for 2002-2003 and \$20,000,000.00 for 2003-2004~~ 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, the individual meets 1 of the following:

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

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

(3) ~~The~~ **Except as otherwise provided in subsection (4),** 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~~ **2001-2002 under this section**, the amount allocated to each for ~~2001-2002, for 2002-2003, and for 2003-2004~~ shall be ~~an amount each fiscal year equal to 36.76% based on the number of participants served by the district or consortium for 2003-2004, using the amount allocated per full-time equated participant under subsection (5), up to a maximum total allocation under this section in an amount equal to 26.67% of the amount the district or consortium received for 1995-96 under former section 107f~~ **2001-2002 under this section before any reallocations made for 2001-2002 under subsection (4).**

~~(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 2001-2002, for 2002-2003, and for 2003-2004 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 of career development, 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 2001-2002, for 2002-2003, and for 2003-2004 shall be the sum of the allocations to the district or consortium under subdivisions (a) and (b).~~

~~(b) (d)~~ A district or consortium that received funding in ~~1996-97~~ **2002-2003** under this section ~~as in effect for 1996-97~~ may operate independently of a consortium or join or form a consortium ~~for 2001-2002, for 2002-2003, or for 2003-2004~~ to the district or the newly formed consortium under this subsection shall be determined by the department of career development 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~~ **2002-2003**. A district or consortium described in this subdivision shall notify the department of career development of its intention with regard to ~~2001-2002, 2002-2003, or for~~ 2003-2004 by October 1, ~~of the affected fiscal year~~ **2003**.

(4) A district that operated an adult education program in ~~1996-97~~ **2002-2003** and does not intend to operate a program in ~~2001-2002, 2002-2003, or~~ 2003-2004 shall notify the department of career development by October 1, ~~of the affected fiscal year~~ **2003** of its intention. The funds intended to be allocated under this section to a district that does not operate a program in ~~2001-2002, 2002-2003, or~~ 2003-2004 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 ~~2001-2002, 2002-2003, or~~ 2003-2004 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 subsection (a) before enrollment and tests participants to determine progress after every 90 hours of attendance, using assessment instruments approved by the department of career development.

(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 of career development 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 of career development 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 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 of career development 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) ~~The department shall work with the department of education to ensure that this section is administered in the same manner as in 1998-99.~~ **A district or intermediate district receiving funds under this section may establish a sliding scale of tuition rates based upon a participant's family income. A district or intermediate district may charge a participant tuition to receive adult education services under this section from that sliding scale of tuition rates on a uniform basis. The amount of tuition charged per participant shall not exceed the actual operating cost per participant minus any funds received under this section per participant. A district or intermediate district may not charge a participant tuition under this section if the participant's income is at or below 200% of the federal poverty guidelines published by the United States department of health and human services.**

(16) For a district that had a pupil accounting audit of its adult education and alternative education programs for the fiscal years 1999-2000, 2000-2001, and 2001-2002 and for which a deduction resulting from the audit pertaining to the 2001-2002 fiscal year was settled with the department by September 30, 2002, the audit shall be considered closed after September 30, 2003 and any remaining claim by this state resulting from the audit shall be considered satisfied and discharged.

Sec. 107a. (1) The family resource center curriculum blue ribbon study committee is established to explore and make recommendations on implementing a new integrated system of delivering adult education and related family services beginning with the 2004-2005 school year, including, but not limited to:

(a) Educational services, including, but not limited to, high school completion programs, adult basic education, general education development (G.E.D.) test preparation, English as a second language programs, and early childhood education.

(b) Family services, including, but not limited to, even start programs, 21st century learning center grants, before- and after-school child care programs, parenting classes, and referrals for family and child services.

(c) Employment and training services, including, but not limited to, career preparation programs and work readiness classes.

(2) The family resource center curriculum blue ribbon study committee shall consist of the following:

(a) Two members of the senate, 1 appointed by the senate majority leader and 1 appointed by the senate minority leader.

(b) Two members of the house of representatives, 1 appointed by the speaker of the house of representatives and 1 appointed by the minority leader of the house of representatives.

(c) A representative of the Michigan association of community and adult education.

(d) A representative of the Michigan works! association.

(e) Three local adult education program directors, appointed jointly by the legislative members appointed under subdivisions (a) and (b).

(f) Three local Michigan works program directors, appointed jointly by the legislative members appointed under subdivisions (a) and (b).

(g) The state director of adult education.

(3) The timetable for the work of the family resource center curriculum blue ribbon study committee is as follows:

(a) Not later than September 1, 2003, report on its progress to the senate and house appropriations subcommittees responsible for this act.

(b) Not later than November 1, 2003, make final recommendations to the senate and house appropriations subcommittees responsible for this act.

Sec. 108. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$20,000,000.00 for 2001-2002 and an amount not to exceed \$20,000,000.00 each fiscal year for 2002-2003 and \$1,000,000.00 for 2003-2004~~ for partnership for adult learning programs authorized under this section.

(2) To be eligible to be enrolled as a participant in an adult learning program funded under this section, a person shall be at least 16 years of age as of September 1 of the immediately preceding state fiscal year and shall meet 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 is determined to have English language proficiency, reading, writing, or math skills below workforce readiness standards as determined by tests approved by the department of career development and is not enrolled in a postsecondary institution. An individual who has obtained a high school diploma is not eligible for enrollment in a G.E.D. test preparation program funded under this section.

(b) If the individual has not obtained a high school diploma or a G.E.D. certificate, the individual has not attended a secondary institution for at least 6 months before enrollment in an adult learning program funded under this section and is not enrolled in a postsecondary institution.

(3) From the allocation under subsection (1), an amount not to exceed ~~\$19,800,000.00 is allocated for 2001-2002 and an amount not to exceed \$19,800,000.00 is allocated each fiscal year for 2002-2003 and \$980,000.00 is allocated for 2003-2004~~ to local workforce development boards for the purpose of providing regional adult learning programs. An application for a grant under this subsection shall be in the form and manner prescribed by the department of career development. Subject to subsections (4), (5), and (6), the amount allocated to each local workforce development board shall be as provided in this subsection, except that an eligible local workforce development board shall not receive an initial allocation under this section that is less than \$70,000.00. The maximum amount of a grant awarded to an eligible local workforce development board shall be the sum of the following components:

(a) Thirty-four percent of the allocation under this subsection multiplied by the proportion of the family independence agency caseload in the local workforce development board region to the statewide family independence agency caseload.

(b) Thirty-three percent of the allocation under this subsection multiplied by the proportion of the number of persons in the local workforce development board region over age 17 who have not received a high school diploma compared to the statewide total of persons over age 17 who have not received a high school diploma.

(c) Thirty-three percent of the allocation under this subsection multiplied by the proportion of the number of persons in the local workforce development board region over age 17 for whom English is not a primary language compared to the statewide total of persons over age 17 for whom English is not a primary language.

(4) The amount of a grant to a local workforce development board under subsection (3) shall not exceed the cost for adult learning programs needed in the local workforce development board region, as documented in a manner approved by the department of career development.

(5) Not more than 9% of a grant awarded to a local workforce development board may be used for program administration, including contracting for the provision of career and educational information, counseling services, and assessment services.

(6) In order to receive funds under this section, a local workforce development board shall comply with the following requirements in a manner approved by the department of career development:

(a) The local workforce development board shall document the need for adult learning programs in the local workforce development region.

(b) The local workforce development board shall report participant outcomes and other measurements of program performance.

(c) The local workforce development board shall develop a strategic plan that incorporates adult learning programs in the region. A local workforce development board is not eligible for state funds under this section without a strategic plan approved by the department of career development.

(d) The local workforce development board shall furnish to the department of career development, in a form and manner determined by the department of career development, the information the department of career development determines is necessary to administer this section.

(e) The local workforce development board shall allow access for the department of career development or its designee to audit all records related to adult learning programs for which it receives funds. The local workforce development board shall reimburse this state for all disallowances found in the audit in a manner determined by the department of career development.

(7) Local workforce development boards shall distribute funds to eligible adult learning providers as follows:

(a) Not less than 85% of a grant award shall be used to support programs that improve reading, writing, and math skills to workforce readiness standards; English as a second language programs; G.E.D. preparation programs; high school completion programs; or workforce readiness programs in the local workforce development board region. These

programs may include the provision of career and educational information, counseling services, and assessment services.

(b) Up to 15% of a grant award may be used to support workforce readiness programs for employers in the local workforce development board region as approved by the department of career development. Employers or consortia of employers whose employees participate in these programs must provide matching funds in a ratio of at least \$1.00 of private funds for each \$1.00 of state funds.

(8) Local workforce development boards shall award competitive grants to eligible adult learning providers for the purpose of providing adult learning programs in the local workforce development board region. Applications shall be in a form and manner prescribed by the department of career development. In awarding grants, local workforce development boards shall consider all of the following:

(a) The ability of the provider to assess individuals before enrollment using assessment tools approved by the department of career development and to develop individual adult learner plans from those assessments for each participant.

(b) The ability of the provider to conduct continuing assessments in a manner approved by the department of career development to determine participant progress toward achieving the goals established in individual adult learner plans.

(c) The past effectiveness of an eligible provider in improving adult literacy skills and the success of an eligible provider in meeting or exceeding performance measures approved by the department of career development.

(d) Whether the program is of sufficient intensity and duration for participants to achieve substantial learning gains.

(e) Whether the program uses research-based instructional practices that have proven to be effective in teaching adult learners.

(f) Whether the program uses advances in technology, as appropriate, including computers.

