

No. 113
STATE OF MICHIGAN
Journal of the Senate
94th Legislature
REGULAR SESSION OF 2007

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

10:00 a.m.

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

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

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

Garcia—present
George—present
Gilbert—present
Gleason—present
Hardiman—present
Hunter—present
Jacobs—present
Jansen—present
Jelinek—present
Kahn—present
Kuipers—present
McManus—present
Olshove—present

Pappageorge—present
Patterson—present
Prusi—present
Richardville—present
Sanborn—present
Schauer—present
Scott—present
Stamas—present
Switalski—present
Thomas—present
Van Woerkom—present
Whitmer—present

Father Gerry Bechard of Saints Simon and Jude Parish of Westland offered the following invocation:

Blessed are You, God of heaven and earth. Through Your gifts, You invite us to share in Your work of creation. The gift of sight allows us to glory in the wonder of our beautiful state. Help us to see that what we do here is not so much practical or political, but truly a sacred duty.

Our sense of touch lets us feel a breeze off a Michigan lake and to know the feel of the sand between our toes or the crunch of leaves and pine needles beneath our feet. Help us also to feel for those who are ill-equipped to bear a Michigan winter.

Our ears let us hear the birds in the sky and the winds moving through the forests and the water gurgling over the rocks in the cool clear streams. Let us also hear the pleas of those who wish a better life for their families.

Our sense of taste lets us savor the delicacies unique to our home state and which we proudly share with those who visit and vacation here. May we also eagerly share with those who do not always have enough to eat.

Our sense of smell lets us enjoy the foods, the flowers, and the forests of our beloved home. Help us to appreciate that these are treasures meant to grace all our citizens.

May there always be room in our hearts for people of every race, creed, and gender. Keep us mindful that Your love extends to the rich, the poor, the weak, the strong, the meek, the powerful, and the Upper and the Lower Peninsula.

Fill our minds with intelligence so we may arrive at the solutions intended to benefit all those we have been called to serve. Fill us with Your wisdom to know Your will. May we prove worthy of the sacred task entrusted to us.

We turn to You with confidence in Your bountiful love, generosity, and wisdom. We ask these things in all Your blessed names. Amen.

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

Motions and Communications

Senator Cropsy moved that Senators Brown, Garcia, McManus and Sanborn be temporarily excused from today's session.

The motion prevailed.

Senator Thomas moved that Senator Hunter be temporarily excused from today's session.

The motion prevailed.

The following communication was received:
Department of State

Administrative Rules Notice of Filing

October 26, 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 4:35 p.m. this date, administrative rule (07-10-07) for the Department of Labor and Economic Growth, Public Service Commission, entitled "*Consumer Standards and Billing Practices for Electric and Gas Residential Services*." 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 Secretary for record.

The Secretary announced that the following official bills were printed on Monday, October 29, and are available at the legislative website:

House Bill Nos. 5376 5377

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

Senators McManus, Garcia, Sanborn and Brown entered the Senate Chamber.

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

Senator Cropsey moved that consideration of the following bills be postponed for today:

Senate Bill No. 53

House Bill No. 4120

Senate Bill No. 79

The motion prevailed.

The House of Representatives requested the return of

Senate Bill No. 79, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 223 (MCL 257.223).

Senator Cropsey moved that the request of the House of Representatives be granted.

The motion prevailed.

Senate Bill No. 231, entitled

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2008; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to create funds; to provide for the disbursement of certain grants; to provide for reports; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

(For Conference Report, see Senate Journal No. 112, p. 1744.)

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

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

Senate Bill No. 234, entitled

A bill to make appropriations for the department of labor and economic growth and certain other state purposes for the fiscal year ending September 30, 2008; to provide for the expenditure of those appropriations; to provide for the imposition of certain fees; to provide for the disposition of fees and other income received by the state agencies; to provide for reports to certain persons; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

(For Conference Report, see Senate Journal No. 112, p. 1752.)

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

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

Senate Bill No. 235, entitled

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2008; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

(For Conference Report, see Senate Journal No. 112, p. 1769.)

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

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

Senate Bill No. 238, entitled

A bill to make appropriations for the department of state police and certain other state purposes for the fiscal year ending September 30, 2008; to provide for the expenditure of those appropriations; to provide for certain reports and the consideration of those reports; to provide for the disposition of other income received by the various state agencies; to provide for certain emergency powers; and to provide for the powers and duties of certain committees, certain state agencies, and certain employees.

(For Conference Report, see Senate Journal No. 112, p. 1778.)

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

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

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

Senator Cropsey moved that the following bills be placed at the head of the Third Reading of Bills calendar:

Senate Bill No. 368

Senate Bill No. 658

Senate Bill No. 678

Senate Bill No. 606

Senate Bill No. 630

The motion prevailed.

The following bill was read a third time:

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 question being on the passage of the bill,

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

Roll Call No. 441

Yeas—37

Allen	Clark-Coleman	Jansen	Richardville
Anderson	Clarke	Jelinek	Sanborn
Barcia	Cropsey	Kahn	Schauer
Basham	Garcia	Kuipers	Scott
Birkholz	George	McManus	Stamas
Bishop	Gilbert	Olshove	Switalski
Brater	Gleason	Pappageorge	Thomas
Brown	Hardiman	Patterson	Van Woerkom
Cassis	Jacobs	Prusi	Whitmer
Cherry			

Nays—0

Excused—1

Hunter

Not Voting—0

In The Chair: Richardville

The Senate agreed to the title of the bill.

The following bill was read a third time:

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 question being on the passage of the bill,

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

Roll Call No. 442**Yeas—37**

Allen	Clark-Coleman	Jansen	Richardville
Anderson	Clarke	Jelinek	Sanborn
Barcia	Cropsey	Kahn	Schauer
Basham	Garcia	Kuipers	Scott
Birkholz	George	McManus	Stamas
Bishop	Gilbert	Olshove	Switalski
Brater	Gleason	Pappageorge	Thomas
Brown	Hardiman	Patterson	Van Woerkom
Cassis	Jacobs	Prusi	Whitmer
Cherry			

Nays—0**Excused—1**

Hunter

Not Voting—0

In The Chair: Richardville

The Senate agreed to the title of the bill.

The following bill was read a third time:

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 question being on the passage of the bill,

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

Roll Call No. 443**Yeas—37**

Allen	Clark-Coleman	Jansen	Richardville
Anderson	Clarke	Jelinek	Sanborn
Barcia	Cropsey	Kahn	Schauer
Basham	Garcia	Kuipers	Scott
Birkholz	George	McManus	Stamas
Bishop	Gilbert	Olshove	Switalski
Brater	Gleason	Pappageorge	Thomas
Brown	Hardiman	Patterson	Van Woerkom
Cassis	Jacobs	Prusi	Whitmer
Cherry			

Nays—0

Excused—1

Hunter

Not Voting—0

In The Chair: Richardville

The Senate agreed to the title of the bill.

The following bill was read a third time:

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 question being on the passage of the bill,

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

Roll Call No. 444**Yeas—37**

Allen	Clark-Coleman	Jansen	Richardville
Anderson	Clarke	Jelinek	Sanborn
Barcia	Cropsey	Kahn	Schauer
Basham	Garcia	Kuipers	Scott
Birkholz	George	McManus	Stamas
Bishop	Gilbert	Olshove	Switalski
Brater	Gleason	Pappageorge	Thomas
Brown	Hardiman	Patterson	Van Woerkom
Cassis	Jacobs	Prusi	Whitmer
Cherry			

Nays—0**Excused—1**

Hunter

Not Voting—0

In The Chair: Richardville

The Senate agreed to the title of the bill.

The following bill was read a third time:

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 question being on the passage of the bill,

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

Roll Call No. 445**Yeas—37**

Allen	Clark-Coleman	Jansen	Richardville
Anderson	Clarke	Jelinek	Sanborn
Barcia	Cropsey	Kahn	Schauer
Basham	Garcia	Kuipers	Scott
Birkholz	George	McManus	Stamas
Bishop	Gilbert	Olshove	Switalski
Brater	Gleason	Pappageorge	Thomas
Brown	Hardiman	Patterson	Van Woerkom
Cassis	Jacobs	Prusi	Whitmer
Cherry			

Nays—0**Excused—1**

Hunter

Not Voting—0

In The Chair: Richardville

The Senate agreed to the title of the bill.

By unanimous consent the Senate returned to the order of

Conference Reports

Senator Cropsey moved that joint rule 9 be suspended to permit immediate consideration of the conference reports relative to the following bills:

Senate Bill No. 222**Senate Bill No. 233****House Bill No. 4348****House Bill No. 4350****House Bill No. 4354****House Bill No. 4358****House Bill No. 4360**

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

Senator Brown submitted the following:

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
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
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

	For Fiscal Year Ending Sept. 30, 2008
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
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

	For Fiscal Year Ending Sept. 30, 2008
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
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

	For Fiscal Year Ending Sept. 30, 2008
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
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

	For Fiscal Year Ending Sept. 30, 2008
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
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	\$ 2,616,800

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
Goeff Hansen
Conferees for the House

The question being on the adoption of the conference report,

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

Roll Call No. 446

Yeas—36

Allen	Clark-Coleman	Jansen	Richardville
Anderson	Clarke	Jelinek	Sanborn
Barcia	Cropsey	Kahn	Schauer
Basham	Garcia	Kuipers	Scott
Birkholz	George	McManus	Stamas
Bishop	Gilbert	Olshove	Switalski
Brater	Gleason	Pappageorge	Thomas
Brown	Hardiman	Patterson	Van Woerkom
Cherry	Jacobs	Prusi	Whitmer

Nays—1

Cassis

Excused—1

Hunter

Not Voting—0

In The Chair: Richardville

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

Senator Hunter entered the Senate Chamber.

