

No. 116
STATE OF MICHIGAN
JOURNAL
OF THE
House of Representatives
94th Legislature
REGULAR SESSION OF 2007

House Chamber, Lansing, Tuesday, October 30, 2007.

1:30 p.m.

The House was called to order by the Speaker Pro Tempore.

The roll was called by the Clerk of the House of Representatives, who announced that a quorum was present.

Accavitti—present	Dillon—present	Lahti—present	Pearce—present
Acciavatti—present	Donigan—present	LaJoy—present	Polidori—present
Agema—present	Ebli—present	Law, David—present	Proos—present
Amos—present	Elsenheimer—present	Law, Kathleen—present	Robertson—present
Angerer—present	Emmons—present	LeBlanc—present	Rocca—present
Ball—present	Espinoza—present	Leland—present	Sak—present
Bauer—present	Farrah—present	Lemmons—present	Schuitmaker—present
Bennett—present	Gaffney—present	Lindberg—present	Scott—present
Bieda—present	Garfield—present	Marleau—present	Shaffer—present
Booher—present	Gillard—present	Mayes—present	Sheen—present
Brandenburg—present	Gonzales—present	McDowell—present	Sheltrown—present
Brown—present	Green—present	Meadows—present	Simpson—present
Byrnes—present	Griffin—present	Meekhof—present	Smith, Alma—present
Byrum—present	Hammel—present	Meisner—present	Smith, Virgil—present
Calley—present	Hammon—present	Melton—present	Spade—present
Casperson—present	Hansen—present	Meltzer—present	Stahl—present
Caswell—present	Hildenbrand—present	Miller—present	Stakoe—present
Caul—present	Hood—present	Moolenaar—present	Steil—present
Cheeks—present	Hoogendyk—present	Moore—present	Tobocman—present
Clack—present	Hopgood—present	Moss—present	Vagnozzi—present
Clemente—present	Horn—present	Nitz—present	Valentine—present
Condino—present	Huizenga—present	Nofs—present	Walker—present
Constan—present	Hune—present	Opsommer—present	Ward—present
Corriveau—present	Jackson—present	Palmer—present	Warren—present
Coulouris—present	Johnson—present	Palsrok—present	Wenke—excused
Cushingberry—present	Jones, Rick—present	Pastor—present	Wojno—present
Dean—present	Jones, Robert—present	Pavlov—present	Young—present
DeRoche—present	Knollenberg—present		

e/d/s = entered during session

Rep. Dave Hildenbrand, from the 86th District, offered the following invocation:

“Dear Father in Heaven:

We pause before You today to ask for Your guidance and direction as we do Your will in this historic chamber. Where there are differences, we ask for compromise. And where there is tension, we ask for peace.

Amidst the hustle and pressures of the day, we thank You for the countless blessings in our everyday lives. Continue to watch over us and guide us as we do the work of the citizens of this great state.

In Your name we pray. AMEN.”



Rep. Booher moved that Rep. Wenke be excused from today’s session. The motion prevailed.

Reports of Select Committees

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **House Bill No. 4346, 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, 2008; 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 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 education and certain other purposes relating to education for the fiscal year ending September 30, 2008; 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, 2008, 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 positions	6.0	
Full-time equated classified positions	460.5	
GROSS APPROPRIATION.....		\$ 96,482,400
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION		\$ 96,482,400
Federal revenues:		
Total federal revenues		72,749,800
Special revenue funds:		
Local cost sharing (schools for deaf/blind)		6,142,200
Local school district service fees		306,700
Total local revenues		6,448,900
Gifts, bequests, and donations.....		740,600

	For Fiscal Year Ending Sept. 30, 2008
Private foundations	2,431,200
Total private revenues	3,171,800
Total local and private revenues	9,620,700
Certification fees.....	5,757,700
Commodity distribution fees	71,700
Student insurance revenues	218,600
Teacher college review fees	54,000
Teacher testing fees.....	523,500
Tenant rent	261,000
Training and orientation workshop fees	150,000
Total other state restricted revenues	7,036,500
State general fund/general purpose	\$ 7,075,400
Sec. 102. STATE BOARD OF EDUCATION/OFFICE OF THE SUPERINTENDENT	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	16.0
State board of education, per diem payments	\$ 24,400
Unclassified positions—6.0 FTE positions.....	515,600
State board/superintendent operations—16.0 FTE positions.....	3,018,600
GROSS APPROPRIATION.....	\$ 3,558,600
Appropriated from:	
Federal revenues:	
Federal revenues	1,969,400
Special revenue funds:	
Private foundations	26,700
Certification fees.....	199,100
State general fund/general purpose	\$ 1,363,400
Sec. 103. CENTRAL SUPPORT	
Full-time equated classified positions	26.0
Central support—26.0 FTE positions	\$ 3,770,200
Worker's compensation	45,000
Building occupancy charges - property management services	1,692,300
Human resources optimization user charges.....	23,900
Tenant rent.....	261,000
Training and orientation workshops	150,000
Terminal leave payments.....	574,700
GROSS APPROPRIATION.....	\$ 6,517,100
Appropriated from:	
Federal revenues:	
Federal revenues	3,989,900
Special revenue funds:	
Local cost sharing (schools for blind/deaf)	68,400
Certification fees.....	407,800
Teacher testing fees.....	14,700
Tenant rent.....	261,000
Training and orientation workshop fees	150,000
State general fund/general purpose	\$ 1,625,300
Sec. 104. INFORMATION TECHNOLOGY SERVICES	
Information technology operations.....	\$ 2,826,400
GROSS APPROPRIATION.....	\$ 2,826,400
Appropriated from:	
Federal revenues:	
Federal revenues	1,767,700
Special revenue funds:	
Local cost sharing (schools for deaf/blind)	142,000
Certification fees.....	245,000
State general fund/general purpose	\$ 671,700

For Fiscal Year
Ending Sept. 30,
2008

Sec. 105. SPECIAL EDUCATION SERVICES		
Full-time equated classified positions	49.0	
Special education operations—49.0 FTE positions		\$ 11,336,700
GROSS APPROPRIATION		\$ 11,336,700
Appropriated from:		
Federal revenues:		
Federal revenues		10,972,800
Special revenue funds:		
Private foundations		104,800
Certification fees.....		38,400
State general fund/general purpose		\$ 220,700
Sec. 106. MICHIGAN SCHOOLS FOR THE DEAF AND BLIND		
Full-time equated classified positions	103.0	
Michigan schools for the deaf and blind operations.....		\$ 12,659,000
Summer institute		90,000
Camp Tuhsmeheeta—1.0 FTE positions		295,100
Private gifts - blind		90,000
Private gifts - deaf		50,000
GROSS APPROPRIATION		\$ 13,184,100
Appropriated from:		
Federal revenues:		
Federal revenues		5,997,300
Special revenue funds:		
Local cost sharing (schools for deaf/blind)		5,931,800
Local school district service fees		295,800
Gifts, bequests, and donations.....		740,600
Student insurance revenue.....		218,600
State general fund/general purpose		\$ 0
Sec. 107. PROFESSIONAL PREPARATION SERVICES		
Full-time equated classified positions	30.0	
Professional preparation operations—30.0 FTE positions		\$ 6,807,400
National board certification.....		100,000
Department of attorney general.....		50,000
GROSS APPROPRIATION		\$ 6,957,400
Appropriated from:		
Federal revenues:		
Federal revenues		2,647,800
Special revenue funds:		
Certification fees.....		3,746,800
Teacher college review fees		54,000
Teacher testing fees.....		508,800
State general fund/general purpose		\$ 0
Sec. 108. EARLY CHILDHOOD EDUCATION AND FAMILY SERVICES		
Full-time equated classified positions	25.0	
Early childhood education and family services operations.....		\$ 4,386,800
GROSS APPROPRIATION		\$ 4,386,800
Appropriated from:		
Federal revenues:		
Federal revenues		3,255,100
Special revenue funds:		
Private foundations		191,700
Certification fees.....		58,600
State general fund/general purpose		\$ 881,400
Sec. 109. SCHOOL IMPROVEMENT SERVICES		
Full-time equated classified positions	73.3	
School improvement operations—73.3 FTE positions.....		\$ 16,673,800
Subject area content expectations and guidelines		100,000
GROSS APPROPRIATION		\$ 16,773,800

For Fiscal Year
Ending Sept. 30,
2008

Appropriated from:	
Federal revenues:	
Federal revenues	14,958,100
Special revenue funds:	
Private foundations	1,108,000
Certification fees.....	531,300
State general fund/general purpose	\$ 176,400
Sec. 110. SCHOOL FINANCE AND SCHOOL LAW SERVICES	
Full-time equated classified positions	21.0
School finance and school law operations—21.0 FTE positions	\$ 2,988,000
GROSS APPROPRIATION	\$ 2,988,000
Appropriated from:	
Federal revenues:	
Federal revenues	1,432,100
Special revenue funds:	
Certification fees.....	530,700
State general fund/general purpose	\$ 1,025,200
Sec. 111. EDUCATION ASSESSMENT AND ACCOUNTABILITY	
Full-time equated classified positions	28.3
Educational assessment operations—28.3 FTE positions	\$ 12,285,700
GROSS APPROPRIATION	\$ 12,285,700
Appropriated from:	
Federal revenues:	
Federal revenues	12,285,700
State general fund/general purpose	\$ 0
Sec. 112. GRANTS ADMINISTRATION AND SCHOOL SUPPORT SERVICES	
Full-time equated classified positions	56.2
Grants administration and school support services operations—56.2 FTE positions	\$ 7,987,400
Federal and private grants.....	3,000,000
GROSS APPROPRIATION	\$ 10,987,400
Appropriated from:	
Federal revenues:	
Federal revenues	9,470,800
Special revenue funds:	
Local school district service fees	10,900
Private foundations	1,000,000
Commodity distribution fees.....	71,700
State general fund/general purpose	\$ 434,000
Sec. 113. EDUCATIONAL TECHNOLOGY AND DATA COORDINATION	
Full-time equated classified positions	7.7
Educational technology and data coordination—7.7 FTE positions.....	\$ 800,300
GROSS APPROPRIATION	\$ 800,300
Appropriated from:	
Federal revenues:	
Federal revenues	800,300
State general fund/general purpose	\$ 0
Sec. 114. CAREER AND TECHNICAL EDUCATION	
Full-time equated classified positions	25.0
Career and technical education operations—25.0 FTE positions	\$ 3,880,100
GROSS APPROPRIATION	\$ 3,880,100
Appropriated from:	
Federal revenues:	
Federal revenues	3,202,800
State general fund/general purpose	\$ 677,300

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 2007-2008 is \$14,111,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2007-2008 is estimated at \$0.

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

Sec. 203. As used in this article:

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

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

(c) "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. The department shall use the Internet to fulfill the reporting requirements of this article. 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. 206. The department shall provide through the Internet the state board of education agenda and all supporting documents, and shall notify the state budget director and the senate and house fiscal agencies that the agenda and supporting documents are available on the Internet, at the time the agenda and supporting documents are provided to state board of education members.

Sec. 207. (1) Upon receipt of the federal drug-free grant, the department shall allocate \$225,000.00 of the grant to the safe school program within the department. The safe school program shall work with local school boards, parents of enrolled students, law enforcement agencies, community leaders, and the office of drug control policy for the prevention of school violence. The safe school program 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 safe school program shall do all of the following:

(a) 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 article 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.

(b) Provide through the Internet the availability to access, and provide through the Internet 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.

(c) Advance, promote, and encourage the awareness and use of the state police anti-violence hotline.

Sec. 208. 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. 209. From the funds appropriated in part 1 for information technology, departments and agencies 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 the department of information technology.

Sec. 210. 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. 211. Before publishing a list of schools or districts determined to have failed to make adequate yearly progress as required by the no child left behind act of 2001, Public Law 107-110, 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. 212. 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. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable quality. In addition, preference should be given to goods or services, or both, manufactured or provided by Michigan businesses owned and operated by veterans if they are competitively priced and of comparable quality.

Sec. 213. (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 may 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. 214. (1) Due to the current budgetary problems in this state, out-of-state travel shall be limited to situations in which 1 or more of the following conditions apply:

(a) The travel is required by legal mandate or court order or for law enforcement purposes.

(b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.

(c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.

(d) The travel is necessary to comply with federal requirements.

(e) The travel is necessary to secure specialized training for staff that is not available within this state.

(f) The travel is financed entirely by federal or nonstate funds.

(2) If out-of-state travel is necessary but does not meet 1 or more of the conditions in subsection (1), the state budget director may grant an exception to allow the travel. Any exceptions granted by the state budget director shall be reported on a monthly basis to the house and senate appropriations committees.

(3) Not later than January 1 of each year, each department shall prepare a travel report listing all travel by classified and unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The report shall be submitted to the chairs and members of the house and senate appropriations committees, the house and senate fiscal agencies, and the state budget director. The report shall include the following information:

(a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.

(b) The destination of each travel occurrence.

(c) The dates of each travel occurrence.

(d) A brief statement of the reason for each travel occurrence.

(e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state-restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

(f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

Sec. 215. The department shall not take disciplinary action against an employee who communicates truthfully and factually with a member of the legislature or his or her staff.

Sec. 216. 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. 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. 217. The department shall pay within 60 days of submission the full amount of any bills submitted by the auditor general for all costs incurred by the auditor general while conducting audits of federally funded programs. The department shall expend federal funds allowable under federal law to satisfy any charges billed by the auditor general.

Sec. 219. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$5,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$700,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$250,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$3,000,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 220. The department shall provide data requested by a member of the legislature, his or her staff, or the house and senate fiscal agencies in a timely manner.

Sec. 221. Funds appropriated in part 1 shall not be used by a principal executive department, state agency, or authority, to hire a person to provide legal services that are the responsibility of the attorney general. This prohibition does not apply to legal services for bonding activities and for those activities that the attorney general authorizes.

Sec. 222. (1) The department shall report no later than April 1, 2008 on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year to the house and senate appropriations subcommittees on the budget for the department, the joint committee on administrative rules, and the senate and house fiscal agencies.

(2) Funds appropriated in part 1 shall not be used by the department to adopt a rule that will apply to a small business and that will have a disproportionate economic impact on small businesses because of the size of those businesses if the department fails to reduce the disproportionate economic impact of the rule on small businesses as provided under section 40 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.240.

(3) As used in this section:

(a) "Rule" means that term as defined under section 7 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207.

(b) "Small business" means that term as defined under section 7a of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207a.

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 for meetings at which a quorum is present or for performing official business authorized by the state board. 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 state board executive 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.

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 and out-of-state travel directly related to the duties of the state board of education.

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. 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) From the unexpended balances of appropriations for the schools for the deaf and blind operations, up to \$250,000.00 of any unexpended and unencumbered funds remaining on September 30, 2008 may be carried forward as a work project 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, 2009.

(4) From the tenant rent appropriation for Fay hall, up to \$100,000.00 of any unexpended and unencumbered funds remaining on September 30, 2008 may be carried forward as a work project or as restricted revenue and expended for special maintenance and repairs of facilities at Fay hall. The work project may 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, 2009.

Sec. 405. 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. 406. (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) Parents will continue to have a choice regarding the educational placement of their deaf or hard of hearing children.

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.

Sec. 503. Of the funds appropriated in part 1 for professional preparation operations, \$100,000.00 shall be allocated to Central Michigan University for the alternative route to certification program. Of the funds appropriated in part 1 for professional preparation operations, \$100,000.00 shall be allocated to Wayne State University for the pathways to teaching program. Not later than March 1, 2008, the department shall provide the senate and house appropriations committees and senate and house fiscal agencies with a report including all of the following:

(a) How many teachers were certified under the programs.

(b) How long participating teachers served in the classroom.

(c) A comparison of teacher evaluations of participating teachers and teachers with traditional teacher certifications.

Sec. 505. 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 considered 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.

OFFICE OF SCHOOL IMPROVEMENT

Sec. 601. From the amount appropriated in part 1 for the office of school improvement, 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.

Sec. 603. The funds appropriated in part 1 for subject area content expectations and guidelines shall be used for the development, approval, and implementation of subject area content expectations and guidelines that apply to the credit requirements of the Michigan merit standard, as required under section 1278b of the revised school code, 1976 PA 451, MCL 380.1278b.

INFORMATION TECHNOLOGY

Sec. 701. 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.

GRANTS ADMINISTRATION AND SCHOOL SUPPORT SERVICES

Sec. 901. Within 10 days of the receipt of a grant appropriated in the federal and private grants line item in part 1, the department shall notify the house and senate chairpersons of the appropriations subcommittees responsible for the department budget, the house and senate fiscal agencies, and the state budget director of the receipt of the grant, including the funding source, purpose, and amount of the grant.

Third: 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 education and certain other purposes relating to education for the fiscal year ending September 30, 2008; 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.

Matt Gillard
Aldo Vagnozzi
Bruce Caswell
Conferees for the House

Ron Jelinek
Cameron Brown
Michael Switalski
Conferees for the Senate

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Tobocman moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the conference report having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 506**Yeas—93**

Accavitti	Coulouris	Jones, Robert	Pastor
Acciavatti	Cushingberry	Lahti	Pearce
Agema	Dean	LaJoy	Polidori
Amos	Dillon	Law, David	Proos
Angerer	Donigan	Law, Kathleen	Rocca
Ball	Ebli	LeBlanc	Sak
Bauer	Emmons	Leland	Schuitmaker
Bennett	Espinoza	Lemmons	Scott
Bieda	Farrah	Lindberg	Shaffer
Booher	Gaffney	Mayes	Sheltrown
Brandenburg	Gillard	McDowell	Simpson
Brown	Gonzales	Meadows	Smith, Alma
Byrnes	Griffin	Meekhof	Smith, Virgil
Byrum	Hammel	Meisner	Spade
Calley	Hammon	Melton	Stakoe
Casperson	Hansen	Miller	Tobocman
Caswell	Hood	Moolenaar	Vagnozzi
Caul	Hopgood	Moore	Valentine
Cheeks	Horn	Moss	Walker
Clack	Huizenga	Nitz	Ward
Clemente	Jackson	Nofs	Warren
Condino	Johnson	Opsommer	Wojno
Constan	Jones, Rick	Palsrok	Young
Corriveau			

Nays—16

DeRoche	Hildenbrand	Marleau	Robertson
Elsenheimer	Hoogendyk	Meltzer	Sheen
Garfield	Hune	Palmer	Stahl
Green	Knollenberg	Pavlov	Steil

In The Chair: Sak

Rep. Sheen, having reserved the right to explain his nay vote, made the following statement:

“Mr. Speaker and members of the House:

I cannot vote for these budgets as they are based on increased fees, an income tax increases, and the expansion of sales tax on services on top of all the other taxes. Government deficits are spending problems, not revenue problems. I cannot balance the budget on the backs of Michigan citizens and job providers that are barely hanging on and making ends meet.

Holding government harmless is elitist, disingenuous, and wrong. I was not sent to Lansing to preserve government spending to the detriment of its citizens and its job providers. The Income tax increase of 12% (from 3.9% to 4.35%) and spreading a 6 % sales tax on many services and business-to-business transactions on top of all the other taxes will in no way benefit the state’s economy or its citizens. However, it will take more money out of people’s paychecks and increase the cost of living, which is a double hit to the consumer. It will drive up the cost of doing business and drive out more employers, increasing unemployment and further exacerbating Michigan’s plight. We might as well put a red flashing light at the state line warning businesses not to come here.

I could not vote to increase taxes on Michigan’s citizens or job providers at a time when so many have either lost jobs, faced failing businesses and otherwise tightened their belts and made cuts in their own budgets. Why should government be held at a different standard than everyone else in the state?”

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning
House Bill No. 4359, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 6a, 8b, 11, 11a, 11f, 11g, 11j, 11k, 11m, 15, 18, 19, 20, 20j, 22a, 22b, 22c, 22d, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 38, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 64, 65, 74, 76, 81, 94a, 98, 99, 99e, 99h, 104, 107, 147, and 163 (MCL 388.1603, 388.1606, 388.1606a, 388.1608b, 388.1611, 388.1611a, 388.1611f, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618, 388.1619, 388.1620, 388.1620j, 388.1622a, 388.1622b, 388.1622c, 388.1622d, 388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1637, 388.1638, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1676, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699e, 388.1699h, 388.1704, 388.1707, 388.1747, and 388.1763), sections 3, 11, 11g, 11j, 22a, 22b, 26b, 31a, 51a, 51c, 65, 81, and 147 as amended by 2007 PA 6, sections 6, 11a, 11f, 11k, 15, 18, 20, 20j, 22d, 24, 26a, 31d, 31f, 32c, 32d, 32j, 32l, 37, 39a, 41, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 74, 94a, 98, 99, and 107 as amended and sections 11m, 22c, 24a, 24c, 29, 32b, 64, 99e, 99h, and 104 as added by 2006 PA 342, section 6a as amended by 1997 PA 93, sections 8b and 38 as amended by 2003 PA 158, sections 19 and 39 as amended by 2005 PA 155, section 76 as amended by 1996 PA 300, and section 163 as amended by 2004 PA 351, and by adding sections 31g, 32, 32e, 32f, 65a, 77, 98d, 99a, and 99i; and to repeal acts and parts of acts.

Recommends:

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

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

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 6a, 11, 11a, 11f, 11g, 11j, 11k, 11m, 15, 17b, 18, 19, 20, 20j, 22a, 22b, 22d, 24, 24a, 24c, 26, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 64, 65, 74, 76, 81, 94a, 98, 99, 99c, 99e, 104, 107, 151, and 163 (MCL 388.1603, 388.1606, 388.1606a, 388.1611, 388.1611a, 388.1611f, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1617b, 388.1618, 388.1619, 388.1620, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1624a, 388.1624c, 388.1626, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1637, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1676, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699c, 388.1699e, 388.1704, 388.1707, 388.1751, and 388.1763), sections 3, 11g, 22a, 22b, 26b, 31a, 51a, 51c, 65, and 81 as amended by 2007 PA 6, sections 6, 11a, 11f, 11k, 15, 18, 20, 20j, 22d, 24, 26a, 31d, 31f, 32c, 32d, 32j, 32l, 37, 41, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 74, 94a, 98, 99, and 107 as amended and sections 11m, 24a, 24c, 29, 32b, 64, 99c, 99e, and 104 as added by 2006 PA 342, section 6a as amended by 1997 PA 93, sections 11, 11j, 17b, and 39a as amended by 2007 PA 92, sections 19 and 39 as amended by 2005 PA 155, sections 26 and 163 as amended by 2004 PA 351, section 76 as amended by 1996 PA 300, and section 151 as amended by 2000 PA 297, and by adding sections 32, 32n, 77, 82, 99i, 99j, and 99k; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 3. (1) "Average daily attendance", for the purposes of complying with federal law, ~~and except as used in section 6(4)(bb)~~, means 92% of the ~~membership~~ **PUPILS COUNTED IN MEMBERSHIP ON THE PUPIL MEMBERSHIP COUNT DAY**, as defined in section ~~6(4)-6(7)~~.

(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) "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) "Department", except in section 107, means the department of education.

(6) "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, 29, 31a, **99J, 99K**, 105, and 105c, a public school academy. Except in sections 6(4), 6(6), 13, 20, 22a, 29, **99J, 99K**, 105, and 105c, district also includes a university school.

(7) "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) "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 pupils with autism spectrum disorder, pupils with severe cognitive impairment, pupils with moderate cognitive impairment, pupils with severe multiple impairments, pupils with hearing impairment, pupils with visual impairment, and pupils with physical impairment or other health impairment. Programs for pupils with emotional impairment 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, 20 USC 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 and high school graduation rate" means the annual completion and pupil dropout rate that is calculated by the center pursuant to nationally recognized standards.

(3) "District and high school graduation report" means a report of the number of pupils, excluding adult participants, in the district for the immediately preceding school year, adjusted for those pupils who have transferred into or out of the district or high school, who leave high school with a diploma or other credential of equal status.

(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 .75 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 .25 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 educational 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 labor and economic growth, 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 unless a written agreement signed by all parties designates the party or parties in which the pupil shall be counted in membership, 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 or otherwise apart from the general school population, 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 or otherwise apart from the general school population, 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 or otherwise apart from the general school population 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 or the public school academy otherwise ceases to operate, 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 .75 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 .25 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, and if the district does not receive funding under section 22d, the district's membership shall be considered to be the membership figure calculated under this subdivision. 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.

(aa) Full-time equated memberships for preprimary-aged special education pupils who are not enrolled in kindergarten but are enrolled in a classroom program under R 340.1754 of the Michigan administrative code shall be determined by dividing the number of class hours scheduled and provided per year by 450. Full-time equated memberships for preprimary-aged special education pupils who are not enrolled in kindergarten but are receiving nonclassroom services under R 340.1755 of the Michigan administrative code shall be determined by dividing the number of hours of service scheduled and provided per year per pupil by 180.

~~(bb) Full-time equated memberships for pupils enrolled in a public school academy that is wholly contained within a county juvenile detention facility shall be considered to be the average daily attendance of pupils enrolled in the public school academy for the immediately preceding fiscal year, as reported by the public school academy and audited by the intermediate district in which the public school academy is located. However, if a public school academy~~

~~described in this subdivision does not provide definitive information to the auditing intermediate district to support the pupil memberships generated by average daily attendance, then full-time equated memberships for pupils enrolled in that public school academy shall be calculated as otherwise provided under this subsection.~~

(BB) ~~(ee)~~ A pupil of a district that begins its school year after Labor day who is enrolled in an intermediate district program that begins before Labor day shall not be considered to be less than a full-time pupil solely due to instructional time scheduled but not attended by the pupil before Labor day.

(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 is not 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 if the pupil is enrolled in accordance with section 105 or 105c.

(f) 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.

(g) 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.

(h) 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.

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

(j) A pupil who is the child of a person who is employed by the district. As used in this subdivision, "child" includes an adopted child, stepchild, or legal ward.

(K) AN EXPELLED PUPIL WHO HAS BEEN DENIED REINSTATEMENT BY THE EXPELLING DISTRICT AND IS REINSTATED BY ANOTHER SCHOOL BOARD UNDER SECTION 1311 OR 1311A OF THE REVISED SCHOOL CODE, MCL 380.1311 AND 380.1311A.

(I) A PUPIL ENROLLED IN A DISTRICT OTHER THAN THE PUPIL'S DISTRICT OF RESIDENCE IN A PROGRAM DESCRIBED IN SECTION 64 IF THE PUPIL'S DISTRICT OF RESIDENCE AND THE ENROLLING DISTRICT ARE BOTH CONSTITUENT DISTRICTS OF THE SAME INTERMEDIATE DISTRICT.

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 after Labor day each school year or, for a district or building in which school is not in session on that Wednesday **DUE TO CONDITIONS NOT WITHIN THE CONTROL OF SCHOOL AUTHORITIES**, with the approval of the superintendent, the immediately following day on which school is in session in the district or building.

(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 after Labor day.

(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. Except as otherwise provided in this subsection, 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. 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. In addition, a pupil who was enrolled and in attendance in a district, intermediate district, or public school academy before the pupil membership count day or supplemental count day of a particular year but was expelled or suspended on the pupil membership count day or supplemental count day shall only be counted as 1.0 full-time equated membership if the pupil resumed attendance in the district, intermediate district, or public school academy within 45 days after the pupil membership count day or supplemental count day of that particular year. 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 ~~(j)~~ **(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) "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) "University school" means an instructional program operated by a public university under section 23 that meets the requirements of section 23.

Sec. 6a. Except as otherwise provided in this act, in addition to the pupil membership count day, there shall be a supplemental pupil count of the number of full-time equated pupils in grades K-12 actually enrolled and in regular daily attendance in a district or intermediate district on the second Wednesday in February or, for a district that is not in session on that day **DUE TO CONDITIONS NOT WITHIN THE CONTROL OF SCHOOL AUTHORITIES, WITH THE APPROVAL OF THE SUPERINTENDENT**, the immediately ~~preceding~~ **FOLLOWING** day on which the district is in session. For the purposes of this act, the day on which the supplemental pupil count is conducted is the supplemental count day.

Sec. 11. (1) ~~For the fiscal period beginning October 1, 2007 and ending October 31, 2007, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$1,049,123,900.00 from~~

~~the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$3,181,800.00 from the general fund. FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2008, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE SUM OF \$11,493,064,200.00 FROM THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 AND THE SUM OF \$34,909,600.00 FROM THE GENERAL FUND.~~ In addition, available federal funds are appropriated for the fiscal year ending September 30, 2008. ~~Funds appropriated under this section are allocated as follows:~~

~~(a) Except for funds allocated under section 11j, all state funds are allocated for the same purposes, from the same funding sources, and under the same conditions as state funds were allocated under this act for the fiscal year ending September 30, 2007, and are allocated in an amount equal to 9.09% of the amount allocated for the fiscal year ending September 30, 2007 for each of the purposes provided under each funding section of this act.~~

~~(b) Except for funds allocated under section 39a and funds that were allocated under former sections 41a and 98b, all federal funds are allocated for the same purposes, from the same funding sources, under the same conditions, and in the same amounts as those federal funds were allocated under this act for the fiscal year ending September 30, 2007.~~

(2) The appropriations under this section shall be allocated as provided in this act. Money appropriated under this section from the general fund 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 be deposited into the school aid stabilization fund created in section 11a.

(3) If the maximum amount appropriated under this section 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, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a, and 56 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). If proration is necessary, 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, or if the department of treasury determines that further proration is required under this subsection after an initial proration has already been made for a fiscal year, the department of treasury shall notify the state budget director, and the state budget director shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the 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 proration is necessary **UNDER SUBSECTION (3)**, 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, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, and 53a, 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, 26a, 26b, 51a(2), 51a(12), 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, other than payments under sections 11j, 26a, and 26b, on an equal percentage basis.

(5) 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 school aid stabilization fund created under section 11a.

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).