(g) Whether the programs are staffed by well-trained teachers, counselors, and administrators.

(h) Whether the activities coordinate with other available resources in the community, such as schools, postsecondary institutions, job training programs, and social service agencies.

(i) Whether the provider offers flexible schedules and support services, such as child care and transportation, that enable participants, including individuals with disabilities or other special needs, to attend and complete programs.

(j) Whether the provider offers adequate job and postsecondary education counseling services.

(k) Whether the provider can maintain an information management system that has the capacity to report participant outcomes and monitor program performance against performance measures approved by the department of career development.

(l) Whether the provider will allow access for the local workforce development board or its designee to audit all records related to adult learning programs for which it receives funds. The adult learning provider shall reimburse the local workforce development board for all disallowances found in the audit.

(m) The cost per participant contact hour or unit of measurable outcome for each type of adult learning program for which the provider is applying.

(9) Contracts awarded by local workforce development boards to adult learning providers shall comply with the priorities established in a strategic plan approved by the department of career development.

(10) Adult learning providers that do not agree with the decisions of the local workforce development board in issuing or administering competitive grants may use the grievance procedure established by the department of career development.

(11) Local workforce development boards shall reimburse eligible adult learning providers under this section as follows:

(a) For a first-time provider, as follows:

(i) Fifty percent of the contract amount shall be allocated to eligible adult learning providers based upon enrollment of participants in adult learning programs. "Enrollment" means a participant enrolled in the program who received a preenrollment assessment using assessment tools approved by the department of career development and for whom an individual adult learner plan has been developed.

(ii) Fifty percent of the contract amount shall be allocated to eligible adult learning providers based upon the following performance standards as measured in a manner approved by the department of career development:

(A) The percentage of participants taking both a pretest and a posttest in English language proficiency, reading, writing, and math.

(B) The percentage of participants showing improvement toward goals identified in their individual adult learner plan.

(C) The percentage of participants achieving their terminal goals as identified in their individual adult learner plan.

(b) Eligible providers that have provided adult learning programs previously under this section shall be reimbursed 100% of the contract amount based upon the performance standards in subdivision (a)(ii) as measured in a manner determined by the department of career development.

(c) A provider is eligible for reimbursement for a participant in an adult learning program until the participant's reading, writing, or math proficiency, as applicable, is assessed at workforce readiness levels or the participant fails to show progress on 2 successive assessments as determined by the department of career development.

(d) A provider is eligible for reimbursement for a participant in an English as a second language program until the participant is assessed as having attained basic English proficiency or the participant fails to show progress on 2 successive assessments as determined by the department of career development.

(e) A provider is eligible for reimbursement for a participant in a G.E.D. test preparation program until the participant passes the G.E.D. test or the participant fails to show progress on 2 successive assessments as determined by the department of career development.

(f) A provider is eligible for reimbursement for a participant in a high school completion program until the participant earns a high school diploma or the participant fails to show progress as determined by the department of career development.

(12) A person who is not eligible to be a participant funded under this section may receive adult learning services upon the payment of tuition or fees for service. The tuition or fee level shall be determined by the adult learning provider and approved by the local workforce development board.

(13) Adult learning providers may collect refundable deposits from participants for the use of reusable equipment and supplies and may provide incentives for program completion.

(14) A provider shall not be reimbursed under this section for an individual who is an inmate in a state correctional facility.

(15) In order to administer the partnership for adult learning system under this section, the department of career development shall do all of the following:

(a) Develop and provide guidelines to local workforce development boards for the development of strategic plans that incorporate adult learning.

(b) Develop and provide adult learning minimum program performance standards to be implemented by local workforce development boards.

(c) Identify approved assessment tools for assessing a participant's English language proficiency, reading, math, and writing skills.

(d) Approve workforce readiness standards for English language proficiency, reading, math, and writing skills that can be measured by nationally recognized assessment tools approved by the department of career development.

(16) Of the amount allocated in subsection (1), up to ~~\$200,000.00~~ **\$20,000.00** is allocated to the department of career development for the development and administration of a standardized data collection system. Local workforce development boards and adult learning providers receiving funding under this section shall use the standardized data collection system for enrolling participants in adult learning programs, tracking participant progress, reporting participant outcomes, and reporting other performance measures.

(17) A provider is not required to use certificated teachers or certificated counselors to provide instructional and counseling services in a program funded under this section.

(18) As used in this section:

(a) "Adult education", for the purposes of complying with section 3 of article VIII of the state constitution of 1963, means a high school pupil receiving educational services in a nontraditional setting from a district or intermediate district in order to receive a high school diploma.

(b) "Adult learning program" means a program approved by the department of career development that improves reading, writing, and math skills to workforce readiness standards; an English as a second language program; a G.E.D. preparation program; a high school completion program; or a workforce readiness program that enhances employment opportunities.

(c) "Eligible adult learning provider" means a district, public school academy, intermediate district, community college, university, community-based organization, or other organization approved by the department of career development that provides adult learning programs under a contract with a local workforce development board.

(d) "Participant" means an individual enrolled in an adult learning program and receiving services from an eligible adult learning provider.

(e) "Strategic plan" means a document approved by the department of career development that incorporates adult learning goals and objectives for the local workforce development board region and is developed jointly by the local workforce development board and the education advisory groups.

(f) "Workforce development board" means a local workforce development board established pursuant to the workforce investment act of 1998, Public Law 105-220, 112 Stat. 936, and the school-to-work opportunities act of 1994, Public Law 103-239, 108 Stat. 568, or the equivalent.

(g) "Workforce readiness standard" means a proficiency level approved by the department of career development in English language, reading, writing, or mathematics, or any and all of these, as determined by results from assessments approved for use by the department of career development.

Sec. 147. (1) ~~The allocations for 2001-2002, for 2002-2003, and allocation~~ for 2003-2004 for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. The annual level percentage of

payroll contribution rate is estimated at ~~12.17% for the 2001-2002 state fiscal year and at 12.99% for the 2002-2003 state fiscal year~~ **14.37% for the 2003-2004 state fiscal year. However, if all eligible districts participating in the school bond loan authority assist the state treasurer in the refinancing of school bond loan authority debt, the annual level percentage of payroll contribution rate for all districts is estimated to be 12.99% for the 2003-2004 fiscal year. If an eligible district does not assist in the refinancing, that district's payroll contribution rate is estimated to be 14.37% for the 2003-2004 fiscal year.** The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This contribution rate reflects an amortization period of ~~35 years for 2001-2002, 34 years for 2002-2003, and~~ 33 years for 2003-2004. 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. 166a. (1) In order to avoid forfeiture of state aid under subsection (2), the board of a district or intermediate district providing reproductive health or other sex education instruction under section 1169, 1506, or 1507 of the revised school code, ~~being sections 380.1169, 380.1506, and 380.1507 of the Michigan Compiled Laws~~ **MCL 380.1169, 380.1506, and 380.1507, or under any other provision of law, shall ensure that all of the following are met:**

(a) ~~That~~ the district or intermediate district does not provide any of ~~that the~~ instruction to a pupil who is less than 18 years of age unless the district or intermediate district notifies the pupil's parent or legal guardian in advance of the instruction and the content of the instruction, gives the pupil's parent or legal guardian a prior opportunity to review the materials to be used in the instruction, allows the pupil's parent or legal guardian to observe the instruction, and notifies the pupil's parent or legal guardian in advance of his or her rights to observe the instruction and to have the pupil excused from the instruction. ~~Upon~~

(b) **That, upon** the written request of a pupil's parent or legal guardian or of a pupil if the pupil is at least age 18, the pupil shall be excused, without penalty or loss of academic credit, from attending class sessions in which the instruction is provided.

(c) **That the sex education instruction includes information clearly informing pupils that having sex or sexual contact with an individual under the age of 16 is a crime punishable by imprisonment, and that 1 of the other results of being convicted of this crime is to be listed on the sex offender registry on the internet for at least 25 years.**

(2) A district or intermediate district that does not comply with this section shall forfeit 5% of its total state school aid allocation 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 2002 PA 521, 2002 PA 191, 2001 PA 121, and 2000 PA 297 from state sources for fiscal year 2002-2003 is estimated at \$11,462,251,900.00 and state appropriations to be paid to local units of government for fiscal year 2002-2003 are estimated at \$11,408,849,600.00; and total state spending in this amendatory act and in 2002 PA 521 from state sources for fiscal year 2003-2004 is estimated at \$11,269,920,500.00 and state appropriations to be paid to local units of government for fiscal year 2003-2004 are estimated at \$11,256,802,800.00.

Enacting section 2. Sections 8, 8c, 18d, 32a, 32i, 55, 67, 94, 96, 99a, 121a, and 158 of the state school aid act of 1979, 1979 PA 94, MCL 388.1608, 388.1608c, 388.1618d, 388.1632a, 388.1632i, 388.1655, 388.1667, 388.1694, 388.1696, 388.1699a, 388.1721a, and 388.1758, are repealed effective October 1, 2003.

Enacting section 3. (1) Except as otherwise specified in subsection (2), this amendatory act takes effect October 1, 2003.

(2) Sections 11, 11g, 20, 24, 26a, and 31d of 1979 PA 94, as amended by this amendatory act, and sections 20k, 31e, 98b, and 107a of 1979 PA 94, as added by this amendatory act, take effect upon enactment of this amendatory act.