Senator Cropsey submitted the following:

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
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

	For Fiscal Year Ending Sept. 30, 2008
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
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

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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	\$	<u>7,937,000</u>
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	\$	<u>71,895,400</u>
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	\$	<u>9,850,000</u>
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	\$	<u>123,725,200</u>

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 question being on the adoption of the conference report,

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

Roll Call No. 447**Yeas—38**

Allen	Clark-Coleman	Jansen	Richardville
Anderson	Clarke	Jelinek	Sanborn
Barcia	Cropsey	Kahn	Schauer
Basham	Garcia	Kuipers	Scott
Birkholz	George	McManus	Stamas
Bishop	Gilbert	Olshove	Switalski
Brater	Gleason	Pappageorge	Thomas
Brown	Hardiman	Patterson	Van Woerkom
Cassis	Hunter	Prusi	Whitmer
Cherry	Jacobs		

Nays—0**Excused—0****Not Voting—0**

In The Chair: Richardville

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

Recess

Senator Cropsey moved that the Senate recess subject to the call of the Chair. The motion prevailed, the time being 10:31 a.m.

11:24 a.m.

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

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.

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

FIRST CONFERENCE REPORT

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

House Bill No. 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.

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 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.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of corrections for the fiscal year ending September 30, 2008, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF CORRECTIONS

APPROPRIATION SUMMARY:

Average population	51,841	
Full-time equated unclassified positions	16.0	
Full-time equated classified positions.....	17,637.4	
GROSS APPROPRIATION		\$ 2,078,269,100

Appropriated from:

Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental transfers	1,264,600	
ADJUSTED GROSS APPROPRIATION.....		\$ 2,077,004,500

Federal revenues:

Total federal revenues	10,340,700	
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Special revenue funds:

Total local revenues	429,700	
Total private revenues	0	
Total other state restricted revenues	70,149,600	
State general fund/general purpose		\$ 1,996,084,500

Sec. 102. EXECUTIVE

Full-time equated unclassified positions	16.0	
Full-time equated classified positions	8.0	
Unclassified positions—16.0 FTE positions.....		\$ 1,373,500
Executive direction—8.0 FTE positions		1,790,000
Mental health study.....		400,000
GROSS APPROPRIATION		\$ 3,563,500

Appropriated from:

State general fund/general purpose		\$ 3,563,500
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Sec. 103. PLANNING AND COMMUNITY SUPPORT

Full-time equated classified positions	72.0	
Planning, community development, and research—32.0 FTE positions		\$ 2,934,400
Mental health awareness training		100,000
Prisoner reintegration programs		33,173,700
Community corrections administration—17.0 FTE positions		1,891,300
Substance abuse testing and treatment services—23.0 FTE positions		20,042,800
Residential services		16,925,500
Community corrections comprehensive plans and services		12,533,000
Public education and training.....		50,000
Regional jail program		100
Felony drunk driver jail reduction and community treatment program.....		2,097,400
County jail reimbursement program		13,249,000
GROSS APPROPRIATION		\$ 102,997,200

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Appropriated from:	
Federal revenues:	
DOJ, office of justice programs, Byrne grants	\$ 729,400
DOJ, office of justice programs, RSAT	142,800
DOJ, prisoner reintegration	1,035,000
Special revenue funds:	
Telephone fees and commissions	8,555,500
Civil infraction fees	7,514,400
State general fund/general purpose	\$ 85,020,100
Sec. 104. OPERATIONS SUPPORT ADMINISTRATION	
Full-time equated classified positions	259.1
Operations support administration—3.0 FTE positions	\$ 405,000
Bureau of human resources—159.2 FTE positions.....	15,881,900
Human resources optimization user charges.....	1,079,700
New custody staff training	11,533,000
Compensatory buyout and union leave bank	100
Worker's compensation	16,162,000
Bureau of fiscal management—60.9 FTE positions	5,287,900
Office of legal services—28.0 FTE positions	3,086,200
Internal affairs—8.0 FTE positions	814,100
Rent	2,095,200
Equipment and special maintenance.....	425,500
Administrative hearings officers	3,963,900
Sheriffs' coordinating and training office.....	500,000
Prosecutorial and detainer expenses	4,051,000
GROSS APPROPRIATION	\$ 65,285,500
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDSP, Michigan justice training fund	695,900
Special revenue funds:	
Local corrections officer training fund.....	500,000
Correctional industries revolving fund	107,800
State general fund/general purpose	\$ 63,981,800
Sec. 105. FIELD OPERATIONS ADMINISTRATION	
Full-time equated classified positions	1,924.9
Field operations—1,801.9 FTE positions	\$ 152,033,000
Parole board operations—33.0 FTE positions	2,883,200
Parole/probation services	2,867,300
Community re-entry centers—51.0 FTE positions	16,800,500
Electronic monitoring center—39.0 FTE positions	7,086,900
GROSS APPROPRIATION	\$ 181,670,900
Appropriated from:	
Special revenue funds:	
Local - community tether program reimbursement.....	429,700
Re-entry center offender reimbursements.....	133,900
Parole and probation oversight fees	10,753,900
Parole and probation oversight fees set-aside.....	3,267,300
Public works user fees	248,900
Tether program participant contributions	6,010,800
Telephone fees and commissions	2,522,200
State general fund/general purpose	\$ 158,304,200
Sec. 106. CORRECTIONAL FACILITIES-ADMINISTRATION	
Average population	2,638
Full-time equated classified positions	1,857.0
Correctional facilities administration—39.0 FTE positions.....	\$ 6,898,000
Prison food service—487.0 FTE positions	84,025,000

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Transportation—229.0 FTE positions.....	\$ 25,441,700
Facility maintenance and repurposing	120,000
Central records—63.0 FTE positions	5,295,800
Inmate legal services.....	314,900
Loans to parolees.....	179,400
Housing inmates in federal institutions	793,900
Prison industries operations—219.0 FTE positions	20,097,000
Education services and federal education grants—10.0 FTE positions.....	5,718,900
Federal school lunch program	712,800
Leased beds and alternatives to leased beds.....	100
Inmate housing fund—450.5 FTE positions	44,414,700
Average population.....	2,638
MPRI education program—359.5 FTE positions.....	37,860,400
GROSS APPROPRIATION	\$ 231,872,600
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDCH, forensic center food service.....	568,700
Federal revenues:	
DAG-FNS, national school lunch.....	712,800
DED-OESE, title 1.....	521,800
DED-OVAE, adult education.....	1,892,500
DED, adult literacy grants.....	308,300
DED-OSERS.....	101,300
DED, vocational education equipment	277,300
DED, youthful offender/Specter grant.....	1,289,400
DOJ-BOP, federal prisoner reimbursement.....	211,000
DOJ-OJP, serious and violent offender reintegration initiative	1,010,000
DOJ, prison rape elimination act grant.....	1,000,000
SSA-SSI, incentive payment	123,600
Special revenue funds:	
Correctional industries revolving fund	20,097,000
Public works user fees	174,000
Resident stores	231,400
State general fund/general purpose	\$ 203,353,500
Sec. 107. CONSENT DECREES	
Full-time equated classified positions	470.3
Hadix consent decree—137.0 FTE positions.....	\$ 12,043,800
DOJ consent decree—106.8 FTE positions	10,031,300
DOJ psychiatric plan - MDCH mental health services	38,108,200
DOJ psychiatric plan - MDOC staff and services—226.5 FTE positions	17,986,500
GROSS APPROPRIATION	\$ 78,169,800
Appropriated from:	
State general fund/general purpose	\$ 78,169,800
Sec. 108. HEALTH CARE	
Full-time equated classified positions	1,041.1
Health care administration—14.0 FTE positions.....	\$ 2,164,900
Hospital and specialty care services.....	84,274,900
Vaccination program	691,200
Northern region clinical complexes—270.9 FTE positions	36,636,400
Southeastern region clinical complexes—453.4 FTE positions	68,847,300
Southwestern region clinical complexes—302.8 FTE positions	41,551,600
GROSS APPROPRIATION	\$ 234,166,300
Appropriated from:	
Special revenue funds:	
Prisoner health care copayments	331,400
State general fund/general purpose	\$ 233,834,900