(7) For ~~2006-2007-2007-2008~~, there is ~~transferred~~ **APPROPRIATED** from the school aid stabilization fund to the state school aid fund the amount necessary to fully fund the allocations under this act.

Sec. 11f. (1) From the appropriations under section 11, there is allocated for the purposes of this section an amount not to exceed \$32,000,000.00 for the fiscal year ending ~~September 30, 2007 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 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 (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, an early intervening program described in subsection (8), 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 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.”

(8) An early intervening program that uses funds received under this section shall meet either or both of the following:

(a) Shall monitor individual pupil learning for pupils in grades K to 3 and provide specific support or learning strategies to pupils in grades K to 3 as early as possible in order to reduce the need for special education placement. The program shall include literacy and numeracy supports, sensory motor skill development, behavior supports, instructional

consultation for teachers, and the development of a parent/school learning plan. Specific support or learning strategies may include support in or out of the general classroom in areas including reading, writing, math, visual memory, motor skill development, behavior, or language development. These would be provided based on an understanding of the individual child's learning needs.

(b) Shall provide early intervening strategies for pupils in grades K to 3 using school-wide systems of academic and behavioral supports and shall be scientifically research-based. The strategies to be provided shall include at least pupil performance indicators based upon response to intervention, instructional consultation for teachers, and ongoing progress monitoring. A school-wide system of academic and behavioral support should be based on a support team available to the classroom teachers. The members of this team could include the principal, special education staff, reading teachers, and other appropriate personnel who would be available to systematically study the needs of the individual child and work with the teacher to match instruction to the needs of the individual child.

Sec. 11g. (1) ~~If the Michigan municipal bond authority notifies the state treasurer before May 15, 2007 that it has restructured debt service on bonds issued by districts and intermediate districts under section 11i to \$0.00 for debt service payments due on May 15, 2007 and May 15, 2008, then from~~ FROM the appropriation in section 11, there is allocated for this section an amount not to exceed \$141,000.00 each fiscal year for the fiscal year ending September 30, 2007 and for the fiscal year ending September 30, 2008, and an amount not to exceed \$42,000,000.00 for each succeeding fiscal year through the fiscal year ending September 30, 2015, after which these payments will cease. ~~If the Michigan municipal bond authority does not notify the state treasurer before May 15, 2007 that it has restructured debt service on bonds issued by districts and intermediate districts under section 11i to \$0.00 for debt service payments due on May 15, 2007 and May 15, 2008, then from the appropriation in section 11, there is allocated for this section an amount not to exceed \$35,000,000.00 for the fiscal year ending September 30, 2007 and for each succeeding fiscal year through the fiscal year ending September 30, 2013, after which these payments will cease.~~ These 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 1 of the following:

(a) If the district or intermediate district does not borrow money and issue bonds under section 11i, 1/30 of the total amount listed in section 11h for the district or intermediate district through the fiscal year ending September 30, 2013.

(b) If the district or intermediate district borrows money and issues bonds under section 11i, an amount in each fiscal year calculated by the department of treasury that is equal to the debt service amount in that fiscal year on 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. ~~For the fiscal year ending September 30, 2008, there is appropriated from the state school aid fund~~ **FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED** an amount not to exceed \$1,900,000.00 **FOR 2007-2008** for payments to the school loan bond redemption fund in the department of treasury on behalf of districts and intermediate districts. Notwithstanding section 11 or any other provision of this act, funds allocated under this section are not subject to proration and shall be paid in full.

Sec. 11k. For ~~2006-2007~~ **2007-2008**, there is appropriated from the general fund to the school loan revolving fund an amount equal to the amount of school bond loans assigned to the Michigan municipal bond authority, not to exceed the total amount of school bond loans held in reserve as long-term assets. As used in this section, "school loan revolving fund" means that fund created in section 16c of the shared credit rating act, 1985 PA 227, MCL 141.1066c.

Sec. 11m. From the appropriations in section 11, there is allocated for ~~2006-2007~~ **2007-2008** an amount not to exceed \$22,800,000.00 for fiscal year cash-flow borrowing costs solely related to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

Sec. 15. (1) If a district or intermediate district fails to receive its proper apportionment, the department, upon satisfactory proof that the district or intermediate district was entitled justly, shall apportion the deficiency in the next apportionment. Subject to subsections (2) and (3), if a district or intermediate district has received more than its proper apportionment, the department, upon satisfactory proof, shall deduct the excess in the next apportionment. Notwithstanding any other provision in this act, state aid overpayments to a district, other than overpayments in payments for special education or special education transportation, may be recovered from any payment made under this act other than a special education or special education transportation payment. State aid overpayments made in special education or special education transportation payments may be recovered from subsequent special education or special education transportation payments.

(2) If the result of an audit conducted by or for the department affects the current fiscal year membership, affected payments shall be adjusted in the current fiscal year. A deduction due to an adjustment made as a result of an audit conducted by or for the department, or as a result of information obtained by the department from the district, an intermediate district, the department of treasury, or the office of auditor general, shall be deducted from the district's apportionments ~~within the next fiscal year after the fiscal year in which~~ **WHEN** the adjustment is finalized. At the request of the district and upon the district presenting evidence satisfactory to the department of the hardship, the department may grant up to an additional 4 years for the adjustment if the district would otherwise experience a significant hardship.

(3) If, because of the receipt of new or updated data, the department determines during a fiscal year that the amount paid to a district or intermediate district under this act for a prior fiscal year was incorrect under the law in effect for that year, the department may make the appropriate deduction or payment in the district's or intermediate district's allocation for the fiscal year in which the determination is made. The deduction or payment shall be calculated according to the law in effect in the fiscal year in which the improper amount was paid.

(4) Expenditures made by the department under this act that are caused by the write-off of prior year accruals may be funded by revenue from the write-off of prior year accruals.

(5) In addition to funds appropriated in section 11 for all programs and services, there is appropriated ~~each fiscal year for 2005-2006 and 2006-2007~~ **FOR 2007-2008** for obligations in excess of applicable appropriations, an amount equal to the collection of overpayments, but not to exceed amounts available from overpayments.

Sec. 17b. (1) Not later than October 20, November 20, December 20, January 20, February 20, March 20, April 20, May 20, June 20, July 20, and August 20, the department shall prepare electronic files of the amount to be distributed under this act in the installment to the districts and intermediate districts and deliver the electronic files to the state treasurer, and the state treasurer shall pay the installments on each of those dates or, if the date is not a business day, on the next business day following that date. Except as otherwise provided in this act, the portion of the district's or intermediate district's state fiscal year entitlement to be included in each installment shall be 1/11. ~~For the fiscal period beginning October 1, 2007 and ending October 31, 2007 only, the portion of the district's or intermediate district's entitlement for that fiscal period to be included in each installment shall be the entire portion.~~ A district or intermediate district shall accrue the payments received in July and August to the school fiscal year ending the immediately preceding June 30.

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

(3) Except as otherwise provided in this act, grant payments to districts and intermediate districts under this act shall be paid according to the installment schedule under subsection (1). ~~For the fiscal period beginning October 1, 2007 and~~

~~ending October 31, 2007 only, for all grant payments that are to be made pursuant to an agreement with the department, the department shall ensure that the grant payments made during this fiscal period reflect the reduced appropriation amount for this fiscal period in a way that is appropriate for the program funded by the grant.~~

(4) Upon the written request of a district or intermediate district and the submission of proof satisfactory to the department of a need of a temporary and nonrecurring nature, the superintendent, with the written concurrence of the state treasurer and the state budget director, may authorize an advance release of funds due a district or intermediate district under this act. An advance authorized under this subsection shall not cause funds to be paid to a district or intermediate district more than 30 days earlier than the established payment date for those funds.

Sec. 18. (1) Except as provided in another section of this act, each district or other entity shall apply the money received by the district or entity under this act to salaries 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~~ UPON a violation by the recipient.

(2) Within 30 days after a board or intermediate board adopts its annual operating budget for the following school fiscal year, or after a board or intermediate board adopts a subsequent revision to that budget, the district or intermediate district shall make the budget and subsequent budget revisions available on its website, or a district may make the information available on its intermediate district's website, in a form and manner prescribed by the department.

(3) 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 ~~1-31~~ 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.

(4) By November 15 of each year, each district and intermediate district shall 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. ~~Effective with the report due on November 15, 2006, for~~ FOR an intermediate district, the report shall also contain the website address where the department can access the report required under section 620 of the revised school code, MCL 380.620. **THE DEPARTMENT SHALL ENSURE THAT THE PRESCRIBED MICHIGAN PUBLIC SCHOOL ACCOUNTING MANUAL CHART OF ACCOUNTS INCLUDES STANDARD CONVENTIONS TO DISTINGUISH EXPENDITURES BY ALLOWABLE FUND FUNCTION AND OBJECT. THE FUNCTIONS SHALL INCLUDE AT MINIMUM CATEGORIES FOR INSTRUCTION, PUPIL SUPPORT, INSTRUCTIONAL STAFF SUPPORT, GENERAL ADMINISTRATION, SCHOOL ADMINISTRATION, BUSINESS ADMINISTRATION, TRANSPORTATION, FACILITIES OPERATION AND MAINTENANCE, FACILITIES ACQUISITION, AND DEBT SERVICE; AND SHALL INCLUDE OBJECT CLASSIFICATIONS OF SALARY, BENEFITS, INCLUDING CATEGORIES FOR ACTIVE EMPLOYEE MEDICAL, OPTICAL, AND DENTAL EXPENDITURES, PURCHASED SERVICES, SUPPLIES, CAPITAL OUTLAY, AND OTHER. DISTRICTS SHALL REPORT THE REQUIRED LEVEL OF DETAIL CONSISTENT WITH THE MANUAL AS PART OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT. THE DEPARTMENT SHALL MAKE THIS INFORMATION AVAILABLE ONLINE TO DISTRICTS AND INTERMEDIATE DISTRICTS, AND SHALL**

INCLUDE PER-PUPIL AMOUNTS SPENT ON INSTRUCTION AND INSTRUCTIONAL SUPPORT SERVICE FUNCTIONS, AND INDICATE HOW MUCH OF THOSE COSTS WERE ATTRIBUTABLE TO SALARIES. DISTRICTS AND INTERMEDIATE DISTRICTS SHALL INCLUDE A LINK ON THEIR WEBSITES TO THE WEBSITE WHERE THE DEPARTMENT POSTS THIS INFORMATION.

(5) 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.

(6) By October 7 of each year, each district and intermediate district shall file with the ~~department~~ **CENTER** the transportation expenditure report, known as "SE-4094", on a form and in the manner prescribed by the ~~department~~ **CENTER**.

(7) The department shall review its pupil accounting and pupil auditing manuals at least annually and shall periodically update those manuals to reflect changes in this act. **AS PART OF ITS ANNUAL REVIEW PROCESS FOR 2007, NOT LATER THAN DECEMBER 31, 2007, THE DEPARTMENT SHALL REVISE THE PUPIL AUDITING MANUAL TO ESTABLISH STANDARDIZED PROCEDURES AND PROCESSES FOR AUDITING PUPIL EXIT STATUSES AND OTHER PUPIL DATA USED IN CALCULATING ANNUAL GRADUATION AND PUPIL DROPOUT RATES.**

(8) 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.

(9) If a district or intermediate district does not comply with subsection (3), (4), (5), or (6), 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 (3), (4), (5), and (6). If the district or intermediate district does not comply with subsections (3), (4), (5), and (6) by the end of the fiscal year, the district or intermediate district forfeits the amount withheld.

Sec. 19. (1) A district shall comply with 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, 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".

(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. **THIS INFORMATION SHALL MEET REQUIREMENTS ESTABLISHED IN THE PUPIL AUDITING MANUAL APPROVED AND PUBLISHED BY THE DEPARTMENT.** 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 30 days after the publication of the list described in subsection (8).

(5) By the first business day in December and by June 30 of each year, 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) By June 30 of each year, a district shall furnish to the center, in a manner prescribed by the center, information related to safety practices and criminal incidents as necessary for reporting required by state and federal law.

(7) If a district or intermediate district fails to meet the requirements of subsection (2), (3), (4), (5), or (6), 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 subsections. If the district or intermediate district does not comply with all of those 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 subsections.

(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, 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 2005-2006, the basic foundation allowance is \$6,875.00. For 2006-2007, the basic foundation allowance is \$7,085.00. FOR 2007-2008, THE BASIC FOUNDATION ALLOWANCE IS \$8,433.00.~~

(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) FOR 2007-2008, FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE FOR 2006-2007, INCLUDING ANY ADJUSTMENT UNDER SUBDIVISION (F), THAT WAS AT LEAST EQUAL TO \$7,108.00 BUT LESS THAN \$8,385.00, THE DISTRICT SHALL RECEIVE A FOUNDATION ALLOWANCE IN AN AMOUNT EQUAL TO THE SUM OF THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2006-2007 PLUS THE DIFFERENCE BETWEEN \$96.00 AND [(\$48.00 MINUS \$20.00) TIMES (THE DIFFERENCE BETWEEN THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2006-2007, INCLUDING ANY ADJUSTMENT UNDER SUBDIVISION (F), AND \$7,108.00) DIVIDED BY \$1,325.00]. BEGINNING IN 2008-2009, FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR THAT WAS AT LEAST EQUAL TO THE SUM OF \$7,108.00 PLUS THE TOTAL DOLLAR AMOUNT OF ALL ADJUSTMENTS MADE FROM 2006-2007 TO THE IMMEDIATELY PRECEDING STATE FISCAL YEAR IN THE LOWEST FOUNDATION ALLOWANCE AMONG ALL DISTRICTS, BUT LESS THAN 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 DIFFERENCE BETWEEN TWICE THE DOLLAR AMOUNT OF THE ADJUSTMENT FROM THE IMMEDIATELY PRECEDING STATE FISCAL YEAR TO THE CURRENT STATE FISCAL YEAR MADE IN THE BASIC FOUNDATION ALLOWANCE AND [(THE DOLLAR AMOUNT OF THE ADJUSTMENT FROM THE IMMEDIATELY PRECEDING STATE FISCAL YEAR TO THE CURRENT STATE FISCAL YEAR MADE IN THE BASIC FOUNDATION ALLOWANCE MINUS \$50.00) TIMES (THE DIFFERENCE BETWEEN THE DISTRICT'S FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR AND THE SUM OF \$7,108.00 PLUS THE TOTAL DOLLAR AMOUNT OF ALL ADJUSTMENTS MADE FROM 2006-2007 TO THE IMMEDIATELY PRECEDING STATE FISCAL YEAR IN THE LOWEST FOUNDATION ALLOWANCE AMONG ALL DISTRICTS) DIVIDED BY THE DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR AND THE SUM OF \$7,108.00 PLUS THE TOTAL DOLLAR AMOUNT OF ALL ADJUSTMENTS MADE FROM 2006-2007 TO THE IMMEDIATELY PRECEDING STATE FISCAL YEAR IN THE LOWEST FOUNDATION ALLOWANCE AMONG ALL DISTRICTS]. HOWEVER, THE FOUNDATION ALLOWANCE FOR A DISTRICT THAT HAD LESS THAN THE BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR SHALL NOT EXCEED THE BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR.

(B) ~~(a)~~ Except as otherwise provided in this subsection, **BEGINNING IN 2008-2009**, 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.~~

(C) ~~(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. **FOR 2007-2008, 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 DISTRICT'S FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR PLUS \$48.00.**

(D) ~~(e)~~ 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.

(E) ~~(d)~~ For a district that received a payment under section 22c as that section was in effect 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 section 22c as that section was in effect for 2001-2002.

(F) ~~(e)~~ ~~It is the intent of the legislature that beginning~~ **BEGINNING** in 2007-2008, for a district that ~~receives~~ **RECEIVED** a payment under section 22c **AS THAT SECTION WAS IN EFFECT** for 2006-2007, the district's 2006-2007 foundation allowance shall be considered to have been an amount equal to the sum of the district's actual 2006-2007 foundation allowance as otherwise calculated under this section plus the per pupil amount of the district's equity payment for 2006-2007 under section 22c **AS THAT SECTION WAS IN EFFECT FOR 2006-2007**.

(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~~ **THE BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR**, 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 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, **OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899**, divided by the district's membership excluding special education pupils. For a district described in subsection ~~(3)(b)~~ **(3)(C)**, 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 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, **OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899**, 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, 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 in a district other than the pupil's district of residence, if the foundation allowance of the pupil's district of residence has been adjusted pursuant to subsection (19), the allocation calculated under this section shall not include the adjustment described in subsection (19). 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~~ **FOR 2007-2008, 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 \$300.00~~ **\$7,475.00**, whichever is less. **BEGINNING IN 2008-2009, 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 STATE MAXIMUM PUBLIC SCHOOL ACADEMY ALLOCATION, WHICHEVER IS LESS. Notwithstanding section 101(2), for a public school academy that begins operations 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 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, **OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899**, 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 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 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 principal residence and qualified agricultural property are exempt and not to levy school operating taxes on a 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 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 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) 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 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. The calculation under this subsection shall take into account a district's per pupil allocation under section 20j(2).

(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 ~~2005-2006 and 2006-2007~~ **2007-2008**, 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~~ **THE BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR**, 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.

(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 and each succeeding fiscal year 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 number of pupils in the district's membership for 2001-2002 who were residents of and enrolled in the district. Except as otherwise provided in this subsection, a district qualifying for a foundation allowance adjustment under this 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, and may also use these funds for an early intervening program described in subsection (20). 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, 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) An early intervening program that uses funds resulting from the adjustment under subsection (19) shall meet either or both of the following:

(a) Shall monitor individual pupil learning for pupils in grades K to 3 and provide specific support or learning strategies to pupils in grades K to 3 as early as possible in order to reduce the need for special education placement. The program shall include literacy and numeracy supports, sensory motor skill development, behavior supports, instructional consultation for teachers, and the development of a parent/school learning plan. Specific support or learning strategies may include support in or out of the general classroom in areas including reading, writing, math, visual memory, motor skill development, behavior, or language development. These would be provided based on an understanding of the individual child's learning needs.

(b) Shall provide early intervening strategies for pupils in grades K to 3 using schoolwide systems of academic and behavioral supports and shall be scientifically research-based. The strategies to be provided shall include at least pupil performance indicators based upon response to intervention, instructional consultation for teachers, and ongoing progress monitoring. A schoolwide system of academic and behavioral support should be based on a support team available to the classroom teachers. The members of this team could include the principal, special education staff, reading teachers, and other appropriate personnel who would be available to systematically study the needs of the individual child and work with the teacher to match instruction to the needs of the individual child.

(21) For a district that levied 1.9 mills in 1993 to finance an operating deficit, the district's foundation allowance shall be calculated as if those mills were included as operating mills in the calculation of the district's 1994-1995 foundation allowance. A district is not entitled to any retroactive payments for fiscal years before 2006-2007 due to this subsection. A district receiving an adjustment under this subsection shall not receive more than \$800,000.00 for a fiscal year as a result of this adjustment.

(22) For a district that levied 2.23 mills in 1993 to finance an operating deficit, the district's foundation allowance shall be calculated as if those mills were included as operating mills in the calculation of the district's 1994-1995 foundation allowance. A district is not entitled to any retroactive payments for fiscal years before 2006-2007 due to this subsection. A district receiving an adjustment under this subsection shall not receive more than \$500,000.00 for a fiscal year as a result of this adjustment.

(23) 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.

(24) 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.

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

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

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

(G) "MAXIMUM PUBLIC SCHOOL ACADEMY ALLOCATION" MEANS THE MAXIMUM PER-PUPIL ALLOCATION AS CALCULATED BY ADDING THE HIGHEST PER-PUPIL ALLOCATION AMONG ALL PUBLIC SCHOOL ACADEMIES FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR PLUS THE DIFFERENCE BETWEEN TWICE THE DOLLAR AMOUNT OF THE ADJUSTMENT FROM THE IMMEDIATELY PRECEDING STATE FISCAL YEAR TO THE CURRENT STATE FISCAL YEAR MADE IN THE BASIC FOUNDATION ALLOWANCE AND [(THE DOLLAR AMOUNT OF THE ADJUSTMENT FROM THE IMMEDIATELY PRECEDING STATE FISCAL YEAR TO THE CURRENT STATE FISCAL YEAR MADE IN THE BASIC FOUNDATION ALLOWANCE MINUS \$50.00) TIMES (THE DIFFERENCE BETWEEN THE HIGHEST PER-PUPIL ALLOCATION AMONG ALL PUBLIC SCHOOL ACADEMIES FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR AND THE SUM OF \$7,108.00 PLUS THE TOTAL DOLLAR AMOUNT OF ALL ADJUSTMENTS MADE FROM 2006-2007 TO THE IMMEDIATELY PRECEDING STATE FISCAL YEAR IN THE LOWEST PER-PUPIL ALLOCATION AMONG ALL PUBLIC SCHOOL ACADEMIES) DIVIDED BY THE DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR AND THE SUM OF \$7,108.00 PLUS THE TOTAL DOLLAR AMOUNT OF ALL ADJUSTMENTS MADE FROM 2006-2007 TO THE IMMEDIATELY PRECEDING STATE FISCAL YEAR IN THE LOWEST PER-PUPIL ALLOCATION AMONG ALL PUBLIC SCHOOL ACADEMIES].

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

(I) ~~(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.

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

(K) ~~(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.

(L) ~~(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. 20j. (1) Foundation allowance supplemental payments for ~~2006-2007~~ **2007-2008** to districts that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00 shall be calculated under this section.

(2) The per pupil allocation to each district under this section shall be the difference between the ~~dollar amount of the adjustment from the current state fiscal year to the current state fiscal year in the basic foundation allowance AND \$7,108.00 LESS \$223.00~~ **BASIC FOUNDATION ALLOWANCE FOR the 1998-99 state fiscal year to the current state fiscal year in the basic foundation allowance AND \$7,108.00 LESS \$223.00** minus the dollar amount of the adjustment from the 1998-99 state fiscal year to ~~the current state fiscal year~~ **2006-2007** in the district's foundation allowance.

(3) If a district's local revenue per pupil does not exceed the sum of its foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the per pupil allocation under subsection (2) multiplied by the district's membership excluding special education pupils. If a district's local revenue per pupil exceeds the foundation allowance under section 20 but does not exceed the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the difference between the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2) minus the local revenue per pupil multiplied by the district's membership excluding special education pupils. If a district's local revenue per pupil exceeds the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), there is no payment calculated under this section for the district.

(4) Payments to districts shall not be made under this section. Rather, the calculations under this section shall be made and used to determine the amount of state payments under section 22b.

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$6,204,700,000.00 for 2006-2007~~ **\$6,012,000,000.00 FOR 2007-2008** 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, **OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899**, 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, **OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899**, divided by the district's membership.

(3) Beginning in 2003-2004, for pupils in membership in a qualifying public school academy or qualifying university school, there is allocated under this section 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 ~~\$3,566,000,000.00 for 2006-2007~~ **\$3,722,000,000.00 FOR 2007-2008** 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) 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 do all of the following:

(a) 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.

(b) Comply with sections 1278a and 1278b of the revised school code, MCL 380.1278a and 380.1278b.

(c) Furnish data and other information required by state and federal law to the center and the department in the form and manner specified by the center or the department, as applicable.

(d) Comply with section 1230g of the revised school code, MCL 380.1230g.

(4) DISTRICTS ARE ENCOURAGED TO USE FUNDS ALLOCATED UNDER THIS SECTION FOR THE PURCHASE AND SUPPORT OF PAYROLL, HUMAN RESOURCES, AND OTHER BUSINESS FUNCTION SOFTWARE THAT IS COMPATIBLE WITH THAT OF THE INTERMEDIATE DISTRICT IN WHICH THE DISTRICT IS LOCATED AND WITH OTHER DISTRICTS LOCATED WITHIN THAT INTERMEDIATE DISTRICT.

~~(5)~~ From the allocation in subsection (1), the department shall 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.

~~(6)~~ 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.

~~(7)~~ 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)~~ ~~(6)~~ 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).

(8) ~~(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.

(9) ~~(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.

(10) ~~(9)~~ If a lawsuit challenging payments made to districts related to costs reimbursed by federal title XIX medicaid funds is filed against this state, then, for the purpose of addressing potential liability under such a lawsuit, the state budget director may place funds allocated under this section in escrow or allocate money from the funds otherwise allocated under this section, up to a maximum of 50% of the amount allocated in subsection (1). If funds are placed in escrow under this subsection, those 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 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, 42 USC 1396 to 1396v.

(11) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED FOR 2007-2008 ONLY AN AMOUNT NOT TO EXCEED \$40,000.00 FOR PAYMENT TO A DISTRICT THAT MEETS ALL OF THE FOLLOWING:

(A) HAD A MEMBERSHIP OF LESS THAN 900 PUPILS FOR 2006-2007.

(B) IS LOCATED IN AN INTERMEDIATE DISTRICT THAT HAD A TAXABLE VALUE PER MEMBERSHIP PUPIL, AS DEFINED IN SECTION 22A, OF GREATER THAN \$290,000.00 FOR 2006-2007.

(C) THE SCHOOL ELECTORS OF THE DISTRICT VOTED IN THE AFFIRMATIVE ON MAY 8, 2007 TO RESTORE A MILLAGE REDUCTION REQUIRED UNDER SECTION 31 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963, BUT THE DISTRICT WAS LATER FOUND TO HAVE AN INCORRECT MILLAGE REDUCTION FRACTION AS DEFINED IN SECTION 34D OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.34D.

Sec. 22d. (1) From the amount allocated under section 22b, an amount not to exceed \$750,000.00 is allocated for ~~2006-2007-2007-2008~~ for additional payments to small, geographically isolated districts under this section.

(2) To be eligible for a payment under this section, a district shall meet all of the following:

(a) Operates grades K to 12.

(b) Has fewer than 250 pupils in membership.

(c) Each school building operated by the district meets at least 1 of the following:

(i) Is located in the Upper Peninsula at least 30 miles from any other public school building.

(ii) Is located on an island that is not accessible by bridge.

(3) The amount of the additional funding to each eligible district under this section shall be determined under a spending plan developed as provided in this subsection and approved by the superintendent of public instruction. The spending plan shall be developed cooperatively by the intermediate superintendents of each intermediate district in which an eligible district is located. The intermediate superintendents shall review the financial situation of each eligible district, determine the minimum essential financial needs of each eligible district, and develop and agree on a spending plan that distributes the available funding under this section to the eligible districts based on those financial needs. The intermediate superintendents shall submit the spending plan to the superintendent of public instruction for approval. Upon approval by the superintendent of public instruction, the amounts specified for each eligible district under the spending plan are allocated under this section and shall be paid to the eligible districts in the same manner as payments under section 22b.

Sec. 24. (1) From the appropriation in section 11, there is allocated for ~~2006-2007-2007-2008~~ an amount not to exceed \$8,000,000.00 for payments to the educating district or intermediate district for educating pupils assigned by a court or the department of human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of human services and approved by the department to provide an on-grounds education program. The amount of the payment under this section to a district or intermediate district shall be calculated as prescribed under subsection (2).

(2) ~~For 2006-2007, 80% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district, and 20% of the total amount~~

~~allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the district's or intermediate district's added cost.~~ For 2007-2008, 90% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district, and 10% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the district's or intermediate district's added cost. Beginning with allocations for 2008-2009, 100% of the total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district. For the purposes of this subsection:

(a) "Added cost" means 100% of the added cost each fiscal year for educating all pupils assigned by a court or the department of human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of human services or the department of labor and economic growth and approved by the department to provide an on-grounds education program. 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.

(b) "Department's approved per pupil allocation" for a district or intermediate district shall be determined by dividing the total amount allocated under this section for a fiscal year by the full-time equated membership total for all pupils approved by the department to be funded under this section for that fiscal year for the district or intermediate district.

(3) 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.

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

Sec. 24a. From the appropriation in section 11, there is allocated an amount not to exceed ~~\$3,000,000.00 for 2006-2007~~ **\$3,103,400.00 FOR 2007-2008** for payments to intermediate districts for pupils who are placed in juvenile justice service facilities operated by the department of human services. Each intermediate district shall receive an amount equal to the state share of those costs that are clearly and directly attributable to the educational programs for pupils placed in facilities described in this section that are located within the intermediate district's boundaries. The intermediate districts receiving payments under this section shall cooperate with the department of human services to ensure that all funding allocated under this section is utilized by the intermediate district and department of human services for educational programs for pupils described in this section. Pupils described in this section are not eligible to be funded under section 24. However, a program responsibility or other fiscal responsibility associated with these pupils shall not be transferred from the department of human services to a district or intermediate district unless the district or intermediate district consents to the transfer.

Sec. 24c. From the appropriation in section 11, there is allocated an amount not to exceed ~~\$1,253,100.00 for 2006-2007~~ **\$1,283,900.00 FOR 2007-2008** for payments to districts for pupils who are enrolled in a nationally administered community-based education and youth mentoring program, known as the youth challenge program, that is located within the district and is administered by the department of military and veterans affairs. A district receiving payments under this section shall contract with the department of military and veterans affairs to ensure that all funding allocated under this section is utilized by the district and the department of military and veterans affairs for the youth challenge program.

Sec. 26. A district or intermediate district receiving money pursuant to 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~~ **THE BROWNFIELD** redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, **OR THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899**, shall have its funds received under section 22b, 56, or 62 reduced by an amount equal to the added local money.

Sec. 26a. From the state school aid fund appropriation in section 11, there is allocated an amount not to exceed ~~\$37,650,000.00 for 2006-2007~~ **\$36,000,000.00 FOR 2007-2008**, and from the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$12,550,000.00 for 2006-2007~~ **\$14,000,000.00 FOR 2007-2008** 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 ~~2006 or for payments to districts as reimbursement for interest paid as a result of property tax refunds~~ **2007**. The allocations 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. 26b. (1) From the appropriation in section 11, there is allocated for ~~2006-2007-2007-2008~~ **2007-2008** an amount not to exceed \$3,400,000.00 for payments to districts, intermediate districts, and community college districts for the portion of the payment in lieu of taxes obligation that is attributable to districts, intermediate districts, and community college districts pursuant to section 2154 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2154.