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

A bill to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to 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 the title and sections 3, 6, 8b, 11, 11f, 11g, 11j, 18, 19, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 38, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94a, 98, 99, 101, 104a, 105, 107, 108, 147, and 166a (MCL 388.1603, 388.1606, 388.1608b, 388.1611, 388.1611f, 388.1611g, 388.1611j, 388.1618, 388.1619, 388.1620, 388.1622a, 388.1622b, 388.1624, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1638, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1668, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1701, 388.1704a, 388.1705, 388.1707, 388.1708, 388.1747, and 388.1766a), the title as amended by 1997 PA 142, section 3 as amended by 2000 PA 297, sections 6, 11, 11f, 11g, 20, 22a, 22b, 24, 26a, 31a, 31d, 32c, 32d, 39a, 41, 51a,

51c, 51d, 53a, 54, 56, 57, 61a, 62, 68, 74, 81, 94a, 98, 99, 104a, 107, 108, and 147 as amended by 2002 PA 521, sections 8b and 11j as added and sections 19, 38, and 105 as amended by 2002 PA 191, section 18 as amended by 1999 PA 119, section 101 as amended by 2002 PA 476, and section 166a as amended by 1996 PA 300, and by adding sections 11a, 11b, 11c, 20k, 22d, 22e, 31e, 32j, 41a, 55a, 98b, and 107a; and to repeal acts and parts of acts.

John Moolenaar
Judy Emmons
Gretchen Whitmer
Conferees for the House

Ron Jelinek
Alan L. Cropsey
Michael Switalski
Conferees for the Senate

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

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

The question being on the adoption of the conference report,

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

Roll Call No. 395

Yeas—36

Allen	Cherry	Hardiman	Prusi
Barcia	Clark-Coleman	Jacobs	Sanborn
Basham	Clarke	Jelinek	Schauer
Bernero	Cropsey	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	George	Leland	Switalski
Brater	Gilbert	McManus	Thomas
Brown	Goschka	Olshove	Toy
Cassis	Hammerstrom	Patterson	Van Woerkom

Nays—0

Excused—1

Scott

Not Voting—1

Emerson

In The Chair: Sanborn

Senator Hammerstrom moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.

Senator Schauer moved that Senator Emerson be temporarily excused from the balance of today's session.
The motion prevailed.

Senator Emerson entered the Senate Chamber.

Recess

Senator Hammerstrom moved that the Senate recess subject to the call of the Chair. The motion prevailed, the time being 7:30 p.m.

8:34 p.m.

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

Senator Garcia submitted the following:

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning **Senate Bill No. 285, entitled**

A bill to make appropriations for the department of career development and the Michigan strategic fund and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; and to provide for the disposition of fees and other income received by the state agencies.

Recommends:

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

A bill to make appropriations for the department of career development and the Michigan strategic fund and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; and to provide for the disposition of fees and other income received by the state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of career development and the Michigan strategic fund for the fiscal year ending September 30, 2004, from the funds indicated in this part, the following:

TOTAL APPROPRIATIONS

Full-time equated classified positions	1,189.5		
GROSS APPROPRIATION		\$	571,393,200
Total interdepartmental grants and intradepartmental transfers		\$	100,900
ADJUSTED GROSS APPROPRIATION		\$	571,292,300
Federal revenues:			
Total federal revenues			471,053,700
Special revenue funds:			
Total local revenues			15,011,900
Total private revenues			3,249,400
Total other state restricted revenues			16,714,700
State general fund/general purpose		\$	65,262,600

Sec. 102. DEPARTMENT OF CAREER DEVELOPMENT

(1) APPROPRIATION SUMMARY

Full-time equated classified positions	989.5		
GROSS APPROPRIATION		\$	466,880,000
Interdepartmental grant revenues:			
Total interdepartmental grants and intradepartmental transfers			0
ADJUSTED GROSS APPROPRIATION		\$	466,880,000
Federal revenues:			
Total federal revenues			418,100,400
Special revenue funds:			
Total local revenues			15,011,900
Total private revenues			2,396,300
Total other state restricted revenues			6,664,700
State general fund/general purpose		\$	24,706,700

(2) DEPARTMENT OPERATIONS

Full-time equated classified positions	60.0		
Administration— 60.0 FTE positions		\$	6,489,600

	For Fiscal Year Ending Sept. 30, 2004
Building occupancy charges - property development services.....	\$ 923,400
Special project advances	200,000
Worker's compensation	186,000
GROSS APPROPRIATION	\$ 7,799,000
Appropriated from:	
Federal revenues:	
CNS	205,800
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants	1,948,700
DOL-ETA, workforce investment act	355,300
DOL, federal funds	1,965,000
Federal revenues	451,200
HHS, temporary assistance for needy families	337,700
Special revenue funds:	
Private - special project advances	200,000
Contingent fund, penalty and interest	436,100
State general fund/general purpose	\$ 1,899,200
(3) WORKFORCE DEVELOPMENT	
Full-time equated classified positions	577.5
Employment training services—500.0 FTE positions.....	\$ 80,931,200
Michigan career and technical institute—77.5 FTE positions	10,894,300
GROSS APPROPRIATION	\$ 91,825,500
Appropriated from:	
Federal revenues:	
CNS	1,663,800
DAG, employment and training.....	167,600
DED-OPSE, multiple grants.....	815,500
DED-OSERS, centers for independent living	58,200
DED-OSERS, rehabilitation long-term training	566,900
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants	46,256,100
DED-OSERS, state grants for technical related assistance.....	56,000
DOL-ETA, workforce investment act	3,994,000
DOL, federal funds	16,000,000
DED, Perkins act	173,600
HHS, temporary assistance for needy families	3,128,400
HHS-SSA, supplemental security income	4,394,800
Special revenue funds:	
Private - gifts, bequests, and donations	1,396,300
Local vocational rehabilitation match	3,054,000
Rehabilitation services fees.....	1,246,000
Second injury fund.....	51,500
Student fees	308,000
Training material fees	256,300
State general fund/general purpose	\$ 8,238,500
(4) CAREER EDUCATION PROGRAMS	
Full-time equated classified positions	54.0
Career and technical education—23.0 FTE positions	\$ 3,324,900
Postsecondary education—14.0 FTE positions.....	2,402,900
Adult education—15.0 FTE positions	2,283,100
Commission on Spanish-speaking affairs—2.0 FTE positions	220,500
GROSS APPROPRIATION	\$ 8,231,400
Appropriated from:	
Federal revenues:	
Federal revenues	6,130,000
Special revenue funds:	
Private occupational school license fees	378,900
Defaulted loan collection fees.....	100,000
State general fund/general purpose	\$ 1,622,500

For Fiscal Year
Ending Sept. 30,
2004

(5) DEPARTMENT GRANTS

Adult basic education.....	\$	13,500,000
Council of Michigan foundations.....		1,000,000
Focus: HOPE		5,860,200
Gear-up program grants		3,000,000
Job training programs subgrantees		98,612,700
Michigan community service commission subgrantees		6,180,100
Michigan virtual university		1,000,000
Personal assistance services		459,500
Precollege programs in engineering and the sciences.....		500,000
Supported employment grants.....		1,441,300
Technology assistance grants		1,378,700
Carl D. Perkins grants.....		42,500,000
Vocational rehabilitation client services/facilities		51,207,400
Vocational rehabilitation independent living		3,079,700
Welfare-to-work programs		72,698,600
GROSS APPROPRIATION	\$	302,418,200

Appropriated from:

Federal revenues:

CNS		5,500,000
DAG, employment and training.....		13,000,000
DED-OESE, gear-up		3,000,000
DED-OSERS, centers for independent living.....		450,200
DED-OSERS, client assistance for individuals with disabilities		440,000
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants		35,797,900
DED-OSERS, rehabilitation services facilities.....		2,272,500
DED-OSERS, supported employment		1,441,300
DED-OSERS, state grants for technical related assistance.....		1,378,700
DED-OVAE, adult education.....		13,500,000
DED-OVAE, basic grants to states		42,500,000
DOL-ETA, workforce investment act		104,602,700
DOL-ETA, welfare-to-work		20,000,000
HHS, temporary assistance for needy families		32,399,000
HHS-SSA, supplemental security income		2,480,600

Special revenue funds:

Private - gifts, bequests, and donations		800,000
Contingent fund, penalty and interest account		1,000,000
Local vocational rehabilitation match		6,630,500
Local vocational rehabilitation facilities match.....		1,278,300
Tobacco settlement revenue		1,000,000
State general fund/general purpose	\$	12,946,500

(6) EMPLOYMENT SERVICE AGENCY

Full-time equated classified positions	298.0	
Building occupancy charges - property development service		\$ 757,700
Worker's compensation		71,000
Employment services— 246.0 FTE positions		43,799,300
Labor market information— 52.0 FTE positions.....		5,485,200
GROSS APPROPRIATION		\$ 50,113,200

Appropriated from:

Federal revenues:

DED-OSERS, rehabilitation services, vocational rehabilitation of state grants		1,317,400
DOL, federal funds		42,858,800

Special revenue funds:

Contingent fund, penalty and interest account		1,887,900
Local revenue.....		4,049,100
State general fund/general purpose	\$	0

	For Fiscal Year Ending Sept. 30, 2004
(7) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 6,492,700
GROSS APPROPRIATION	<u>\$ 6,492,700</u>
Appropriated from:	
Federal revenues:	
Federal revenue	6,492,700
State general fund/general purpose	\$ 0
Sec. 103. MICHIGAN STRATEGIC FUND	
(1) APPROPRIATION SUMMARY	
Full-time equated classified positions200.0	
GROSS APPROPRIATION	\$ 104,513,200
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	100,900
ADJUSTED GROSS APPROPRIATION	\$ 104,412,300
Federal revenues:	
Total federal revenues	52,953,300
Special revenue funds:	
Total private revenues	853,100
Total other state restricted revenues	10,050,000
State general fund/general purpose	\$ 40,555,900
(2) MICHIGAN STRATEGIC FUND	
Full-time equated classified positions200.0	
Administration—40.0 FTE positions	\$ 4,054,700
Job creation services—160.0 FTE positions.....	19,693,000
Michigan promotion program.....	5,717,500
Economic development job training grants	10,048,000
Community development block grants	50,000,000
Life sciences and technology tri-corridor: life sciences initiative.....	<u>15,000,000</u>
GROSS APPROPRIATION	<u>\$ 104,513,200</u>
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDEQ, air quality fees	100,900
Federal revenues:	
DOL-ETA, employment service	783,700
HUD-CPD, community development block grant.....	52,169,600
Special revenue funds:	
Private - Michigan certified development corporations fees	353,100
Private - special project advances	500,000
Industry support fees.....	50,000
Tobacco settlement revenue	10,000,000
State general fund/general purpose	\$ 40,555,900

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$81,977,300.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$0.