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		For Fiscal Year Ending Sept. 30, 2008
Sec. 109. NORTHERN REGION CORRECTIONAL FACILITIES		
Average population	15,855	
Full-time equated classified positions	4,033.4	
Alger maximum correctional facility - Munising—331.1 FTE positions		\$ 31,735,600
Average population	849	
Baraga maximum correctional facility - Baraga—400.6 FTE positions		37,495,500
Average population	1,172	
Chippewa correctional facility - Kincheloe—543.2 FTE positions		50,794,200
Average population	2,282	
Kinross correctional facility - Kincheloe—562.5 FTE positions		55,757,000
Average population	2,999	
Marquette branch prison - Marquette—367.7 FTE positions		37,539,700
Average population	1,201	
Newberry correctional facility - Newberry—290.0 FTE positions		26,491,800
Average population	978	
Oaks correctional facility - Eastlake—324.6 FTE positions		34,062,000
Average population	1,156	
Ojibway correctional facility - Marenisco—271.3 FTE positions		24,640,000
Average population	1,378	
Pugsley correctional facility - Kingsley—231.4 FTE positions		20,897,500
Average population	1,158	
Saginaw correctional facility - Freeland—330.0 FTE positions		31,687,600
Average population	1,480	
Standish maximum correctional facility - Standish—381.0 FTE positions		<u>37,750,000</u>
Average population	1,202	
GROSS APPROPRIATION		\$ 388,850,900
Appropriated from:		
Special revenue funds:		
Public works user fees		1,916,500
Resident stores		1,348,500
State general fund/general purpose		\$ 385,585,900
Sec. 110. SOUTHEASTERN REGION CORRECTIONAL FACILITIES		
Average population	16,537	
Full-time equated classified positions	4,325.4	
Cooper street correctional facility - Jackson—286.8 FTE positions		\$ 28,938,400
Average population	1,752	
G. Robert Cotton correctional facility - Jackson—414.3 FTE positions		39,172,400
Average population	1,854	
Charles E. Egeler correctional facility - Jackson—372.4 FTE positions		37,896,700
Average population	1,108	
Gus Harrison correctional facility - Adrian—493.3 FTE positions		47,352,200
Average population	2,342	
Huron Valley correctional complex - Ypsilanti—681.0 FTE positions		64,913,700
Average population	1,772	
Macomb correctional facility - New Haven—307.5 FTE positions		27,945,500
Average population	1,228	
Mound correctional facility - Detroit—295.6 FTE positions		26,677,200
Average population	1,051	
Parnall correctional facility - Jackson—270.8 FTE positions		26,836,500
Average population	1,712	
Ryan correctional facility - Detroit—323.6 FTE positions		29,227,400
Average population	1,059	
Robert Scott correctional facility - Plymouth—360.5 FTE positions		33,182,700
Average population	1,040	
Southern Michigan correctional facility - Jackson		3,597,500
Thumb correctional facility - Lapeer—309.6 FTE positions		29,860,800
Average population	1,219	

	For Fiscal Year Ending Sept. 30, 2008
Special alternative incarceration program (Camp Cassidy Lake)—120.0 FTE positions	\$ 10,956,400
Average population	400
Jackson area support and services—90.0 FTE positions	16,184,600
GROSS APPROPRIATION	\$ 422,742,000
Appropriated from:	
Federal revenues:	
DOJ, state criminal alien assistance program	985,500
Special revenue funds:	
Public works user fees	1,913,300
Resident stores	1,439,300
State general fund/general purpose	\$ 418,403,900
Sec. 111. SOUTHWESTERN REGION CORRECTIONAL FACILITIES	
Average population	16,811
Full-time equated classified positions	3,646.2
Bellamy Creek correctional facility - Ionia—405.5 FTE positions.....	\$ 41,780,400
Average population	1,850
Earnest C. Brooks correctional facility - Muskegon—486.5 FTE positions	47,018,400
Average population	2,440
Carson City correctional facility - Carson City—504.0 FTE positions.....	48,607,100
Average population	2,440
Richard A. Handlon correctional facility - Ionia—237.2 FTE positions.....	23,484,100
Average population	1,320
Ionia maximum correctional facility - Ionia—317.8 FTE positions	30,384,600
Average population	707
Lakeland correctional facility - Coldwater—615.7 FTE positions.....	59,250,600
Average population	3,102
Muskegon correctional facility - Muskegon—232.4 FTE positions.....	23,945,800
Average population	1,326
Pine River correctional facility - St. Louis—221.4 FTE positions	20,877,600
Average population	1,200
St. Louis correctional facility - St. Louis—566.7 FTE positions.....	52,628,800
Average population	2,426
Ionia area support and services—59.0 FTE positions.....	3,339,800
GROSS APPROPRIATION	\$ 351,317,200
Appropriated from:	
Special revenue funds:	
Public works user fees	750,100
Resident stores	1,635,400
State general fund/general purpose	\$ 348,931,700
Sec. 112. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 17,633,200
GROSS APPROPRIATION	\$ 17,633,200
Appropriated from:	
Special revenue funds:	
Correctional industries revolving fund	141,600
Parole and probation oversight fees set-aside.....	556,400
State general fund/general purpose	\$ 16,935,200

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 \$2,066,234,100.00 and state spending from state resources to be paid to local units of government for fiscal year 2007-2008 is \$91,440,000.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF CORRECTIONS

Field operations - assumption of county probation staff	\$ 47,487,800
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Public service work projects	10,326,600
Community corrections comprehensive plans and services	12,533,000
Community corrections residential services	16,925,500
Community corrections public education and training	50,000
Felony drunk driver jail reduction and community treatment program.....	2,097,400
Community reentry centers	2,019,600
Regional jail program	100
TOTAL.....	\$ 91,440,000

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

Sec. 203. As used in this act:

- (a) "DAG" means the United States department of agriculture.
- (b) "DAG-FNS" means the DAG food and nutrition service.
- (c) "DED" means the United States department of education.
- (d) "DED-OESE" means the DED office of elementary and secondary education.
- (e) "DED-OSERS" means the DED office of special education and rehabilitative services.
- (f) "DED-OVAE" means the DED office of vocational and adult education.
- (g) "Department" or "MDOC" means the Michigan department of corrections.
- (h) "DOJ" means the United States department of justice.
- (i) "DOJ-BOP" means the DOJ bureau of prisons.
- (j) "DOJ-OJP" means the DOJ office of justice programs.
- (k) "FTE" means full-time equated.
- (l) "GED" means general education diploma.
- (m) "GPS" means global positioning system.
- (n) "IDG" means interdepartmental grant.
- (o) "IDT" means intradepartmental transfer.
- (p) "MDCH" means the Michigan department of community health.
- (q) "MDSP" means the Michigan department of state police.
- (r) "MPRI" means the Michigan prisoner reentry initiative.
- (s) "OCC" means the office of community corrections.
- (t) "RSAT" means residential substance abuse treatment.
- (u) "SSA" means the United States social security administration.
- (v) "SSA-SSI" means SSA supplemental security income.

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 the hiring freeze imposed under subsection (1) when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause 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 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. 206. The department shall not take disciplinary action against an employee for communicating with a member of the legislature or his or her staff.

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

Sec. 207a. (1) Before privatizing any services or activities currently provided by state employees in the department, the department shall submit to the senate and house appropriations committees a preprivatization cost-benefit analysis. This analysis shall utilize accurate, reliable, and objective data. Included in this analysis shall be a comparative estimate of the costs that will be incurred by the state over the life of the contract if either or both of the following occur:

- (a) The service or activity continues to be provided by state employees.

(b) The service or activity is privatized. The costs of privatizing these services shall include the costs of all necessary monitoring and oversight of the private entity by the state. These private entities must be adequately bonded, so as not to expose the state to any potential future liability or legal causes of action.

(2) The department shall not commence any efforts to privatize the services or activities currently provided by state employees under appropriations made by this act until the cost-benefit analysis prescribed by subsection (1) has been sent to both the senate and house appropriations committees 14 days prior to the efforts to privatize and proves a cost savings of at least 5% of the costs of continuing to use state employees in providing the services or activities.

(3) A private contractor with a contract with this state that expends state or federal tax dollars shall have all records pertinent to state contracts, including all records detailing compliance with section 209 of this act, be subject to disclosure to the department or the department of management and budget.

(4) State employees shall be given the opportunity to bid on contracts that privatize services that are or were provided by state employees. Should the contract be awarded to any state employee, he or she would cease being an employee of the state.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site. There shall be at least 1 separate and distinct electronic file for each section that includes a reporting requirement.

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

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

Sec. 211. The department may charge fees and collect revenues in excess of appropriations in part 1 not to exceed the cost of offender services and programming, employee meals, parolee loans, academic/vocational services, custody escorts, compassionate visits, union steward activities, public work programs, and services provided to units of government. The revenues and fees collected are appropriated for all expenses associated with these services and activities.

Sec. 212. Preference should be given to purchasing produce from Michigan growers and processors when their produce is competitively priced and of comparable quality.

Sec. 213. By February 15, 2008, the department shall provide the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director with a report detailing nongeneral fund/general purpose sources of revenue, including, but not limited to, federal revenues, state restricted revenues, local and private revenues, offender reimbursements and other payments, revolving funds, and 1-time sources of revenue, whether or not such revenues were appropriated. The report shall include statements detailing for each account the total amount of revenue received during fiscal year 2006-2007, the amount by which the revenue exceeded any applicable appropriated fund source, the amount spent during fiscal year 2006-2007, the account balance at the close of fiscal year 2006-2007, and the projected revenues and expenditures for fiscal year 2007-2008.

Sec. 214. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. These user fees are subject to provisions of an interagency agreement between the departments and agencies and the department of information technology.

Sec. 215. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of corrections technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 216. (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, safety, or health and 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, or both, 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 listed 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 senate and house standing committees on appropriations.

(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 senate and house standing committees on appropriations, 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. 217. The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in deprived and depressed communities for services, supplies, or both.

Sec. 218. It is the intent of the legislature that no expenditures for employee dry cleaning allowances be made or obligations to pay employee dry cleaning allowances be incurred for dry cleaning allowances in excess of the amounts authorized under collective bargaining contracts in effect from January 1, 2002 to December 31, 2004.

Sec. 219. It is the intent of the legislature that any contract for prisoner telephone services entered into after the effective date of this act include a condition that fee schedules for prisoner telephone calls, including rates and any surcharges other than those necessary to meet special equipment costs, be the same as fee schedules for calls placed from outside of correctional facilities.

Sec. 221. (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 previous calendar year to the senate and house appropriations subcommittees on corrections, the joint committee on administrative rules, and the senate and house fiscal agencies.