(2) If the amount appropriated under this section is not sufficient to fully pay obligations under this section, payments shall be prorated on an equal basis among all eligible districts, intermediate districts, and community college districts.

Sec. 29. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$20,000,000.00 for ~~2006-2007-2007-2008~~ for additional payments to eligible districts for declining enrollment assistance.

(2) A district is eligible for a payment under this section if all of the following apply:

(a) The district's pupil membership for the current fiscal year is less than the district's pupil membership for the immediately preceding fiscal year and the district's pupil membership for the immediately preceding fiscal year is less than the district's pupil membership for the previously preceding fiscal year as calculated under section 6 for that fiscal year.

(b) The district's average pupil membership is greater than the district's pupil membership for the current fiscal year as calculated under section 6.

(c) The district is not eligible to receive funding under sections 6(4)(y) or 22d. ~~of this act.~~

(3) Payments to each eligible district shall be equal to the difference between the district's average pupil membership and the district's pupil membership as calculated under section 6 for the current fiscal year multiplied by the district's foundation allowance as calculated under section 20. If the total amount of the payments calculated under this subsection exceeds the allocation for this section, the payment to each district shall be prorated on an equal percentage basis.

(4) For the purposes of this section, "average pupil membership" means the average of the district's membership for the 3-fiscal-year period ending with the current fiscal year, calculated by adding the district's actual membership for each of those 3 fiscal years, as otherwise calculated under section 6, and dividing the sum of those 3 membership figures by 3.

Sec. 31a. (1) From the state school aid fund money appropriated in section 11, there is allocated for ~~2006-2007-2007-2008~~ **2007-2008** an amount not to exceed \$319,350,000.00 for payments to eligible districts and eligible public school academies under this section. Subject to subsection (14), the amount of the additional allowance under this section, other than funding under subsection (6) or (7), 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, 42 USC 1751 to 1769i, 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) or (7), 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, 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. 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), (6), or (7). In addition, a district that is organized as a school district of the first class under the revised school code or a district or public school academy in which at least 50% of the pupils in membership met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1), may use not more than 15% of the funds it receives under this section for school security. 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 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 (12), 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 ~~2006-2007~~-**2007-2008** an amount not to exceed \$3,743,000.00 to support child and adolescent health centers. These grants shall be awarded for 5 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 5-year period after the noncompliance. Beginning in 2004-2005, to continue to receive funding for a child and adolescent health center under this section a grant recipient shall ensure that the child and adolescent health center has an advisory committee and that at least one-third of the members of the advisory committee are parents or legal guardians of school-aged children. A child and adolescent health center program shall recognize the role of a child's parents or legal guardian in the physical and emotional well-being of the child. Funding under this subsection shall be used to support child and adolescent health center services provided to children up to age 21. 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 (14) for that fiscal year.

(7) From the funds allocated under subsection (1), there is allocated for ~~2006-2007~~-**2007-2008** an amount not to exceed \$5,150,000.00 for the state portion of the hearing and vision screenings as described in section 9301 of the public health code, 1978 PA 368, MCL 333.9301. A local public health department shall pay at least 50% of the total cost of the screenings. The frequency of the screenings shall be as required under R 325.13091 to R 325.13096 and R 325.3271 to R 325.3276 of the Michigan administrative code. Funds shall be awarded in a form and manner approved jointly by the department and the department of community health. **NOTWITHSTANDING SECTION 17B, PAYMENTS TO ELIGIBLE ENTITIES UNDER THIS SUBSECTION SHALL BE PAID ON A SCHEDULE DETERMINED BY THE DEPARTMENT.**

(8) 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.

(9) 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.

(10) Subject to subsections (5), (6), (7), (12), and (13), 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), (6), (7), (12), and (13), 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.

(11) A district or public school academy may use funds received under this section for adult high school completion, general educational development (G.E.D.) test preparation, adult English as a second language, or adult basic education programs described in section 107.

(12) 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, 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.

(13) A district or public school academy that receives funds under this section may use funds it receives under this section to implement and operate an early intervening program for pupils in grades K to 3 that meets either or both of the following:

(a) Monitors individual pupil learning and provides specific support or learning strategies to pupils as early as possible in order to reduce the need for special education placement. The program shall include literacy and numeracy supports, sensory motor skill development, behavior supports, instructional consultation for teachers, and the development of a parent/school learning plan. Specific support or learning strategies may include support in or out of the general classroom in areas including reading, writing, math, visual memory, motor skill development, behavior, or language development. These would be provided based on an understanding of the individual child's learning needs.

(b) Provides early intervening strategies using school-wide systems of academic and behavioral supports and is scientifically research-based. The strategies to be provided shall include at least pupil performance indicators based upon response to intervention, instructional consultation for teachers, and ongoing progress monitoring. A school-wide system of academic and behavioral support should be based on a support team available to the classroom teachers. The members of this team could include the principal, special education staff, reading teachers, and other appropriate personnel who would be available to systematically study the needs of the individual child and work with the teacher to match instruction to the needs of the individual child.

(14) 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).

(15) 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.

(16) 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 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, minus \$200.00.~~

(17) 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 level 2 on the most recent MEAP English language arts, mathematics, or science test for which results for the pupil have been received. For pupils for whom the results of the Michigan merit examination 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 proficiency on the reading component of the most recent Michigan merit examination for which results for the pupil have been received, did not achieve proficiency on the mathematics component of the most recent Michigan merit examination for which results for the pupil have been received, or did not achieve basic competency on the science component of the most recent Michigan merit examination 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 arts or mathematics.

Sec. 31d. (1) From the appropriations in section 11, there is allocated an amount not to exceed \$22,495,100.00 for ~~2006-2007-2007-2008~~ for the purpose of making payments to 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 eligible pupil plus 5 cents for each free lunch and 2 cents for each reduced price lunch provided, as determined by the department.

(5) From the federal funds appropriated in section 11, there is allocated for ~~2006-2007-2007-2008~~ all available federal funding, estimated at ~~\$320,000,000.00~~ **\$330,000,000.00**, for the national school lunch program and all available federal funding, estimated at \$2,506,000.00, for the emergency food assistance program.

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

Sec. 31f. (1) From the appropriations in section 11, there is allocated an amount not to exceed \$9,625,000.00 for ~~2006-2007-2007-2008~~ for the purpose of making payments to districts to reimburse for the cost of providing breakfast.

(2) The funds allocated under this section for school breakfast programs shall be made available to all eligible applicant districts that meet all of the following criteria:

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

(b) Each breakfast eligible for payment meets the federal standards described in subdivision (a).

(3) The payment for a district under this section 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.

SEC. 32. IF IT IS DETERMINED AT THE JANUARY 2008 REVENUE ESTIMATING CONFERENCE CONDUCTED UNDER SECTION 367B OF THE MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL 18.1367B, THAT THERE IS ADDITIONAL STATE SCHOOL AID FUND REVENUE BEYOND THAT DETERMINED AT THE MAY 2007 REVENUE ESTIMATING CONFERENCE, THEN IT IS THE INTENT OF

THE LEGISLATURE TO ENACT LEGISLATION THAT WILL INCREASE FUNDING, TO THE EXTENT THAT REVENUES ARE AVAILABLE, SO THAT SECTION 32B IS FUNDED WITH A TOTAL ALLOCATION OF \$2,500,000.00, SECTION 32C IS FUNDED WITH A TOTAL ALLOCATION OF \$2,500,000.00, SECTION 32D IS FUNDED WITH A TOTAL ALLOCATION OF \$83,400,000.00, AND SECTION 32I IS FUNDED WITH A TOTAL ALLOCATION OF \$13,050,000.00. IN ADDITION, IF THE TOTAL ALLOCATION UNDER SECTION 32D IS INCREASED TO \$83,400,000.00 AND THE TOTAL ALLOCATION UNDER SECTION 32I IS INCREASED TO \$13,050,000.00, THEN IT IS THE INTENT OF THE LEGISLATURE TO ENACT LEGISLATION THAT WILL INCREASE THE PER-PUPIL ALLOCATION UNDER SECTION 32I AND UNDER SECTION 39 TO \$3,500.00.

Sec. 32b. (1) From the funds appropriated under section 11, there is allocated an amount not to exceed ~~\$1,000,000.00~~ **\$1,750,000.00** for ~~2006-2007-2007-2008~~ for competitive grants to intermediate districts for the creation **AND CONTINUANCE** of great start communities or other community purposes as identified by the early childhood investment corporation. These dollars may not be expended until both of the following conditions have been met:

(a) The early childhood investment corporation has identified matching dollars of at least an equal amount.

(b) ~~The articles of incorporation and bylaws of the early childhood investment corporation are amended to increase the membership of the executive committee from the current 15 members to 19 members and to specify that INCLUDES 1 member shall be appointed by the senate majority leader, 1 member appointed by the senate minority leader, 1 member appointed by the speaker of the house of representatives, and 1 member appointed by the minority leader of the house of representatives. The early childhood investment corporation shall notify each of these legislative leaders of the effective date of this change in the articles of incorporation and bylaws, and each of these legislative leaders shall appoint a member not later than 60 days after that effective date. Thereafter, not NOT later than 60 days after the convening of each legislative session in each odd numbered year, each legislative leader shall appoint a member of the executive committee. A member appointed in this manner shall continue to serve on the executive committee through the next regular legislative session unless he or she voluntarily resigns or is otherwise unable to serve. When a vacancy occurs as a result of a voluntary resignation or inability to serve, the legislative leader who had appointed the member shall make an appointment to fill that vacancy not later than 60 days after the date the vacancy occurs.~~

(2) The early childhood investment corporation shall award grants to eligible intermediate districts in an amount to be determined by the corporation.

(3) In order to receive funding, each intermediate district applicant shall agree to convene local great start collaboratives to address the availability of the 6 components of a great start system in its communities: physical health, social-emotional health, family supports, basic needs, economic stability and safety, and parenting education and early education and care, to ensure that every child in the community is ready for kindergarten. Specifically, each grant will fund the following:

(a) A community needs assessment and strategic plan for the development of a comprehensive system of early childhood services and supports, accessible to all children from birth to kindergarten and their families.

(b) Identification of local resources and services for children with disabilities, developmental delays, or special needs and their families.

(c) Coordination and expansion of high-quality early childhood and childcare programs.

(d) Evaluation of local programs.

~~(4) Not later than February 1, 2007, the early childhood investment corporation shall provide to the house and senate appropriations subcommittees on state school aid, the state budget director, and the house and senate fiscal agencies a report detailing the anticipated expenditures by the corporation, grant purposes and amounts to be distributed, and activities to be supported with funding under this section.~~

(4) (5) Not later than December 1, 2007 FOR THE 2006-2007 FISCAL YEAR GRANTS UNDER THIS SECTION, AND NOT LATER THAN DECEMBER 1, 2008 FOR THE 2007-2008 GRANTS UNDER THIS SECTION, the ~~early childhood investment corporation~~ **DEPARTMENT** shall provide to the house and senate appropriations subcommittees on state school aid, the state budget director, and the house and senate fiscal agencies a report detailing the amounts of grants awarded under this section, the grant recipients, the activities funded by each grant under this section, and an analysis of each grant recipient's success in addressing the development of a comprehensive system of early childhood services and supports.

~~(5) (6) Notwithstanding section 17b, payments under this section may be made pursuant to an agreement with the department.~~

Sec. 32c. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$1,750,000.00~~ **\$2,125,000.00** for ~~2006-2007-2007-2008~~ to the department for grants for community-based collaborative prevention services designed to ~~promote marriage and~~ 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 interagency director's 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 community collaborative.

(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 director's workgroup.

(3) Notwithstanding section 17b, payments under this section may be made pursuant to an agreement with the department.

(4) Not later than January 30 of the next fiscal year, the department shall prepare and submit to the governor and the legislature an annual report of outcomes achieved by the providers of the community-based collaborative prevention services funded under this section for a fiscal year.

Sec. 32d. (1) From the state school aid fund money appropriated under section 11, there is allocated an amount not to exceed ~~\$78,600,000.00~~ **\$80,900,000.00** for ~~2006-2007~~ **2007-2008** 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, 20 USC 6301 to 6578, chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, Public Law 100-297, and the head start act, 42 USC 9831 to 9852, comprehensive compensatory programs designed to 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. **BEGINNING IN 2007-2008, FUNDS SPENT BY A DISTRICT FOR PROGRAMS DESCRIBED IN THIS SUBDIVISION SHALL NOT EXCEED THE LESSER OF THE AMOUNT SPENT BY THE DISTRICT UNDER THIS SUBDIVISION FOR 2006-2007 OR THE AMOUNT SPENT UNDER THIS SUBDIVISION IN ANY SUBSEQUENT FISCAL YEAR.**

(2) A comprehensive **FREE** compensatory program funded under this section ~~may~~ **SHALL** include an age-appropriate educational curriculum, as described in the early childhood standards of quality for prekindergarten children adopted by the state board, that prepares children for success in school, including language, early literacy, and early mathematics. In addition, the comprehensive program shall include 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 money ~~allocated~~ **APPROPRIATED** under section 11, there is allocated an amount not to exceed ~~\$200,000.00~~ **\$279,100.00** for ~~2006-2007~~ **2007-2008** for a competitive grant to continue a longitudinal evaluation of children who have participated in the Michigan school readiness program.

(4) A district receiving a grant under this section may contract **WITH FOR-PROFIT OR NONPROFIT PRESCHOOL CENTER PROVIDERS THAT MEET ALL PROVISIONS OF THE EARLY CHILDHOOD STANDARDS OF QUALITY FOR PREKINDERGARTEN CHILDREN ADOPTED BY THE STATE BOARD** 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. A district may expend not more than 10% of the total grant amount for administration of the program.

(5) A grant recipient receiving funds under this section shall report to the department on the midyear report 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 department of human services 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 appropriations in section 11, there is allocated an amount not to exceed \$5,000,000.00 for ~~2006-2007~~ **2007-2008** for great parents, great start grants to intermediate districts to provide programs for parents with preschool children. The purpose of these programs is to encourage early mathematics and reading literacy, improve school readiness, reduce the need for special education services, 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 that promote social and emotional development for infants and toddlers and age-appropriate language, mathematics, and early reading skills; 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, including the acquisition of age-appropriate language, mathematics, and early reading skills.

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

~~(e) Promoting marriage.~~

(3) To receive a grant under this section, an intermediate district shall submit a plan to the department not later than October 1, ~~2006-2007~~ in the form and manner prescribed by the department. The plan 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) that provides for educators trained in child development to help parents understand their role in their child's developmental process, thereby promoting school readiness and mitigating the need for special education services.

(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 intermediate district receiving a grant under this section shall agree to include a data collection system approved by the department. 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 or superintendent, as applicable, shall do all of the following:

(a) The superintendent shall approve or disapprove the plans and notify the intermediate district of that decision not later than November 15, ~~2006-2007~~. The amount allocated ~~by~~ **TO** each intermediate district shall be at least an amount equal to ~~150.33%~~ **100%** of the intermediate district's ~~2005-2006-2006-2007~~ payment under this section.

(b) 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).

(c) The department shall submit a report to the state budget director and the senate and house fiscal agencies summarizing the data collection reports 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~~ **INTO THE NEXT FISCAL YEAR** and may expend those unused funds ~~in subsequent fiscal years~~ **THE NEXT FISCAL YEAR. A RECIPIENT OF A GRANT SHALL RETURN ANY UNEXPENDED GRANT FUNDS TO THE DEPARTMENT IN THE MANNER PRESCRIBED BY THE DEPARTMENT NOT LATER THAN SEPTEMBER 30 OF THE NEXT FISCAL YEAR AFTER THE FISCAL YEAR IN WHICH THE FUNDS ARE RECEIVED.**

Sec. 32l. (1) From the general fund money appropriated in section 11, there is allocated for ~~2006-2007-2007-2008~~ an amount not to exceed ~~\$12,250,000.00~~ **\$12,650,000.00** for competitive school readiness program grants for the purposes of preparing children for success in school, including language, early literacy, and early mathematics. These grants shall be made available through a competitive application process as follows:

(a) Any public or private nonprofit legal entity or agency may apply for a grant under this section. However, a district or intermediate district may not apply for a grant under this section unless the district or intermediate district is acting as a fiscal agent for a child caring organization regulated under 1973 PA 116, MCL 722.111 to 722.128.

(b) An applicant shall submit an application in the form and manner prescribed by the department.

(c) The department shall establish a diverse interagency committee to review the applications. The committee shall be composed of representatives of the department, appropriate community, volunteer, and social service agencies and organizations, and parents.

(d) The superintendent shall award the grants and shall give priority for awarding the grants based upon the following criteria:

(i) Compliance with the state board-approved early childhood standards of quality for prekindergarten.

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

(iii) Employment of teachers possessing proper training, including a valid Michigan teaching certificate with an early childhood (ZA) endorsement, a valid Michigan teaching certificate with a child development associate credential (CDA), or a bachelor's degree in child development with a specialization in preschool teaching. However, both of the following apply to this subparagraph:

(A) If an applicant demonstrates to the department that it is unable to fully comply with this subparagraph after making reasonable efforts to comply, the superintendent may still give priority to the applicant if the applicant will employ teachers who have significant but incomplete training in early childhood education or child development if the applicant provides to the department, and the department approves, a plan for each teacher to come into compliance with the standards in this subparagraph. A teacher's compliance plan must be completed within 4 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses per calendar year.

(B) For a subcontracted program, the department shall consider a teacher with 90 credit hours and at least 4 years' teaching experience in a qualified preschool program to meet the requirements under this subparagraph.

(iv) Employment of paraprofessionals possessing proper training in early childhood development, including an associate's degree in early childhood education or child development or the equivalent, or a child development associate (CDA) credential, or the equivalent, as approved by the state board. If an applicant demonstrates to the department that it is unable to fully comply with this subparagraph, after making reasonable efforts to comply, the superintendent of public instruction may still give priority to an applicant if the applicant will employ paraprofessionals who have completed at least 1 course in early childhood education or child development if the applicant provides to the department, and the department approves, a plan for each paraprofessional to come into compliance with the standards in this subparagraph. A paraprofessional's compliance plan must be completed within 2 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses or 60 clock hours of training per calendar year.

(v) Evidence of collaboration with the community of ~~providers in early childhood development programs~~ **CHILD DEVELOPMENT PROGRAMS, INCLUDING, BUT NOT LIMITED TO, MICHIGAN SCHOOL READINESS AND HEAD START PROVIDERS**, including documentation of the total number of children in the community who would meet the criteria established in subparagraph (vii), 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.

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

(vii) 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 report entitled "children at risk" that was adopted by the state board on April 5, 1988.

(viii) The program offers supplementary day care and thereby offers full-day programs as part of its early childhood development program.

(ix) The application contains a plan approved by the department to conduct and report annual school readiness program evaluations and continuous improvement plans using criteria approved by the department. At a minimum, the evaluations shall include a self-assessment of program quality and assessment of the gains in educational readiness and progress of the children participating in the program.

(e) An application shall demonstrate that the program has established or has joined a multidistrict, multiagency school readiness advisory committee that is involved in the planning and evaluation of the program and that provides for the involvement of parents and appropriate community, volunteer, and social service agencies and organizations. The advisory committee shall include 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 advisory 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.

(vii) REVIEW THE AGENCY'S PARTICIPATION IN A COLLABORATIVE RECRUITMENT AND ENROLLMENT PROCESS WITH, AT A MINIMUM, ALL OTHER FUNDED PRESCHOOL PROGRAMS THAT MAY SERVE CHILDREN IN THE SAME GEOGRAPHIC AREA, INCLUDING SCHOOL DISTRICT PART-DAY PROGRAMS DESCRIBED UNDER SECTION 32D AND HEAD START PROGRAMS, TO ASSURE THAT EACH CHILD IS ENROLLED IN THE PROGRAM MOST APPROPRIATE TO HIS OR HER NEEDS AND TO MAXIMIZE THE USE OF FEDERAL, STATE, AND LOCAL FUNDS. THE COLLABORATIVE RECRUITMENT AND ENROLLMENT PROCESS SHOULD BE ESTABLISHED TO REFLECT THE GEOGRAPHIC SERVICE AREAS OF THE COLLABORATIVE PARTNERS.

(2) To be eligible for a grant under this section, a program shall demonstrate that more than 50% of the children participating in the program live with families with a household income that is less than or equal to 250% of the federal poverty level.

(3) The superintendent may award grants under this section at whatever level the superintendent determines appropriate. However, the amount of a grant under this section, when combined with other sources of state revenue for this program, shall not exceed ~~\$3,300.00~~ **\$3,400.00** per participating child or the cost of the program, whichever is less.

(4) For a grant recipient that enrolls pupils in a full-day program funded under this section, each child enrolled in the full-day program shall be counted as 2 children served by the program for purposes of determining the number of children to be served and for determining the amount of the grant award. A grant award shall not be increased solely on the basis of providing a full-day program. As used in this subsection, "full-day program" means a program that operates for at least the same length of day as a district's first grade program for a minimum of 4 days per week, 30 weeks per year. A classroom that offers a full-day program must enroll all children for the full day to be considered a full-day program.

(5) Except as otherwise provided in this subsection, an applicant that ~~receives~~ **RECEIVED** a new grant under this section for 2006-2007 shall also receive priority for funding under this section for 2007-2008 and 2008-2009. However, after 3 fiscal years of continuous funding, an applicant is required to compete openly with new programs and other programs completing their third year. All grant awards under this section are contingent on the availability of funds and documented evidence of grantee compliance with early childhood standards of quality for prekindergarten, as approved by the state board, and with all operational, fiscal, administrative, and other program requirements.

(6) Notwithstanding section 17b, payments to eligible entities under this section shall be paid on a schedule and in a manner determined by the department.

SEC. 32N. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$0.00 FOR A STATEWIDE BEFORE- OR AFTER-SCHOOL PROGRAM FOR CHILDREN AND YOUTH. BEFORE-SCHOOL PROGRAMS ARE LIMITED TO SCHOOL-AGED CHILDREN. THIS ALLOCATION WILL BE DISTRIBUTED THROUGH GRANTS TO COUNTIES BASED UPON DEMONSTRATED NEED. A SINGLE COUNTY SHALL NOT RECEIVE ANY MORE THAN 20% OF THE TOTAL ALLOCATION. THE DEPARTMENT SHALL GIVE PRIORITY FOR DISTRIBUTION OF THIS FUNDING TO PROGRAMS THAT HAVE SECURED ADDITIONAL GOVERNMENTAL AND NON-GOVERNMENTAL MATCHING FUNDS.

(2) THE DEPARTMENT SHALL SHARE THE ADMINISTRATIVE DUTIES OF OPERATING THIS PROGRAM WITH THE DEPARTMENT OF HUMAN SERVICES, DEPARTMENT OF COMMUNITY HEALTH, DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES, AND DEPARTMENT OF LABOR AND ECONOMIC GROWTH.

(3) FUNDING PRIORITY IN SUBSECTION (1) SHALL BE RESERVED FOR PROGRAMS THAT USE A CURRICULUM FOCUSED UPON IMPROVING ACADEMIC PERFORMANCE AND HEALTHY BEHAVIOR, INCLUDING ABSTINENCE FROM ABUSE OF ALCOHOL AND ILLEGAL DRUGS.

Sec. 37. (1) A district is eligible for an allocation under section 32d if the district meets all of the requirements in subsections (2), (3), and (4).

(2) The district shall submit a preapplication, in a manner and on forms prescribed by the department, by a date specified by the department in the immediately preceding state fiscal year. The preapplication shall include a comprehensive needs assessment and community collaboration plan **THAT INCLUDES, BUT IS NOT LIMITED TO, MICHIGAN SCHOOL READINESS AND HEAD START PROVIDERS**, and shall identify all of the following:

(a) The estimated total number of children in the community who meet the criteria of section 32d and how that calculation was made.

(b) The estimated number of children in the community who meet the criteria of section 32d and are being served by other early childhood development programs operating in the community, and how that calculation was made.

(c) The number of children the district will be able to serve who meet the criteria of section 32d including a verification of physical facility and staff resources capacity.

(d) The estimated number of children who meet the criteria of section 32d who will remain unserved after the district and community early childhood programs have met their funded enrollments. The school district shall maintain a waiting list of identified unserved eligible children who would be served when openings are available.

(3) The district shall submit a final application for approval, in a manner and on forms prescribed by the department, by a date specified by the department. The final application shall indicate all of the following that apply:

(a) The district complies with the state board approved early childhood standards of quality for prekindergarten.

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

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

(i) Teachers possessing proper training. For programs the district manages itself, a valid teaching certificate and an early childhood (ZA) endorsement are required. This provision does not apply to a district that subcontracts with an

eligible child development program. In that situation a teacher must have a valid Michigan teaching certificate with an early childhood (ZA) endorsement, a valid Michigan teaching certificate with a child development associate credential, or a bachelor's degree in child development with specialization in preschool teaching. However, both of the following apply to this subparagraph:

(A) If a district demonstrates to the department that it is unable to fully comply with this subparagraph after making reasonable efforts to comply, teachers who have significant but incomplete training in early childhood education or child development may be employed by the district if the district provides to the department, and the department approves, a plan for each teacher to come into compliance with the standards in this subparagraph. A teacher's compliance plan must be completed within 4 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses per calendar year.

(B) For a subcontracted program, the department shall consider a teacher with 90 credit hours and at least 4 years' teaching experience in a qualified preschool program to meet the requirements under this subparagraph.

(i) Paraprofessionals possessing proper training in early childhood development, including an associate's degree in early childhood education or child development or the equivalent, or a child development associate (CDA) credential, or the equivalent as approved by the state board. However, if a district demonstrates to the department that it is unable to fully comply with this subparagraph after making reasonable efforts to comply, the district may employ paraprofessionals who have completed at least 1 course in early childhood education or child development if the district provides to the department, and the department approves, a plan for each paraprofessional to come into compliance with the standards in this subparagraph. A paraprofessional's compliance plan must be completed within 2 years of the date of employment. Progress toward completion of the compliance plan shall consist of at least 2 courses or 60 clock hours of training per calendar year.

(d) The district has submitted for approval a program budget that includes only those costs not reimbursed or reimbursable by federal funding, that are clearly and directly attributable to the early childhood readiness program, and that would not be incurred if the program were not being offered. If children other than those determined to be educationally disadvantaged participate in the program, state reimbursement under section 32d shall be limited to the portion of approved costs attributable to educationally disadvantaged children.

(e) The district has established a, or has joined a multidistrict, multiagency, school readiness advisory committee consisting of, at a minimum, classroom teachers for prekindergarten, kindergarten, and first grade; parents or guardians of program participants; representatives from appropriate community agencies and organizations; the district curriculum director or equivalent administrator; and, if feasible, a school psychologist, school social worker, or school counselor. In addition, 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) Ensure the ongoing articulation of the early childhood, kindergarten, and first grade programs offered by the district or districts.

(ii) Review the mechanisms and criteria used to determine participation in the early childhood program.

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

(iv) Review the nutritional services provided to program participants.

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

(vi) Review the collaboration with and the involvement of appropriate community, volunteer, and social service agencies and organizations in addressing all aspects of educational disadvantage. **THE DISTRICT MUST PARTICIPATE IN A COLLABORATIVE RECRUITMENT AND ENROLLMENT PROCESS WITH, AT A MINIMUM, ALL OTHER FUNDED PRESCHOOL PROGRAMS THAT MAY SERVE CHILDREN IN THE SAME GEOGRAPHIC AREA, INCLUDING THE COMPETITIVE PROGRAMS DESCRIBED UNDER SECTION 32I AND HEAD START PROGRAMS, TO ASSURE THAT EACH CHILD IS ENROLLED IN THE PROGRAM MOST APPROPRIATE TO HIS OR HER NEEDS AND TO MAXIMIZE THE USE OF FEDERAL, STATE, AND LOCAL FUNDS. THE COLLABORATIVE RECRUITMENT AND ENROLLMENT PROCESS SHOULD BE ESTABLISHED TO REFLECT THE GEOGRAPHIC SERVICE AREAS OF THE COLLABORATIVE PARTNERS.**

(vii) Review, evaluate, and make recommendations to a local school readiness program or programs for changes to the school readiness program.

(f) The district has submitted for departmental approval a plan to conduct and report annual school readiness program evaluations and continuous improvement plans using criteria approved by the department. At a minimum, the evaluations shall include a self-assessment of program quality and assessment of the gains in educational readiness and progress of the children participating in the program.

(g) More than 50% of the children participating in the program live with families with a household income that is equal to or less than 250% of the federal poverty level.

(4) A consortium of 2 or more districts shall be eligible for an allocation under section 32d if the districts designate a single fiscal agent for the allocation. A district or intermediate district may administer a consortium described in this

subsection. A consortium shall submit a single preapplication and application for the children to be served, regardless of the number of districts participating in the consortium.

(5) With the final application, an applicant district shall submit to the department a resolution adopted by its board certifying the number of 4-year-old children who show evidence of risk factors as described in section 32d who live with families with a household income that is less than or equal to 250% of the federal poverty level.

Sec. 39. (1) The tentative allocation for each fiscal year to each eligible district under section 32d shall be determined by multiplying the number of children determined in section 38 or the number of children the district indicates it will be able to serve under section 37(2)(c), whichever is less, by ~~\$3,300.00~~ **\$3,400.00** and shall be distributed among districts in decreasing order of concentration of eligible children as determined by section 38 until the money allocated in section 32d is distributed. If the number of children a district indicates it will be able to serve under section 37(2)(c) includes children able to be served in a full-day program, then the number able to be served in a full-day program shall be doubled for the purposes of making this calculation of the lesser of the number of children determined in section 38 and the number of children the district indicates it will be able to serve under section 37(2)(c) and determining the amount of the tentative allocation to the district under section 32d.