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

Sec. 203. As used in this appropriation act:

- (a) "CEO" means chief executive officer of the Michigan strategic fund.
- (b) "CNS" means the corporation for national services.
- (c) "DAG" means the United States department of agriculture.
- (d) "DED" means the United States department of education.
- (e) "DED-OESE" means the DED office of elementary and secondary education.
- (f) "DED-OPSE" means the DED office of postsecondary education.

- (g) "DED-OSERS" means the DED office of special education rehabilitation services.
- (h) "DED-OVAE" means the DED office of vocational and adult education.
- (i) "Department" means the department of career development.
- (j) "Director" means the director of the department of career development.
- (k) "DOL" means the United States department of labor.
- (l) "DOL-ETA" means the DOL employment and training act.
- (m) "Fiscal agencies" means the Michigan house fiscal agency and the Michigan senate fiscal agency.
- (n) "FTE" means full-time equated.
- (o) "Fund" means the Michigan strategic fund.
- (p) "GED" means general education degree.
- (q) "HHS" means the United States department of health and human services.
- (r) "HHS-SSA" means HHS social security administration.
- (s) "HUD-CPD" means HUD community planning and development.
- (t) "IDG" means interdepartmental grant.
- (u) "MDEQ" means the Michigan department of environmental quality.
- (v) "MEDC" means the Michigan economic development corporation, which is the public body corporate created under section 28 of article VII of the state constitution of 1963 and the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by contractual interlocal agreement effective April 5, 1999, between local participating economic development corporations formed under the economic development corporations act, 1974 PA 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund.
- (w) "Subcommittees" means all members of the subcommittees of the house and senate appropriations committees with jurisdiction over the budgets for the department and the fund.

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

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

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause a loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Sec. 207. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the subcommittees and the fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the fiscal agencies and to the subcommittees within 30 months.

Sec. 208. Unless otherwise specified, the department and fund shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site. Quarterly, the department and fund shall provide to the subcommittee, state budget office, and the fiscal agencies an electronic and paper copy listing of the reports submitted during the most recent 3-month period along with the Internet or Intranet site of each report, if any.

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value.

Sec. 210. The director or the CEO of each department and agency receiving appropriations in part 1 are encouraged to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director or CEO will strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 211. The department and the fund shall establish and maintain affirmative action programs based on guidelines developed by the state equal opportunity workforce planning council which was created by Executive Order No. 1996-13 in order to receive general fund/general purpose dollars.

Sec. 212. The departments and state agencies receiving appropriations under this act shall receive and retain copies of all reports funded from appropriations in part 1. These departments and state agencies shall follow federal and state guidelines for short-term and long-term retention of these reports and records.

Sec. 213. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 214. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

DEPARTMENT OF CAREER DEVELOPMENT

Sec. 301. The Michigan career and technical institute may receive equipment and in-kind contributions for the direct support of staff services through the Pine Lake fund, the Delton-Kellogg school district or other local or intermediate school district, or any combination of local or intermediate school districts in addition to those authorized in part 1.

Sec. 302. The Michigan rehabilitation service shall make every effort to ensure that all sources of matching funds in this state are used to obtain federal vocational rehabilitation funds. All sources include, but are not limited to, privately raised funds to support public nonprofit rehabilitation centers as permitted by the rehabilitation act of 1973, Public Law 93-112, 29 U.S.C. 701 to 718, 720 to 751, 760 to 765, 771 to 776, 780 to 785, 791 to 794e, 795 to 795n, and 796 to 796l.

Sec. 303. The local match requirements for vocational rehabilitation facilities establishment grants shall not exceed 21.3% for the fiscal year ending September 30.

Sec. 304. (1) Of the funds appropriated in part 1 for vocational rehabilitation independent living, all general fund/general purpose revenue not used to match federal funds shall be used for the support of centers for independent living which are in compliance with federal standards for such centers, for the development of new centers in areas presently unserved or underserved, for technical assistance to centers, and for projects to build capacity of centers to deliver independent living services. Applications for such funds shall be reviewed in accordance with criteria and procedures established by the statewide independent living council, the Michigan rehabilitation services unit within the department, and the Michigan commission for the blind. Funds must be used in a manner consistent with the priorities established in the state plan for independent living. The department is directed to work with the Michigan association of centers for independent living and the local workforce development boards to identify other competitive sources of funding.

(2) The statewide independent living council and the Michigan association of centers for independent living shall jointly produce a report providing the following information:

(a) Results in terms of enhanced statewide access to independent living services to individuals who do not have access to such services through other existing public agencies, including measures by which these results can be monitored over time. These measures shall include:

(i) Total number of persons assisted by the centers and a comparison to the number assisted in the previous year.

(ii) Number of persons moved out of nursing homes into independent living situations and a comparison to the number assisted in the previous year.

(iii) Number of persons for whom accommodations were provided to enable independent living or access to employment and a comparison to the number assisted in the previous year.

(iv) The total number of disabled individuals served by personal care attendants and the number of personal care attendants provided through the use of any funds appropriated in part 1 administered by a center for independent living and a comparison to the number served in the previous year.

(b) Information from each center for independent living receiving funding through appropriations in part 1 detailing their total budget for their most recently completed fiscal year as well as the amount within that budget funded through the vocational rehabilitation independent living grant program referenced in part 1, the total amount funded through other state agencies, the amount funded through federal sources, and the amount funded through local and private sources.

(c) Savings to state taxpayers in other specific areas that can be shown to be the direct result of activities funded from the vocational rehabilitation independent living grant program during the most recently completed state fiscal year.

(3) The report required in subsection (2) shall be submitted to the appropriate appropriations subcommittees, the fiscal agencies, and the state budget director on or before January 30.

Sec. 305. (1) The appropriation in part 1 to the department for the work first program shall be expended for grants which provide employment and training services to family independence program applicants and recipients and may be expended for grants which provide employment and training services to former family independence program recipients, as well as to recipients of noncash public assistance, specifically child day care, Medicaid, or food stamp benefits. The work first program, however, shall not be construed to be an entitlement to services.

(2) An applicant may be a school district, intermediate school district, community college, public or private nonprofit college or university, nonprofit organization that provides school-to-work transition programs or that provides employment and training services or vocational rehabilitation programs or state licensed accredited vocational or

technical education programs, proprietary school licensed by the state board of education, local workforce development board, or a consortium consisting of any combination of school districts, intermediate school districts, community colleges, nonprofit organizations described in this subsection, licensed proprietary schools, or public or private nonprofit colleges or universities described in this subsection.

(3) When the work first job search requirements have been completed, if the participant has not found employment, the work first site shall identify the barriers which may have prevented the participant from obtaining employment and assist the client in removing those barriers. The work first site shall also identify appropriate education and job training programs which would be available to the participant. The department shall encourage the Michigan works! agencies to consider transportation challenges for work first participants placed in employment. When an individual is re-referred to work first because of an inability to retain employment, the department shall confer with the Michigan rehabilitation services, the family independence agency, or other professionals if deemed appropriate by the Michigan works! agency to screen for and identify issues that are preventing the participant from succeeding in the labor market. Each Michigan works! agency shall determine locally the number of times an individual may be re-referred back to the program before consulting with other service agencies. If no prohibitive barriers to work are found, the individual shall comply with the work first program, or be subject to appropriate penalties.

(4) Work first program participants shall include applicants and recipients of the family independence program established under section 57a of the social welfare act, 1939 PA 280, MCL 400.57a, and such individuals referred to a job club program by a county family independence agency board or a county friend of the court as long as the participation in the job club is part of an application made under this section.

(5) Participants in the work first program shall not be enrolled and counted in membership in a school district or intermediate school district.

(6) The department will work with the family independence agency to coordinate support services to work first participants relating to special/emergency needs.

(7) Work first program participants must receive or be provided an explanation of the program including their benefits and responsibilities before the job interview phase of the program. This explanation shall include clear guidelines with regard to an individual's eligibility for postemployment training support and for applying hours in training toward work requirements.

(8) The department shall make every effort to place a minimum of 50% of clients who participate in the work first program in positions that provide wages of \$8.00 per hour or more.

(9) The department shall submit to the fiscal agencies and the state budget director by March 15 a report on the work first program, including the number of participants served under this section, the number of persons who located employment through work first, the average wage of participants who found employment, the number of persons who retained jobs for 90 days, the number of participants placed in employment training and education programs, the number of clients referred to work first who failed to report, a compilation of barriers to employment by incidence and type experienced by participants, and the number of participants referred back to the family independence agency.