(2) Funds appropriated in part 1 shall not be used 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. 222. 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. 223. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$10,000,000.00 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 \$5,000,000.00 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 \$2,000,000.00 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 \$2,000,000.00 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.

EXECUTIVE

Sec. 301. For 3 years after a felony offender is released from the department's jurisdiction, the department shall maintain the offender's file on the offender tracking information system and make it publicly accessible in the same manner as the file of the current offender. However, the department shall immediately remove the offender's file from the offender tracking information system upon determination that the offender was wrongfully convicted and the offender's file is not otherwise required to be maintained on the offender tracking information system.

Sec. 302. (1) From the funds appropriated in part 1 for the mental health study, the department shall allocate not more than \$400,000.00 for the purpose of contracting for an independent study prescribed under this section.

(2) In consultation with the MDCH, the department shall contract for an independent study on the prevalence of prisoners in need of mental health treatment, substance abuse services, or both, and on the provision of services to prisoners in need of mental health treatment, substance abuse services, or both. The study must be completed or supervised by a psychiatrist as defined in section 100c of the mental health code, 1974 PA 258, MCL 330.1100c. The lead psychiatrist shall not be a current or former employee or contractual agent of the department or the department of community health. At a minimum, the study shall collect and evaluate data on all of the following, to the extent possible under the health insurance portability and accountability act (HIPAA), 42 USC 1320d-6 and 45 CFR parts 160 and 164:

(a) The number of prisoners receiving substance abuse services, including a description and breakdown of the type of substance abuse services provided to prisoners, by major offense type.

(b) The number of prisoners with a primary diagnosis of mental illness, the number of prisoners considered to currently require mental health services, and the number of prisoners receiving mental health services, including a description and breakdown, encompassing, at a minimum, the categories of inpatient, residential, and outpatient care, and the type of mental health services provided to those prisoners, by major offense type.

(c) The number of prisoners with a primary diagnosis of mental illness and receiving substance abuse services, including a description and breakdown, encompassing, at a minimum, the categories of inpatient, residential, and outpatient care, of the type of treatment provided to those prisoners, by major offense type.

(d) Data indicating whether prisoners receiving mental health services for a primary diagnosis of mental illness were previously hospitalized in a state psychiatric hospital for persons with mental illness, by major offense type.

(e) Data indicating whether prisoners with a primary diagnosis of mental illness and receiving substance abuse services were previously hospitalized in a state psychiatric hospital for persons with mental illness.

(f) The cost of psychotropic pharmaceuticals for prisoners with a primary diagnosis of mental illness itemized by type, specific diagnosis, identification as a brand name or a generically equivalent pharmaceutical, and the name of the manufacturer or distributor.

(g) Quarterly and fiscal year-to-date expenditures itemized by vendor, status of payments from contractors to vendors, and projected year-end expenditures from accounts for substance abuse treatment and mental health care.

(h) The number of prisoners that have had their primary diagnosis of mental illness changed while in prison by a mental health clinician from an earlier diagnosis received in prison or while hospitalized in a state psychiatric hospital for persons with mental illness, itemized by current and previous diagnosis.

(i) The number of prisoners with a primary diagnosis of mental illness that previously had received substance abuse services, including a description and breakdown, encompassing, at a minimum, the categories of inpatient, residential, and outpatient care, of the type of treatment provided to those prisoners.

(j) All department policies and procedures relating to prisoners and parolees with mental illness, substance abuse disorders, or both, including, but not limited to, those related to prisoners with discharge status.

(3) A report on the study, together with any recommendations contained in the study and response from the department, shall be provided to the members of the senate and house appropriations subcommittees on corrections and community health, the senate and house fiscal agencies, MDCH, and the state budget director no later than 30 days following the receipt of the completed study. The report shall include all of the information required under subsection (2) and any recommendations. The report also shall include a plan by the department to implement those recommendations with which it agrees and an explanation of any disagreements with recommendations.

Sec. 303. It is the intent of the legislature that the quantity of database systems in use by the department be optimal for efficient data usage and communications. By January 1, 2008, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on a plan to implement secure, encrypted, Internet-based database systems that can electronically communicate with each other and with other law-enforcement-related databases by September 30, 2008.

PLANNING AND COMMUNITY SUPPORT

Sec. 401. The department shall submit 3-year and 5-year prison population projection updates by February 1, 2008 to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director. The report shall include explanations of the methodology and assumptions used in developing the projection updates.

Sec. 402. It is the intent of the legislature that the funds appropriated in part 1 for prisoner reintegration programs be expended for the purpose of reducing victimization by reducing offender recidivism through the following prisoner reintegration programming:

- (a) The provision of employment and job training.
- (b) The provision of assistance in acquiring the documents necessary to obtain a state identification card or operator's license.
- (c) The provision of housing assistance.
- (d) Referral to mental health services.
- (e) Referral to substance abuse services.
- (f) Referral to public health services.
- (g) Referral to education.
- (h) Referral to any other services necessary for successful reintegration.

Sec. 403. (1) By April 1, 2008, the department shall provide a report on prisoner reintegration programs to the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director. At a minimum, the report shall include all of the following information:

- (a) Allocations and projected expenditures for each project funded and for each project to be funded, itemized by service to be provided and service provider.
- (b) An explanation of the objectives and results measures for each program.
- (c) An explanation of how the programs will be evaluated.
- (d) A discussion of the evidence and research upon which each program is based.
- (e) A discussion and estimate of the impact of prisoner reintegration programs on reoffending and returns to prison.
- (f) A progress report on applicable results of each program, including, but not limited to, the estimated bed space impact of prisoner reintegration programs.

(2) The department shall provide quarterly reports on January 1, 2008, April 1, 2008, July 1, 2008, and September 30, 2008 to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the status and recidivism levels of offenders who participated in the MPRI and have been released. The data should be broken out by the following 4 offender types: drug, nonassaultive, assaultive, and sex.

(3) By September 30, 2008, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director a comparison of the overall recidivism rates and length of time prior to prison return of offenders who participated in the MPRI with those of offenders who did not. The report should disaggregate the information by each site in order to compare the practices and success rates of each site.

(4) The department shall include prisoners nearing their maximum sentence in the prison phases of the MPRI.

(5) The MPRI shall include programming on understanding conditions of parole, and each offender's transition accountability plan shall include a plan for following conditions of parole. The department shall ensure that each offender understands his or her conditions of parole prior to release from prison.

(6) The department shall provide monthly reports to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on parolees who participated in the MPRI and have tested positive for substances in the previous month and since October 1, 2007. The report shall include any sanctions imposed by the department in response to the positive substance test.

(7) The department shall provide monthly reports to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on parolees who participated in the MPRI and have a diagnosis of mental illness or received mental health treatment while in prison. The report shall include the number of offenders successfully referred to the local community mental health agency, by county, and number of parolees participating in treatment for mental illness, by county.

Sec. 404. (1) The department shall screen and assess each prisoner for alcohol and other drug involvement to determine the need for further treatment. The assessment process shall be designed to identify the severity of alcohol and other drug addiction and determine the treatment plan, if appropriate.

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

Sec. 405. (1) In expending residential substance abuse treatment services funds appropriated under this act, the department shall ensure to the maximum extent possible that residential substance abuse treatment services are available statewide.

(2) By April 1, 2008, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the allocation, distribution, and expenditure of all funds appropriated by the substance abuse testing and treatment line item during fiscal year 2006-2007 and projected for fiscal year 2007-2008. The report shall include, but not be limited to, an explanation of an anticipated year-end balance, the number of participants in substance abuse programs, and the number of offenders on waiting lists for

residential substance abuse programs. Information required under this subsection shall, where possible, be separated by MDOC administrative region and by offender type, including, but not limited to, a distinction between prisoners, parolees, and probationers.

(3) By April 1, 2008, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on substance abuse testing and treatment program objectives, outcome measures, and results, including program impact on offender behavior and recidivism.

Sec. 406. (1) By December 1, 2007, the department shall develop uniform minimum standards for MPRI sites and the expenditure of MPRI funds, including funds appropriated for prisoner reintegration programs. At a minimum, the standards shall address all of the following:

- (a) The acceptable range or ranges for administrative costs.
- (b) How local program results are to be reported and quantified.
- (c) The acceptable range or ranges for per-participant expenditures.
- (d) Procedures for referral and follow up by the department on the status of referrals to substance abuse treatment, health care, and mental health treatment.
- (e) Any other standards determined by the department to be consistent with good management practices and optimum program results.

(2) By March 1, 2008, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the standards required by subsection (1). The report shall include information explaining how each standard was determined and how it is being implemented. The department shall implement these standards after review by the senate and house appropriations subcommittees on corrections.

Sec. 407. (1) By March 1, 2008, the department shall report to the senate and house subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on offenders who have served their maximum sentence and been released from prison in the last 5 years. The report shall include the following information:

- (a) The number of offenders who were paroled and returned to prison prior to serving their maximum sentence compared to the number of offenders who served their maximum sentence without ever having been paroled.
- (b) The number of offenders disaggregated by major offense type: assaultive, nonassaultive, drug, and sex.
- (c) The educational history of those offenders, including how many had a GED or high school diploma prior to incarceration in prison, how many received a GED while in prison, and how many received a vocational certificate while in prison.
- (d) A comparison of each offender's original offense to the offender's new offense by major offense type: assaultive, nonassaultive, drug, and sex, for offenders who have since returned to prison with a new commitment after previously serving a maximum sentence.