(2) A district that received funds under this section in at least 1 of the 2 immediately preceding fiscal years shall receive priority in funding over other eligible districts. However, funding beyond 3 state fiscal years is contingent upon the availability of funds and documented evidence satisfactory to the department of compliance with all operational, fiscal, administrative, and other program requirements.

(3) A district that offers supplementary day care funded by funds other than those received under this section and therefore offers full-day programs as part of its early childhood development program shall receive priority in the allocation of funds under this section over other eligible districts other than those districts funded under subsection (2).

(4) For any district with 315 or more eligible pupils, the number of eligible pupils shall be 65% of the number calculated under section 38. However, none of these districts may have less than 315 pupils for purposes of calculating the tentative allocation under section 32d.

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

(6) For a district that enrolls pupils in a full-day program under section 32d, each child enrolled in the full-day program shall be counted as 2 children served by the program for purposes of determining the number of children to be served and for determining the allocation under section 32d. A district's allocation shall not be increased solely on the basis of providing a full-day program.

(7) As used in this section, "full-day program" means a program that operates for at least the same length of day as the district's first grade program for a minimum of 4 days per week, 30 weeks per year. A classroom that offers a full-day program must enroll all children for the full day to be considered a full-day program.

Sec. 39a. (1) From the federal funds appropriated in section 11, there is allocated for 2007-2008 to districts, intermediate districts, and other eligible entities all available federal funding, estimated at \$669,660,100.00, for the federal programs under the no child left behind act of 2001, Public Law 107-110. These funds are allocated as follows:

(a) An amount estimated at \$9,625,800.00 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.

(b) An amount estimated at \$6,405,500.00 for the purpose of improving teaching and learning through a more effective use of technology, funded from DED-OESE, educational technology state grant funds.

(c) An amount estimated at \$106,249,200.00 for the purpose of preparing, training, and recruiting high-quality teachers and class size reduction, funded from DED-OESE, improving teacher quality funds.

(d) An amount estimated at \$9,854,300.00 for programs to teach English to limited English proficient (LEP) children, funded from DED-OESE, language acquisition state grant funds.

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

(f) An amount estimated at \$676,000.00 for rural and low income schools, funded from DED-OESE, rural and low income school funds.

(g) An amount estimated at \$3,115,900.00 to help schools develop and implement comprehensive school reform programs, funded from DED-OESE, title I and title X, comprehensive school reform funds.

(h) An amount estimated at \$456,971,500.00 to provide supplemental programs to enable educationally disadvantaged children to meet challenging academic standards, funded from DED-OESE, title I, disadvantaged children funds.

(i) An amount estimated at \$2,531,700.00 for the purpose of providing unified family literacy programs, funded from DED-OESE, title I, even start funds.

(j) An amount estimated at \$8,186,200.00 for the purpose of identifying and serving migrant children, funded from DED-OESE, title I, migrant education funds.

(k) An amount estimated at \$24,733,200.00 to promote high-quality school reading instruction for grades K-3, funded from DED-OESE, title I, reading first state grant funds.

(l) An amount estimated at \$2,849,000.00 for the purpose of implementing innovative strategies for improving student achievement, funded from DED-OESE, title VI, innovative strategies funds.

(m) An amount estimated at \$29,911,800.00 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. Of these funds, ~~\$25,000.00~~ **\$50,000.00** may be used to support the Michigan after-school partnership. All of the following apply to the Michigan after-school partnership:

(i) The department shall collaborate with the department of human services to extend the duration of the Michigan after-school initiative, to be renamed the Michigan after-school partnership and oversee its efforts to implement the policy recommendations and strategic next steps identified in the Michigan after-school initiative's report of December 15, 2003.

(ii) Funds shall be used to leverage other private and public funding to engage the public and private sectors in building and sustaining high-quality out-of-school-time programs and resources. The co-chairs, representing the department and the department of human services, shall name a fiduciary agent and may authorize the fiduciary to expend funds and hire people to accomplish the work of the Michigan after-school partnership.

(iii) Participation in the Michigan after-school partnership shall be expanded beyond the membership of the initial Michigan after-school initiative to increase the representation of parents, youth, foundations, employers, and others with experience in education, child care, after-school and youth development services, and crime and violence prevention, and to include representation from the Michigan department of community health. Each year, on or before December 31, the Michigan after-school partnership shall report its progress in reaching the recommendations set forth in the Michigan after-school initiative's report to the legislature and the governor.

(2) From the federal funds appropriated in section 11, there is allocated for 2007-2008 to districts, intermediate districts, and other eligible entities all available federal funding, estimated at \$32,411,000.00, 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 \$1,665,400.00 to provide services to homeless children and youth, funded from DED-OVAE, homeless children and youth funds.

(c) An amount estimated at \$200,000.00 for refugee children school impact grants, funded from HHS-ACF, refugee children school impact funds.

(d) An amount estimated at \$1,445,600.00 for serve America grants, funded from the corporation for national and community service funds.

(e) An amount estimated at \$28,500,000.00 for providing career and technical education services to pupils, funded from DED-OVAE, basic grants to states.

(3) To the extent allowed under federal law, the funds allocated under subsection (1)(h), (i), and (k) may be used for 1 or more reading improvement programs that meet at least 1 of the following:

(a) A research-based, validated, structured reading program that aligns learning resources to state standards and includes continuous assessment of pupils and individualized education plans for pupils.

(b) A mentoring program that is a research-based, validated program or a statewide 1-to-1 mentoring program and is designed to enhance the independence and life quality of pupils who are mentally impaired by providing opportunities for mentoring and integrated employment.

(c) A cognitive development program that is a research-based, validated educational service program focused on assessing and building essential cognitive and perceptual learning abilities to strengthen pupil concentration and learning.

(d) A structured mentoring-tutorial reading program for pupils in preschool to grade 4 that is a research-based, validated program that develops individualized educational plans based on each pupil's age, assessed needs, reading level, interests, and learning style.

(4) 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, and in the education flexibility partnership act of 1999, Public Law 106-25. 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.

(5) 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.

(c) "DED-OVAE" means the DED office of vocational and adult education.

(d) "HHS" means the United States department of health and human services.

(e) "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 \$2,800,000.00 for ~~2006-2007~~ **2007-2008** to applicant districts and intermediate districts offering programs of 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 instruction in speaking, reading, writing, or comprehension of English. A pupil shall not be counted under this section or instructed in a program under this section for more than 3 years.

Sec. 51a. (1) ~~From the appropriation in section 11, there is allocated for 2006-2007 an amount not to exceed \$971,983,000.00 from state sources and all available federal funding under sections 611 to 619 of part B of the individuals with disabilities education act, 20 USC 1411 to 1419, estimated at \$350,700,000.00, plus any carryover federal funds from previous year appropriations.~~ **FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR 2007-2008 AN AMOUNT NOT TO EXCEED \$1,006,483,000.00 FROM STATE SOURCES AND ALL AVAILABLE FEDERAL FUNDING UNDER SECTIONS 611 TO 619 OF PART B OF THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT, 20 USC 1411 TO 1419, ESTIMATED AT \$350,700,000.00, 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 2002-2003 may be distributed in accordance with the flexible funding provisions of the individuals with disabilities education act, Public Law 108-446, including, but not limited to, 34 CFR 300.206 and 300.208. 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 for ~~2006-2007~~ **2007-2008** the amount necessary, estimated at ~~\$207,900,000.00 for 2006-2007~~ **\$215,900,000.00**, 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).

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

(3) From the funds allocated under subsection (1), there is allocated for ~~2006-2007~~ **2007-2008** the amount necessary, estimated at ~~\$2,000,000.00 for 2006-2007~~ **\$1,500,000.00**, 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 or services between 1996-97 and subsequent fiscal years. Adjustments for reductions in special education program operations or services shall be made in a manner determined by the department and shall include adjustments for program or service 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 may be allocated by the department for ~~2006-2007~~ **2007-2008** to districts, intermediate districts, or other eligible entities 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 for ~~2006-2007-2007-2008~~ 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) ~~Except as otherwise provided in subdivisions (c) and (d), beginning~~ **BEGINNING** with the 2004-2005 fiscal year, a district or intermediate district that employed special education support services staff to provide special education support services in 2003-2004 or in a subsequent fiscal year and that in a fiscal year after 2003-2004 receives the same type of support services from another district or intermediate district shall report the cost of those support services for special education reimbursement purposes under this act. This subdivision does not prohibit the transfer of special education classroom teachers and special education classroom aides if the pupils counted in membership associated with those special education classroom teachers and special education classroom aides are transferred and counted in membership in the other district or intermediate district in conjunction with the transfer of those teachers and aides.

~~(c) If the department determines before bookclosing for 2004-2005 that the amounts allocated under this section for 2004-2005 will exceed expenditures under this section for 2004-2005, then for 2004-2005 only, for a district or intermediate district whose reimbursement for 2004-2005 would otherwise be affected by subdivision (b), subdivision (b) does not apply to the calculation of the reimbursement for that district or intermediate district and reimbursement for that district or intermediate district shall be calculated in the same manner as it was for 2003-2004. If the amount of the excess allocations under this section is not sufficient to fully fund the calculation of reimbursement to those districts and intermediate districts under this subdivision, then the calculations and resulting reimbursement under this subdivision shall be prorated on an equal percentage basis.~~

(C) ~~(d)~~ If the department determines before bookclosing for ~~2005-2006-2006-2007~~ that the amounts allocated for ~~2005-2006-2006-2007~~ under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56 will exceed expenditures for ~~2005-2006-2006-2007~~ under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56, then for ~~2005-2006~~ **2006-2007** only, for a district or intermediate district whose reimbursement for ~~2005-2006-2006-2007~~ would otherwise be affected by subdivision (b), subdivision (b) does not apply to the calculation of the reimbursement for that district or intermediate district and reimbursement for that district or intermediate district shall be calculated in the same manner as it was for 2003-2004. If the amount of the excess allocations under subsections (2), (3), (6), (8), and (12) and sections 53a, 54, and 56 is not sufficient to fully fund the calculation of reimbursement to those districts and

intermediate districts under this subdivision, then the calculations and resulting reimbursement under this subdivision shall be prorated on an equal percentage basis.

(D) ~~(E)~~ Reimbursement for ancillary and other related services, as defined by 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.

(E) ~~(F)~~ Beginning with calculations for 2004-2005, if an intermediate district purchases a special education pupil transportation service from a constituent district that was previously purchased from a private entity; if the purchase from the constituent district is at a lower cost, adjusted for changes in fuel costs; and if the cost shift from the intermediate district to the constituent does not result in any net change in the revenue the constituent district receives from payments under sections 22b and 51c, then upon application by the intermediate district, the department shall direct the intermediate district to continue to report the cost associated with the specific identified special education pupil transportation service and shall adjust the costs reported by the constituent district to remove the cost associated with that specific service.

(8) From the allocation in subsection (1), there is allocated for ~~2006-2007-2007-2008~~ an amount not to exceed \$15,313,900.00 to intermediate districts. The payment under this subsection to each intermediate district shall be equal to the 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 for ~~2006-2007-2007-2008~~ the amount necessary, estimated at ~~\$6,500,000.00 for 2006-2007~~ **\$6,600,000.00**, 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). 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 for ~~2006-2007-2007-2008~~ the amount necessary, estimated at ~~\$686,700,000.00 for 2006-2007~~ **\$713,600,000.00**, 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 for ~~2006-2007-2007-2008~~ all available federal funding, estimated at \$74,000,000.00, 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 for ~~2006-2007-2007-2008~~:

(a) An amount estimated at \$15,000,000.00 for handicapped infants and toddlers, funded from DED-OSERS, handicapped infants and toddlers funds.

(b) An amount estimated at \$14,000,000.00 for preschool grants (Public Law 94-142), funded from DED-OSERS, handicapped preschool incentive funds.

(c) An amount estimated at \$45,000,000.00 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) 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 subsection (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 \$5,000.00, minus \$200.00,~~ and under section 20j.

(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 \$12,800,000.00 of the allocation for ~~2006-2007-2007-2008~~ in section 51a(1) shall be allocated under this section.

Sec. 54. 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 of the allocation for ~~2006-2007-2007-2008~~ in section 51a(1) shall be allocated under this section.

Sec. 54a. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$250,000.00 for ~~2006-2007-2007-2008~~ to the lending library located at central Michigan university from which districts and intermediate districts can borrow assessment materials designed specifically for children with severe loss of vision or hearing, severe cognitive or motor disabilities, or multiple disabilities and for children who require the most specialized types of psychological and educational assessment. **IT IS THE INTENT OF THE LEGISLATURE TO ALLOCATE AN AMOUNT NOT TO EXCEED \$100,000.00 FOR SUBSEQUENT FISCAL YEARS FOR THIS PURPOSE.**

(2) The lending library shall make test assessment materials available through borrowing to districts and intermediate districts. The lending library shall also provide information about the lending library at meetings and conferences for school personnel and shall develop a website to describe the services offered by the lending library. The lending library also shall mail information about the services offered by the lending library to all districts and intermediate districts.

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 ~~each fiscal year~~ not to exceed \$36,881,100.00 for ~~2005-2006 and for 2006-2007~~ **2007-2008** 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 2004-2005 shall be made in 2005-2006 at an amount per 2004-2005 membership pupil computed by subtracting from \$142,900.00 the 2004-2005 taxable value behind each membership pupil and multiplying the resulting difference by the 2004-2005 millage levied.~~ Reimbursement for those millages levied in ~~2005-2006~~ **2006-2007** shall be made in ~~2006-2007~~ **2007-2008** at an amount per ~~2005-2006~~ **2006-2007** membership pupil computed by subtracting from ~~\$151,300.00~~ **\$161,400.00** the ~~2005-2006~~ **2006-2007** taxable value behind each membership pupil and multiplying the resulting difference by the ~~2005-2006~~ **2006-2007** millage levied.

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$285,000.00 for ~~2006-2007~~ **2007-2008** for grants to intermediate districts for advanced and accelerated students.

(2) To qualify for funding under this section, a grant recipient shall support part of the cost of summer institutes for advanced and accelerated students and, to the extent the funding allows, provide comprehensive programs for advanced and accelerated pupils.

(3) Except as otherwise provided in this subsection, the amount of a single grant award under this section shall not exceed \$5,000.00. Intermediate districts may form a consortium, and that consortium may receive a maximum grant amount of \$5,000.00 for each participant intermediate district. Each intermediate district or consortium must apply for grant funding by April 1, ~~2007-2008~~ and demonstrate compliance with subsection (2).

(4) A district, intermediate district, or consortium that receives a grant under this section shall provide at least a 25% match for grant money received under this section from local public or private resources.

(5) Any unallocated grant funds may be allocated to intermediate districts and consortia receiving grants under this section in an equal amount per intermediate district.

Sec. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$30,000,000.00 for ~~2006-2007~~ **2007-2008** 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 for ~~2006-2007~~ **2007-2008** 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 ~~each fiscal year~~ an amount not to exceed \$9,000,000.00 for ~~2005-2006 and for 2006-2007~~ **2007-2008** 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 2004-2005 shall be made in 2005-2006 at an amount per 2004-2005 membership pupil computed by subtracting from \$152,000.00 the 2004-2005 taxable value behind each membership pupil and multiplying the resulting difference by the 2004-2005 millage levied. Reimbursement for the millages levied in 2005-2006-2006-2007 shall be made in 2006-2007-2007-2008 at an amount per 2005-2006-2006-2007 membership pupil computed by subtracting from \$160,500.00~~ **\$171,200.00** the ~~2005-2006-2006-2007~~ taxable value behind each membership pupil and multiplying the resulting difference by the ~~2005-2006-2006-2007~~ millage levied.

Sec. 64. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$2,000,000.00 **FOR 2007-2008** for grants to intermediate districts or a district of the first class that are in consortium with a community college or state public university and a hospital to create and implement a middle college focused on the field of health sciences.

(2) Awards shall be made in a manner and form as determined by the department; however, at a minimum, eligible consortia funded under this section shall ensure the middle college provides all of the following:

(a) Outreach programs to provide information to middle school and high school students about career opportunities in the health sciences field.

(b) An individualized education plan for each pupil enrolled in the program.

(c) Curriculum that includes entry-level college courses.

(d) Clinical rotations that provide opportunities for pupils to observe careers in the health sciences.

(3) For the purposes of this section, "middle college" means a series of courses and other requirements and conditions established by the consortium that allow a pupil to graduate with a high school diploma and a certificate or degree from a community college or state public university.

(4) A DISTRICT OR INTERMEDIATE DISTRICT THAT RECEIVED A GRANT UNDER THIS SECTION IN 2006-2007 SHALL RECEIVE 100% OF THAT AMOUNT IN 2007-2008, 50% OF THE 2007-2008 AMOUNT IN 2008-2009, AND 50% OF THE 2008-2009 AMOUNT IN 2009-2010.

Sec. 65. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$680,100.00 for ~~2006-2007-2007-2008~~ for grants to districts or intermediate districts, as determined by the department, ~~of labor and economic growth~~, for eligible precollege programs in engineering and the sciences.

(2) From the funds allocated under subsection (1), the department ~~of labor and economic growth~~ shall award \$680,100.00 for ~~2006-2007-2007-2008~~ to the 2 eligible existing programs that received funds appropriated for these purposes in the appropriations act containing the department of labor and economic growth budget for 2005-2006.

(3) The department ~~of labor and economic growth~~ shall submit a report to the appropriations subcommittees responsible for this act and to the house and senate fiscal agencies by February 1, ~~2007-2008~~ regarding dropout rates,

grade point averages, enrollment in science, engineering, and math-based curricula, and employment in science, engineering, and mathematics-based fields for pupils who were enrolled in the programs awarded funds under this section or under preceding legislation. The report shall continue to evaluate the effectiveness of the precollege programs in engineering and sciences funded under this section.

(4) Notwithstanding section 17b, payments under this section may be made pursuant to an agreement with the department.

Sec. 74. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed ~~\$2,965,000.00 for 2006-2007~~ **\$3,025,800.00 FOR 2007-2008** for the purposes of this section.

(2) From the allocation in subsection (1), there is allocated ~~each fiscal year~~ **FOR 2007-2008** 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.

(4) From the funds allocated in subsection (1), there is allocated an amount not to exceed ~~\$1,340,000.00 for 2006-2007~~ **\$1,400,800.00 FOR 2007-2008** for reimbursement to districts and intermediate districts for costs associated with the inspection of school buses and pupil transportation vehicles by the department of state police as required under section 715a of the Michigan vehicle code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil transportation act, 1990 PA 187, MCL 257.1839. The department of state police shall prepare a statement of costs attributable to each district for which bus inspections are provided and submit it to the department and to each affected district in a time and manner determined jointly by the department and the department of state police. The department shall reimburse each district and intermediate district for costs detailed on the statement within 30 days after receipt of the statement. Districts for which services are provided shall make payment in the amount specified on the statement to the department of state police within 45 days after receipt of the statement. The total reimbursement of costs under this subsection shall not exceed the amount allocated under this subsection. **NOTWITHSTANDING SECTION 17B, PAYMENTS TO ELIGIBLE ENTITIES UNDER THIS SUBSECTION SHALL BE PAID ON A SCHEDULE PRESCRIBED BY THE DEPARTMENT.**

Sec. 76. If a district received money in 1993-94 attributable to nonspecial education transportation under former section 71 and that money was included in calculating the district's combined state and local revenue per membership pupil in 1993-94 under section 20(21), as that section was in effect for 1994-95, then the district shall use ~~money received~~ **FUNDING AS CALCULATED** under section 20 as the funding for transporting nonpublic school students as required under section 1321 of the revised school code, ~~being section MCL 380.1321. of the Michigan Compiled Laws.~~

SEC. 77. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$1,275,000.00 FOR 2007-2008 TO MAKE PAYMENTS TO DISTRICTS THAT MEET ALL OF THE FOLLOWING:

(A) HAS A TOTAL SQUARE MILEAGE GREATER THAN 200.0.

(B) HAS 5.0 OR FEWER PUPILS PER SQUARE MILE AS DETERMINED BY THE DEPARTMENT.

(C) OPERATES ALL OF GRADES K TO 12.

(2) THE FUNDS ALLOCATED UNDER THIS SECTION SHALL BE ALLOCATED TO ELIGIBLE DISTRICTS ON AN EQUAL PER PUPIL BASIS. THESE PAYMENTS ARE TO BE USED FOR COSTS ASSOCIATED WITH TRANSPORTING PUPILS TO AND FROM SCHOOL.

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated for ~~2006-2007-2007-2008~~ to the intermediate districts the sum necessary, but not to exceed ~~\$80,110,900.00~~ **\$80,912,000.00**, 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 ~~2006-2007-2007-2008~~ an amount equal to ~~103.1%~~ **101.0%** of the amount appropriated under this subsection for ~~2005-2006-2006-2007~~. 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) ~~It is the intent of the legislature that intermediate~~ **INTERMEDIATE** districts receiving funds under this section shall collaborate with the department to develop expanded professional development opportunities for teachers to update and expand their knowledge and skills needed to support the Michigan merit curriculum.

(3) 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.

(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.

(5) In order to receive funding under this section, an intermediate district shall do all of the following:

(a) 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.

(b) Demonstrate to the satisfaction of the department that the intermediate district employs at least 1 person who is trained in rules, regulations, and district reporting procedures for the individual-level ~~pupil~~ **STUDENT** data that serves as the basis for the calculation of the district and high school graduation and dropout rates.

(c) Comply with sections 1278a and 1278b of the revised school code, MCL 380.1278a and 380.1278b.

(d) Furnish data and other information required by state and federal law to the center and the department in the form and manner specified by the center or the department, as applicable.

(e) Comply with section 1230g of the revised school code, MCL 380.1230g.

(F) COMPLY WITH SECTION 761 OF THE REVISED SCHOOL CODE, MCL 380.761.

SEC. 82. FROM THE FUNDS ALLOCATED UNDER SECTION 81, AN INTERMEDIATE DISTRICT MAY DEVELOP AND MAKE AVAILABLE TO DISTRICTS AN EARLY INTERVENING MODEL PROGRAM FOR GRADES K TO 3. THE MODEL EARLY INTERVENING PROGRAM SHALL BE DESIGNED TO INSTRUCT CLASSROOM TEACHERS AND SUPPORT STAFF ON HOW TO MONITOR INDIVIDUAL PUPIL LEARNING AND HOW TO PROVIDE SPECIFIC SUPPORT OR LEARNING STRATEGIES TO PUPILS AS EARLY AS POSSIBLE IN ORDER TO REDUCE THE NEED FOR SPECIAL EDUCATION PLACEMENT. THE MODEL PROGRAM SHALL INCLUDE LITERACY AND NUMERACY SUPPORTS, SENSORY MOTOR SKILL DEVELOPMENT, BEHAVIOR SUPPORTS, INSTRUCTIONAL CONSULTATION FOR TEACHERS, AND THE DEVELOPMENT OF A PARENT/SCHOOL LEARNING PLAN. SPECIFIC SUPPORT OR LEARNING STRATEGIES MAY INCLUDE SUPPORT IN OR OUT OF THE GENERAL CLASSROOM IN AREAS INCLUDING READING, WRITING, MATH, VISUAL MEMORY, MOTOR SKILL DEVELOPMENT, BEHAVIOR, OR LANGUAGE DEVELOPMENT. THESE WOULD BE PROVIDED BASED ON AN UNDERSTANDING OF THE INDIVIDUAL CHILD'S LEARNING NEEDS.

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 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 **REASONABLE** 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) Each state department, officer, or agency that collects information from districts or intermediate districts as required under state or federal law shall make arrangements with the center, and with the districts or intermediate districts, to have the center collect the information and to provide it to the department, officer, or agency as necessary. To the extent that it does not cause financial hardship, the center shall arrange to collect the information in a manner that allows electronic submission of the information to the center. Each affected state department, officer, or agency shall provide the center with any details necessary for the center to collect information as provided under this subsection. This subsection does not apply to information collected by the department of treasury under the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to 388.1939; or section 1351a of the revised school code, MCL 380.1351a.

- (3) 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 labor and economic growth 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.
- (4) The CEPI advisory committee appointed under subsection (3) 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 **REASONABLE** 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.
 - (i) 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 ~~\$2,350,000.00 for 2006-2007~~ **\$2,435,400.00 FOR 2007-2008** to the department of management and budget to support the operations of the center and the development and implementation of a comprehensive data management and student tracking system. 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 ~~2006-2007~~ **2007-2008**, there is allocated the amount necessary, estimated at \$3,543,200.00, in order to fulfill federal reporting requirements.
- (6) From the ~~general fund~~ allocation under subsection (6), there is allocated for ~~2006-2007~~ **2007-2008** an amount ~~not to exceed \$1,850,000.00~~ to support the development and implementation of a comprehensive longitudinal educational data management and student tracking system. In addition, from the federal funds allocated in subsection (6), there is allocated for ~~2006-2007~~ **2007-2008** an amount not to exceed \$1,500,000.00 funded from the competitive grants of DED-OESE, title II, educational technology funds for the purposes of this subsection. Not later than November 30, ~~2006-2007~~, the department shall award a single grant to an eligible partnership that includes an intermediate district with at least 1 high-need local school district and the center.
- (7) The center and the department shall work cooperatively to develop a cost allocation plan that pays for center expenses from the appropriate federal fund revenues.
- (8) 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.
- (9) The center may bill departments as necessary in order to fulfill reporting requirements of state and federal law. The center may also enter into agreements to supply custom data, analysis, and reporting to other principal executive departments, state agencies, local units of government, and other individuals and organizations. The center may receive and expend funds in addition to those authorized in subsection (6) to cover the costs associated with salaries, benefits, supplies, materials, and equipment necessary to provide such data, analysis, and reporting services.
- (10) As used in this section:
- (a) "DED-OESE" means the United States department of education office of elementary and secondary education.
 - (b) "High-need local school district" means a local educational agency as defined in the enhancing education through technology part of the no child left behind act of 2001, Public Law 107-110.
 - (c) "State education agency" means the department.
- Sec. 98. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$500,000.00 for ~~2006-2007~~ **2007-2008** and from the general fund money appropriated in section 11, there is allocated an amount not to exceed ~~\$2,250,000.00~~ **\$1,750,000.00 for 2007-2008** to provide a grant to the Michigan

virtual university for the development, implementation, and operation of the Michigan virtual high school; to provide professional development opportunities for educators; and to fund other purposes described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2006-2007-2007-2008~~ an amount estimated at \$3,250,000.00.

(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 high school 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) Provide online test preparation resources for pupils.~~

~~(D) (e)~~ Grant high school diplomas through a dual enrollment method with districts.

~~(E) (f)~~ 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) From the general fund money allocated in subsection (1), an amount estimated at, but not to exceed \$500,000.00, shall be used by the Michigan virtual high school to provide online test preparation resources for all Michigan high school pupils using web-based tools that align with the Michigan merit exam requirements, including the ACT and the revised MEAP exam. These resources shall include the following:~~

~~(a) Practice test opportunities for students.~~

~~(b) Information on effective test taking strategies.~~

~~(c) Diagnostic tools to identify student learning gaps.~~

~~(d) Self-paced online instructional tutorials.~~

~~(e) Electronic reports that provide feedback for students and school personnel.~~

~~(3) (4)~~ 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) (5)~~ From the federal funds allocated in subsection (1), there is allocated for ~~2006-2007-2007-2008~~ an amount estimated at \$2,250,000.00 from DED-OESE, title II, improving teacher quality funds for a grant to the Michigan virtual university for the purpose of this subsection. 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. 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.

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

(e) Provide online professional development opportunities for educators to update and expand knowledge and skills needed to support the Michigan merit curriculum core content standards and credit requirements.

~~(5) (6)~~ The Michigan virtual university shall offer at least 200 hours of online professional development for classroom teachers under this section each fiscal year beginning in 2006-2007 without charge to the teachers or to districts or intermediate districts. 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 ~~(5)~~ ~~(4)~~. Five hours of this professional development shall be considered to be part of the 38 hours allowed to be counted as hours of pupil instruction under section 101(10).

~~(6) (7)~~ From the federal funds appropriated in subsection (1), there is allocated for ~~2006-2007-2007-2008~~ an amount estimated at \$1,000,000.00 from the DED-OESE, title II, educational technology grant funds to support e-learning and virtual school initiatives consistent with the goals contained in the United States national educational technology plan

issued in January 2005. Not later than November 30, ~~2006-2007~~, from the funds allocated in this subsection, the department shall award a single grant of \$1,000,000.00 to a consortium or partnership established by the Michigan virtual university that meets the requirements of this subsection. To be eligible for this funding, a consortium or partnership established by the Michigan virtual university shall include at least 1 intermediate district and at least 1 high-need local district. All of the following apply to this funding:

- (a) An eligible consortium or partnership must demonstrate the following:
 - (i) Prior success in delivering online courses and instructional services to K-12 pupils throughout this state.
 - (ii) Expertise in designing, developing, and evaluating online K-12 course content.
 - (iii) Experience in maintaining a statewide help desk service for pupils, online teachers, and other school personnel.
 - (iv) Knowledge and experience in providing technical assistance and support to K-12 schools in the area of online education.
 - (v) Experience in training and supporting K-12 educators in this state to teach online courses.
 - (vi) Demonstrated technical expertise and capacity in managing complex technology systems.
 - (vii) Experience promoting twenty-first century learning skills through the use of online technologies.
- (b) The Michigan virtual university, which operates the Michigan virtual high school, shall perform the following tasks related to this funding:
 - (i) Examine the curricular and specific course content needs of middle and high school students in the areas of mathematics and science.
 - (ii) Design, develop, and acquire online courses and related supplemental resources aligned to state standards to create a comprehensive and rigorous statewide catalog of online courses and instructional services.
 - (iii) Conduct a demonstration pilot to promote new and innovative online courses and instructional services.
 - (iv) Evaluate existing online teaching and learning practices and develop continuous improvement strategies to enhance student achievement.
 - (v) Develop, support, and maintain the technology infrastructure and related software required to deliver online courses and instructional services to students statewide.