(10) The department shall provide to the state budget director and the fiscal agencies by May 15 and November 15 of each year a report on the work first grants. The report due by May 15 shall provide the information described in this subsection for each grant or contract awarded during the preceding 2 quarters of the state fiscal year. The report due by November 15 shall provide this information for each grant or contract awarded during the preceding full fiscal year. The report shall contain both of the following:

(a) The amount and recipient of each grant or contract.

(b) The number of participants in each service delivery area and the number of clients placed in employment in each service delivery area.

(11) The department shall make available to work first participants guidelines on eligibility for postemployment training and how training/education hours are applied toward work participation requirements. These guidelines will be presented during joint orientation conducted by the family independence agency and the department contracted staff in accordance with department policy issuances and family independence agency program bulletins. These guidelines presented by the department and the family independence agency shall balance the ability of participants to obtain training and subsequent long-term high-wage employment with the need to connect participants with the workplace. Any and all training/education, with the exception of high school completion and GED preparation, must be occupationally relevant and in demand in the labor market as determined by the workforce development board. Participants must make satisfactory progress to continue in a training/education component.

(12) The work participation requirement is up to 40 hours per week. However, work first participants may meet the work participation requirement by combining a minimum of 10 hours per week of work with training/education. Training/education may last up to 12 months and the calculated hours may include actual classroom seat time up to 10 hours per week plus up to 1 hour of study time for each hour of classroom seat time. Work first participants may enroll in additional hours of classroom seat time beyond 10 hours. However, these hours and the related study time will not count toward the work participation requirement. The training may be no longer than a 1-year program or the final year of a 2- or 4-year undergraduate program designed to lead to immediate labor force attachment.

(13) Work first participants may meet the work participation requirement through enrollment in a short-term vocational program requiring 30 hours of classroom seat time per week for a period not to exceed 6 months, or by enrollment in full-time internships, practicums, or clinicals required by an academic or training institution for licensure, professional certification, or degree completion, without an additional work requirement. In cases where a short-term vocational program lasts less than 6 months, the participant shall be eligible to enroll in 1 additional short-term vocational program for a combined period not to exceed a total of 6 months.

(14) Work first participants who lack a high school diploma or GED and who enroll in high school completion or classes to obtain a GED may count up to 10 hours of classroom seat time, combined with a minimum number of hours of work per week, to meet their work participation requirement. There shall be no time limit on high school completion. GED preparation shall be limited to 6 months.

Sec. 306. (1) Using all relevant state data sources, the department shall conduct a 3-year longitudinal study of all former work first participants, whose family independence program cases closed due to earnings during fiscal year 1999 and in succeeding fiscal years. The data will include the following:

- (a) The number and percentage employed.
- (b) The average hourly wage of those employed.
- (c) The current hourly wage of those employed.
- (d) The range of wages earned by those employed.
- (e) The number of individuals that earned each wage amount.
- (f) The number and percentage receiving health care benefits from their employer.
- (g) The number and percentage receiving tuition reimbursement from their employer.
- (h) The number and percentage receiving training benefits from their employer.
- (i) The type of jobs obtained by former participants in general categories.
- (j) The length of time former participants have retained their jobs, or if participants have had more than 1 job, the length of time employed at each job.
- (k) The number and percentage continuing to receive any type of public assistance.
- (l) If the former recipient has children, whether the children are enrolled in and attending school.
- (m) The extent to which the former participant feels that they and their family are better off now than when they were on cash assistance with regard to household income, housing, food and nutritional needs, child health care, and access to health insurance coverage.

(2) The department shall notify the subcommittees, fiscal agencies, and state budget director electronically by March 15, 2004 of the location of the Internet site where the report containing the identified data is located.

(3) The department shall cooperate with the family independence agency in formulating and acquiring the identified data.

(4) The department may retain a third party to conduct the studies to obtain the data identified under this section.

Sec. 307. State and federal funds allocated to local workforce development boards for disbursement shall not be expended unless the local workforce development boards maintain a partnership with governmental agencies, public school districts, and public colleges located within the local service delivery area. Each board shall appoint an education advisory group made up of high-level administrators within local educational institutions, workforce development board members, other employers, labor, academic educators, and parents of public school pupils.

Sec. 309. (1) Of the funds appropriated in part 1 for precollege programs in engineering and the sciences, \$250,000.00 shall be provided in the form of a grant to the Detroit precollege engineering program, incorporated and \$250,000.00 shall be provided in the form of a grant to the Grand Rapids area precollege engineering program.

(2) The department shall submit a report to the subcommittees and the fiscal agencies by February 1 regarding dropout rates, grade point averages, enrollment in science, engineering, and math-based curricula, and employment in science, engineering, and math-based fields for students within the programs. The report shall continue to evaluate the effectiveness of the precollege programs in engineering and sciences funded through part 1 appropriations and shall make recommendations on whether state support to expand such programs to other areas of the state is warranted in future fiscal years.

Sec. 310. Funds earned or authorized by the United States department of labor in excess of the gross appropriation in part 1 for the employment service agency from the United States department of labor are appropriated and may be expended for staffing and related expenses incurred in the operation of its programs. These funds may be spent after the department notifies the subcommittees, fiscal agencies, and the state budget office of the purpose and amount of each grant award.

Sec. 311. (1) The department shall have at least 1 disabled veterans outreach program specialist or local veterans employment representative present, at each Michigan works! service center on a full- or part-time basis during hours of operation.

(2) The department shall ensure that each Michigan works! service center shall have the necessary equipment to allow the disabled veterans outreach specialist or local veterans employment representative to perform his or her duties in the same manner they were performed prior to February 1, 1999.

(3) The department shall require each Michigan works! service center to have an employee available to ask each individual who enters the office for service whether that individual is a veteran and to refer each veteran to the disabled veterans outreach program specialist or local veterans employment representative on duty at the time.

(4) The department shall require that each Michigan works! service center shall have posted in a conspicuous place within the office a notice advising veterans that a disabled veterans outreach program specialist or a local veterans employment representative is available to assist him or her.

(5) The department shall require each Michigan works! service center to provide free mediated services to employers wishing to hire a veteran.

(6) The department shall continue to make the appropriate placement of veterans and disabled veterans a priority.

Sec. 313. The funds appropriated in part 1 for the council of Michigan foundations from tobacco settlement revenue shall be distributed to the council of Michigan foundations as a grant to support local community efforts to address smoking prevention and cessation efforts. The council may distribute the funds according to a formula determined by the council. Any investment earnings from this year or prior year appropriations shall be used for the same purpose as the original appropriation.

Sec. 314. The department may carry into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 and that do not require additional state matching funds are appropriated for the purposes intended.

Sec. 315. Of the amounts appropriated in part 1 for postsecondary education, private occupational school license fees shall fund related administrative costs of the proprietary schools oversight unit within the department.

Sec. 317. The department is appropriated an amount not to exceed \$100,000.00 from collection of defaulted loans under the future faculty program in the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks programs to offset costs of administering the loan collections.

Sec. 318. From the funds appropriated in part 1 for postsecondary education, the department shall compile data from each university that receives funding for the future faculty program within the King-Chavez-Parks initiative on employment outcomes for program participants. The report shall be distributed to the house and senate appropriations committees by February 1 of each year. The report shall include data from each participating university covering the most recently completed fiscal year. The data shall include all of the following:

(a) The number of participants receiving support under the program.

(b) The number of participants obtaining full-time employment.

(c) The number of participants obtaining full-time employment in college faculty positions.

(d) The number of participants obtaining full-time employment in college faculty positions within the university through which they received future faculty program support for graduate studies.

Sec. 320. The department shall work with the department of community health to establish a Medicaid buy-in program for the working disabled through the options available under the federal ticket to work and work incentives improvement act of 1999.

Sec. 321. The King-Chavez-Parks initiative shall be marketed by the department to Michigan parents and high school and college students, to promote the benefits and the availability of the college day, select student support services, college/university partnership, visiting professors, Morris Hood, Jr. educator development, and future faculty programs. The department shall provide electronic notification of the location of the report on the Internet to the subcommittees on December 30, 2003, identifying all efforts taken to market these programs, including, but not limited to, the amount of funding allocated for this purpose, the fund source and any expenditures or encumbrances relating to this marketing effort. It is the intent of the legislature that the department administer the King-Chavez-Parks initiative in the same manner as when it was previously contained in the department of education and consistent with all boilerplate language pertaining to the above listed programs as included in the appropriations act for higher education institutions.

Sec. 325. The department shall work cooperatively with the department of civil service to identify state employees who will lose their jobs as a result of an agency or program being reorganized, modified, or eliminated and shall develop training programs and provide training to these individuals that will provide them an opportunity and skills necessary to secure new employment within state government or the private sector. It shall be a priority of the department to provide training and employment opportunities to these individuals through their employment service locations.

Sec. 326. From the funds appropriated in part 1 to job training programs subgrantees, the department shall allocate sufficient funds to the Michigan works! service centers to allow these centers to remain fully operational.

Sec. 328. From the funds appropriated in part 1 for the Michigan virtual university, the department shall work with the Michigan virtual university to do the following:

(a) Promote the use of education technology to accelerate career and workforce development by improving the learning environment, stimulating innovative teaching methods, and providing residents of this state with greater technology-based career choices.

(b) Promote technology-based training to public and private sector organizations that emphasize partnerships between public education and the business sector.