(2) The department shall provide monthly reports to the senate and house subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on offenders who have served their maximum sentence and been released from prison in the previous month. The reports shall include the following information:

- (a) The number of offenders who were paroled and returned to prison prior to serving their maximum sentence compared to the number of offenders who served their maximum sentence without ever having been paroled.
- (b) The number of offenders disaggregated by major offense type: assaultive, nonassaultive, drug, and sex.
- (c) Each offender's adjudication history based on their presentence investigation report.

Sec. 408. As a condition of expending funds appropriated for planning, community development and research and prisoner reintegration programs under part 1, the department shall by January 31, 2008 provide a plan to reduce recidivism rates among prisoners released from correctional facilities to the members of the senate and house appropriations committees, the senate and house fiscal agencies, and the state budget director. The plan shall include detailed information on 3-year recidivism rates in this state for the most recent 5-year period, a detailed comparison of those rates to rates in other states and a national average, and details on how the department plans to improve recidivism rates. The plan also shall include details on how the department proposes to measure the success of the plan.

Sec. 409. The office of community corrections shall provide and coordinate the delivery and implementation of services in communities to facilitate successful offender reintegration into the community. Programs and services to be offered shall include, but are not limited to, technical assistance for comprehensive corrections plan development, new program start-up funding, program funding for those programs delivering services for eligible offenders in geographic areas identified by the office of community corrections as having a shortage of available services, technical assistance, referral services for education, employment services, and substance abuse and family counseling. As used in this act:

- (a) "Alternative to incarceration in a state facility or jail" means a program that involves offenders who receive a sentencing disposition that appears to be in place of incarceration in a state correctional facility or jail based on historical local sentencing patterns or that amounts to a reduction in the length of sentence in a jail.
- (b) "Goal" means the intended or projected result of a comprehensive corrections plan or community corrections program to reduce prison commitment rates, to reduce the length of stay in a jail, or to improve the utilization of a jail.
- (c) "Jail" means a facility operated by a local unit of government for the physical detention and correction of persons charged with or convicted of criminal offenses.

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

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

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

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

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

Sec. 410. (1) The funds included in part 1 for community corrections comprehensive plans and services are to encourage the development through technical assistance grants, implementation, and operation of community corrections programs that serve as an alternative to incarceration in a state facility or jail. The comprehensive corrections plans shall include an explanation of how the public safety will be maintained, the goals for the local jurisdiction, offender target populations intended to be affected, offender eligibility criteria for purposes outlined in the plan, and how the plans will meet the following objectives, consistent with section 8(4) of the community corrections act, 1988 PA 511, MCL 791.408:

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

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

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

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

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

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

(3) Funds awarded for residential services in part 1 shall provide for a per diem reimbursement of not more than \$47.50.

Sec. 411. The comprehensive corrections plans shall also include, where appropriate, descriptive information on the full range of sanctions and services that are available and utilized within the local jurisdiction and an explanation of how jail beds, residential services, the special alternative incarceration program (boot camp), probation detention centers, the electronic monitoring program for probationers, and treatment and rehabilitative services will be utilized to support the objectives and priorities of the comprehensive corrections plans and the purposes and priorities of section 8(4) of the community corrections act, 1988 PA 511, MCL 791.408. The plans shall also include, where appropriate, provisions that detail how the local communities plan to respond to sentencing guidelines found in chapter XVII of the code of criminal procedure, 1927 PA 175, MCL 777.1 to 777.69, and the use of the county jail reimbursement program under section 416. The state community corrections board shall encourage local community corrections advisory boards to include in their comprehensive corrections plans strategies to collaborate with local alcohol and drug treatment agencies of the MDCH for the provision of alcohol and drug screening, assessment, case management planning, and delivery of treatment to alcohol- and drug-involved offenders, including, but not limited to, probation and parole violators who are at risk of revocation.

Sec. 412. (1) As part of the March biannual report specified in section 12(2) of the community corrections act, 1988 PA 511, MCL 791.412, that requires an analysis of the impact of that act on prison admissions and jail utilization, the department shall submit to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director the following information for each county and counties consolidated for comprehensive corrections plans:

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

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

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

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

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

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

Sec. 413. (1) The department shall identify and coordinate information regarding the availability of and the demand for community corrections programs, jail-based community corrections programs, and basic state-required jail data.

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

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

Sec. 414. (1) The department shall administer a county jail reimbursement program from the funds appropriated in part 1 for the purpose of reimbursing counties for housing in jails felons who otherwise would have been sentenced to prison.

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

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

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

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

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

(5) The department, the state budget office, the Michigan association of counties, and the Michigan sheriffs' association shall review the periodic findings of the study required in subsection (4) and, if appropriate, recommend modification of the criteria for reimbursement contained in subsection (2) at meetings convened by the chairs of the house and senate appropriations subcommittees on corrections.

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

(7) County jail reimbursement program expenditures shall not exceed the amount appropriated in part 1 for the county jail reimbursement program. Payments to counties under the county jail reimbursement program shall be made in the order in which properly documented requests for reimbursements are received. A request shall be considered to be properly documented if it meets MDOC requirements for documentation. The department shall by October 15, 2006 distribute the documentation requirements to all counties.

Sec. 415. (1) As a condition of receipt of the funds appropriated in part 1 for community corrections plans and services and residential services, the department shall only award those funds requested under a properly prepared and approved comprehensive corrections plan submitted under section 8 of the community corrections act, 1988 PA 511, MCL 791.408, or directly applied for under section 10 of the community corrections act, 1988 PA 511, MCL 791.410.

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

Sec. 416. (1) Funds included in part 1 for the felony drunk driver jail reduction and community treatment program are appropriated for and may be expended for any of the following purposes:

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

(b) To divert from jail sentences or to reduce the length of jail sentences for felony drunk drivers who otherwise would have been sentenced to jail and whose recommended minimum sentence ranges under sentencing guidelines established under chapter XVII of the code of criminal procedure, 1927 PA 175, MCL 777.1 to 777.69, have upper limits of 18 months or less, through funding programs that may be used in lieu of incarceration and that increase the likelihood of rehabilitation.

(c) To provide a policy and funding framework to make additional jail space available for housing convicted felons whose recommended minimum sentence ranges under sentencing guidelines established under chapter XVII of the code of criminal procedure, 1927 PA 175, MCL 777.1 to 777.69, have lower limits of 12 months or less and who likely otherwise would be sentenced to prison, with the aim of enabling counties to meet or exceed amounts received through the county jail reimbursement program during fiscal year 2002-2003 and reducing the numbers of felons sentenced to prison.

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

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

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

(5) The standards developed by the committee shall assign each county a maximum funding allocation based on the amount the county received under the county jail reimbursement program in fiscal year 2001-2002 for housing felony drunk drivers whose recommended minimum sentence ranges under the sentencing guidelines described in subsection (1)(c) had upper limits of 18 months or less.

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

(7) As used in this section, "felony drunk driver" means a felon convicted of operating a motor vehicle under the influence of intoxicating liquor or a controlled substance, or both, third or subsequent offense, under section 625(9)(c) of the Michigan vehicle code, 1949 PA 300, MCL 257.625, or its predecessor statute, punishable as a felony.

Sec. 417. (1) By April 1, 2008, the department shall report to the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on each of the following programs from the previous fiscal year:

- (a) The county jail reimbursement program.
- (b) The felony drunk driver jail reduction and community treatment program.
- (c) The alternatives to prison jail and treatment programs.
- (d) Any new initiatives to control prison population growth funded or proposed to be funded under part 1.

(2) For each program listed under subsection (1), the report under subsection (1) shall include information on each of the following:

- (a) Program objectives and outcome measures.
- (b) Expenditures by location.
- (c) The impact on jail utilization.
- (d) The impact on prison admissions.
- (e) Other information relevant to an evaluation of the program.

Sec. 418. (1) It is the intent of the legislature that the department ensure that each prisoner make all reasonable efforts to obtain the documents necessary to obtain a state operator's license or state identification card prior to a prisoner's discharge or parole hearing. The process for prisoners to acquire this documentation shall be part of the department's operating procedure by the end of the fiscal year.

(2) The department shall cooperate with MDCH to develop a process by which prisoners can obtain their birth certificates. By April 1, 2008, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the process developed under this section.

Sec. 419. (1) The department shall provide weekly electronic mail reports to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on prisoner, parolee, and probationer populations by facility, and prison capacities.

(2) The department shall provide monthly electronic mail reports to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director. By July 1, 2008, the department shall provide monthly reports for March 2006 through September 2007. The reports shall include information on end-of-month prisoner populations in county jails, the net operating capacity according to the most recent certification report, identified by date, and end-of-month data, year-to-date data, and comparisons to the prior year for the following:

- (a) Community residential program populations, separated by centers and electronic monitoring.
- (b) Parole populations.
- (c) Probation populations, with identification of the number in special alternative incarceration.
- (d) Prison and camp populations, with separate identification of the number in special alternative incarceration and the number of lifers.
- (e) Parole board activity, including the numbers and percentages of parole grants and parole denials.

(f) Prisoner exits, identifying transfers to community placement, paroles from prisons and camps, paroles from community placement, total movements to parole, prison intake, prisoner deaths, prisoners discharging on the maximum sentence, and other prisoner exits.

(g) Prison intake and returns, including probation violators, new court commitments, violators with new sentences, escaper new sentences, total prison intake, returns from court with additional sentences, community placement returns, technical parole violator returns, and total returns to prison and camp.

Sec. 420. The department shall report to the senate and house appropriations subcommittees on corrections, the senate and house judiciary committees, the senate and house fiscal agencies, and the state budget director on the status of the department's response to the performance audits by the office of the auditor general on the department's staffing, health care services, food service and prisoner transportation, mental health care services, and pharmaceuticals. The department shall provide the reports within 30 days after each audit's official release date.