~~(7) (8)~~ From the state school aid fund allocation in subsection (1), an amount not to exceed \$500,000.00 for ~~2006-2007~~ **2007-2008** shall be awarded as a single grant to an intermediate district working in partnership with the Michigan virtual high school for a statewide license for “my dream explorer”, a career exploration and planning tool, to be made available to all pupils at no cost.

~~(8) (9)~~ If a home-schooled or nonpublic school student is a resident of a district that subscribes to services provided by the Michigan virtual high school, the student may use the services provided by the Michigan virtual high school to the district without charge to the student beyond what is charged to a district pupil using the same services.

~~(10) All activities funded under this section relating to science shall include the use of the scientific method to critically evaluate scientific theories and the use of relevant scientific data to assess the validity of those theories.~~

~~(9) (11)~~ As used in this section:

- (a) “DED-OESE” means the United States department of education office of elementary and secondary education.
- (b) “High-need local district” means a local educational agency as defined in the enhancing education through technology part of the no child left behind act of 2001, Public Law 107-110.
- (c) “State education agency” means the department.

Sec. 99. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed ~~\$3,416,000.00 for 2006-2007~~ **\$3,390,000.00 FOR 2007-2008** and from the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$84,000.00 for 2006-2007~~ **\$110,000.00 FOR 2007-2008** for implementing the comprehensive master plan for mathematics and science centers developed by the department and approved by the state board, ~~on August 8, 2002,~~ and for other purposes as described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2006-2007~~ **2007-2008** an amount estimated at \$4,456,000.00 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 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 designated region as prescribed in the ~~2002-2007~~ master plan unless each of the grants serves a distinct target population or provides a service that does not duplicate another program in the 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 33 established mathematics and science centers. Each established mathematics and science center that was funded in ~~2005-2006~~ **2006-2007** shall receive state funding in an amount equal to 100% of the

amount it ~~received under this section for 2005-2006~~ **WAS ALLOCATED UNDER THIS SUBSECTION FOR 2006-2007.** If a center declines state funding or a center closes, the remaining money available under this section shall be distributed on a pro rata basis to the remaining centers, as determined by the department.

(6) From the funds allocated in subsection (1), there is allocated **FOR 2007-2008 AN AMOUNT NOT TO EXCEED \$1,000,000.00** in a form and manner determined by the department to those centers able to provide curriculum and professional development support to assist districts in implementing the Michigan merit curriculum components for mathematics and science. Funding under this subsection is in addition to funding **ALLOCATED** under subsection (5).

(7) 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.

(8) Not later than September 30, ~~2007-2008~~, the department shall reevaluate and update the comprehensive master plan described in subsection (1).

(9) The department shall give preference in awarding the federal grants allocated in subsection (1) to eligible existing mathematics and science centers.

(10) 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.

~~(11) All activities funded under this section relating to science shall include the use of the scientific method to critically evaluate scientific theories and the use of relevant scientific data to assess the validity of those theories.~~

~~(11)~~ (12) 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. 99c. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed ~~\$20,000,000.00~~ **\$0.00** for ~~2006-2007~~ **2007-2008** for payments to districts under this section for the middle school mathematics initiative to achieve the middle school mathematics standards and benchmarks adopted by the state board.

(2) The amount of the payment to each district for 2006-2007 shall be an equal amount per pupil for each pupil actually enrolled and attending school in the district in grades 6 to 8. Payments to a district under this section for subsequent fiscal years shall be as described in subsection (4).

(3) A district shall use funds received under this section for activities and efforts designed to improve pupil performance in mathematics. **HOWEVER, IF A DISTRICT HAS CARRIED FORWARD UNEXPENDED FUNDS RECEIVED UNDER THIS SECTION INTO 2007-2008, THE DISTRICT MAY USE THOSE UNEXPENDED FUNDS FOR ANY PURPOSE.**

~~(4) It is the intent of the legislature to continue to allocate funds under this section for subsequent fiscal years based on improved pupil performance in mathematics. It is also the intent of the legislature to develop standards for determining improvement in pupil performance by March 1, 2007.~~

Sec. 99e. (1) From the funds appropriated in section 11, there is allocated the amount of \$125,000.00 for ~~2006-2007~~ **2007-2008** to a district that meets all of the following requirements:

(a) The district's membership ~~has grown~~ **INCREASED** by at least 20% between 2004-2005 and 2005-2006.

(b) At least 60% of the pupils in the district were eligible for free or reduced lunch for 2005-2006.

(c) The district levies at least 10 mills for the purpose of debt retirement.

(d) The district had an emergency financial manager in place during 2004-2005.

(2) The funds allocated under subsection (1) shall be used to supplement the district's operational funds as compensation for having received a reduced foundation allowance due to proration while having had an emergency financial manager in place.

(3) THE FUNDS APPROPRIATED IN THIS SECTION SHALL BE AWARDED FOR 3 CONSECUTIVE YEARS BEGINNING WITH 2006-2007 IN A FORM AND MANNER APPROVED BY THE DEPARTMENT.

~~(4)~~ (3) Notwithstanding section 17b, payments under this section may be made pursuant to an agreement with the department.

SEC. 99I. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE IS ALLOCATED THE AMOUNT OF \$300,000.00 FOR 2007-2008 TO A DISTRICT THAT MEETS ALL OF THE FOLLOWING REQUIREMENTS:

(A) THE DISTRICT'S MEMBERSHIP IS GREATER THAN 9,000 PUPILS.

(B) AT LEAST 60% OF THE PUPILS IN THE DISTRICT WERE ELIGIBLE FOR FREE OR REDUCED LUNCH FOR 2005-2006.

(C) THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2006-2007 WAS LESS THAN \$7,310.00.

(2) FUNDS ALLOCATED TO A DISTRICT UNDER THIS SECTION SHALL BE USED TO EXPAND THE SCHOOL-BASED CRISIS INTERVENTION PROJECT THAT RECEIVED FUNDS IN 2005-2006 UNDER SECTION 304 OF 2005 PA 147.

(3) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION MAY BE MADE PURSUANT TO AN AGREEMENT WITH THE DEPARTMENT.

SEC. 99J. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$500,000.00 FOR PILOT PROGRAMS AS PROVIDED FOR UNDER THIS SECTION.

(2) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THE DEPARTMENT SHALL AWARD \$350,000.00 FOR DEMONSTRATION PROJECTS IN SCIENCE AND MATH INSTRUCTION. THE PROJECTS SHALL SHOWCASE DIFFERENTIATED INSTRUCTION AND THE INTEGRATION OF TECHNOLOGY AS A LEARNING TOOL. THESE FUNDS SHALL BE ALLOCATED TO A DISTRICT THAT MEETS ALL OF THE FOLLOWING:

(A) THE DISTRICT IS LOCATED IN A COUNTY THAT INCLUDES A DISTRICT THAT IS A SCHOOL DISTRICT OF THE FIRST CLASS.

(B) THE DISTRICT HAD A 2006 TAXABLE VALUE PER PUPIL FOR PROPERTY THAT IS NOT A PRINCIPAL RESIDENCE OR QUALIFIED AGRICULTURAL PROPERTY OF LESS THAN \$100,000.00.

(C) THE DISTRICT HAD A 2006-2007 PUPIL MEMBERSHIP GREATER THAN 8,500 AND LESS THAN 9,000.

(3) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), THE DEPARTMENT SHALL AWARD \$150,000.00 FOR INITIATIVES TO INCREASE OPPORTUNITIES FOR ACADEMICALLY TALENTED STUDENTS, TO IMPLEMENT A DISTRICTWIDE IMPROVEMENT INITIATIVE, AND TO IMPLEMENT POSITIVE BEHAVIOR SUPPORT PROGRAMS. THESE FUNDS SHALL BE ALLOCATED TO A DISTRICT THAT MEETS ALL OF THE FOLLOWING:

(A) THE DISTRICT IS LOCATED IN A COUNTY THAT INCLUDES A DISTRICT THAT IS A SCHOOL DISTRICT OF THE FIRST CLASS.

(B) THE DISTRICT HAD A 2006 TAXABLE VALUE PER PUPIL FOR PROPERTY THAT IS NOT A PRINCIPAL RESIDENCE OR QUALIFIED AGRICULTURAL PROPERTY OF LESS THAN \$100,000.00.

(C) THE DISTRICT HAD A 2006-2007 PUPIL MEMBERSHIP GREATER THAN 1,000 AND LESS THAN 1,500.

(4) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION MAY BE MADE PURSUANT TO AN AGREEMENT WITH THE DEPARTMENT.

(5) AS USED IN THIS SECTION, "PRINCIPAL RESIDENCE" AND "QUALIFIED AGRICULTURAL PROPERTY" MEAN THOSE TERMS AS DEFINED IN SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211.

SEC. 99K. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$1,950,000.00 FOR 2007-2008 FOR PAYMENTS TO DISTRICTS UNDER THIS SECTION.

(2) FROM THE ALLOCATION UNDER SUBSECTION (1), THERE IS ALLOCATED THE AMOUNT OF \$250,000.00 FOR 2007-2008 ONLY TO A DISTRICT THAT LEVIED 4.87 MILLS IN 1993 TO FINANCE AN OPERATING DEFICIT.

(3) FROM THE ALLOCATION UNDER SUBSECTION (1), THERE IS ALLOCATED THE AMOUNT OF \$400,000.00 FOR 2007-2008 ONLY TO A DISTRICT IN WHICH 4.91 MILLS LEVIED IN 1992 FOR SCHOOL OPERATING PURPOSES IN THE 1992-1993 SCHOOL YEAR WERE NOT RENEWED IN 1993 FOR SCHOOL OPERATING PURPOSES IN THE 1993-1994 SCHOOL YEAR.

(4) FROM THE ALLOCATION UNDER SUBSECTION (1), THERE IS ALLOCATED THE AMOUNT OF \$400,000.00 FOR 2007-2008 ONLY TO A DISTRICT THAT LEVIED 1.8 MILLS IN 1993 TO FINANCE AN OPERATING DEFICIT.

(5) FROM THE ALLOCATION UNDER SUBSECTION (1), THERE IS ALLOCATED THE AMOUNT OF \$900,000.00 FOR 2007-2008 ONLY TO A DISTRICT THAT MEETS ALL OF THE FOLLOWING:

(A) THE DISTRICT IS LOCATED IN A COUNTY THAT INCLUDES A DISTRICT THAT IS A SCHOOL DISTRICT OF THE FIRST CLASS.

(B) THE DISTRICT HAD A 2006 TAXABLE VALUE PER PUPIL FOR PROPERTY THAT IS NOT A PRINCIPAL RESIDENCE OR QUALIFIED AGRICULTURAL PROPERTY OF LESS THAN \$100,000.00.

(C) THE DISTRICT HAD A 2006-2007 PUPIL MEMBERSHIP GREATER THAN 3,500 AND LESS THAN 4,500.

(D) THE DISTRICT HAD A 2005-2006 OPERATING DEFICIT, AS DETERMINED BY THE DEPARTMENT, GREATER THAN 10%.

(6) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION MAY BE MADE PURSUANT TO AN AGREEMENT WITH THE DEPARTMENT.

(7) AS USED IN THIS SECTION, "PRINCIPAL RESIDENCE" AND "QUALIFIED AGRICULTURAL PROPERTY" MEAN THOSE TERMS AS DEFINED IN SECTION 1211 OF THE REVISED SCHOOL CODE, MCL 380.1211.

Sec. 104. (1) From the state school aid fund money appropriated in section 11, there is allocated for ~~2006-2007~~ **2007-2008** an amount not to exceed ~~\$19,500,000.00 for reimbursement to districts of~~ **\$25,400,000.00 FOR PAYMENTS ON BEHALF OF DISTRICTS FOR** costs associated with complying with sections 104a and 104b, sections 1279, 1279g, and 1280b of the revised school code, MCL 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2006-2007~~ **2007-2008** an amount estimated at ~~\$8,425,200.00~~ **\$8,800,000.00**, funded from DED-OESE, title VI, state assessments funds for the purposes of complying with the federal no child left behind act of 2001, Public Law 107-110.

(2) The results of each test administered as part of the Michigan educational assessment program, including tests administered to high school students, shall include an item analysis that lists all items that are counted for individual pupil scores and the percentage of pupils choosing each possible response.

(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, and in the education flexibility partnership act of 1999, Public Law 106-25.

(4) Notwithstanding section 17b, payments ~~of federal funds to~~ **ON BEHALF OF** districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

Sec. 107. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$24,000,000.00 for ~~2006-2007-2007-2008~~ 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 educational 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 educational 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~~ **MICHIGAN CAREER AND TECHNICAL INSTITUTE**.

(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) Except as otherwise provided in subsection (4), from the amount allocated under subsection (1), ~~\$22,500,000.00~~ **\$23,800,000.00** shall be distributed as follows:

(a) For districts and consortia that received payments for ~~2005-2006-2006-2007~~ under this section, the amount allocated to each for ~~2006-2007-2007-2008~~ shall be based on the number of participants served by the district or consortium for ~~2006-2007-2007-2008~~, using the amount allocated per full-time equated participant under subsection (6), up to a maximum total allocation under this subsection in an amount equal to ~~107.1%~~ **104.3%** of the amount the district or consortium received for ~~2005-2006-2006-2007~~ under this section before any reallocations made for ~~2005-2006-2006-2007~~ under subsection (4).

(b) A district or consortium that received funding in 2003-2004 under this section may operate independently of a consortium or join or form a consortium for ~~2006-2007-2007-2008~~. The allocation for ~~2006-2007-2007-2008~~ to the district or the newly formed consortium under this subsection shall be determined by the department of labor and economic growth and shall be based on the proportion of the amounts that are attributable to the district or consortium that received funding in ~~2005-2006-2006-2007~~. A district or consortium described in this subdivision shall notify the department of labor and economic growth of its intention with regard to ~~2006-2007-2007-2008~~ by October 1, ~~2006-2007~~.

(4) A district that operated an adult education program in ~~2005-2006-2006-2007~~ and does not intend to operate a program in ~~2006-2007-2007-2008~~ shall notify the department of labor and economic growth by October 1, ~~2006-2007~~ of its intention. The funds intended to be allocated under this section to a district that does not operate a program in ~~2006-2007-2007-2008~~ 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 ~~2006-2007-2007-2008~~ under this section.

(5) From the amount allocated under subsection (1), ~~\$1,500,000.00~~ shall be allocated as follows:

(a) At least ~~\$1,300,000.00~~ shall be allocated for districts or consortia that did not receive payments for ~~2005-2006~~ under this section and that notify the department of labor and economic growth by October 1, ~~2006~~ of an intention to operate a program in ~~2006-2007~~ and provide an estimate of full-time equated participants to be served. The allocation

~~for 2006-2007 shall be based on the number of participants served by the district or consortium for 2006-2007, using the amount allocated per full-time equated participant under subsection (6), up to a maximum total allocation under this subsection in an amount equal to \$1,400,000.00.~~

~~(b) Up to a maximum of \$200,000.00 shall be allocated for not more than 1 grant not to exceed \$200,000.00 for expansion of an existing innovative community college program that focuses on educating adults. Grants may be used for program operating expenses such as staffing, rent, equipment, and other expenses. To be eligible for this grant funding, a program must meet the following criteria:~~

~~(A) Collaborates with local districts and businesses to determine area academic needs and to promote the learning opportunities.~~

~~(B) Is located off-campus in an urban residential setting with documented high poverty and low high school graduation rates.~~

~~(C) Provides general educational development (G.E.D.) test preparation courses and workshops.~~

~~(D) Provides developmental courses taught by college faculty that prepare students to be successful in college-level courses.~~

~~(E) Uses learning communities to allow for shared, rather than isolated, learning experiences.~~

~~(F) Provides on-site tutoring.~~

~~(G) Provides access to up-to-date technology, including personal computers.~~

~~(H) Partners with a financial institution to provide financial literacy education.~~

~~(I) Assists students in gaining access to financial aid.~~

~~(J) Provides on-site academic advising to students.~~

~~(K) Provides vouchers for reduced G.E.D. testing costs.~~

~~(L) Partners with local agencies to provide referrals for social services as needed.~~

~~(M) Enrolls participants as students of the community college.~~

~~(N) Partners with philanthropic and business entities to provide capital funding.~~

~~(c) After October 1, 2006, if the department of labor and economic growth determines that there will be unspent funds under this subsection, then those unspent funds shall instead be proportionally reallocated to the districts or consortia that receive funds under subsection (3)(a) and under this subsection.~~

(6) 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.

(7) 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, **IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT**, to be below ninth grade level in reading or mathematics, or both, or to lack basic English proficiency.

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

(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 (11) 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 labor and economic growth shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(8) A general educational 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 labor and economic growth 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 (11) 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.

(9) 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 (11) 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.

(10) 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 (11) 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 labor and economic growth shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(11) 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.

(12) 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).

(13) A person who is not eligible to be a participant funded under this section may receive adult education services upon the payment of tuition. In addition, a person who is not eligible to be served in a program under this section due to the program limitations specified in subsection (7), (8), (9), or (10) 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.

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

(15) 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.

(16) 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.

(17) IN ORDER TO RECEIVE FUNDS UNDER THIS SECTION, A DISTRICT SHALL FURNISH TO THE DEPARTMENT, IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT, ALL INFORMATION NEEDED TO ADMINISTER THIS PROGRAM; SHALL ALLOW THE DEPARTMENT OR THE DEPARTMENT'S DESIGNEE TO REVIEW ALL RECORDS RELATED TO THE PROGRAM FOR WHICH IT RECEIVES FUNDS; AND SHALL REIMBURSE THE STATE FOR ALL DISALLOWANCES FOUND IN THE REVIEW, AS DETERMINED BY THE DEPARTMENT.

(18) AS USED IN THIS SECTION, "DEPARTMENT" MEANS THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH.

Sec. 151. (1) The treasurer of each county shall furnish to the department, on or before August 1 of each year following the receipt of assessment rolls, a statement of the taxable value of each district and fraction of a district

within the county, using forms furnished by the department. On or before May 1 of each year, the treasurer of each county shall submit to the department revisions to the taxable value for the immediately preceding year of each district and fraction of a district within the county, using forms furnished by the department. On or before October 1 of each year, the treasurer of each county shall submit to the department revisions to the taxable value for the years after 1993 of each district and fraction of a district within the county, using forms furnished by the department. The reports required by this subsection shall also contain the amount of ad valorem taxable value captured for school operating taxes under a tax increment financing plan under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, ~~or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, OR~~ **THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2871 TO 125.2899.**

(2) Not later than the tenth day of each month, the tax tribunal created by the tax tribunal act, 1973 PA 186, MCL 205.701 to 205.779, shall report to the department the changes in taxable value for tax years after 1993 that are not reported to the department under subsection (1) and that are caused by tax tribunal decisions in the immediately preceding month for ~~homestead and~~ **PROPERTY THAT IS A PRINCIPAL RESIDENCE OR** qualified agricultural property, as defined in section 1211 of the revised school code, MCL 380.1211, and for property that is not ~~homestead~~ **OR A PRINCIPAL RESIDENCE OR** qualified agricultural property, in each district and intermediate district. The report shall also contain the amount of taxable value captured under a tax increment financing plan described in subsection (1) for school operating tax purposes.

Sec. 163. (1) Except as provided in the revised school code, ~~or in section 107b,~~ the board of a district or intermediate district shall not permit any of the following:

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

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

(2) Except as provided in the revised school code, ~~or in section 107b,~~ a district or intermediate district employing teachers or counselors not legally certificated shall have deducted the sum equal to the amount paid the teachers or counselors for the period of noncertificated or illegal employment. Each intermediate superintendent shall notify the department of the name of the noncertificated teacher or counselor, and the district employing that individual and the amount of salary the noncertificated teacher or counselor was paid within a constituent district.

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

Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00.

Enacting section 2. Sections 8a, 22c, 32k, 54b, and 99h of the state school aid act of 1979, 1979 PA 94, MCL 388.1608a, 388.1622c, 388.1632k, 388.1654b, and 388.1699h, are repealed.

Third: That the Senate and House 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 create certain funds and provide for their expenditure; to prescribe penalties; and to repeal acts and parts of acts," by amending sections 3, 6, 6a, 11, 11a, 11f, 11g, 11j, 11k, 11m, 15, 17b, 18, 19, 20, 20j, 22a, 22b, 22d, 24, 24a, 24c, 26, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 64, 65, 74, 76, 81, 94a, 98, 99, 99c, 99e, 104, 107, 151, and 163 (MCL 388.1603, 388.1606, 388.1606a, 388.1611, 388.1611a, 388.1611f, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1617b, 388.1618, 388.1619, 388.1620, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1624a, 388.1624c, 388.1626, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1637, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1676, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699c, 388.1699e, 388.1704, 388.1707, 388.1751, and 388.1763), sections 3, 11g, 22a, 22b, 26b, 31a, 51a, 51c, 65, and 81 as amended by 2007 PA 6, sections 6, 11a, 11f, 11k, 15, 18, 20, 20j, 22d, 24, 26a, 31d, 31f, 32c, 32d, 32j, 32l, 37, 41, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 74, 94a, 98, 99, and 107 as amended and sections 11m, 24a, 24c, 29, 32b, 64, 99c, 99e, and 104 as added by 2006 PA 342, section 6a as amended by 1997 PA 93, sections 11, 11j, 17b, and 39a as amended by 2007 PA 92, sections 19 and 39 as amended by 2005 PA 155, sections 26 and 163 as

amended by 2004 PA 351, section 76 as amended by 1996 PA 300, and section 151 as amended by 2000 PA 297, and by adding sections 32, 32n, 77, 82, 99i, 99j, and 99k; and to repeal acts and parts of acts.

Matt Gillard
George Cushingberry, Jr.
Bruce Caswell
Conferees for the House

Ron Jelinek
Cameron Brown
Michael Switalski
Conferees for the Senate

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Tobocman moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the conference report having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 507

Yeas—104

Accavitti	Dean	Jones, Rick	Pastor
Acciavatti	DeRoche	Jones, Robert	Pavlov
Agema	Dillon	Knollenberg	Pearce
Amos	Donigan	Lahti	Polidori
Angerer	Ebli	LaJoy	Proos
Ball	Elsenheimer	Law, David	Robertson
Bauer	Emmons	Law, Kathleen	Rocca
Bennett	Espinoza	LeBlanc	Sak
Bieda	Farrah	Leland	Schuitmaker
Booher	Gaffney	Lemmons	Scott
Brandenburg	Gillard	Lindberg	Shaffer
Brown	Gonzales	Mayes	Sheltrown
Byrnes	Green	McDowell	Simpson
Byrum	Griffin	Meadows	Smith, Alma
Calley	Hammel	Meekhof	Smith, Virgil
Casperson	Hammon	Meisner	Spade
Caswell	Hansen	Melton	Stahl
Caul	Hildenbrand	Meltzer	Stakoe
Cheeks	Hood	Miller	Tobocman
Clack	Hoogendyk	Moolenaar	Vagnozzi
Clemente	Hopgood	Moore	Valentine
Condino	Horn	Moss	Walker
Constan	Huizenga	Nitz	Ward
Corriveau	Hune	Nofs	Warren
Coulouris	Jackson	Opsommer	Wojno
Cushingberry	Johnson	Palsrok	Young

Nays—5

Garfield	Palmer	Sheen	Steil
Marleau			

In The Chair: Sak

Rep. Sheen, having reserved the right to explain his nay vote, made the following statement:
“Mr. Speaker and members of the House:

I cannot vote for these budgets as they are based on increased fees, an income tax increases, and the expansion of sales tax on services on top of all the other taxes. Government deficits are spending problems, not revenue problems. I cannot balance the budget on the backs of Michigan citizens and job providers that are barely hanging on and making ends meet.

Holding government harmless is elitist, disingenuous, and wrong. I was not sent to Lansing to preserve government spending to the detriment of its citizens and its job providers. The Income tax increase of 12% (from 3.9% to 4.35%) and spreading a 6 % sales tax on many services and business-to-business transactions on top of all the other taxes will in no way benefit the state’s economy or its citizens. However, it will take more money out of people’s paychecks and increase the cost of living, which is a double hit to the consumer. It will drive up the cost of doing business and drive out more employers, increasing unemployment and further exacerbating Michigan’s plight. We might as well put a red flashing light at the state line warning businesses not to come here.

I could not vote to increase taxes on Michigan’s citizens or job providers at a time when so many have either lost jobs, faced failing businesses and otherwise tightened their belts and made cuts in their own budgets. Why should government be held at a different standard than everyone else in the state?”

Senate Bill No. 222, entitled

A bill to make appropriations for the department of agriculture for the fiscal year ending September 30, 2008; 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.

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

The Conference Report was read as follows:

First Conference Report

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

Senate Bill No. 222, entitled

A bill to make appropriations for the department of agriculture for the fiscal year ending September 30, 2008; 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.

Recommends:

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

Second: That the Senate and House 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 agriculture for the fiscal year ending September 30, 2008; 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.

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 agriculture for the fiscal year ending September 30, 2008, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF AGRICULTURE

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0
Full-time equated classified positions	686.5

GROSS APPROPRIATION.....	\$	109,399,300
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Interdepartmental grant revenues:

IDG from MDCH, local public health operations.....	8,878,700
IDG from MDEQ, aquifer protection and dispute resolution.....	50,000
IDG from MDEQ, biosolids.....	92,900

	For Fiscal Year Ending Sept. 30, 2008
IDG from MDEQ, MAEAP.....	159,700
IDG from MDEQ, type II well survey	17,200
IDG from DHS, food bank.....	150,000
IDG from MDLEG (LCC), liquor quality testing fees.....	191,900
IDG from MDNR, cervid fees.....	75,000
IDG from MDNR, district forestry and wildlife program.....	1,000,000
Total interdepartmental grants and intradepartmental transfers	10,615,400
ADJUSTED GROSS APPROPRIATION	\$ 98,783,900
Federal revenues:	
DAG, multiple grants.....	17,152,100
EPA, multiple grants	2,356,200
HHS-FDA	1,079,100
United States department of labor.....	400,000
Corporation for national and community services	253,200
Total federal revenues	21,240,600
Special revenue funds:	
Total local revenues	0
Private - commodity group.....	115,800
Private - slow-the-spread foundation.....	147,700
Total private revenues	263,500
Agricultural preservation fund	900,000
Agriculture equine industry development fund.....	12,552,000
Agriculture pollution prevention fund.....	100
Civil penalties	273,000
Commodity inspection fees	1,081,700
Gasoline inspection and testing fund.....	2,617,400
Freshwater protection fund	5,161,400
Horticulture fund	79,500
Industry support funds	695,900
Licensing and inspection fees	6,522,700
Migratory labor housing.....	25,000
Nonretail liquor fees	678,400
Refined petroleum fund	3,520,400
State services fee fund	9,264,800
Testing fees.....	434,500
Upper Peninsula state fair revenue.....	1,380,600
Consumer and industry food safety education fund.....	260,300
Weights and measures regulation fees.....	674,000
Total other state restricted revenues	46,121,700
State general fund/general purpose	\$ 31,158,100
Sec. 102. EXECUTIVE	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	46.0
Commission and boards	\$ 17,800
Unclassified positions	354,000
Executive direction—10.0 FTE positions	1,157,900
Management services—31.5 FTE positions.....	2,430,800
Agricultural statistics—2.0 FTE positions.....	137,600
Emergency management—2.5 FTE positions	242,300
Human resources optimization user charges.....	41,200
GROSS APPROPRIATION.....	\$ 4,381,600
Appropriated from:	
Private funds:	
Private - commodity group.....	75,000
Special revenue funds:	
Gasoline inspection and testing fund.....	59,700
Industry support funds	33,500

For Fiscal Year
Ending Sept. 30,
2008

Nonretail liquor fees	8,800
Refined petroleum fund	239,800
State services fee fund	593,800
Upper Peninsula state fair revenue	9,000
State general fund/general purpose	\$ 3,362,000
Sec. 103. DEPARTMENTWIDE	
Rent and building occupancy charges	\$ 1,570,100
GROSS APPROPRIATION	\$ 1,570,100
Appropriated from:	
Federal revenues:	
DAG, multiple grants	113,600
EPA, multiple grants	69,300
HHS-FDA	14,900
Special revenue funds:	
Agricultural preservation fund	23,900
Freshwater protection fund	10,800
Licensing and inspection fees	67,500
Nonretail liquor fees	9,000
Refined petroleum fund	114,000
State services fee fund	335,800
State general fund/general purpose	\$ 811,300
Sec. 104. FOOD AND DAIRY	
Full-time equated classified positions	\$ 107.0
Food safety and quality assurance—107.0 FTE positions	12,627,600
Local public health operations	8,878,700
GROSS APPROPRIATION	\$ 21,506,300
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCH, local public health operations	8,878,700
Federal revenues:	
DAG, multiple grants	27,000
HHS-FDA	380,300
Special revenue funds:	
Civil penalties	273,000
Consumer and industry food safety education fund	260,300
Licensing and inspection fees	2,479,900
State general fund/general purpose	\$ 9,207,100
Sec. 105. ANIMAL INDUSTRY	
Full-time equated classified positions	58.0
Animal health and welfare—21.5 FTE positions	\$ 2,407,400
Bovine tuberculosis program—36.5 FTE positions	7,092,200
GROSS APPROPRIATION	\$ 9,499,600
Appropriated from:	
Interdepartmental grant revenues:	
IDG from DNR, cervid fees	75,000
Federal revenues:	
DAG, multiple grants	1,127,300
HHS-FDA	72,800
Special revenue funds:	
Agriculture equine industry development fund	2,183,600
Licensing and inspection fees	107,900
State general fund/general purpose	\$ 5,933,000
Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT	
Full-time equated classified positions	228.8
Pesticide and plant pest management—116.8 FTE positions	\$ 13,573,200
Emerald ash borer control program—112.0 FTE positions	10,176,300
GROSS APPROPRIATION	\$ 23,749,500