(c) Support and encourage various collaborative efforts among educational institutions and government agencies to meet the training needs of the state's workforce.

Sec. 329. (1) Focus: HOPE shall submit a report on the use of the grant's funds appropriated in part 1 to the chairs of the house and senate subcommittees and the fiscal agencies that includes, but is not limited to, the following:

(a) Detailed expenditures for administration including salaries and wages of employees.

(b) Amount allocated for education and training programs including number of students served by each program.

(c) Amount allocated for job search assistance and career planning including the number of students served by each program.

(d) Detailed expenditures for any contracts entered into with the use of these funds.

(e) Detailed expenditures for any program enhancements including number of new hires and capital expenditures.

(2) The report shall be submitted on or before January 31.

MICHIGAN STRATEGIC FUND

Sec. 401. (1) The appropriation in part 1 to the fund for economic development job training shall be expended in 2 categories: the business response program for employee training grants which maintain or attract permanent jobs for Michigan residents and the manufacturing competitiveness program for grants to fund collaborative efforts which increase the competitiveness of multiple companies within a grant. The business response program is allocated up to \$6,524,000.00, and the manufacturing competitiveness program is allocated up to \$3,524,000.00 not to exceed the part 1 appropriation for this program in its entirety. The fund has the authority to reallocate these amounts during the fiscal year dependent on business demand and economic conditions.

(2) Not more than \$800,000.00 of the total grant may be expended for administrative costs. Not more than 10% of the total grant award may be expended by a recipient for administration costs.

(3) No funds appropriated in part 1 to the fund for economic development job training grants may be expended for the training of permanent striker replacement workers, unless a strike exceeds 3 years and good faith negotiations are ongoing.

(4) Of the total funds appropriated in part 1 for economic development job training grants, at least 75% of the funds shall be awarded to community colleges or a consortium of community colleges and other eligible applicants pursuant to subsection (5).

(5) An applicant may be a school district, intermediate school district, community college, public or private nonprofit college or university, nonprofit organization whose primary purpose is to provide education programs or employment and training services or vocational rehabilitation programs or school-to-work transition programs, local workforce development board, the headquarters of a federal and state sponsored manufacturing technology center, or a consortium consisting of any combination of school districts, intermediate school districts, community colleges, nonprofit organizations described in this subsection, or public or private nonprofit colleges or universities described in this subsection.

(6) On or before October 1, the fund shall publish proposed application criteria, instructions, and forms for use by eligible applicants. The fund shall provide at least a 2-week period for public comment prior to finalization of the application criteria, instructions, and forms.

(7) The award process will include a simple notice of intent to be reviewed to see if the application merits further consideration. If so, a full application may be submitted. Applications for all grants shall be submitted to the fund, and each application shall contain at least all of the following:

(a) The name, address, and total number of employees of each business organization whose employees are receiving job training.

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

(c) A clear statement of the project's scope of activities and number of participants to be involved.

(d) A commitment to maintain participant records in a form and manner required by the fund.

(e) A budget which relates to the proposed activities and various program components.

(8) Priority in the fund's awarding of grants shall be based on the following criteria:

(a) Demonstrated need for the type of training offered.

(b) Creation and/or retention of high wage and high skilled level jobs.

(c) Other criteria determined by the fund to be important.

(d) In addition, for the manufacturing competitiveness program, the following criteria will receive priority: strong level of collaboration and cooperation and demonstration of new techniques, systems, and processes of value to the affected companies.

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

(10) A recipient of a grant under this section shall not charge tuition or fees to participants in the program funded by the grant. However, a nonprofit organization may charge tuition or fees if the tuition plan or fees are recognized by

the state and the nonprofit organization receives additional funding from other governmental or private funding sources for its programs.

(11) For training delivered to incumbent workers under the business response program, the business receiving the benefit of the training shall provide a minimum of 30% of the program costs in matching funds as necessitated by the program. For training delivered under the manufacturing competitiveness program, the business receiving the benefit of the training shall provide a minimum of 30% of the program costs in matching funds as necessitated by the program.

(12) Grant funds shall be expended on a cost reimbursement basis.

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

(14) The fund shall provide to the state budget director and the fiscal agencies by May 1 and November 1 of each year a report on the economic development job training grants. The report due by May 1 shall provide the information described in this subsection for each grant or contract awarded during the preceding 2 quarters of the state fiscal year. The report due by November 1 shall provide this information for each grant or contract awarded during the preceding full fiscal year. The report shall contain all of the following:

(a) The amount and recipient of each grant or contract.

(b) The number of participants under each grant or contract and the number of new hires who are in training under the grant.

(c) The names, addresses, and total number of employees of all business organizations for whom training is or will be provided.

(d) The matching funds, if any, to be provided by a business organization.

(15) Of the funds appropriated in part 1 for economic development job training grants, the fund shall not use these funds to finance the startup or in any way subsidize any private distributor of liquor products in Michigan.

(16) As a condition of receiving funds under part 1 of this act, the fund shall not expend any of the economic development job training grant funds to train any employee who is an officer of a corporation in a corporation employing more than 250 employees.

(17) The Michigan growth capital fund shall be used to develop the technology business sector in Michigan. The fund will be used to encourage private and public investment in the technology business sector, and all of the following apply:

(a) An applicant must match state funds on a 1:1 basis.

(b) Eligible uses of the fund include investments in organizations and programs that promote the development of new industry sectors in Michigan; inducements to attract additional venture capital funds to finance technology development; support organizations, initiatives, or events that promote entrepreneurship; provide match for university federal research grants; and support technology transfer and commercialization programs with universities and the private sector.

(c) The Michigan economic development corporation shall administer the Michigan growth capital fund.

(d) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the Michigan growth capital fund, shall be received, held, and applied by the Michigan strategic fund for the purposes described in this subsection.

(e) The Michigan economic development corporation shall provide an annual report on the status of the Michigan growth capital fund to the subcommittees, the fiscal agencies, and the state budget office by January 31.

Sec. 402. Travel Michigan may establish and collect a fee to cover the cost of materials and processing of photographic prints, slides, videotapes, and travel product database information that are requested by the media and other segments of the public and private sectors. The fees collected shall be appropriated for all expenses necessary to purchase and distribute these photographic prints, slides, videotapes, and travel product database information. The funds are available for expenditure when they are received by the department of treasury.

Sec. 404. Travel Michigan may receive and expend private revenue related to the use of the "Michigan Great Lakes. Great Times." copyrighted slogan and image. This revenue may come from the direct licensing of the name and image or from the royalty payments from various merchandise sales. Revenue collected is appropriated for the marketing of the state as a travel destination. The funds are available for expenditure when they are received by the department of treasury.

Sec. 406. The fund shall submit on or before May 1 and November 1 to the subcommittees, state budget office, and the fiscal agencies a listing of all grants which have been awarded by the fund or by the Michigan economic development corporation from the funds appropriated in part 1. The list shall include all of the following:

(a) The name of the recipient.

(b) The amount awarded to the recipient.

(c) The purpose of the grant.

Sec. 407. (1) The fund shall provide reports to the relevant subcommittees, the state budget director, and the fiscal agencies concerning the activities of the Michigan economic development corporation grants and investment programs financed from the strategic fund using investment or Indian gaming revenues. The report shall provide a list of individual grants and loans made from the fund. The report shall include, but not be limited to, the following programs funded in part 1:

- (a) Travel Michigan.
- (b) Michigan business development.
- (c) Global business development.
- (d) Small, minority, and disabled business services.
- (e) Community development block grants.
- (f) Strategic fund administration.
- (g) Renaissance zones.
- (h) Emerging business sectors and roundtables.
- (i) Business and clean air ombudsman.
- (j) Economic development job training grants.
- (k) Community assistance team.
- (l) Life sciences and technology tri-corridor.
- (m) Any other programs of the fund.

(2) The reports in subsection (1) shall be submitted by January 1. The report for each program in subsection (1)(a) through (m) shall include details on the actual spending and number of FTEs for that program for the previous fiscal year.

Sec. 408. As a condition of receiving funds under part 1, any interlocal agreement entered into by the fund shall include language which states that if a local unit of government has a contract or memorandum of understanding with a private economic development agency, the Michigan economic development corporation will work cooperatively with that private organization in that local area.

Sec. 409. (1) Of the funds appropriated to the fund or through grants to the Michigan economic development corporation, no funds shall be expended for the purchase of options on land or the purchase of land unless at least 1 of the following conditions applies:

- (a) The land is located in an economically distressed area.
- (b) The land is obtained through a purchase or exercise of an option at the invitation of the local unit of government and local economic development agency.

(2) Consideration may be given to purchases where the proposed use of the land is consistent with a regional land use plan, will result in the redevelopment of an economically distressed area, can be supported by existing infrastructure, and will not cause shifts in population away from the area's population centers.

(3) As used in this section, "economically distressed area" means an area in a city, village, or township that has been designated as blighted; a city, village, or township that shows negative population change from 1970 and a poverty rate and unemployment rate greater than the statewide average; or an area certified as a neighborhood enterprise zone.

Sec. 410. (1) From the funds appropriated in part 1 for the life sciences and technology tri-corridor, \$15,000,000.00 is appropriated for the life sciences initiative. These funds are appropriated to support the research and commercialization in these respective areas and all potential business commercialization opportunities. All funding for the areas of homeland security and automotive initiative shall be funded from the Indian casino revenue or other federal sources. The program shall be administered by the Michigan economic development corporation.