Sec. 421. Of the funds appropriated in part 1, \$100,000.00 is appropriated for the purpose of providing an interdepartmental grant to the Michigan state police for the purpose of providing grants for training teams of law enforcement officers and mental health treatment providers. The teams shall be trained in effective and safe ways of assisting people with mental illness during law enforcement contacts and directing people with mental illness to treatment programs. It is the intent of the legislature that mental health awareness training be incorporated into continuing education for all law enforcement officers in the state.

Sec. 422. It is the intent of the legislature that MPRI programs become standard operating procedure in the department by the end of fiscal year 2008-2009.

OPERATIONS AND SUPPORT ADMINISTRATION

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

Sec. 502. Funds included in part 1 for the sheriffs' coordinating and training office are appropriated for and may be expended to defray costs of continuing education, certification, recertification, decertification, and training of local corrections officers, the personnel and administrative costs of the sheriffs' coordinating and training office, the local corrections officers advisory board, and the sheriffs' coordinating and training council under the local corrections officers training act, 2003 PA 125, MCL 791.531 to 791.546.

Sec. 503. Funds appropriated in part 1 for administrative hearings officers are appropriated as an interdepartmental grant to the department of labor and economic growth for the purpose of funding administrative hearings officers for adjudication of grievances pertaining to the department of corrections. The department shall not expend appropriations from part 1 to satisfy charges from the department of labor and economic growth for administrative hearings officers in excess of the amount expressly appropriated by this act for the administrative hearings officers.

FIELD OPERATIONS ADMINISTRATION

Sec. 601. From the funds appropriated in part 1, the department shall conduct a statewide caseload audit of field agents. The audit shall address public protection issues and assess the ability of the field agents to complete their professional duties. The results of the audit shall be submitted to the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies, and the state budget office by February 15, 2008.

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

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

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

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

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

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

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

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

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

Sec. 606. It is the intent of the legislature that the department shall ensure that parolees and probationers may timely contact their parole or probation agents and maintain procedures that preclude any necessity for an offender to have access to an agent's home telephone number or other personal information pertaining to the agent.

Sec. 607. The department shall not expend funds appropriated in part 1 for rental payments or operational expenses for premises leased under lease number 7787 and located at 322 Front Avenue SW, Grand Rapids, Michigan, also known as parcel 41-13-25-378-005, more than 120 days after the effective date of this act.

Sec. 608. By April 1, 2008, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the use of GPS electronic monitoring. At a minimum, the report shall include all of the following:

(a) Details on the failure rate of parolees for whom GPS tether is utilized, including the number and rate of parolee technical violations, including specifying failures due to committing a new crime that is uncharged but leads to parole termination, and the number and rate of parolee violators with new sentences.

(b) Information on the factors considered in determining whether an offender is placed on active GPS tether, passive GPS tether, radio frequency tether, or some combination of these or other types of electronic monitoring.

(c) Monthly data on the number of offenders on active GPS tether, passive GPS tether, radio frequency tether, and any other type of tether.

Sec. 609. Not more than 6 months after the pilot program is implemented, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the use of kiosk reporting stations. At a minimum, the report shall include all of the following:

(a) Factors considered in determining whether an offender is assigned to report at a kiosk.

(b) Information on the location, costs, safety features, and other features of kiosks used for offender reporting.

(c) Information on pilot program outcome measures.

(d) An evaluation of the kiosk reporting pilot program, including any need for improvement and an assessment of the potential for expanded use of kiosk reporting stations.

Sec. 611. The department shall prepare by April 1, 2008 individual reports for the community re-entry program, the electronic tether program, and the special alternative to incarceration program. The reports shall be submitted to the house and senate appropriations subcommittees on corrections, the house and senate fiscal agencies, and the state budget director. Each program's report shall include information on all of the following:

(a) Monthly new participants by type of offender. Community re-entry program participants shall be categorized by reason for placement. For technical rule violators, the report shall sort offenders by length of time since release from prison, by the most recent violation, and by the number of violations occurring since release from prison.

(b) Monthly participant unsuccessful terminations, including cause.

(c) Number of successful terminations.

(d) End month population by facility/program.

(e) Average length of placement.

(f) Return to prison statistics.

(g) Description of each program location or locations, capacity, and staffing.

(h) Sentencing guideline scores and actual sentence statistics for participants, if applicable.

(i) Comparison with prior year statistics.

(j) Analysis of the impact on prison admissions and jail utilization and the cost effectiveness of the program.

Sec. 612. (1) The department shall review and revise as necessary policy proposals that provide alternatives to prison for offenders being sentenced to prison as a result of technical probation violations and technical parole violations. To the extent the department has insufficient policies or resources to affect the continued increase in prison commitments among these offender populations, the department shall explore other policy options to allow for program alternatives, including department or OCC-funded programs, local level programs, and programs available through private agencies that may be used as prison alternatives for these offenders.

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

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

(4) The department shall provide monthly reports to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on the number of all parolees returned to prison and probationers sentenced to prison for either a technical violation or new sentence during the preceding calendar month. The reports shall include the following information each for probationers, parolees after their first parole, and parolees who have been paroled more than once:

(a) The numbers of parole and probation violators returned to or sent to prison for a new crime with a comparison of original versus new offenses by major offense type: assaultive, nonassaultive, drug, and sex.

(b) The numbers of parole and probation violators returned to or sent to prison for a technical violation and the type of violation, including, but not limited to, zero gun tolerance and substance abuse violations. For parole technical rule violators, the report shall list violations by type, by length of time since release from prison, by the most recent violation, and by the number of violations occurring since release from prison.

(c) The educational history of those offenders, including how many had a GED or high school diploma prior to incarceration in prison, how many received a GED while in prison, and how many received a vocational certificate while in prison.

(d) The number of offenders who participated in the MPRI versus the number of those who did not.

(e) The unduplicated number of offenders who participated in substance abuse treatment programs, mental health treatment programs, or both, while in prison, itemized by diagnosis.

Sec. 613. The department shall report by February 1, 2008 to the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on parole and probation special operations program participants from October 1, 2005 to September 30, 2007.

CONSENT DECREES

Sec. 701. Funding appropriated in part 1 for consent decree line items is appropriated into separate control accounts created for each line item. Funding in each control account shall be distributed as necessary into separate accounts created for the purpose of separately identifying costs and expenditures associated with each consent decree.

HEALTH CARE

Sec. 801. The department shall not expend funds appropriated under part 1 for any surgery, procedure, or treatment to provide or maintain a prisoner's sex change unless it is determined medically necessary by the chief medical officer of the department.

Sec. 802. (1) As a condition of expenditure of the funds appropriated in part 1, the department shall provide the senate and house of representatives appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director with all of the following:

(a) Quarterly reports on physical and mental health care detailing the average number of days between a prisoner's diagnosis and commencement of treatment for that diagnosis, quarterly and fiscal year-to-date expenditures itemized by vendor, allocations, status of payments from contractors to vendors, and projected year-end expenditures from accounts for prisoner health care, mental health care, pharmaceutical services, and durable medical equipment.

(b) Not more than 1 week after receiving the final findings and recommendations of the national commission on correctional health care, a report with regard to the following:

(i) Bureau of health care services organizational structure, administration, and management.

(ii) Timeliness, appropriateness, and quality of the following services:

(A) Clinical services provided through the department, including nursing, dental, and clinical support services.

(B) Clinical psychological services provided through the department, including intake processing, assaultive offender program, and sex offender treatment program.

(C) Mental health services to treat the seriously mentally ill provided through the department of community health, including inpatient care, rehabilitative treatment, residential treatment, crisis stabilization, and outpatient mental health treatment.

(D) Primary on-site medical services, on-site inpatient medical services, specialty services, and utilization review procedures provided by the state's health care contractors.

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

Sec. 804. (1) The department shall report quarterly to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on prisoner health care utilization. The report shall include the number of inpatient hospital days, outpatient visits, and emergency room visits in the previous quarter and since October 1, 2007, by facility.

(2) By April 1, 2008, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on prisoners receiving off-site inpatient medical care that would have received care in a state correctional facility if beds were available. The report shall include the number of prisoners receiving off-site inpatient medical care and average length of stay in an off-site facility during the period they would have received care in a state correctional facility if beds were available, by month and correctional facilities administration region.

Sec. 805. The bureau of health care services shall develop information on Hepatitis C and human immunodeficiency virus (HIV) prevention and the risks associated with exposure to Hepatitis C and HIV. The health care providers shall disseminate this information verbally and in writing to each prisoner at the health screening and full health appraisal conducted at admissions, at the annual health care screening 1 week before or after a prisoner's birthday, and prior to release to the community by parole, transfer to community residential placement, or discharge on the maximum sentence.

Sec. 806. (1) From the funds appropriated in part 1, the department shall require a Hepatitis C antibody test and an HIV test for each prisoner prior to release to the community by parole, transfer to community residential placement, or discharge on the maximum sentence. The department shall require an HIV test and a Hepatitis C risk factor screening for each prisoner at the health screening at admissions. If Hepatitis C risk factors are identified, the department shall offer the prisoner a Hepatitis C antibody test. An explanation of results of the tests shall be provided confidentially to the prisoner, and if appropriate based on the test results, the prisoner shall also be provided a recommendation to seek follow-up medical attention.