For Fiscal Year
Ending Sept. 30,
2008

Appropriated from:	
Federal revenues:	
DAG, multiple grants	12,460,900
EPA, multiple grants	1,489,500
HHS-FDA	68,100
Special revenue funds:	
Private - slow-the-spread foundation.....	147,700
Commodity inspection fees	1,081,700
Horticulture fund	79,500
Industry support funds	340,300
Licensing and inspection fees	3,660,500
State general fund/general purpose	\$ 4,421,300
Sec. 107. ENVIRONMENTAL STEWARDSHIP	
Full-time equated classified positions	44.5
Environmental stewardship—30.2 FTE positions	\$ 2,857,300
Groundwater and freshwater protection program—8.3 FTE positions	5,461,700
Farmland and open space preservation—6.0 FTE positions	981,600
Technical assistance match.....	300,000
Cooperative resources management initiative program	1,000,000
Agriculture pollution prevention program.....	1,000,100
Local conservation districts	916,800
Migrant labor housing	425,100
Aquifer protection program.....	50,000
GROSS APPROPRIATION.....	\$ 12,992,600
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDEQ, aquifer protection and dispute resolution.....	50,000
IDG from MDEQ, biosolids	92,900
IDG from MDEQ, MAEAP.....	159,700
IDG from MDEQ, type II well survey	17,200
IDG from MDNR, district forestry and wildlife program.....	1,000,000
Federal revenues:	
DAG, multiple grants	1,000,000
EPA, multiple grants	446,200
Corporation for national and community services	253,200
United States department of labor	400,000
Special revenue funds:	
Agricultural preservation fund	875,900
Agriculture pollution prevention fund	100
Freshwater protection fund	5,150,500
Migratory labor housing.....	25,000
State general fund/general purpose	\$ 3,521,900
Sec. 108. LABORATORY PROGRAM	
Full-time equated classified positions	146.0
Laboratory services—60.5 FTE positions	\$ 6,336,400
USDA monitoring program—18.0 FTE positions.....	2,126,900
Consumer protection program—67.5 FTE positions.....	5,128,700
GROSS APPROPRIATION.....	\$ 13,592,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDLEG (LCC), liquor quality testing fees.....	189,100
Federal revenues:	
DAG, multiple grants	2,148,900
EPA, multiple grants	351,200
HHS-FDA	543,000
Special revenue funds:	
Gasoline inspection and testing fund.....	2,530,700
Licensing and inspection fees	75,000

	For Fiscal Year Ending Sept. 30, 2008
Refined petroleum fund	3,166,600
State services fee fund	519,700
Testing fees	434,500
Weights and measures regulation fees	674,000
State general fund/general purpose	\$ 2,959,300
Sec. 109. AGRICULTURE DEVELOPMENT	
Full-time equated classified positions	8.0
Agriculture development—5.0 FTE positions	\$ 1,100,200
Grape and wine program—3.0 FTE positions	716,200
Export market development program	50,000
Michigan agricultural surplus system	630,500
GROSS APPROPRIATION	\$ 2,496,900
Appropriated from:	
Interdepartmental grant revenues:	
IDG from DHS, food bank	150,000
Federal revenues:	
DAG, multiple grants	274,400
Special revenue funds:	
Private - commodity group	40,800
Industry support funds	311,100
Nonretail liquor fees	660,100
State services fee fund	350,700
State general fund/general purpose	\$ 709,800
Sec. 110. FAIRS AND EXPOSITIONS	
Full-time equated classified positions	16.5
Upper Peninsula state fair—7.0 FTE positions	\$ 1,370,700
Fairs, racing and producer security—9.5 FTE positions	1,148,500
Premiums - county and state fairs	1,614,000
Purses and supplements - fairs/licensed tracks	2,370,000
Licensed tracks - light horse racing	132,000
Standardbred breeders' awards	969,000
Standardbred purses and supplements - licensed tracks	1,789,300
Standardbred sire stakes	810,000
Thoroughbred sire stakes	830,000
Standardbred training and stabling	36,000
Thoroughbred program	2,400,000
Thoroughbred owners' awards	124,000
Distribution of outstanding winning tickets	700,000
GROSS APPROPRIATION	\$ 14,293,500
Appropriated from:	
Special revenue funds:	
Agriculture equine industry development fund	10,160,300
Industry support funds	11,000
Licensing and inspection fees	131,900
State services fee fund	2,619,600
Upper Peninsula state fair revenue	1,370,700
State general fund/general purpose	\$ 0
Sec. 111. OFFICE OF RACING COMMISSIONER	
Full-time equated classified positions	31.7
Office of racing commissioner—31.7 FTE positions	\$ 3,785,700
GROSS APPROPRIATION	\$ 3,785,700
Appropriated from:	
Special revenue funds:	
State services fee fund	3,785,700
State general fund/general purpose	\$ 0
Sec. 112. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 1,531,500
GROSS APPROPRIATION	\$ 1,531,500

For Fiscal Year
Ending Sept. 30,
2008

Appropriated from:

Interdepartmental grant revenues:	
IDG from MDLEG (LCC), liquor quality testing fees.....	2,800
Special revenue funds:	
Agricultural preservation fund	200
Agriculture equine industry development fund.....	208,100
Gasoline inspection and testing fund.....	27,000
Freshwater protection fund	100
Nonretail liquor fees	500
State services fee fund	1,059,500
Upper Peninsula state fair revenue.....	900
State general fund/general purpose	\$ 232,400

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 2007-2008 is \$77,279,800.00 and state spending from state resources to be paid to local units of government for fiscal year 2007-2008 is \$2,616,800.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF AGRICULTURE

Groundwater and freshwater protection program	\$ 1,700,000
Local conservation districts	916,800
TOTAL	\$ <u>2,616,800</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. As used in this act:

- (a) "DAG" means the United States department of agriculture.
- (b) "Department" means the department of agriculture.
- (c) "Director" means the director of the department.
- (d) "EPA" means the United States environmental protection agency.
- (e) "FFA" means future farmers of America.
- (f) "FTE" means full-time equated.
- (g) "HHS-FDA" means the United States department of health and human services - food and drug administration.
- (h) "IDG" means interdepartmental grant.
- (i) "MAEAP" means the Michigan agriculture environmental assurance program.
- (j) "MDCH" means the Michigan department of community health.
- (k) "MDEQ" means the Michigan department of environmental quality.
- (l) "MDLEG (LCC)" means the Michigan department of labor and economic growth - liquor control commission.
- (m) "MDNR" means the Michigan department of natural resources.
- (n) "USDA" means the United States department of agriculture.

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 may 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, causes loss of revenue to the state, would 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. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This requirement shall include transmission of reports via electronic mail to the recipients identified for each reporting requirement and shall 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 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 quality. In addition, preference should be given to goods or services, or both, that are manufactured or provided by Michigan businesses owned and operated by veterans, if they are competitively priced and of comparable quality.

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. 212. (1) Of the funds appropriated in part 1, the department may provide for indemnity as provided for pursuant to the animal industry act, 1988 PA 466, MCL 287.701 to 287.745, not to exceed \$100,000.00 per order from any line item for the fiscal year ending September 30, 2008. Before the department provides for an indemnification under this section, the department shall report the reason for the indemnification, the amount of the indemnification, and to whom the indemnification is to be paid. The report shall be given to each member of the house and senate appropriations subcommittees on agriculture and to the senate and house fiscal agencies and the state budget director.

(2) The department of agriculture shall make an indemnification payment for the fair market value of livestock killed by a wolf, coyote, or cougar, if the kill is verified by the department of natural resources. The fair market value of the livestock shall be determined pursuant to the indemnification procedures prescribed in the animal industry act, 1988 PA 466, MCL 287.701 to 287.745. In addition to the funds appropriated in part 1, the department of agriculture is authorized to expend the funds received from the department of natural resources to reimburse the department of agriculture for all indemnification payments made pursuant to this subsection.

Sec. 214. Of the funds appropriated in part 1 that are other than line-item grants, the department shall not provide grants to local government agencies, institutions of higher education, or nonprofit organizations unless the department provides notice of the grant to the house and senate appropriations subcommittees on agriculture at least 10 days before the grant is issued. The grants shall be used to support research or other related activities for the purpose of enhancing the agricultural industries in this state.

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. The 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 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. 223. (1) Due to the current budgetary problems in this state, out-of-state travel shall be limited to situations in which 1 or more of the following conditions apply:

(a) The travel is required by legal mandate or court order or for law enforcement purposes.

(b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.

(c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.

(d) The travel is necessary to comply with federal requirements.

(e) The travel is necessary to secure specialized training for staff that is not available within this state.

(f) The travel is financed entirely by federal or nonstate funds.

(2) If out-of-state travel is necessary but does not meet 1 or more of the conditions in subsection (1), the state budget director may grant an exception to allow the travel. Any exceptions granted by the state budget director shall be reported on a monthly basis to the house and senate appropriations committees.

(3) Not later than January 1 of each year, each department shall prepare a travel report listing all travel by classified and unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The report shall be submitted to the chairs and members of the house and senate appropriations committees, the fiscal agencies, and the state budget director. The report shall include the following information:

(a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.

(b) The destination of each travel occurrence.

(c) The dates of each travel occurrence.

(d) A brief statement of the reason for each travel occurrence.

(e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

(f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

Sec. 224. The department shall not take disciplinary action against an employee for communicating with a member of the legislature or his or her staff.

Sec. 225. In recognition of the important role it can play in attracting large-scale agricultural events, it is the intent of the legislature that the department of agriculture, in conjunction with interested parties, explore opportunities to expand the facilities and size of the Michigan State University pavilion for agriculture and livestock education.

Sec. 227. On or before April 1, 2008, the department shall provide to the senate and house appropriations subcommittees on agriculture and the senate and house fiscal agencies a summary report on the real and potential return on investment for each of the department's programs.

Sec. 228. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$5,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$6,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 229. (1) The department shall report no later than April 1, 2008 on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year to the house and senate appropriations subcommittees on the budget for the department, the joint committee on administrative rules, and the senate and house fiscal agencies.

(2) Funds appropriated in part 1 shall not be used by the department to adopt a rule that will apply to a small business and that will have a disproportionate economic impact on small businesses because of the size of those businesses if the department fails to reduce the disproportionate economic impact of the rule on small businesses as provided under section 40 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.240.

(3) As used in this section:

(a) "Rule" means that term as defined under section 7 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207.

(b) "Small business" means that term as defined under section 7a of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207a.

Sec. 230. Funds appropriated in part 1 shall not be used by a principal executive department, state agency, or authority to hire a person to provide legal services that are the responsibility of the attorney general. This prohibition does not apply to legal services for bonding activities and for those activities that the attorney general authorizes.

Sec. 231. From the funds appropriated in part 1 for salaries and benefits, the department shall provide funding in the pesticide and plant pest management, food and dairy, animal industry, environmental stewardship and laboratory divisions for not less than 315 employees who provide direct service to the public or substantially support the work of those who provide direct service. Expenditures shall be made so that these divisions continue to provide service to protect the public health, safety, and welfare and environment.

Sec. 232. From the funds appropriated in part 1, the director shall implement continuous improvement efficiency mechanisms in the programs administered by the department. The continuous improvement efficiency mechanisms shall identify changes made in programs to increase efficiency and reduce expenditures in the programs. On March 31, 2008 and September 30, 2008, the director shall submit a report to the state budget director, the senate and house appropriation subcommittees, and the senate and house fiscal agencies on the progress made toward increased efficiencies in departmental programs. At a minimum, each report shall include information on the program review process, the type of improvement mechanisms implemented, and actual and projected expenditure savings as a result of the increased program efficiencies.

EXECUTIVE

Sec. 301. Per diem rates for commodity committees established in the agriculture commodities marketing act, 1965 PA 232, MCL 290.651 to 290.674, 1970 PA 29, MCL 290.421 to 290.430, 1965 PA 114, MCL 290.551 to 290.568, and the beef industry commission act, 1972 PA 291, MCL 287.601 to 287.610, will be set based upon levels established in section 301 of 2002 PA 516.

Sec. 302. (1) The department may receive and expend revenue and use that revenue to cover necessary expenses related to publications, audit and licensing functions, livestock sales, certification of nursery stock, bean inspection services, and laboratory analyses as specified in the following:

(a) Management services publications.

(b) Management services audit and licensing functions.

- (c) Pesticide and plant pest management propagation and certification of virus free foundation stock.
 - (d) Pesticide and plant pest management bean inspection and grading services.
 - (e) Laboratory support testing for testing horses in draft horse pulling contests at county fairs when local jurisdictions request state assistance.
 - (f) Laboratory support analyses to determine foreign substances in horses engaged in racing or pulling contests at tracks.
 - (g) Laboratory support analyses of food, livestock, and agricultural products for disease, foreign products for disease, toxic materials, foreign substances, and quality standards.
 - (h) Laboratory support test samples for other agencies and organizations.
 - (i) Fruit and vegetable inspection at shipping and termination points and processing plants.
- (2) The department shall notify the senate and house of representatives appropriations subcommittees on agriculture and the senate and house fiscal agencies 30 days prior to proposing changes in fees authorized under this section or under section 5 of the market conditions act, 1915 PA 91, MCL 285.35.
- (3) Annually, before February 1, the department shall provide a report to the senate and house of representatives appropriations subcommittees on agriculture and the senate and house fiscal agencies detailing all the fees charged by the department under the authorization provided in this section, including, but not limited to, rates, number of individuals paying each fee, and the revenue generated by each fee in the previous fiscal year.

Sec. 304. (1) To ensure motor fuel quality and quantity, the department shall maintain the motor fuel quality program and shall not reduce program level of effort below that of the 2006-2007 fiscal year. Notwithstanding the provisions of section 205, the department shall maintain field and laboratory staff for the motor fuel quality program.

(2) On or before January 1, 2007 and every 6 months thereafter, the department shall report to the senate and house appropriations subcommittees on agriculture and the senate and house fiscal agencies the results of both complaint-based and random-based inspections, including the number of inspections performed, samples collected, and compliance rates.

Sec. 306. From the funds appropriated in section 102, private funds for agricultural statistics shall be used to match state funds at not less than 50% of study costs.

FOOD AND DAIRY

Sec. 401. (1) The department shall monitor restaurant inspection and licensing functions carried out by local health departments to ensure uniform application and enforcement of minimum program requirements. On or before April 1, 2008, the department shall report to the senate and house appropriations subcommittees on agriculture, the senate and house fiscal agencies, and the state budget director on local health department conformance with minimum program requirements.

(2) If a local unit of government incurs additional costs resulting from its efforts to control a significant food-borne outbreak, the director shall seek additional resources to reimburse the local unit of government for these additional costs. The director shall involve the local health officer of the jurisdiction affected in all aspects of the control of any food-borne outbreak.

Sec. 402. Not later than April 1, 2008, the department shall provide a report to the house and senate appropriations subcommittees on agriculture and the house and senate fiscal agencies describing significant food-borne outbreaks and emergencies including any enforcement actions taken related to food safety during the 2006-2007 fiscal year.

Sec. 403. The department, in conjunction with the department of community health, shall assure that a process is in place that requires a local unit of government to obtain prior approval from the department before any reallocation or redistribution of program funds appropriated in section 104.

Sec. 404. From the funds appropriated in section 104 for food safety and quality assurance, not less than \$150,000.00 from the consumer and industry food safety education fund shall be expended for purposes required under the food act, 2000 PA 92, MCL 289.4117, including the statewide training and education to consumers on food safety and the training and education on food safety to food service establishment employees and department employees and agents who enforce section 4117 of the food act, 2000 PA 92, MCL 289.4117.

Sec. 406. Notwithstanding the provisions of section 205, the department is authorized to fill open positions in the food and dairy inspection program.

Sec. 407. Funds appropriated in article 1 of 2006 PA 345 for food and dairy, food safety and quality assurance, shall not lapse but shall continue to be available for completion of the e-inspector program in accordance with the provisions under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

ANIMAL INDUSTRY

Sec. 450. From the funds appropriated in section 105 for the bovine tuberculosis program, the department shall reimburse the department of natural resources for those costs associated with monitoring and testing wildlife for bovine tuberculosis that are necessary to support the department goals and are jointly agreed to by the department and the department of natural resources to be in excess of efforts necessary to effectively plan and execute the eradication of bovine tuberculosis from Michigan's wild free-ranging deer herd.

Sec. 451. From the funds appropriated in section 105 for bovine tuberculosis, the department shall pay for all whole herd testing costs and individual animal testing costs in the modified accredited zone to maintain split-state status requirements. These costs include indemnity and compensation for injury causing death or downer to animals.

Sec. 452. The department shall apply for all federal and private funds for which it is eligible that can be used to support the bovine tuberculosis program.

Sec. 454. The department shall use its resources to collaborate with the United States department of agriculture to obtain TB-free status for the area of the Lower Peninsula that is zoned as modified accredited advanced. The department shall also aggressively work toward eradicating bovine TB in the modified accredited zone.

Sec. 455. The department shall prepare a plan to provide for cattle without official identification that may arrive at a saleyard. If an animal arrives untagged at a saleyard without official identification, the saleyard may charge a fee for the tag and for application. The tag may be purchased by and identified to the saleyard. The saleyard shall maintain records for all animals tagged on its premises. The department plan shall be in compliance with the "Michigan Bovine TB Eradication Program - Application for TB Free/Modified Accredited Status", April 2007.

Sec. 456. Of the funds appropriated in part 1, no funds shall be used to enforce the mandatory electronic animal identification program for any domestic animals other than cattle until specific procedures and guidelines for electronic animal identification are outlined in statute.

Sec. 457. On or before October 15, 2007, and on a monthly basis thereafter, the department shall report to the senate and house agriculture committees, the senate and house appropriations subcommittees on agriculture, and the senate and house fiscal agencies on the department's progress toward meeting the USDA requirements as outlined in the March 2007 bovine TB program review. The report shall include, but is not limited to, information and data on: wildlife risk mitigation plan implementation in the modified accredited zone; implementation of a movement certificate process; progress toward annual surveillance test requirements set out in the June 2007 MOU; compliance efforts and rates for animals crossing the Mackinac Bridge; efforts to work with slaughter facilities in Michigan, as well as those that slaughter a significant number of animals from Michigan; educational programs and information for Michigan's livestock community; any other item the legislature should be aware of that will promote or hinder efforts to achieve bovine TB-free status for Michigan.

Sec. 458. From the funds appropriated in section 105 for animal industry, the department shall provide inspection and testing of aquaculture facilities and aquaculture researchers as provided under the Michigan aquaculture development act, 1996 PA 199, MCL 286.877. It is the intent of the legislature that the department shall work with aquaculture facilities and aquaculture researchers to identify, contain, and eradicate viral hemorrhagic septicemia in this state.

Sec. 459. Notwithstanding the provisions of section 205, the department is authorized to fill open positions in the bovine tuberculosis program.

LABORATORY SERVICES

Sec. 501. From the appropriation in part 1 for laboratory services, a sufficient amount is appropriated from licensing and inspection fee revenue to maintain the department's animal feed testing programs.

PESTICIDE AND PLANT PEST MANAGEMENT

Sec. 502. It is the intent of the legislature that reductions in the general fund appropriation in part 1 for pesticide and plant pest management may be partially or completely offset by increases in the commodity inspection fees.

ENVIRONMENTAL STEWARDSHIP

Sec. 603. The department shall apply for all federal funds for which it is eligible that can be used to support the migrant labor housing program.

Sec. 604. The appropriation in section 107 for local conservation districts shall be allocated in the following manner:

(a) Of the total appropriation, each local conservation district meeting the minimum grant requirements shall receive a grant of \$11,605.00 to support basic operations, unless the district resides in a county consisting of multiple districts, in which case a \$11,605.00 grant shall be divided equally among the districts in that county. The amount of money allocated under this subdivision shall not be used by local conservation districts to replace any money received from local sources.

(b) Any amount remaining from the appropriation after distributions under subdivision (a) shall be allocated for local conservation district training.

Sec. 605. From the appropriation in part 1 for technical assistance match, not less than \$300,000.00 shall be used to fund local conservation district technical assistance for individuals with contracts under the 2002 farm bill administered by USDA's natural resources conservation service. Increasing the level of technical assistance will ensure producers can access the federal money available under their individual contracts and quickly put that money to work in Michigan.

Sec. 606. The department shall actively search for all possible funding sources to be used to match federal funds in the USDA environmental quality incentives program.

Sec. 607. It is the intent of the legislature that the department continue its activities in support of intercounty drainage districts as provided in chapter 5 of the drain code of 1956, 1956 PA 40, MCL 280.101 to 280.106.

AGRICULTURE DEVELOPMENT

Sec. 702. In any given year when insufficient amounts of Michigan surplus products are offered to the food bank council and accepted for distribution, unused funds may be applied by the food bank council for the direct purchase of foods from Michigan growers, manufacturers, or wholesalers.

Sec. 703. From the appropriation in part 1 for agriculture development, a grant shall be provided to the northwest Michigan horticultural research station which is limited to an amount equal to resources provided by the organization not to exceed \$30,000.00. The grant shall not be used by the administering agency to supplant existing resources dedicated to the northwest Michigan horticultural research station.

Sec. 705. The appropriation in section 109 for the export market development program shall be used to coordinate state participation in the federal market access program and to leverage federal and private funds for the purpose of developing new and enhancing existing export markets for Michigan agricultural products.

Sec. 706. Not later than April 1, 2008, the department shall provide a report to the house and senate appropriations subcommittees on agriculture and the house and senate fiscal agencies describing the department's agriculture development and export market development activities. The report shall identify grants awarded during the prior fiscal year, including a description of federal or private funds made available as a result of department activities.

Sec. 707. In awarding grants from the agricultural development fund created under the Julian-Stille value-added act, 2000 PA 322, MCL 285.301 to 285.304, the department shall give due consideration to the diversity of Michigan agriculture and its economic importance.

Sec. 708. The department is authorized to receive and expend funds appropriated from the agricultural development fund created in section 2 of the Julian-Stille value-added act, 2000 PA 322, MCL 285.302.

Sec. 709. (1) Not later than April 1, 2008, the department shall provide a report to the house and senate appropriations subcommittees on agriculture and the house and senate fiscal agencies describing the activities of the grape and wine industry council established under section 303 of the Michigan liquor control act of 1998, 1998 PA 58, MCL 436.1303.

(2) The report shall include all of the following:

(a) Council activities and accomplishments for the previous fiscal year.

(b) Council expenditures for the previous fiscal year by category of administration, industry support, research and education grants, and promotion and consumer education.

(c) Grants awarded during the prior fiscal year and the results of research grant projects completed during the prior fiscal year.

Sec. 710. The department may match external funding for domestic and international marketing programs for the purpose of developing new and enhancing existing export markets for Michigan agricultural products.

Sec. 712. In making applications for grants under the United States department of agriculture specialty crop block grant program, the department shall seek to obtain 20% of federal funds received through the specialty crop block grant program for the support of specialty crop sales at farm markets and for agricultural tourism activities.

FAIRS AND EXPOSITIONS

Sec. 801. The department shall submit a report each month to the state budget director, the senate and house appropriations subcommittees on agriculture, and the senate and house fiscal agencies that states the simulcasting revenues generated in the preceding month by each licensed track and the amount received from license fees.

Sec. 802. From the amount appropriated in section 110 for purses and supplements – fairs/licensed tracks, \$220,000.00 is to be used for state purse supplements at state licensed pari-mutuel tracks for races comprised only of Michigan-bred horses segregated into a 4-year-old colt trot division, a 4-year-old filly trot division, a 4-year-old colt pace division, and a 4-year-old filly pace division.

Sec. 803. Included in the appropriation made in section 110 for the thoroughbred program is \$23,500.00 for the Michigan united thoroughbred breeders and owners association to conduct a thoroughbred yearling show. The Michigan united thoroughbred breeders and owners association shall submit to the department an itemized list of expenses showing that the expenses of the yearling show were paid.

Sec. 804. From the funds appropriated in section 110 for thoroughbred owners' awards, awards shall be distributed pursuant to section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320.

Sec. 805. The department shall notify the senate and house appropriations subcommittees and the fiscal agencies of any planned reductions in appropriations, allocations, or expenditures from the agriculture equine industry development fund no less than 10 days before such reductions are implemented.

Sec. 806. A county fair, district fair, 4-H fair, or state fair receiving funds in section 110 to be used for prizes or awards, in whole or in part, as a condition precedent to the receiving of the funds for those purposes, shall publish the rules relative to the prizes, awards, and deadlines for entries eligible for the funds in their official premium books or lists relative to the prizes or awards. An aggrieved exhibitor may make a written complaint to the fair within 10 days after the fair ends. If the fair has not satisfactorily settled the grievance within 45 days after it is submitted to the fair, the aggrieved person may file the complaint with the department and the department shall investigate the complaint and make a finding of fact regarding the complaint and take appropriate action regarding the complaint.

Sec. 807. Of the amount appropriated in section 110 for purses and supplements - fairs/licensed tracks, a sufficient amount is appropriated to provide for overnight purse supplements pursuant to the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336.

Sec. 808. Of the amount appropriated in section 110 for premiums - county and state fairs, \$91,400.00 shall be expended to reimburse up to 75% premiums paid to large livestock and equine exhibitors in shows or exhibitions held by statewide associations as defined by the department. Livestock expositions shall be limited to participation in this

program and prohibited from participation in any state-funded premium programs. The Michigan horse show association fall youth show shall be included.

Sec. 809. From the appropriations for premiums - county and state fairs in section 110, \$40,000.00 shall be awarded through a competitive grant program to local, regional, or state fairs or youth education programs to promote youth involvement and adult exhibitions in the animal agriculture industry.

Sec. 811. The funds appropriated in section 110 for distribution of outstanding winning tickets are not available for expenditure until they are deposited in the Michigan agriculture equine industry development fund pursuant to section 2 of 1951 PA 90, MCL 431.252. These funds shall be expended in accordance with section 2 of 1951 PA 90, MCL 431.252. The department shall provide notice to the house and senate appropriations subcommittees on agriculture at least 10 days before the funds are expended. This notice shall include the amount that each program receives from the outstanding winning ticket revenue deposited in the Michigan agriculture equine industry development fund.

Sec. 813. It is the intent of the legislature that the appropriation line item, building and track improvement, county and state fairs, which had been authorized at \$963,200.00 in the 2006-2007 fiscal year agriculture budget, article 1 of 2006 PA 345, be restored to the \$963,200.00 level in the fiscal year beginning October 1, 2008.

OFFICE OF RACING COMMISSIONER

Sec. 901. The racing commissioner may pay rewards of not more than \$5,800.00 to a person who provides information that results in the arrest and conviction on a felony or misdemeanor charge for a crime that involves the horse racing industry. A reward paid pursuant to this section shall be paid out of the office of racing commissioner line item.

Sec. 902. In the event there is no live thoroughbred race meet in 2008, all purse money and program money appropriated for the thoroughbred industry in fiscal year 2007-08 shall be held in escrow for a period not to exceed 18 months, or until a thoroughbred race meet license is applied for and granted by the office of racing commissioner. In the event there is no thoroughbred meet in 2008, the purse pool distribution order to be issued by the office of racing commissioner in 2009 that delineates distribution between the thoroughbred meet that has been held at Great Lakes Downs and the joint thoroughbred/quarterhorse meet held in Mt. Pleasant shall be the same distribution formula as issued in 2008, with the thoroughbred portion being held in escrow.

Third: 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 agriculture for the fiscal year ending September 30, 2008; 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.

Cameron Brown
 Ron Jelinek
 Martha G. Scott
 Conferees for the Senate

John Espinoza
 Gary McDowell
 Geoff Hansen
 Conferees for the House

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Tobocman moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the conference report having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 508

Yeas—105

Accavitti	DeRoche	Jones, Robert	Pavlov
Acciavatti	Dillon	Knollenberg	Pearce
Agema	Donigan	Lahti	Polidori
Amos	Ebli	LaJoy	Proos
Angerer	Elsenheimer	Law, David	Robertson
Ball	Emmons	Law, Kathleen	Rocca
Bauer	Espinoza	LeBlanc	Sak
Bennett	Farrah	Leland	Schuitmaker

Bieda	Gaffney	Lemmons	Scott
Booher	Garfield	Lindberg	Shaffer
Brandenburg	Gillard	Mayes	Sheltrown
Brown	Gonzales	McDowell	Simpson
Byrnes	Green	Meadows	Smith, Alma
Byrum	Griffin	Meekhof	Smith, Virgil
Calley	Hammel	Meisner	Spade
Casperson	Hammon	Melton	Stahl
Caswell	Hansen	Meltzer	Stakoe
Caul	Hildenbrand	Miller	Steil
Cheeks	Hood	Moolenaar	Tobocman
Clack	Hoogendyk	Moore	Vagnozzi
Clemente	Hopgood	Moss	Valentine
Condino	Horn	Nitz	Walker
Constan	Huizenga	Nofs	Ward
Corriveau	Jackson	Opsommer	Warren
Coulouris	Johnson	Palmer	Wojno
Cushingberry	Jones, Rick	Palsrok	Young
Dean			

Nays—4

Hune	Marleau	Pastor	Sheen
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In The Chair: Sak

Rep. Sheen, having reserved the right to explain his nay vote, made the following statement:

“Mr. Speaker and members of the House:

I cannot vote for these budgets as they are based on increased fees, an income tax increases, and the expansion of sales tax on services on top of all the other taxes. Government deficits are spending problems, not revenue problems. I cannot balance the budget on the backs of Michigan citizens and job providers that are barely hanging on and making ends meet.