(2) A life sciences and technology tri-corridor steering committee, appointed by the governor, shall consist of 19 members including the CEO of the Michigan economic development corporation, the director of the department of consumer and industry services, the state treasurer, a member from Michigan State University, the University of Michigan, Wayne State University, Western Michigan University for fiscal year 2003-04, the Van Andel Institute, 2 members representing the legislature, 1 of which is chosen by the speaker of the house of representatives and 1 of which is chosen by the majority leader of the senate, and 2 members actively engaged in each of the 3 targeted business sectors. The remaining members shall be appointed at large and may include members from the private sector, public sector, or other Michigan universities. Committee members are authorized to designate alternate members. The purpose of the steering committee is to provide advice and oversight of the initiative, including the development of criteria for the award of contracts or grants to qualifying universities, institutions, companies, or individuals. The steering committee will make decisions regarding distribution of these funds.

(3) Of the funds appropriated, up to \$2,500,000.00 may be used for administering the life sciences initiative including the monitoring of previous years' awards. Not more than \$5,000,000.00 shall be used to support a competitive business commercial development fund to support business commercialization research opportunities in Michigan. In allocating funding to the business commercial development fund, the life sciences and technology tri-corridor steering committee shall give maximum priority to supporting all potential commercialization opportunities that appear to have merit. Business commercialization proposals receiving funding need not contain a life sciences

component. Of the remaining funds appropriated for the life sciences initiative, 55% are allocated for a basic research fund, to be distributed on a competitive basis to Michigan universities or Michigan nonprofit research institutes, or both, for basic research in health-related areas. In addition, 45% of the remaining appropriated funds for the life sciences initiative are earmarked for a collaborative research fund to support peer-reviewed collaborative grants among Michigan universities and/or private research facilities, with emphasis on research testing or developing emerging discoveries.

(4) The life sciences and technology tri-corridor steering committee shall ensure that all research proposals receiving funding from the homeland security and automotive initiative contain a life sciences component and complement those proposals funded under the life sciences initiative. Any business commercialization proposal receiving funding from the homeland security and automotive initiative need not complement those proposals funded under the life sciences initiative.

(5) Repayment of any funds received as a result of awards made under 1999 PA 120, 2000 PA 292, 2001 PA 80, 2002 PA 517, or this act including, but not limited to, funds received as interest or return on investment shall be deposited in the business commercial development fund. These funds are authorized for expenditure upon receipt and shall not lapse to the general fund.

(6) The records of the life sciences and technology tri-corridor steering committee involving a proposal submitted by an eligible entity that are of a scientific, technical, or proprietary nature, the release of which could cause competitive harm to the eligible entity as determined by the life sciences and technology tri-corridor steering committee, are exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

Sec. 411. The money appropriated in part 1 to the fund is subject to the condition that none is spent for premiums or advertising material involving personal effects or apparel including, but not limited to, t-shirts, hats, coffee mugs, or other promotional items, except travel Michigan.

Sec. 412. (1) From the general fund/general purpose appropriations in part 1 to the fund and granted or transferred to the Michigan economic development corporation, any unexpended or unencumbered balance shall be disposed of in accordance with the requirements in the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, unless carryforward authorization has been otherwise provided for.

(2) Any encumbered funds shall be used for the same purposes for which funding was originally appropriated in this act.

Sec. 413. As a condition of receiving funds under part 1, the fund shall ensure that the MEDC and the Michigan strategic fund comply with all of the following:

(a) The freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(b) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(c) Annual audits of all financial records by the auditor general or his or her designee.

(d) All reports required by law to be submitted to the legislature.

(e) If the MEDC is unable for any reason to perform duties under this act, the Michigan strategic fund may exercise those duties.

Sec. 414. As a condition for receiving the appropriations in part 1, any staff of the Michigan economic development corporation involved in private fund-raising activities shall not be party to any decisions regarding the awarding of grants or tax abatements from the Michigan strategic fund, Michigan economic development corporation, or the Michigan economic growth authority.

Sec. 415. (1) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the core communities fund, shall be received, held, and applied by the Michigan strategic fund for the purposes described in this act.

(2) The fund shall provide an annual report on the status of this fund. The report shall be provided to the subcommittees, the fiscal agencies, and the state budget office by January 31.

Sec. 418. (1) The funding appropriated in part 1 of 2000 PA 291 for the Michigan core communities fund may be used to create an urban revitalization infrastructure program in the Michigan strategic fund for economic development awards to create new jobs or contribute to redevelopment and encourage private investment in core communities.

(2) Awards may be provided to qualified local governmental units as defined in the obsolete property rehabilitation act, 2000 PA 146, or certified technology parks, as defined in the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174.

(3) Awards can be used for land and property acquisition and assembly, demolition, site development, utility modifications and improvements, street and road improvements, telecommunication infrastructure, site location and relocation, infrastructure improvements, and any other costs related to the successful development and implementation of core community or certified technology park projects, at the discretion of the Michigan economic development corporation.

(4) Funding may be provided in the form of loans, grants, sales or cash flow participation agreements, guarantees, or any combination of these. A cash match of at least 10%, or local repayment guarantee with a dedicated funding source, is required. Priority shall be given to projects which are integrated with existing economic development programs, and to projects in proportion to the amount that local matching rates exceed 10%.

(5) The Michigan economic development corporation shall have all administrative responsibility for the Michigan core communities fund and shall establish application and application scoring criteria and approve awards. The Michigan economic development corporation may utilize up to 1/2 of 1% of the fund for administrative purposes.

(6) Funds will be awarded through an open competitive process based on criteria including the following: project impact, project marketability, lack of adequate infrastructure or land assembly financing sources, local administrative capacity, and the level of local matching funds. Awardees shall agree to expedite the local development process, such as fast-track permitting procedures, streamlined regulatory requirements, standardized construction and building codes, and the use of competitive construction permitting fees.

(7) No single applicant shall be awarded more than \$10,000,000.00 per project.

(8) Fifteen days prior to the award of the funds, notification shall be provided to the speaker of the house of representatives, the senate majority leader, the members of the house and senate appropriations committees, the house and senate fiscal agencies, and the state budget director.

(9) Funds shall not be awarded for any of the following purposes:

(a) Land sited for use as, or support for, a gaming facility.

(b) Land or other facilities owned or operated by a gaming facility.

(c) Publicly owned land or facilities which may directly or indirectly support a gaming facility.

Sec. 419. It is the intent of the legislature that the members of the executive committee of the corporation board of the MEDC be subject to the advice and consent of the senate.

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

A bill to make appropriations for the department of career development and the Michigan strategic fund and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; and to provide for the disposition of fees and other income received by the state agencies.

Valde Garcia
Thomas M. George
Michael Prusi
Conferees for the Senate

Marc Shulman
Glenn Steil, Jr.
Gretchen Whitmer
Conferees for the House

Pending the order that, under joint rule 9, the conference report be laid over one day,

Senator Hammerstrom moved that the rule be suspended.

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

The question being on the adoption of the conference report,

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

Roll Call No. 396

Yeas—36

Allen	Cherry	Hardiman	Prusi
Barcia	Clark-Coleman	Jacobs	Sanborn
Basham	Clarke	Jelinek	Schauer
Bernero	Cropsey	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	George	Leland	Switalski
Brater	Gilbert	McManus	Thomas
Brown	Goschka	Olshove	Toy
Cassis	Hammerstrom	Patterson	Van Woerkom

Nays—0

Excused—1

Not Voting—1

Emerson

In The Chair: Sanborn

The question being on concurring in the committee recommendation to give the bill immediate effect, The recommendation was concurred in, 2/3 of the members serving voting therefor.

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

House Bill No. 4748, entitled

A bill to amend 1961 PA 236, entitled “An act to revise and consolidate the statutes relating to the organization and jurisdiction of the courts of this state; the powers and duties of such courts, and of the judges and other officers thereof; the forms and attributes of civil claims and actions; the time within which civil actions and proceedings may be brought in said courts; pleading, evidence, practice and procedure in civil and criminal actions and proceedings in said courts; to provide remedies and penalties for the violation of certain provisions of this act; to repeal all acts and parts of acts inconsistent with or contravening any of the provisions of this act; and to repeal acts and parts of acts,” by amending sections 321, 880, 880a, 880b, 1027, 2529, 2538, 5756, 8371, and 8420 (MCL 600.321, 600.880, 600.880a, 600.880b, 600.1027, 600.2529, 600.2538, 600.5756, 600.8371, and 600.8420), section 321 as amended by 1997 PA 182, sections 880 and 880b as amended by 2000 PA 56, section 880a as added and sections 5756 and 8420 as amended by 1993 PA 189, section 1027 as added by 1996 PA 388, sections 2529 and 8371 as amended by 2002 PA 605, and section 2538 as amended by 1999 PA 151, and by adding sections 171 and 244.

The House of Representatives has amended the Senate substitute (S-4) as follows:

- 1. Amend page 12, line 26, after “reimbursable” by striking out the comma and “**except as directed in subsection (3),**”.
- 2. Amend page 13, line 26, by striking out all of subsection (3) and inserting:

“(3) An attorney general’s operations fund is created within the state treasury. The state treasurer may receive money or other assets from any source for deposit into the fund. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments. Money in the fund at the close of the fiscal year shall remain in the fund and shall not lapse to the general fund. The department of attorney general shall expend money from the fund, upon appropriation, for operational purposes.”.

The House of Representatives has concurred in the Senate substitute (S-4) as amended.

Pending the order that, under rule 3.202, the bill be laid over one day,

Senator Hammerstrom moved that the rule be suspended.