(2) By March 1, 2008, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the number of offenders tested and the number of offenders testing positive for HIV, the Hepatitis C antibody, or both at prison admission and parole, transfer to community residential placement, or discharge on the maximum sentence. The department shall keep records of those offenders testing positive for HIV, the Hepatitis C antibody, or both at prison admission, parole, transfer to community residential placement, and discharge. These records shall clearly state the date each test was performed.

(3) As a condition of expenditure of the funds appropriated in part 1, the department shall keep records of the following:

(a) The number of offenders testing positive for the Hepatitis C antibody who do not receive treatment, by reason for not participating.

(b) The number of offenders achieving a sustained viral response from Hepatitis C treatment.

(c) Cost and duration of treatment by offender.

Sec. 807. The department shall ensure that all medications for a prisoner be transported with that prisoner when the prisoner is transferred from 1 correctional facility to another. Prisoners being released shall be provided with a supply of medication to allow for continuity of care in the community.

Sec. 808. There are sufficient funds and FTEs appropriated in part 1 to provide a full complement of nurses for clinical complexes working regular pay hours, and it is the intent of the legislature that sufficient nurses be hired or retained to limit the use of overtime other-than-holiday pay.

Sec. 809. The department, in conjunction with efforts to implement the MPRI, shall cooperate with the MDCH to share data and information as they relate to prisoners being released who are HIV positive or positive for the Hepatitis C antibody. By April 1, 2008, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on all of the following:

(a) Programs and the location of programs implemented as a result of the work under this section.

(b) The programs' potential impact on the state budget.

(c) The number of prisoners released to the community by parole, discharge on the maximum sentence, or transfer to community residential placement who are HIV positive, positive for the Hepatitis C antibody, or both.

(d) The number of offenders successfully referred to the local public health department, by county, and the number of parolees participating in treatment for Hepatitis C, HIV, or both after 6 months in the community, by county.

Sec. 811. The department shall provide to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director a copy of the bureau of health care services quality assurance report not more than 1 week after its completion, but not later than September 30, 2008. The report shall include recommendations for quality improvements and a plan to implement those recommendations.

CORRECTIONAL FACILITIES ADMINISTRATION

Sec. 901. (1) By April 1, 2008, the department shall provide to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director a plan to make all department facilities and camps tobacco-free. It is the intent of the legislature that implementation of the plan shall commence no later than September 1, 2008, and be completed within 2 months after it is commenced.

(2) By September 30, 2008, the department shall provide to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director a progress report on implementation of the plan described in subsection (1). Both the plan and the progress report shall contain all of the following:

(a) A schedule for transitioning all facilities to tobacco-free status, including identification of any facilities that are already tobacco-free.

(b) Details on the department's efforts to provide tobacco cessation programs for prisoners and staff.

(c) Identification of the short-term and projected long-term budgetary and program implications of converting all facilities and camps to tobacco-free status, including the effects on institutional safety and security.

Sec. 902. From the funds appropriated in part 1, the department shall allocate sufficient funds to develop a pilot children's visitation program. The pilot program shall teach parenting skills and arrange for day visitation at these facilities for parents and their children, except for the families of prisoners convicted of a crime involving criminal sexual conduct in which the victim was less than 18 years of age or involving child abuse.

Sec. 903. Except as otherwise provided in this section, the department shall prohibit prisoners' access to or use of the Internet or any similar system. Under adequate supervision and with security precautions that ensure appropriate computer use by prisoners, the department may allow a prisoner access to or use of the Internet for the purposes of educational programming, employment training, job searches, or other Internet-based programs and services consistent with programming objectives, efficient operations, and the safety and security of the institution.

Sec. 904. Any department employee who, in the course of his or her job, is determined by a physician to have had a potential exposure to the Hepatitis B virus, shall receive a Hepatitis B vaccination upon request.

Sec. 905. (1) The inmate housing fund shall be used for the custody, treatment, clinical, and administrative costs associated with the housing of prisoners other than those specifically budgeted for elsewhere in this act. Funding in the inmate housing fund is appropriated into a separate control account. Funding in the control account shall be distributed as necessary into separate accounts created to separately identify costs for specific purposes.

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

Sec. 906. (1) The department shall establish a uniform rate to be paid by public and private agencies that benefit from public work services provided by special alternative incarceration participants and prisoners.

(2) It is the intent of the legislature that to the degree consistent with public safety and the safety and security of the institutions, public works projects be continued at the level provided in 2006 PA 331 by April 1, 2008.

(3) It is the intent of the legislature that public works user fee schedules be revised to double the rates in effect as of September 30, 2007, and that upon implementation of the fee increase, the department increase wages for prisoners on public works crews by not more than 10%.

Sec. 907. The department shall report monthly to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on academic/vocational programs. The report shall provide information relevant to an assessment of the department's academic and vocational programs, including, but not limited to, the following:

(a) The number of instructors and the number of instructor vacancies, by program and facility.

(b) The number of prisoners enrolled in each program, the number of prisoners completing each program, the number of prisoners who fail each program, the number of prisoners who do not complete each program and the reason for not completing the program, the number of prisoners transferred to another facility while enrolled in a program and the reason for transfer, the number of prisoners enrolled who are repeating the program by reason, and the number of prisoners on waiting lists for each program, all itemized by facility.

(c) The steps the department has undertaken to improve programs, track records, accommodate transfers and prisoners with health care needs, and reduce waiting lists.

(d) The number of prisoners not paroled at their earliest release date due to lack of a GED, and the reason the prisoners do not have their GED.

(e) The number of prisoners paroled without a GED.

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

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

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

Sec. 908. (1) By February 1, 2008, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director, the percent of offenders included in the prison population intake for fiscal years 2005-2006 and 2006-2007 who have a high school diploma or a GED.

(2) By February 1, 2008, the department shall provide the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director with statistical reports on the efficacy of both department-provided prison general education and vocational education programs in reducing offender recidivism rates. At a minimum, the report should compare the recidivism rates of the following groups of offenders:

(a) Offenders who completed a GED while in prison and participated in the MPRI.

(b) Offenders who completed a GED while in prison but did not participate in the MPRI.

(c) Offenders who completed a vocational education program while in prison and participated in the MPRI.

(d) Offenders who completed a vocational education program while in prison but did not participate in the MPRI.

Sec. 909. As a condition of expending funds appropriated for academic/vocational programs under part 1, the department shall by January 31, 2008 provide a plan to increase certification rates among prisoners enrolled in GED programs at correctional facilities to the members of the senate and house appropriations committees, the senate and house fiscal agencies, and the state budget director. The plan shall include detailed information on certification rates for the most recent 5-year period, a comparison with prisoner certification rates in other states and a national average, and details on how the department plans to improve certification rates.

Sec. 910. The department shall allow the Michigan Braille transcribing fund program to operate at its current location. The donation of the building by the Michigan Braille transcribing fund at the G. Robert Cotton correctional facility in Jackson is acknowledged and appreciated. The department shall continue to encourage the Michigan Braille transcribing fund to produce high-quality materials for use by the visually impaired.

Sec. 911. (1) From the appropriations in part 1, the department shall ensure that all prisoner activities shall include the presence of a sufficient number of correctional officers needed to maintain the safety and security of the institution.

(2) By February 1, 2008, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director the number of critical incidents occurring each month by type and the number and severity of assaults occurring each month at each facility during calendar year 2007.

Sec. 912. The department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director by April 1, 2008 on the ratio of correctional officers to prisoners for each correctional institution, the ratio of shift command staff to line custody staff, and the ratio of noncustody institutional staff to prisoners for each correctional institution.

Sec. 913. The department shall develop and maintain a statewide waiting list for offenders referred for assessment for the assaultive offender program for parole eligibility and, if possible, shall transfer prisoners into facilities where assaultive offender programs are available in order to facilitate timely participation and completion prior to parole eligibility hearings. Nothing in this section should be deemed to make parole denial appealable in court.

Sec. 914. Funds appropriated in part 1 for transportation are appropriated for costs incurred by the department in transporting offenders. It is the intent of the legislature that costs of offender transportation be met through expenditure of the line item for transportation, and that any costs in excess of the amount expressly appropriated for transportation be met solely through transfers into that line item under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 915. Funds appropriated in part 1 for prison food service are appropriated for costs incurred by the department in providing food to prisoners, to department employees as provided by collective bargaining agreements, and to governmental agencies as provided by interagency agreements and contracts. It is the intent of the legislature that costs of prison food service be met through expenditure of the line item for prison food service, and that any costs in excess of the amount expressly appropriated for prison food service be met solely through transfers into that line item under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 916. From the funds appropriated in part 1, the department shall allocate \$100,000.00 for the acquisition of stab-proof vests, contingent on entering into a contract for the construction or manufacture of stab-proof vests.

Sec. 917. It is the intent of the legislature that the department implement evidence-based pilot programs that change offenders' behaviors, values, beliefs, and attitudes toward victims and the community.

Sec. 918. Following receipt of an auditor general performance audit on offender transportation, the department, in conjunction with the department of management and budget, shall issue a request for information on the possible bidding of all offender transportation services. State employees shall be given the opportunity to respond to a request for information on offender transportation services. Any response to the request for information shall include an explanation of how savings of at least 5% over existing costs of offender transportation would be realized.

Sec. 919. Following receipt of an auditor general performance audit on prison food service, the department, in conjunction with the department of management and budget, shall issue a request for information on the possible bidding of all prison food service. State employees shall be given the opportunity to respond to a request for information on prison food service. Any response to the request for information shall include an explanation of how savings of at least 5% over existing costs of prison food service would be realized.

Sec. 920. The department shall make every effort to operate a garden or horticultural operation at each correctional facility, where practical, in order to provide food for correctional facilities and not-for-profit organizations.