Holding government harmless is elitist, disingenuous, and wrong. I was not sent to Lansing to preserve government spending to the detriment of its citizens and its job providers. The Income tax increase of 12% (from 3.9% to 4.35%) and spreading a 6 % sales tax on many services and business-to-business transactions on top of all the other taxes will in no way benefit the state’s economy or its citizens. However, it will take more money out of people’s paychecks and increase the cost of living, which is a double hit to the consumer. It will drive up the cost of doing business and drive out more employers, increasing unemployment and further exacerbating Michigan’s plight. We might as well put a red flashing light at the state line warning businesses not to come here.

I could not vote to increase taxes on Michigan’s citizens or job providers at a time when so many have either lost jobs, faced failing businesses and otherwise tightened their belts and made cuts in their own budgets. Why should government be held at a different standard than everyone else in the state?”

Senate Bill No. 233, entitled

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2008; 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.

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

The Conference Report was read as follows:

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **Senate Bill No. 233, entitled**

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2008; 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.

Recommends:

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

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

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2008; 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.

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 judicial branch for the fiscal year ending September 30, 2008, from the funds indicated in this part. The following is a summary of the appropriations in this part:

JUDICIARY

APPROPRIATION SUMMARY:

Full-time equated exempted positions	519.0		
GROSS APPROPRIATION		\$	259,291,500
Interdepartmental grant revenues:			
Total interdepartmental grants and intradepartmental transfers			2,523,500
ADJUSTED GROSS APPROPRIATION		\$	256,768,000
Federal revenues:			
Total federal revenues			4,626,400
Special revenue funds:			
Total local revenues			5,409,700
Total private revenues			842,500
Total other state restricted revenues			87,892,700
State general fund/general purpose		\$	157,996,700

Sec. 102. SUPREME COURT

Full-time equated exempted positions	245.0		
Supreme court administration—97.0 FTE positions		\$	10,941,500
Judicial institute—16.0 FTE positions			2,667,600
State court administrative office—62.0 FTE positions			10,285,600
Judicial information systems—18.0 FTE positions			3,179,200
Direct trial court automation support—36.0 FTE positions			5,409,700
Foster care review board—12.0 FTE positions			1,268,100
Community dispute resolution—4.0 FTE positions			2,291,600
Other federal grants			275,000
Drug treatment courts			4,678,800
GROSS APPROPRIATION		\$	40,997,100

Appropriated from:

Interdepartmental grant revenues:			
IDG from department of community health			1,800,000
IDG from state police - Michigan justice training fund			300,000
Federal revenues:			
DOJ, victims assistance programs			50,000
DOJ, drug court training and evaluation			300,000

For Fiscal Year
Ending Sept. 30,
2008

DOT, national highway traffic safety administration.....	800,000
HHS, access and visitation grant.....	387,000
HHS, children's justice grant.....	206,300
HHS, court improvement project.....	1,160,000
HHS, title IV-D child support program.....	907,700
HHS, title IV-E foster care program.....	540,400
Other federal grant revenues.....	275,000
Special revenue funds:	
Local - user fees.....	5,409,700
Private.....	169,000
Private - interest on lawyers trust accounts.....	232,700
Private - state justice institute.....	370,800
Community dispute resolution fund.....	2,291,600
Law exam fees.....	482,100
Drug court fund.....	1,920,500
Miscellaneous revenue.....	227,900
Justice system fund.....	700,000
State court fund.....	339,000
State general fund/general purpose.....	\$ 22,127,400
Sec. 103. COURT OF APPEALS	
Full-time equated exempted positions.....212.0	
Court of appeals operations—212.0 FTE positions.....	\$ 19,183,300
GROSS APPROPRIATION.....	\$ 19,183,300
Appropriated from:	
Special revenue funds:	
Court filing/motion fees.....	1,958,500
Miscellaneous revenue.....	77,800
State general fund/general purpose.....	\$ 17,147,000
Sec. 104. BRANCHWIDE APPROPRIATIONS	
Full-time equated exempted positions.....4.0	
Branchwide appropriations—4.0 FTE positions.....	\$ 7,767,300
GROSS APPROPRIATION.....	\$ 7,767,300
Appropriated from:	
State general fund/general purpose.....	\$ 7,767,300
Sec. 105. JUSTICES' AND JUDGES' COMPENSATION	
Full-time judges positions.....621.0	
Supreme court justices' salaries—7.0 justices.....	\$ 1,152,300
Court of appeals judges' salaries—28.0 judges.....	4,240,300
District court judges' state base salaries—258.0 judges.....	23,877,200
District court judicial salary standardization.....	11,796,800
Probate court judges' state base salaries—103.0 judges.....	9,627,900
Probate court judicial salary standardization.....	4,669,700
Circuit court judges' state base salaries—225.0 judges.....	20,817,200
Circuit court judicial salary standardization.....	10,105,000
Judges' retirement system defined contributions.....	3,359,300
OASI, social security.....	5,105,600
GROSS APPROPRIATION.....	\$ 94,751,300
Appropriated from:	
Special revenue funds:	
Court fee fund.....	7,090,200
State general fund/general purpose.....	\$ 87,661,100
Sec. 106. JUDICIAL AGENCIES	
Full-time equated exempted positions.....8.0	
Judicial tenure commission—8.0 FTE positions.....	\$ 989,300
GROSS APPROPRIATION.....	\$ 989,300
Appropriated from:	
State general fund/general purpose.....	\$ 989,300

For Fiscal Year
Ending Sept. 30,
2008

Sec. 107. INDIGENT DEFENSE - CRIMINAL

Full-time equated exempted positions.....	50.0	
Appellate public defender program—42.0 FTE positions.....		\$ 5,042,700
Appellate assigned counsel administration—8.0 FTE positions		878,100
GROSS APPROPRIATION.....		\$ 5,920,800
Appropriated from:		
Interdepartmental grant revenues:		
IDG from state police - Michigan justice training fund.....		423,500
Special revenue funds:		
Private - interest on lawyers trust accounts.....		70,000
Miscellaneous revenue		113,100
State general fund/general purpose		\$ 5,314,200

Sec. 108. INDIGENT CIVIL LEGAL ASSISTANCE

Indigent civil legal assistance		\$ 7,937,000
GROSS APPROPRIATION.....		\$ 7,937,000
Appropriated from:		
Special revenue funds:		
State court fund.....		7,937,000
State general fund/general purpose		\$ 0

Sec. 109. TRIAL COURT OPERATIONS

Court equity fund reimbursements		\$ 67,430,400
Judicial technology improvement fund.....		4,465,000
GROSS APPROPRIATION.....		\$ 71,895,400
Appropriated from:		
Special revenue funds:		
Court equity fund.....		50,440,000
Judicial technology improvement fund.....		4,465,000
State general fund/general purpose		\$ 16,990,400

Sec. 110. GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT

Drug case-flow program		\$ 250,000
Drunk driving case-flow program		3,000,000
Juror compensation reimbursement.....		6,600,000
GROSS APPROPRIATION.....		\$ 9,850,000
Appropriated from:		
Special revenue funds:		
Drug fund		250,000
Drunk driving fund		3,000,000
Juror compensation fund		6,600,000
State general fund/general purpose		\$ 0

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 2007-2008 is \$245,889,400.00 and state spending from state resources to be paid to local units of government for fiscal year 2007-2008 is estimated at \$123,725,200.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

JUDICIARY

SUPREME COURT

State court administrative office		\$ 511,900
Drug treatment courts		4,419,100

TRIAL COURT OPERATIONS

Court equity fund reimbursements		\$ 67,430,400
Judicial technology improvement fund.....		4,465,000

JUSTICES' AND JUDGES' COMPENSATION

District court judicial salary standardization		\$ 11,796,800
Probate court judges' state base salaries		9,627,900
Probate court judicial salary standardization.....		4,669,700

Circuit court judicial salary standardization.....	10,105,000
Grant to OASI contribution fund, employers share, social security.....	849,400
GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT	
Drunk driving case-flow program	\$ 3,000,000
Drug case-flow program	250,000
Juror compensation reimbursement.....	6,600,000
TOTAL	\$ 123,725,200

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 appropriated in part 1 to an entity within the judicial branch shall not be expended or transferred to another account without written approval of the authorized agent of the judicial entity. If the authorized agent of the judicial entity notifies the state budget director of its approval of an expenditure or transfer, the state budget director shall immediately make the expenditure or transfer. The authorized judicial entity agent shall be designated by the chief justice of the supreme court.

Sec. 203. As used in this act:

- (a) "DOJ" means the United States department of justice.
- (b) "DOT" means the United States department of transportation.
- (c) "FTE" means full-time equated.
- (d) "HHS" means the United States department of health and human services.
- (e) "IDG" means interdepartmental grant.
- (f) "OASI" means old age survivor's insurance.

Sec. 204. The judicial branch shall not take disciplinary action against an employee for communicating with a member of the legislature or his or her staff.

Sec. 208. The reporting requirements of this act shall be completed with the approval of, and at the direction of, the supreme court. Unless otherwise specified, the judicial branch 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. 212. As a condition of expending appropriations made under part 1, the judicial branch shall receive and retain copies of all reports funded from appropriations in part 1 and shall follow federal and state guidelines for short-term and long-term retention of such reports and records.

Sec. 214. 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 quality. In addition, preference should be given to goods or services, or both, that are manufactured or provided by Michigan businesses owned and operated by veterans, if they are competitively priced and of comparable quality.

Sec. 215. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2008 shall be limited to situations in which 1 or more of the following conditions apply:

- (a) The travel is required by legal mandate or court order or for law enforcement purposes.
- (b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.
- (c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.
- (d) The travel is necessary to comply with federal requirements.
- (e) The travel is necessary to secure specialized training for staff that is not available within this state.
- (f) The travel is financed entirely by federal or nonstate funds.

(2) If out-of-state travel is necessary but does not meet 1 or more of the conditions in subsection (1), the chief justice or his or her designee may grant an exception to allow the travel. Any exceptions granted by the chief justice or his or her designee shall be reported on a monthly basis to the house and senate appropriations committees.

(3) Not later than January 1 of each year, the state court administrative office shall prepare a travel report listing all travel by judicial branch employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the budget for the judicial branch. The report shall be submitted to the chairs and members of the house and senate appropriations committees, the fiscal agencies, and the state budget director. The report shall include the following information:

- (a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.
- (b) The destination of each travel occurrence.
- (c) The dates of each travel occurrence.

(d) A brief statement of the reason for each travel occurrence.

(e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

(f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

Sec. 216. (1) The judicial branch shall report no later than April 1, 2008 on each specific policy change made to implement a public act affecting the judicial branch that took effect during the prior calendar year to the house and senate appropriations subcommittees on the judicial branch budget, the joint committee on administrative rules, and the senate and house fiscal agencies.

(2) Funds appropriated in part 1 shall not be used by the judicial branch to adopt a rule that will apply to a small business and that will have a disproportionate economic impact on small businesses because of the size of those businesses if the judicial branch fails to reduce the disproportionate economic impact of the rule on small businesses as provided under section 40 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.240.

(3) As used in this section:

(a) "Rule" means that term as defined under section 7 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207.

(b) "Small business" means that term as defined under section 7a of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207a.

Sec. 217. From the funds appropriated in part 1, the chief justice shall implement continuous improvement efficiency mechanisms in the programs administered by the judicial branch. The continuous improvement efficiency mechanisms shall identify changes made in programs to increase efficiency and reduce expenditures in the programs. On March 31, 2008 and September 30, 2008, the chief justice shall submit a report to the state budget director, the senate and house appropriations subcommittees and the senate and house fiscal agencies on the progress made toward increased efficiencies in judicial branch programs. At a minimum, each report shall include information on the program review process, the type of improvement mechanisms implemented, and actual and projected expenditure savings as a result of the increased program efficiencies.

JUDICIAL BRANCH

Sec. 301. (1) The direct trial court automation support program of the state court administrative office shall recover direct and overhead costs from trial courts by charging for services rendered. The fee shall cover the actual costs incurred to the direct trial court automation support program in providing the service, including development of future versions of case management systems. A report of amounts collected in excess of funds identified as user service charges in part 1 shall be submitted to the state budget director and to the house and senate appropriations subcommittees on judiciary 30 days before expenditure by the direct trial court automation support program.

(2) From funds appropriated in part 1, the direct trial court automation support program of the state court administrative office shall provide to the state budget director, the senate and house appropriations committees, and the senate and house fiscal agencies before January 1 of each year, a detailed list of user service charges collected during the immediately preceding state fiscal year.

Sec. 302. Funds appropriated within the judicial branch shall not be expended by any component within the judicial branch without the approval of the supreme court.

Sec. 303. Of the amount appropriated in part 1 for the judicial branch, \$325,000.00 is allocated for circuit court reimbursement under section 3 of 1978 PA 16, MCL 800.453, and \$186,900.00 is allocated for court of claims reimbursement under section 6413 of the revised judicature act of 1961, 1961 PA 236, MCL 600.6413.

Sec. 304. As a condition of expending appropriations made under part 1, the judicial branch shall cooperate with the auditor general regarding audits of the judicial branch conducted under section 53 of article IV of the state constitution of 1963.

Sec. 305. As a condition of expending appropriations made under part 1, and to avoid the overexpenditure of funds appropriated under this act, the supreme court shall report quarterly to members of the senate and house appropriations subcommittees on the judiciary, the senate and house fiscal agencies, and the state budget director on the status of accounts set forth in part 1. The report required by this section shall include quarterly, year-to-date, and projected expenditures by funding source for each line item, and beginning balances and quarterly, year-to-date, and projected revenues for each source of revenue other than general fund/general purpose revenues.

Sec. 306. The supreme court and the state court administrative office shall continue to maintain, as a priority, the assisting of local trial courts in improving the collection of judgments.

Sec. 306a. By April 1, the state court administrative office shall submit a report regarding the feasibility of a pilot project for third-party collection of court-ordered fines, fees, and costs, including collection of victim restitution. The report shall be submitted to the senate and house appropriations subcommittees on judiciary, the senate and house fiscal agencies, and the state budget director.

Sec. 307. It is the intent of the legislature that from the funds appropriated in part 1 for court of appeals operations, the judiciary shall use the following revenue amounts for the purpose of delay reduction:

(a) \$225,000.00 of additional filing fee revenue raised from the increase from \$250.00 to \$375.00 in court of appeals filing fees under section 321(1)(a) of the revised judicature act of 1961, 1961 PA 236, MCL 600.321.

(b) \$87,500.00 of additional fee revenue raised from the increase in court of appeals motion fees from \$75.00 to \$100.00 and from the increase from \$150.00 to \$200.00 in fees for motions for immediate consideration or expedited appeal under section 321(1)(b) and (c) of the revised judicature act of 1961, 1961 PA 236, MCL 600.321.

Sec. 308. If sufficient funds are not available from the court fee fund to pay judges' compensation, the difference between the appropriated amount from that fund for judges' compensation and the actual amount available after the amount appropriated for trial court reimbursement is made shall be appropriated from the state general fund for judges' compensation.

Sec. 310. From the funds appropriated in part 1 for drug treatment court programs, with the approval of and at the discretion of the supreme court, the state court administrative office shall evaluate and collect data on the performance of drug treatment court programs. The state court administrative office shall provide an annual review of the performance of drug courts as prescribed in section 1078(6) of the revised judicature act of 1961, 1961 PA 236, MCL 600.1078. All of the following apply to that annual review:

(a) It shall include measures of the impact of drug court programs in changing offender criminal involvement (recidivism) and substance abuse and in reducing prison admissions.

(b) It shall be completed no later than April 1 of each year and shall also be provided to the senate and house appropriations subcommittees on the judiciary, the senate and house fiscal agencies, and the state budget director.

(c) The evaluation of a program funded with federal Byrne funds shall be consistent with the requirements contained in the federal Byrne grant for that program.

Sec. 311. (1) The funds appropriated in part 1 for drug treatment courts shall be administered by the state court administrative office to operate drug treatment court programs. A drug treatment court shall be responsible for handling cases involving substance abusing nonviolent offenders through comprehensive supervision, testing, treatment services, and immediate sanctions and incentives. A drug treatment court shall use all available county and state personnel involved in the disposition of cases including, but not limited to, parole and probation agents, prosecuting attorneys, defense attorneys, and community corrections providers. The funds may be used in connection with other federal, state, and local funding sources.

(2) Local units of government are encouraged to refer to federal drug treatment court guidelines to prepare proposals. However, federal agency approvals are not required for funding under this section.

(3) From the funds appropriated in part 1, the chief justice shall allocate sufficient funds for the judicial institute to provide in-state training for those identified in subsection (1), including training for new drug treatment court judges.

(4) For drug treatment court grants, consideration for priority may be given to those courts where higher instances of substance abuse cases are filed.

(5) The judiciary shall receive \$1,800,000.00 in Byrne formula grant funding as an interdepartmental grant from the department of community health to be used for expansion of drug treatment courts, to assist in avoiding prison bed space growth for nonviolent offenders in collaboration with the department of corrections.

Sec. 312. From the funds appropriated in part 1, the state court administrator shall produce a statistical report regarding the implementation of the parental rights restoration act, 1990 PA 211, MCL 722.901 to 722.908, as it pertains to minors seeking a court-issued waiver of parental consent. The state court administrative office shall report the total number of petitions filed and the total number of petitions granted in accordance with section 208.

Sec. 314. By April 1, the state court administrative office shall submit a report regarding the impact of Halbert v Michigan, 125 S Ct 2582 (2005), and related cases on the court system to the senate and house appropriations subcommittees on judiciary, the senate and house fiscal agencies, and the state budget director.

Sec. 316. The state court administrative office shall evaluate various strategies for court systems to use to better respond to defendants with mental illnesses. Such strategies may include, but not be limited to, mental health treatment courts, dedicated probation caseloads for people with mental illnesses, specialized pretrial release programs, and court-based diversion programs. The evaluation should consider the full range of problems that occur when people with mental illnesses enter the criminal justice system and factors such as key stakeholders, eligibility criteria, case processing, treatment options, funding sources, and disposition of cases upon program completion.

Sec. 317. Funds appropriated in part 1 shall not be used for the permanent assignment of state-owned vehicles to justices or judges or any other judicial branch employee. This section does not preclude the use of state-owned motor pool vehicles for state business in accordance with approved guidelines.

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

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2008; 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.

Alan L. Cropsey
Roger Kahn
Liz Brater
Conferees for the Senate

Matt Gillard
Pam Byrnes
Chuck Moss
Conferees for the House

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Tobocman moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the conference report having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 509

Yeas—102

Accavitti	DeRoche	Jones, Robert	Pavlov
Acciavatti	Dillon	Knollenberg	Pearce
Agema	Donigan	Lahti	Polidori
Amos	Ebli	LaJoy	Proos
Angerer	Elsenheimer	Law, David	Rocca
Ball	Emmons	Law, Kathleen	Sak
Bauer	Espinoza	LeBlanc	Schuitmaker
Bennett	Farrah	Leland	Scott
Bieda	Gaffney	Lemmons	Shaffer
Booher	Gillard	Lindberg	Sheltrown
Brandenburg	Gonzales	Marleau	Simpson
Brown	Green	Mayes	Smith, Alma
Byrnes	Griffin	McDowell	Smith, Virgil
Byrum	Hammel	Meadows	Spade
Calley	Hammon	Meekhof	Stahl
Casperson	Hansen	Meisner	Stakoe
Caul	Hildenbrand	Melton	Steil
Cheeks	Hood	Moolenaar	Tobocman
Clack	Hoogendyk	Moore	Vagnozzi
Clemente	Hopgood	Moss	Valentine
Condino	Horn	Nitz	Walker
Constan	Huizenga	Nofs	Ward
Corriveau	Hune	Opsommer	Warren
Coulouris	Jackson	Palmer	Wojno
Cushingberry	Johnson	Palsrok	Young
Dean	Jones, Rick		

Nays—7

Caswell	Meltzer	Pastor	Sheen
Garfield	Miller	Robertson	

In The Chair: Sak

Rep. Sheen, having reserved the right to explain his nay vote, made the following statement:

“Mr. Speaker and members of the House:

I cannot vote for these budgets as they are based on increased fees, an income tax increases, and the expansion of sales tax on services on top of all the other taxes. Government deficits are spending problems, not revenue problems. I cannot balance the budget on the backs of Michigan citizens and job providers that are barely hanging on and making ends meet.

Holding government harmless is elitist, disingenuous, and wrong. I was not sent to Lansing to preserve government spending to the detriment of its citizens and its job providers. The Income tax increase of 12% (from 3.9% to 4.35%) and spreading a 6 % sales tax on many services and business-to-business transactions on top of all the other taxes will in no way benefit the state’s economy or its citizens. However, it will take more money out of people’s paychecks and increase the cost of living, which is a double hit to the consumer. It will drive up the cost of doing business and drive out more employers, increasing unemployment and further exacerbating Michigan’s plight. We might as well put a red flashing light at the state line warning businesses not to come here.

I could not vote to increase taxes on Michigan’s citizens or job providers at a time when so many have either lost jobs, faced failing businesses and otherwise tightened their belts and made cuts in their own budgets. Why should government be held at a different standard than everyone else in the state?”

Messages from the Senate

The Speaker laid before the House

House Bill No. 4725, entitled

A bill to amend 1982 PA 325, entitled “An act to authorize county sheriffs to declare a county jail overcrowding state of emergency; to prescribe the powers and duties of certain judges, county sheriffs, and other county officials; and to provide remedies for a county jail overcrowding state of emergency,” by amending sections 1, 2, 3, 4, 5, 8, 9, and 10 (MCL 801.51, 801.52, 801.53, 801.54, 801.55, 801.58, 801.59, and 801.60), sections 8 and 9 as amended by 1988 PA 399, and by adding section 1a.

(The bill was received from the Senate on October 29, with substitute (S-2) and immediate effect given by the Senate, consideration of which, under the rules, was postponed until today, see House Journal No. 115, p. 2011.)

The question being on concurring in the substitute (S-2) made to the bill by the Senate,

Reps. Condino and Schuitmaker moved to amend the Senate substitute (S-2) as follows:

1. Amend page 1, line 2, by striking out all of subdivisions (a) and (b) and relettering the remaining subdivisions. The motion prevailed and the amendment was adopted, a majority of the members serving voting therefor. The question being on concurring in the substitute (S-2) made to the bill by the Senate,

Reps. Condino and Schuitmaker moved to amend the Senate substitute (S-2) as follows:

1. Amend page 3, line 2, after “**COUNTY**” by inserting “**OTHER THAN A COUNTY**”. The motion prevailed and the amendment was adopted, a majority of the members serving voting therefor. The question being on concurring in the substitute (S-2) made to the bill by the Senate,

The substitute (S-2), as amended, was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 510

Yeas—92

Accavitti	Dean	Jackson	Pearce
Acciavatti	Dillon	Johnson	Polidori
Amos	Donigan	Jones, Rick	Proos
Angerer	Ebli	Jones, Robert	Sak
Ball	Elsenheimer	Knollenberg	Schuitmaker
Bauer	Emmons	Lahti	Scott
Bennett	Espinoza	Law, Kathleen	Shaffer
Bieda	Farrah	LeBlanc	Sheen
Booher	Gaffney	Leland	Sheltrown
Brown	Gillard	Lemmons	Simpson
Byrnes	Gonzales	Lindberg	Smith, Alma

Byrum	Green	Mayes	Smith, Virgil
Calley	Griffin	McDowell	Spade
Casperson	Hammel	Meadows	Stahl
Caswell	Hammon	Meekhof	Stakoe
Caul	Hansen	Meisner	Steil
Cheeks	Hildenbrand	Melton	Tobocman
Clack	Hood	Moore	Vagnozzi
Clemente	Hoogendyk	Nitz	Valentine
Condino	Hopgood	Nofs	Ward
Constan	Horn	Opsommer	Warren
Coulouris	Huizenga	Palsrok	Wojno
Cushingberry	Hune	Pavlov	Young

Nays—17

Agema	LaJoy	Miller	Pastor
Brandenburg	Law, David	Moolenaar	Robertson
Corriveau	Marleau	Moss	Rocca
DeRoche	Meltzer	Palmer	Walker
Garfield			

In The Chair: Sak

Third Reading of Bills**House Bill No. 4468, entitled**

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 601b (MCL 257.601b), as amended by 2003 PA 314.

Was read a third time and passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 511**Yeas—109**

Accavitti	Dillon	Knollenberg	Pavlov
Acciavatti	Donigan	Lahti	Pearce
Agema	Ebli	LaJoy	Polidori
Amos	Elsenheimer	Law, David	Proos
Angerer	Emmons	Law, Kathleen	Robertson
Ball	Espinoza	LeBlanc	Rocca
Bauer	Farrah	Leland	Sak
Bennett	Gaffney	Lemmons	Schuitmaker
Bieda	Garfield	Lindberg	Scott
Booher	Gillard	Marleau	Shaffer
Brandenburg	Gonzales	Mayes	Sheen
Brown	Green	McDowell	Sheltrown
Byrnes	Griffin	Meadows	Simpson
Byrum	Hammel	Meekhof	Smith, Alma
Calley	Hammon	Meisner	Smith, Virgil
Casperson	Hansen	Melton	Spade
Caswell	Hildenbrand	Meltzer	Stahl
Caul	Hood	Miller	Stakoe
Cheeks	Hoogendyk	Moolenaar	Steil
Clack	Hopgood	Moore	Tobocman

Clemente	Horn	Moss	Vagnozzi
Condino	Huizenga	Nitz	Valentine
Constan	Hune	Nofs	Walker
Corriveau	Jackson	Opsommer	Ward
Coulouris	Johnson	Palmer	Warren
Cushingberry	Jones, Rick	Palsrok	Wojno
Dean	Jones, Robert	Pastor	Young
DeRoche			

Nays—0

In The Chair: Sak

The House agreed to the title of the bill.

Rep. Tobocman moved that the bill be given immediate effect.

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

House Bill No. 4469, entitled

A bill to amend 1927 PA 175, entitled “The code of criminal procedure,” by amending section 12e of chapter XVII (MCL 777.12e), as amended by 2004 PA 26.

Was read a third time and passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 512**Yeas—109**

Accavitti	Dillon	Knollenberg	Pavlov
Acciavatti	Donigan	Lahti	Pearce
Agema	Ebli	LaJoy	Polidori
Amos	Elsenheimer	Law, David	Proos
Angerer	Emmons	Law, Kathleen	Robertson
Ball	Espinoza	LeBlanc	Rocca
Bauer	Farrah	Leland	Sak
Bennett	Gaffney	Lemmons	Schuitmaker
Bieda	Garfield	Lindberg	Scott
Booher	Gillard	Marleau	Shaffer
Brandenburg	Gonzales	Mayes	Sheen
Brown	Green	McDowell	Sheltrown
Byrnes	Griffin	Meadows	Simpson
Byrum	Hammel	Meekhof	Smith, Alma
Calley	Hammon	Meisner	Smith, Virgil
Casperson	Hansen	Melton	Spade
Caswell	Hildenbrand	Meltzer	Stahl
Caul	Hood	Miller	Stakoe
Cheeks	Hoogendyk	Moolenaar	Steil
Clack	Hopgood	Moore	Tobocman
Clemente	Horn	Moss	Vagnozzi
Condino	Huizenga	Nitz	Valentine
Constan	Hune	Nofs	Walker
Corriveau	Jackson	Opsommer	Ward
Coulouris	Johnson	Palmer	Warren
Cushingberry	Jones, Rick	Palsrok	Wojno
Dean	Jones, Robert	Pastor	Young
DeRoche			

Nays—0

In The Chair: Sak

The House agreed to the title of the bill.

Rep. Tobocman moved that the bill be given immediate effect.

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

House Bill No. 4635, entitled

A bill to amend 2001 PA 142, entitled "Michigan memorial highway act," (MCL 250.1001 to 250.2080) by adding section 1068.

Was read a third time and passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 513**Yeas—109**

Accavitti	Dillon	Knollenberg	Pavlov
Acciavatti	Donigan	Lahti	Pearce
Agema	Ebli	LaJoy	Polidori
Amos	Elsenheimer	Law, David	Proos
Angerer	Emmons	Law, Kathleen	Robertson
Ball	Espinoza	LeBlanc	Rocca
Bauer	Farrah	Leland	Sak
Bennett	Gaffney	Lemmons	Schuitmaker
Bieda	Garfield	Lindberg	Scott
Booher	Gillard	Marleau	Shaffer
Brandenburg	Gonzales	Mayes	Sheen
Brown	Green	McDowell	Sheltrown
Byrnes	Griffin	Meadows	Simpson
Byrum	Hammel	Meekhof	Smith, Alma
Calley	Hammon	Meisner	Smith, Virgil
Casperson	Hansen	Melton	Spade
Caswell	Hildenbrand	Meltzer	Stahl
Caul	Hood	Miller	Stakoe
Cheeks	Hoogendyk	Moolenaar	Steil
Clack	Hopgood	Moore	Tobocman
Clemente	Horn	Moss	Vagnozzi
Condino	Huizenga	Nitz	Valentine
Constan	Hune	Nofs	Walker
Corriveau	Jackson	Opsommer	Ward
Coulouris	Johnson	Palmer	Warren
Cushingberry	Jones, Rick	Palsrok	Wojno
Dean	Jones, Robert	Pastor	Young
DeRoche			

Nays—0

In The Chair: Sak

The House agreed to the title of the bill.

Rep. Tobocman moved that the bill be given immediate effect.

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

By unanimous consent the House returned to the order of

Messages from the Senate

The Senate returned, in accordance with the request of the House

Senate Bill No. 79, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 223 (MCL 257.223).
(The bill was passed on October 23, see House Journal No. 111, p. 1796.)

Rep. Tobocman moved that Rule 63 be suspended.

The motion prevailed, 3/5 of the members present voting therefor.

Rep. Tobocman moved to reconsider the vote by which the House passed the bill.

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

Third Reading of Bills

Senate Bill No. 79, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 223 (MCL 257.223).
The question being on the passage of the bill,

Rep. Tobocman moved that consideration of the bill be postponed for the day.