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

The question being on concurring in the amendments made to the Senate substitute,

Senator Hammerstrom moved that Senators Johnson and Sikkema be temporarily excused from the balance of today’s session.

The motion prevailed.

The amendments were concurred in, a majority of the members serving voting therefor, as follows:

Roll Call No. 397

Yeas—33

Allen	Cherry	Hammerstrom	Patterson
Barcia	Clark-Coleman	Hardiman	Prusi
Basham	Clarke	Jacobs	Schauer
Bernero	Cropsey	Jelinek	Stamas
Birkholz	Garcia	Kuipers	Switalski
Bishop	George	Leland	Thomas
Brater	Gilbert	McManus	Toy
Brown	Goschka	Olshove	Van Woerkom
Cassis			

Nays—1

Sanborn

Excused—3

Johnson

Scott

Sikkema

Not Voting—1

Emerson

In The Chair: Sanborn

Senate Bill No. 399, entitled

A bill to amend 1933 PA 167, entitled "General sales tax act," by amending section 25 (MCL 205.75), as amended by 1993 PA 325.

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

The House of Representatives has passed the bill as substituted (H-1), ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

Pending the order that, under rule 3.202, the bill be laid over one day,

Senator Hammerstrom moved that the rule be suspended.

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

The question being on concurring in the substitute made to the bill by the House,

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

Roll Call No. 398**Yeas—34**

Allen

Cherry

Hardiman

Prusi

Barcia

Clark-Coleman

Jacobs

Sanborn

Basham

Clarke

Jelinek

Schauer

Bernero

Cropsey

Kuipers

Stamas

Birkholz

Garcia

Leland

Switalski

Bishop

George

McManus

Thomas

Brater

Gilbert

Olshove

Toy

Brown

Goschka

Patterson

Van Woerkom

Cassis

Hammerstrom

Nays—0**Excused—3**

Johnson

Scott

Sikkema

Not Voting—1

Emerson

In The Chair: Sanborn

The question being on concurring in the committee recommendation to give the bill immediate effect,
 The recommendation was concurred in, 2/3 of the members serving voting therefor.
 The Senate agreed to the full title.
 The bill was referred to the Secretary for enrollment printing and presentation to the Governor.

Senate Bill No. 537, entitled

A bill to amend 1994 PA 451, entitled “An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, and assessments; to provide certain appropriations; to prescribe penalties and provide remedies; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts,” by amending section 74117 (MCL 324.74117), as added by 1995 PA 58; and to repeal acts and parts of acts.

The House of Representatives has amended the Senate amendment as follows:

1. Amend the Senate amendment, page 2, following line 25, after “**for a fee of**” by striking out “**\$10.00**” and inserting “**\$6.00**”.

The House of Representatives has concurred in the Senate amendment as amended.

Pending the order that, under rule 3.202, the bill be laid over one day,

Senator Hammerstrom moved that the rule be suspended.

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

The question being on concurring in the House amendment made to the Senate amendment,

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

Roll Call No. 399

Yeas—35

Allen	Cherry	Hammerstrom	Prusi
Barcia	Clark-Coleman	Hardiman	Sanborn
Basham	Clarke	Jacobs	Schauer
Bernero	Cropsey	Jelinek	Stamas
Birkholz	Emerson	Kuipers	Switalski
Bishop	Garcia	Leland	Thomas
Brater	George	McManus	Toy
Brown	Gilbert	Olshove	Van Woerkom
Cassis	Goschka	Patterson	

Nays—0

Excused—3

Johnson	Scott	Sikkema
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Not Voting—0

In The Chair: Sanborn

Senator Sikkema entered the Senate Chamber.

Senator Hammerstrom moved to reconsider the vote by which the House amendment to the Senate amendment was concurred in.

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

The question being on concurring in the House amendment made to the Senate amendment,

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

Roll Call No. 400**Yeas—36**

Allen	Cherry	Hammerstrom	Prusi
Barcia	Clark-Coleman	Hardiman	Sanborn
Basham	Clarke	Jacobs	Schauer
Bernero	Cropsey	Jelinek	Sikkema
Birkholz	Emerson	Kuipers	Stamas
Bishop	Garcia	Leland	Switalski
Brater	George	McManus	Thomas
Brown	Gilbert	Olshove	Toy
Cassis	Goschka	Patterson	Van Woerkom

Nays—0**Excused—2**

Johnson Scott

Not Voting—0

In The Chair: Sanborn

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

Committee Reports

The Committee on Transportation reported

House Bill No. 4627, entitled

A bill to amend 1952 PA 214, entitled “An act authorizing the Mackinac bridge authority to acquire a bridge connecting the upper and lower peninsulas of Michigan, including causeways, tunnels, roads and all useful related equipment and facilities, including park, parking, recreation, lighting and terminal facilities; extending the corporate existence of the authority; authorizing such authority to enjoy and carry out all powers incident to its corporate objects; authorizing the appropriation and use of state funds for the preliminary purposes of the authority; providing for the payment of the cost of such bridge and in that connection authorizing the authority to issue revenue bonds payable solely from the revenues of the bridge; granting the right of condemnation to the authority; granting the use of state land and property to the authority; making provisions for the payment and security of such bonds and granting certain rights and remedies to the holders thereof; authorizing banks and trust companies to perform certain acts in connection therewith; authorizing the imposition of tolls and charges; authorizing the authority to secure the consent of the United States government to the construction of the bridge and to secure approval of plans, specifications and location of same; authorizing employment of engineers irrespective of whether such engineers have been previously employed to make preliminary inspections or reports with respect to the bridge; authorizing the state highway department to operate and maintain such bridge or to contribute thereto and enter into leases and agreements in connection therewith; exempting such bonds and the property of the authority from taxation; prohibiting competing traffic facilities; authorizing the operation of ferries by the authority; providing for the construction and use of certain buildings; and making an appropriation,” by amending section 7 (MCL 254.317).

With the recommendation that the following amendment be adopted and that the bill then pass:

1. Amend page 5, line 16, after “to” and inserting “**subsection (2) and**”.

The committee further recommends that the bill be given immediate effect.

Judson Gilbert II
Chairperson

To Report Out:

Yeas: Senators Gilbert, Kuipers and Goschka

Nays: Senator Leland

The bill and the amendment recommended by the committee were referred to the Committee of the Whole.

The Committee on Transportation reported

House Bill No. 4630, entitled

A bill to amend 1952 PA 214, entitled "An act authorizing the Mackinac bridge authority to acquire a bridge connecting the upper and lower peninsulas of Michigan, including causeways, tunnels, roads and all useful related equipment and facilities, including park, parking, recreation, lighting and terminal facilities; extending the corporate existence of the authority; authorizing such authority to enjoy and carry out all powers incident to its corporate objects; authorizing the appropriation and use of state funds for the preliminary purposes of the authority; providing for the payment of the cost of such bridge and in that connection authorizing the authority to issue revenue bonds payable solely from the revenues of the bridge; granting the right of condemnation to the authority; granting the use of state land and property to the authority; making provisions for the payment and security of such bonds and granting certain rights and remedies to the holders thereof; authorizing banks and trust companies to perform certain acts in connection therewith; authorizing the imposition of tolls and charges; authorizing the authority to secure the consent of the United States government to the construction of the bridge and to secure approval of plans, specifications and location of same; authorizing employment of engineers irrespective of whether such engineers have been previously employed to make preliminary inspections or reports with respect to the bridge; authorizing the state highway department to operate and maintain such bridge or to contribute thereto and enter into leases and agreements in connection therewith; exempting such bonds and the property of the authority from taxation; prohibiting competing traffic facilities; authorizing the operation of ferries by the authority; providing for the construction and use of certain buildings; and making an appropriation," by amending section 12 (MCL 254.322).

With the recommendation that the bill pass.

The committee further recommends that the bill be given immediate effect.

Judson Gilbert II
Chairperson

To Report Out:

Yeas: Senators Gilbert, Kuipers and Goschka

Nays: Senator Leland

The bill was referred to the Committee of the Whole.

The Committee on Transportation reported

House Bill No. 4631, entitled

A bill to amend 1951 PA 51, entitled "An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and

repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts," by amending the title and section 11 (MCL 247.661), the title as amended by 1997 PA 79 and section 11 as amended by 2002 PA 639.

With the recommendation that the bill pass.

The committee further recommends that the bill be given immediate effect.

Judson Gilbert II
Chairperson

To Report Out:

Yeas: Senators Gilbert, Kuipers and Goschka

Nays: Senator Leland

The bill was referred to the Committee of the Whole.

COMMITTEE ATTENDANCE REPORT

The Committee on Transportation submitted the following:

Meeting held on Tuesday, July 15, 2003, at 8:00 a.m., Room 110, Farnum Building

Present: Senators Gilbert (C), Kuipers, Goschka and Leland

Excused: Senator Basham

Scheduled Meetings

Conference Committee -

Revenue Sharing (SB 575) - Thursday, July 17, 9:00 a.m., Senate Appropriations Room, 3rd Floor, Capitol Building (373-2768)

Transportation - Monday, July 28, 2:00 p.m., Public Meeting Room, Port Huron Municipal Offices, 100 McMorran Boulevard, Port Huron (373-7708)

Senator Hammerstrom moved that the Senate adjourn.

The motion prevailed, the time being 8:55 p.m.

The Assistant President pro tempore, Senator Sanborn, declared the Senate adjourned until Thursday, July 17, 2003, at 10:00 a.m.

CAROL MOREY VIVENTI
Secretary of the Senate