The motion prevailed.

By unanimous consent the House returned to the order of

Motions and Resolutions

Reps. Horn, Knollenberg, Hoogendyk, Elsenheimer, Moss, Agema, Booher, Brandenburg, Caswell, Green, Hansen, Rick Jones, Marleau, Pearce, Stahl, Steil and Pastor offered the following resolution:

House Resolution No. 220.

A resolution to call upon the Governor and the appropriations committees of the House and Senate to ensure that the budget for the 2007-2008 fiscal year does not exceed 98 percent of the budget for the 2006-2007 fiscal year.

Whereas, Michigan remains in the grip of serious financial difficulties. Our state has experienced more than its share of job losses, and our citizens are faced with many uncertainties as they cope with rising costs, eroding benefits, and the possibility of further restructuring in many segments of our economy; and

Whereas, With the length and severity of the upheaval in the state's finances, it is clear that there are many factors that have contributed to the budget shortfalls that continue to haunt Michigan. Although there are many sources for our economic difficulties, including forces that originate far beyond our borders, there are major steps that can be taken to address our state's problems; and

Whereas, As the budget process reaches its most critical stages, it is essential that the severity of the problems facing our citizens remain paramount. The spending of public dollars must reflect the realities of revenues that have not grown and seem unlikely to do so in the foreseeable future; now, therefore, be it

Resolved by the House of Representatives, That we call upon the Governor and the appropriations committees of the House and Senate to ensure that the budget for the 2007-2008 fiscal year does not exceed 98 percent of the budget for the 2006-2007 fiscal year; and be it further

Resolved, That we urge the Governor and the appropriations committees of the House and Senate to ensure that for every dollar cut from services provided directly to Michigan residents, one dollar is cut from the administrative costs.

The resolution was referred to the Committee on Oversight and Investigations.

Reps. Cushingberry, Accavitti, Bauer, Condino, Dean, Farrah, Hopgood, Johnson, Robert Jones, Kathleen Law, LeBlanc, Leland, Lemmons, McDowell, Sak, Tobocman, Vagnozzi, Clack and Melton offered the following resolution:

House Resolution No. 221.

A resolution to memorialize the Congress of the United States to enact H.R. 3498, the Neighborhood Reclamation and Revitalization Program Act of 2007.

Whereas, Vacant residential properties are a scourge on local neighborhoods. They ravage housing values, foster crime, and promote further urban decay. Clearly, every effort should be made to combat the problem of vacant housing, explore creative and innovative uses for vacant land, and bring safety and stability to our communities; and

Whereas, Legislation introduced in the current United States Congress, H.R. 3498, the Neighborhood Reclamation and Revitalization Program Act of 2007, and a related measure in the Senate, S. 2054, would be an important first step in addressing the problems of vacant housing and neighborhood reclamation. This vital legislation would create a new housing demolition program and provide local grants for initiatives relating to the creative reuse of vacant land. The bill would specifically appropriate \$100 million in funds over three years for local vacant housing demolition and revitalization grant programs. These funds would be a supplement to federal housing funds and would not count against communities seeking funds for any other U.S. Housing and Urban Development program funding; and

Whereas, Vacant and dangerous housing has long been recognized as one of the most serious problems facing our urban landscape. This has been reflected by state legislation adopted in Michigan to deal with abandoned buildings and by components of a variety of related federal programs. The Neighborhood Reclamation and Revitalization Program Act of 2007, however, is the first effort to comprehensively address the problems of vacant housing and neighborhood revitalization at the federal level. It is legislation most deserving of our strong support and merits prompt congressional action; now, therefore, be it

Resolved by the House of Representatives, That we hereby memorialize the Congress of the United States to enact H.R. 3498, the Neighborhood Reclamation and Revitalization Program Act of 2007; 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.

The resolution was referred to the Committee on Intergovernmental, Urban and Regional Affairs.

Reps. Cushingberry, Accavitti, Condino, Dean, Farrah, Johnson, Robert Jones, Lemmons, Miller, Sak, Stahl and Clack offered the following resolution:

House Resolution No. 222.

A resolution to support the plan of the Detroit International Bridge Company to establish an enhancement span to the Ambassador Bridge and to urge the Michigan Strategic Fund and U.S. and Canadian authorities to take certain actions regarding this project.

Whereas, The Ambassador Bridge between Detroit and Windsor exemplifies efficiency and solid security practices that a private and public partnership can provide to the citizens of Michigan, the United States, and Canada and has been recognized by the United States Federal Highway Department as the most efficient international crossing; and

Whereas, The Detroit International Bridge Company (DIBC) crossing plan to develop an enhancement span of the Ambassador Bridge would provide for an additional crossing between the cities of Detroit and Windsor to meet the traffic needs of the region for years to come; and

Whereas, The DIBC has stated it will work with the state of Michigan to leverage the private investment used in the creation of an enhancement span to help garner \$2 billion in match funding to be used to improve Michigan's roads and bridges by qualifying DIBC expenditures as toll credits under federal law; and

Whereas, The Detroit River International Crossing (DRIC) study, being carried out by the Michigan Department of Transportation, the U.S. Federal Highway Administration, Transport Canada, and the Ontario Ministry of Transportation, calls upon the need for an additional span, and continues to study alternate sites for a new bridge, while private investors are willing to construct and operate a second crossing to be financed without expense to the taxpayer; and

Whereas, The state of Michigan has made a significant investment to improve the traffic flow to the current Ambassador Bridge through initiatives such as the Gateway Project to address traffic flow from the freeway and interstates to the Ambassador Bridge, as well as improving the plaza to accommodate international commerce; now, therefore, be it

Resolved by the House of Representatives, That we support the plan of the Detroit International Bridge Company to establish an enhancement span to the Ambassador Bridge; and be it further

Resolved, That we urge the Michigan Strategic Fund to immediately approve an Inducement Resolution for Private Activity Bonds for the DIBC enhancement span and Gateway connections to the Ambassador Bridge; and be it further

Resolved, That we urge both the United States and Canadian governments to expedite the permits to complete the DIBC enhancement span to allow for the second crossing to become operational in a timely fashion; and be it further

Resolved, That we urge that the DRIC study recognize and support the DIBC's plan to develop an enhancement span; and be it further

Resolved, That we recommend that the Canadian government finish the improvements to alleviate traffic flow concerns in Windsor from Canadian Highway 401 to the Ambassador Bridge; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the members of the Michigan congressional delegation, the Prime Minister of Canada, the Ontario Parliamentary delegation, the Mayor of Detroit, and the Mayor of Windsor.

The resolution was referred to the Committee on Transportation.

Reps. Opsommer, Agema, Hansen, Pearce, Simpson, Stahl and Pastor offered the following resolution:

House Resolution No. 223.

A resolution to memorialize the Congress of the United States to oppose a treaty with the United Nations known as the Law of the Sea Treaty.

Whereas, The Law of the Sea Treaty (LOST) was conceived in 1982 by the United Nations as a method for governing activities on, over, and beneath the ocean's surface. It primarily focuses on navigational and transit issues, however, it also contains provisions on the regulation of deep-sea mining, redistribution of wealth to underdeveloped countries, pollution, and dispute resolution, among other provisions. It was rejected by President Reagan; and

Whereas, The Bush administration has urged the United States Senate to ratify this treaty in spite of concerns that this treaty weakens American sovereignty and empowers the United Nations and its subsidiaries. LOST would surrender control of 70 percent of the world's surface to a U.N. affiliated organization and would establish a mandatory dispute resolution mechanism that is governed by a U.N. court or tribunal; and

Whereas, This mandatory dispute resolution provision contained in LOST restricts the autonomy of the United States and could weaken our national security. Intelligence and submarine maneuvers in territorial waters could be restricted and regulated. A U.N. tribunal will be able to mandate certain regulations regarding fisheries, environmental protection, and navigation, among other provisions. Finally, submitting to external jurisdiction under LOST would weaken the position of the United States when it refuses to submit to the authority of the International Criminal Court and other international bodies that encroach upon American sovereignty; now, therefore, be it

Resolved by the House of Representatives, That we memorialize the Congress of the United States to oppose a treaty with the United Nations known as the Law of the Sea Treaty; 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.

The resolution was referred to the Committee on Government Operations.

Reps. McDowell, Elsenheimer, Gillard, Lahti, Lindberg, Casperson, Walker and Sheltroun offered the following resolution:

House Resolution No. 224.

A resolution celebrating the 50th anniversary of the Mackinac Bridge.

Whereas, On November 1, 2007, the Mackinac Bridge will celebrate the 50th anniversary of its construction; and

Whereas, Since 1957, the Mackinac Bridge has served as the main link between the Upper Peninsula and Lower Peninsula, and has become an enduring symbol for the state of Michigan; and

Whereas, Construction of the bridge took three years, 2,500 men, 85,000 blueprints, 71,300 tons of structural steel, 466,300 cubic yards of concrete, 41,000 miles of cable wire and millions of steel rivets and bolts; and

Whereas, The main suspension span of the Mackinac Bridge is 3,800 feet, which makes it the third longest suspension span in the United States and tenth longest worldwide; and

Whereas, The Annual Labor Day Mackinac Bridge Walk attracts thousands of people to make the five-mile trek across the bridge; and

Whereas, The millions of visitors and commercial vehicles that traverse the bridge every year directly contribute to the local economies of Northern Michigan and the Upper Peninsula, making the Mackinac Bridge vital to statewide economy; and

Whereas, A total of 4,132,810 vehicles crossed the Mackinac Bridge in 2006; and

Whereas, The crown jewel of our great state, the "Mighty Mac" serves as an example of the spirit and willpower of the citizens of Michigan; and

Whereas, The hard work and determination of Prentiss M. Brown from St. Ignace and many others like him fought for over 20 years to guarantee the construction of the bridge in 1953; now, therefore, be it

Resolved by the House of Representatives, That the members of this legislative body celebrate the Mackinac Bridge's 50th anniversary and recognize the many people who supported the efforts of building this bridge throughout history. Today, the Mackinac Bridge continues to be a great source of pride for Northern Michigan and all the state's residents. We hold this milestone in the highest regard.

Pending the reference of the resolution to a committee,

Rep. Tobocman moved that Rule 71 be suspended and the resolution be considered at this time.

The motion prevailed, 3/5 of the members present voting therefor.

The question being on the adoption of the resolution,

The resolution was adopted.

Reps. Cushingberry, Accavitti, Condino, Dean, Farrah, Johnson, Robert Jones, Lemmons, Miller, Stahl and Clack offered the following concurrent resolution:

House Concurrent Resolution No. 55.

A concurrent resolution to support the plan of the Detroit International Bridge Company to establish an enhancement span to the Ambassador Bridge and to urge the Michigan Strategic Fund and U.S. and Canadian authorities to take certain actions regarding this project.

Whereas, The Ambassador Bridge between Detroit and Windsor exemplifies efficiency and solid security practices that a private and public partnership can provide to the citizens of Michigan, the United States, and Canada and has been recognized by the United States Federal Highway Department as the most efficient international crossing; and

Whereas, The Detroit International Bridge Company (DIBC) crossing plan to develop an enhancement span of the Ambassador Bridge would provide for an additional crossing between the cities of Detroit and Windsor to meet the traffic needs of the region for years to come; and

Whereas, The DIBC has stated it will work with the state of Michigan to leverage the private investment used in the creation of an enhancement span to help garner \$2 billion in match funding to be used to improve Michigan's roads and bridges by qualifying DIBC expenditures as toll credits under federal law; and

Whereas, The Detroit River International Crossing (DRIC) study, being carried out by the Michigan Department of Transportation, the U.S. Federal Highway Administration, Transport Canada, and the Ontario Ministry of Transportation, calls upon the need for an additional span, and continues to study alternate sites for a new bridge, while private investors are willing to construct and operate a second crossing to be financed without expense to the taxpayer; and

Whereas, The state of Michigan has made a significant investment to improve the traffic flow to the current Ambassador Bridge through initiatives such as the Gateway Project to address traffic flow from the freeway and interstates to the Ambassador Bridge, as well as improving the plaza to accommodate international commerce; now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That we support the plan of the Detroit International Bridge Company to establish an enhancement span to the Ambassador Bridge; and be it further

Resolved, That we urge the Michigan Strategic Fund to immediately approve an Inducement Resolution for Private Activity Bonds for the DIBC enhancement span and Gateway connections to the Ambassador Bridge; and be it further

Resolved, That we urge both the United States and Canadian governments to expedite the permits to complete the DIBC enhancement span to allow for the second crossing to become operational in a timely fashion; and be it further

Resolved, That we urge that the DRIC study recognize and support the DIBC's plan to develop an enhancement span; and be it further

Resolved, That we recommend that the Canadian government finish the improvements to alleviate traffic flow concerns in Windsor from Canadian Highway 401 to the Ambassador Bridge; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the members of the Michigan congressional delegation, the Prime Minister of Canada, the Ontario Parliamentary delegation, the Mayor of Detroit, and the Mayor of Windsor.

The concurrent resolution was referred to the Committee on Transportation.

Announcement by the Clerk of Printing and Enrollment

The Clerk announced that the following bills had been printed and placed upon the files of the members on Tuesday, October 30:

Senate Bill Nos. 857 858 859 860 861

The Clerk announced that the following Senate bills had been received on Tuesday, October 30:

Senate Bill Nos. 368 606 630 658 678

Reports of Select Committees

House Bill No. 4346, 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, 2008; 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.

(For text of conference report, see House Journal No. 116, p. 2014.)

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

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

House Bill No. 4348, 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, 2008; 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.

(For text of conference report, see House Journal No. 115, p. 1885.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect. The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4350, 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, 2008; to provide for the expenditures of those appropriations; and to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers.

(For text of conference report, see House Journal No. 115, p. 1906.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect. The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4354, entitled

A bill to make appropriations for the department of natural resources for the fiscal year ending September 30, 2008; 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.

(For text of conference report, see House Journal No. 115, p. 1922.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect. The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4358, entitled

A bill to make appropriations for the department of environmental quality for the fiscal year ending September 30, 2008; 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.

(For text of conference report, see House Journal No. 115, p. 1936.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect. The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4359, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 6, 6a, 11, 11a, 11f, 11g, 11j, 11k, 11m, 15, 17b, 18, 19, 20, 20j, 22a, 22b, 22d, 24, 24a, 24c, 26, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 64, 65, 74, 76, 81, 94a, 98, 99, 99c, 99e, 104, 107, 151, and 163 (MCL 388.1603, 388.1606, 388.1606a, 388.1611, 388.1611a, 388.1611f, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1617b, 388.1618, 388.1619, 388.1620, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1624a, 388.1624c, 388.1626, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1637, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1676, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699c, 388.1699e, 388.1704, 388.1707, 388.1751, and 388.1763), sections 3, 11g, 22a, 22b, 26b, 31a, 51a, 51c, 65, and 81 as amended by 2007 PA 6, sections 6, 11a, 11f, 11k, 15, 18, 20, 20j, 22d, 24, 26a, 31d, 31f, 32c, 32d, 32j, 32l, 37, 41, 51d, 53a, 54, 54a, 56, 57, 61a, 62, 74, 94a, 98, 99, and 107 as amended and sections 11m, 24a, 24c, 29, 32b, 64, 99c, 99e, and 104 as added by 2006 PA 342, section 6a as amended by 1997 PA 93, sections 11, 11j, 17b, and 39a as amended by 2007 PA 92, sections 19 and 39 as amended by 2005 PA 155, sections 26 and 163 as amended by 2004 PA 351, section 76 as amended by 1996 PA 300, and section 151 as amended by 2000 PA 297, and by adding sections 32, 32n, 77, 82, 99i, 99j, and 99k; and to repeal acts and parts of acts.

(For text of conference report, see House Journal No. 116, p. 2023.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect. The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4360, entitled

A bill to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2008; 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.

(For text of conference report, see House Journal No. 115, p. 1952.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect. The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

Reports of Standing Committees

The Committee on Commerce, by Rep. Meisner, Chair, reported

House Bill No. 4948, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending section 154 (MCL 211.154), as amended by 2003 PA 247.

With the recommendation that the substitute (H-1) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. Meisner, Robert Jones, Clemente, Dean, Sheltroun, Simpson, Valentine, Hildenbrand, Huizenga, Stakoe, Rick Jones and Knollenberg

Nays: None

The Committee on Commerce, by Rep. Meisner, Chair, reported

Senate Bill No. 388, entitled

A bill to amend 1995 PA 29, entitled "Uniform unclaimed property act," by amending sections 2, 15, and 30 (MCL 567.222, 567.235, and 567.250).

With the recommendation that the substitute (H-1) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. Meisner, Robert Jones, Byrum, Clemente, Coulouris, Dean, Sheltroun, Simpson, Valentine, Hildenbrand, Huizenga, Palsrok, Stakoe, Rick Jones, Knollenberg and Meltzer

Nays: None

COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Meisner, Chair, of the Committee on Commerce, was received and read:

Meeting held on: Tuesday, October 30, 2007

Present: Reps. Meisner, Robert Jones, Byrum, Clemente, Coulouris, Dean, Sheltroun, Simpson, Valentine, Hildenbrand, Huizenga, Palsrok, Stakoe, Rick Jones, Knollenberg and Meltzer

Absent: Reps. Accavitti, Griffin and Johnson

Excused: Reps. Accavitti, Griffin and Johnson

The Committee on Tourism, Outdoor Recreation and Natural Resources, by Rep. Sheltroun, Chair, reported

House Bill No. 5031, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 43537 (MCL 324.43537), as amended by 1996 PA 585.

With the recommendation that the substitute (H-1) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. Sheltroun, Ebli, Brown, Hammon, Lindberg, Simpson, Casperson, Horn and Agema
Nays: None

COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Sheltroun, Chair, of the Committee on Tourism, Outdoor Recreation and Natural Resources, was received and read:

Meeting held on: Tuesday, October 30, 2007

Present: Reps. Sheltroun, Ebli, Brown, Hammon, Lindberg, Simpson, Casperson, Horn and Agema

Absent: Reps. Kathleen Law and Stakoe

Excused: Reps. Kathleen Law and Stakoe

The Committee on Appropriations, by Rep. Cushingberry, Chair, reported

House Bill No. 5345, entitled

A bill to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2008; and to provide for the expenditure of the appropriations.

With the recommendation that the substitute (H-2) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. Cushingberry, Gillard, Bauer, Bennett, Byrnes, Cheeks, Hammel, Hood, Jackson, Lahti, LeBlanc, McDowell, Sak, Alma Smith, Spade, Vagnozzi, Acciavatti, Caswell, Shaffer, Brandenburg, Amos, Booher, Caul, Hansen, Proos, Moss and Walker

Nays: None

The Committee on Appropriations, by Rep. Cushingberry, Chair, reported

House Bill No. 5354, entitled

A bill to amend 1978 PA 368, entitled "Public health code," by amending section 16315 (MCL 333.16315), as amended by 2001 PA 232.

Without amendment and with the recommendation that the bill pass.

The bill was referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. Cushingberry, Gillard, Bauer, Bennett, Byrnes, Cheeks, Gonzales, Hammel, Hood, Jackson, Lahti, LeBlanc, McDowell, Sak, Alma Smith, Spade, Vagnozzi, Acciavatti, Caswell, Shaffer, Brandenburg, Amos, Booher, Caul, Hansen, Proos and Moss

Nays: None

COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Cushingberry, Chair, of the Committee on Appropriations, was received and read:

Meeting held on: Tuesday, October 30, 2007

Present: Reps. Cushingberry, Gillard, Bauer, Bennett, Byrnes, Cheeks, Gonzales, Hammel, Hood, Jackson, Lahti, LeBlanc, McDowell, Sak, Alma Smith, Spade, Vagnozzi, Acciavatti, Caswell, Shaffer, Brandenburg, Amos, Booher, Caul, Hansen, Proos, Moss and Walker

Absent: Reps. Espinoza and Nofs

Excused: Reps. Espinoza and Nofs

COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Coulouris, Chair, of the Committee on Banking and Financial Services, was received and read:

Meeting held on: Tuesday, October 30, 2007

Present: Reps. Coulouris, Clemente, Mayes, Virgil Smith and Robertson

Absent: Reps. Johnson, Moore, Green and Calley

Excused: Reps. Johnson, Moore, Green and Calley

COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Melton, Chair, of the Committee on Education, was received and read:

Meeting held on: Tuesday, October 30, 2007

Present: Reps. Melton, Valentine, Angerer, Brown, Byrum, Clack, Corriveau, Dean, Hopgood, Lindberg, Meisner, Miller, Polidori, Scott, Moolenaar, Emmons, Hoogendyk, Pearce, Hildenbrand, Schuitmaker, Knollenberg and Opsommer

Absent: Rep. Steil

Excused: Rep. Steil

Messages from the Senate**Senate Bill No. 368, entitled**

A bill to amend 1846 RS 14, entitled "Of county officers," (MCL 48.35 to 48.48) by adding section 40a.

The Senate has passed the bill.

The bill was read a first time by its title and referred to the Committee on Intergovernmental, Urban and Regional Affairs.

Senate Bill No. 606, entitled

A bill to amend 1980 PA 299, entitled "Occupational code," by amending section 411 (MCL 339.411), as amended by 2004 PA 373.

The Senate has passed the bill.

The bill was read a first time by its title and referred to the Committee on Military and Veterans Affairs and Homeland Security.

Senate Bill No. 630, entitled

A bill to amend 2001 PA 142, entitled "Michigan memorial highway act," (MCL 250.1001 to 250.2080) by adding section 93.

The Senate has passed the bill.

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

Senate Bill No. 658, entitled

A bill to amend 1943 PA 20, entitled "An act relative to the investment of funds of public corporations of the state; and to validate certain investments," (MCL 129.91 to 129.96) by adding section 7.

The Senate has passed the bill.

The bill was read a first time by its title and referred to the Committee on Intergovernmental, Urban and Regional Affairs.

Senate Bill No. 678, entitled

A bill to amend 1943 PA 20, entitled "An act relative to the investment of funds of public corporations of the state; and to validate certain investments," by amending section 6 (MCL 129.96), as added by 1997 PA 196.

The Senate has passed the bill.

The bill was read a first time by its title and referred to the Committee on Intergovernmental, Urban and Regional Affairs.

Explanation of “No” Votes

Rep. Warren, having reserved the right to explain her nay vote pertaining to **Senate Bill No. 231**, made the following statement:

“Mr. Speaker and members of the House:

Thank you for this opportunity to explain why I am voting against the proposed FY 2007-2008 History, Arts, and Libraries budget, which cut \$2 million from the arts and cultural grants program and an additional \$2 million from our public libraries.

To help explain why I am voting against this budget, I think it might be informative to start off with few numbers:

Throughout 2002 in Washtenaw County alone, there was one industry that boasted a total economic impact of \$165 million, generated over 2,600 jobs, and produced \$5.2 million in state revenue. As astounding as these numbers are, they were not produced by the car corporations or the pharmaceutical companies. They were produced by our growing not-for-profit arts and cultural organizations.

These organizations have made these great strides despite a struggling economy, and repeated cuts and unfulfilled grants from this body. They, along with our public libraries have provided invaluable opportunity to our citizens, enrichment to our students, and promise for future generations.

As a first term legislator who has spent too many hours to count in this very room dealing with the financial crisis we are facing, I am all too painfully aware that we will certainly face the constraints of a tightening state budget for the foreseeable future. I also believe, however, that in these difficult times, we must not turn a blind eye to the promise of economic revitalization based on preconceived notions. We must not continue to do as we have done before and somehow expect the results to be different.

So, I am voting no today to urge investment and the untold benefits it will reap for our citizens, our schools, and our state and local governments. I am voting no today because I believe that we must continue to develop and maintain these creative communities for years to come, always working to establish Michigan as a leader in the programs that attract and keep new talent here, re-invent our economy and ensure a diverse and innovative state.

After all, who knows when your county may need an extra \$165 million?

Thank you.”

Communications from State Officers

The following communication from the Secretary of State was received and read:

Notice of Filing Administrative Rules

October 30, 2007

In accordance with the provisions of Section 46(1) of Act 306, Public Acts of 1969, as amended, and Executive Order 1995-6 this is to advise you that the Michigan Department of Labor & Economic Growth, State Office of Administrative Hearings and Rules filed at 2:08 P.M. this date, administrative rule (07-10-08) for the Department of Community Health, Bureau of Health Policy, Planning and Access EMS and Trauma Services Section, Entitled “*Michigan Trauma Systems*”. These rules become effective immediately upon filing with the Secretary of State unless adopted under sections 33, 44, or 45a(6) of 1969 PA 306. Rules adopted under these sections become effective 7 days after filing with the Secretary of State.

Sincerely,
Terri Lynn Land
Secretary of State
Robin Houston, Office Supervisor
Office of the Great Seal

The communication was referred to the Clerk.

By unanimous consent the House returned to the order of

Messages from the Governor

Date: October 30, 2007

Time: 10:38 a.m.

To the Speaker of the House of Representatives:

Sir—I have this day approved and signed

Enrolled House Bill No. 5251 (Public Act No. 116, I.E.), being

An act to amend 1893 PA 206, entitled “An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied;

making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," by amending section 9f (MCL 211.9f), as amended by 2004 PA 79.

(Filed with the Secretary of State October 30, 2007, at 2:16 p.m.)

Introduction of Bills

Reps. Rick Jones, Hansen, Palsrok, Opsommer, Agema, Moss, Garfield, Rocca, Shaffer, Polidori, Sheen, Casperson, Amos, LaJoy, Hune, Nofs, Ball, Horn, Caswell, Pastor, Stahl, Brandenburg, Robertson, Brown, Meisner, Wenke, Moore, Palmer, Calley, Stakoe, Pavlov, David Law, Nitz, Acciavatti, Knollenberg, Meadows, Caul, Hoogendyk, Corriveau, Condino, Simpson, Angerer, Miller, LeBlanc, Clemente, Griffin, Mayes, Sheltroun, Meekhof, Emmons, Farrah and Lemmons introduced

House Bill No. 5378, entitled

A bill to amend 1984 PA 431, entitled "The management and budget act," (MCL 18.1101 to 18.1594) by adding section 243.

The bill was read a first time by its title and referred to the Committee on Oversight and Investigations.

Reps. Constan, Gonzales, Scott, Kathleen Law, Vagnozzi, Polidori and Dean introduced

House Bill No. 5379, entitled

A bill to amend 2003 PA 238, entitled "Michigan notary public act," by amending section 25 (MCL 55.285), as amended by 2006 PA 426.

The bill was read a first time by its title and referred to the Committee on Regulatory Reform.

Reps. Johnson, Clack, Constan, Hammon, Byrnes, Kathleen Law, Vagnozzi, Cushingberry, Robert Jones, Bieda, Gonzales, Lemmons, Hammel, Hopgood and Donigan introduced

House Bill No. 5380, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending sections 303 and 319 (MCL 257.303 and 257.319), section 303 as amended by 2006 PA 298 and section 319 as amended by 2004 PA 362.

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

Reps. Clack, Johnson, Hammon, Byrnes, Kathleen Law, Vagnozzi, Cushingberry, Robert Jones, Bieda, Gonzales, Constan, Lemmons, Hammel, Hopgood and Donigan introduced

House Bill No. 5381, entitled

A bill to amend 1939 PA 288, entitled "Probate code of 1939," (MCL 710.21 to 712A.32) by adding section 2f to chapter XIIA.

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

Reps. Clack, Johnson, Hammon, Byrnes, Kathleen Law, Vagnozzi, Cushingberry, Robert Jones, Constan, Lemmons, Hammel, Angerer, Hopgood, Donigan, Bieda and Gonzales introduced

House Bill No. 5382, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," by amending section 1599 (MCL 380.1599) and by adding section 1590.

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

Reps. Brown, Accavitti, Clemente, Angerer, Mayes, Farrah, Palsrok, Nofs, Shaffer, Opsommer, Nitz, Walker, Emmons, Booher, Moolenaar, Huizenga, Meekhof, Hopgood, Melton, Hammon, Lahti and Lemmons introduced

House Bill No. 5383, entitled

A bill to provide for the member-regulation of electric cooperatives; to prescribe the powers and duties of certain state agencies and officials; and to provide for certain penalties and remedies.

The bill was read a first time by its title and referred to the Committee on Energy and Technology.

Reps. Nofs, Caswell, Moore, Moolenaar, Caul, Walker, Booher, Hansen, Opsommer, Nitz, Palsrok, Accavitti, Brown, Clemente, Angerer, Mayes, Meadows, Farrah, Hopgood, Melton, Hammon, Bauer and Lemmons introduced

House Bill No. 5384, entitled

A bill to amend 1976 PA 448, entitled "Michigan energy employment act of 1976," by amending sections 3, 5, 6, 9, 11, 21, 24, 31, 34, 36, 37, 43, and 44 (MCL 460.803, 460.805, 460.806, 460.809, 460.811, 460.821, 460.824, 460.831, 460.834, 460.836, 460.837, 460.843, and 460.844), section 5 as amended by 2002 PA 513 and section 44 as amended by 2002 PA 532, and by adding section 33a.

The bill was read a first time by its title and referred to the Committee on Energy and Technology.

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Tobocman moved that when the House adjourns today it stand adjourned until Wednesday, October 31, at 12:30 a.m. The motion prevailed.

Reports of Select Committees

House Bill No. 4344, 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, 2008; 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.

(For text of conference report, see House Journal No. 115, p. 1847.)

The Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect. The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

Notices

I hereby give notice that on the next legislative session day I will move to discharge the Committee on Appropriations from further consideration of **House Bill No. 5355**.

Rep. Tobocman

Rep. Accavitti moved that the House adjourn.
The motion prevailed, the time being 10:50 p.m.

The Speaker Pro Tempore declared the House adjourned until Wednesday, October 31, at 12:30 a.m.

RICHARD J. BROWN
Clerk of the House of Representatives