Sec. 921. Funds appropriated in part 1 for facility maintenance and repurposing are appropriated for necessary utility and security costs for the former Camp Manistique and for conducting a feasibility study on potential future uses of closed correctional facilities, camps, and prison farms located in the Upper Peninsula.

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 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.

Alma Wheeler Smith
Doug Bennett
John M. Proos
Conferees for the House

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

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

Roll Call No. 448

Yeas—35

Allen	Clark-Coleman	Jacobs	Sanborn
Anderson	Clarke	Jansen	Schauer
Barcia	Cropsey	Jelinek	Scott
Basham	Garcia	Kahn	Stamas
Birkholz	George	Kuipers	Switalski
Bishop	Gilbert	McManus	Thomas
Brater	Gleason	Olshove	Van Woerkom
Brown	Hardiman	Pappageorge	Whitmer
Cherry	Hunter	Patterson	

Nays—3

Cassis	Prusi	Richardville
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Excused—0

Not Voting—0

In The Chair: Richardville

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

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.

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

FIRST CONFERENCE REPORT

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

Recommends:

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

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

A bill to make appropriations for the department of natural resources for the fiscal 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.

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 natural resources 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 NATURAL RESOURCES

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	2,082.9	
GROSS APPROPRIATION		\$ 289,195,400
Interdepartmental grant revenues:		
IDG, engineering services to work orders		1,972,100
IDG, MacMullan conference center revenue		1,419,200
IDG, land acquisition services to work orders		417,000
Total interdepartmental grants and intradepartmental transfers		3,808,300
ADJUSTED GROSS APPROPRIATION		\$ 285,387,100
Federal revenues:		
DAG, federal		14,344,000
DOC, federal		71,400
DOE, federal		1,000
DOI, federal		25,260,100
DHS, USCG		5,905,600
DOT, federal		2,100,000
EPA, federal		286,800
Total federal revenues		47,968,900
Special revenue funds:		
Private funds		3,166,500
Total private revenues		3,166,500
Air photo fees - geographic information system		26,300
Aircraft fees		257,300
Cervidae licensing and inspection fees		165,000
Clean Michigan initiative fund		57,600
Commercial forest fund		48,500
Forest recreation fund		1,459,000
Forest development fund		27,316,800
Forestland user charges		563,400
Game and fish protection fund		66,797,600
Game and fish protection fund - fisheries settlement		905,500
Game and fish protection fund - deer habitat reserve		3,039,900
Game and fish protection fund - turkey permit fees		1,837,700
Game and fish protection fund - waterfowl fees		108,900
Game and fish - wildlife resource protection fund		1,653,600
Game and fish protection fund - youth hunting and fishing education and outreach		28,400
Harbor development fund		299,400
Land exchange facilitation fund		6,166,400
Marine safety fund		4,771,700
Michigan civilian conservation corps endowment fund		525,000
Michigan state parks endowment fund		13,816,600

	For Fiscal Year Ending Sept. 30, 2008
Michigan state waterways fund	\$ 16,504,100
Michigan natural resources trust fund	3,065,200
Nongame wildlife fund	704,800
Off-road vehicle trail improvement fund	4,701,600
Park improvement fund	41,367,500
Publication revenue	500
Recreation improvement fund	1,476,500
Safety education fund	217,300
Shop fees	65,900
Snowmobile registration fee revenue	2,273,400
Snowmobile trail improvement fund	10,030,100
Sportsmen against hunger fund	257,000
Total other state restricted revenues	210,508,500
State general fund/general purpose	\$ 23,743,200
Sec. 102. EXECUTIVE	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	45.6
Commission (including travel expense—per diem)	\$ 91,300
Unclassified salaries	416,500
Communications—33.6 FTE positions	3,378,200
Executive direction—12.0 FTE positions	2,099,500
GROSS APPROPRIATION	\$ 5,985,500
Appropriated from:	
Interdepartmental grant revenues:	
IDG, MacMullan conference center revenue	6,100
Special revenue funds:	
Aircraft fees	500
Forest development fund	301,100
Forestland user charges	6,500
Forest recreation fund	28,000
Game and fish protection fund	2,040,500
Game and fish protection fund - deer habitat reserve	38,000
Game and fish protection fund - turkey permit fees	16,200
Game and fish protection fund - waterfowl fees	900
Game and fish - wildlife resource protection fund	15,600
Game and fish protection fund - youth hunting and fishing education and outreach	28,400
Harbor development fund	600
Land exchange facilitation fund	65,100
Marine safety fund	29,900
Michigan natural resources trust fund	33,000
Michigan state parks endowment fund	134,100
Michigan state waterways fund	288,100
Nongame wildlife fund	11,300
Off-road vehicle trail improvement fund	24,200
Park improvement fund	2,214,900
Publications revenue	500
Recreation improvement fund	13,300
Snowmobile registration fee revenue	4,400
Snowmobile trail improvement fund	47,400
State general fund/general purpose	\$ 636,900
Sec. 103. ADMINISTRATIVE SERVICES	
Full-time equated classified positions	80.0
Budget and support services—10.0 FTE positions	\$ 1,034,600
Financial services—27.0 FTE positions	2,560,900
Grants administration—15.0 FTE positions	1,356,000
Human resources—20.0 FTE positions	2,137,700

	For Fiscal Year Ending Sept. 30, 2008
Human resources optimization user charges.....	\$ 163,000
Internal audit—8.0 FTE positions	867,000
GROSS APPROPRIATION	\$ 8,119,200
Appropriated from:	
Interdepartmental grant revenues:	
Federal revenues:	
DOI, federal	315,600
Special revenue funds:	
Clean Michigan initiative fund.....	57,600
Commercial forest fund	1,000
Forest development fund.....	1,113,700
Forestland user charges	1,000
Forest recreation fund	77,100
Game and fish protection fund	1,666,000
Game and fish protection fund - deer habitat reserve.....	66,400
Game and fish protection fund - turkey permit fees	33,700
Game and fish protection fund - waterfowl fees.....	4,600
Game and fish - wildlife resource protection fund	35,000
Harbor development fund.....	7,200
Land exchange facilitation fund	77,500
Marine safety fund.....	173,300
Michigan natural resources trust fund	754,100
Michigan state parks endowment fund	360,400
Michigan state waterways fund	482,800
Nongame wildlife fund	23,900
Off-road vehicle trail improvement fund.....	70,600
Park improvement fund	1,375,900
Recreation improvement fund	21,000
Safety education fund	6,600
Snowmobile registration fee revenue	79,000
Snowmobile trail improvement fund	246,800
State general fund/general purpose	\$ 1,068,400
Sec. 104. LAND AND FACILITIES	
Full-time equated classified positions	134.2
Land and facilities—134.2 FTE positions	\$ 20,310,600
GROSS APPROPRIATION	\$ 20,310,600
Appropriated from:	
Interdepartmental grant revenues:	
IDG, MacMullan conference center revenue	1,413,100
IDG, engineering services to work orders.....	1,972,100
IDG, land acquisition services to work orders	417,000
Special revenue funds:	
Forest development fund.....	1,903,300
Forestland user charges	13,600
Forest recreation fund	11,000
Game and fish protection fund	6,912,600
Game and fish protection fund - deer habitat reserve.....	117,900
Game and fish protection fund - turkey permit fees	37,600
Game and fish - wildlife resource protection fund	10,400
Land exchange facilitation fund	5,907,900
Marine safety fund.....	75,700
Michigan natural resources trust fund	5,900
Michigan state parks endowment fund	132,600
Michigan state waterways fund	266,100
Park improvement fund	504,200
Off-road vehicle trail improvement fund.....	24,100

	For Fiscal Year Ending Sept. 30, 2008
Snowmobile trail improvement fund	\$ 123,800
State general fund/general purpose	\$ 461,700
Sec. 105. DEPARTMENTAL OPERATION SUPPORT	
Building occupancy charges.....	\$ 2,135,700
Rent - privately owned property.....	565,000
Gifts and bequests.....	500,000
GROSS APPROPRIATION.....	\$ 3,200,700
Appropriated from:	
Special revenue funds:	
Private funds	500,000
Forest development fund.....	651,100
Forest recreation fund	20,900
Game and fish protection fund.....	952,400
Game and fish protection fund - deer habitat reserve.....	21,300
Game and fish protection fund - turkey permit fees.....	20,400
Game and fish - wildlife resource protection fund.....	7,600
Land exchange facilitation fund.....	13,200
Marine safety fund.....	34,900
Michigan state parks endowment fund.....	245,400
Michigan state waterways fund.....	151,600
Michigan natural resources trust fund.....	43,000
Snowmobile trail improvement fund.....	22,300
Park improvement fund.....	341,600
State general fund/general purpose	\$ 175,000
Sec. 106. WILDLIFE MANAGEMENT	
Full-time equated classified positions	195.7
Wildlife management—186.7 FTE positions.....	\$ 27,630,000
Natural resources heritage—9.0 FTE positions	1,324,700
State game and wildlife area maintenance	500,000
GROSS APPROPRIATION.....	\$ 29,454,700
Appropriated from:	
Federal revenues:	
DAG, federal.....	206,000
DOI, federal.....	10,957,100
EPA, federal.....	1,000
Special revenue funds:	
Private funds	114,400
Cervidae licensing and inspection fees	101,300
Forest development fund.....	63,300
Game and fish protection fund.....	10,653,600
Game and fish protection fund - deer habitat reserve.....	2,723,300
Game and fish protection fund - turkey permit fees.....	1,665,500
Game and fish protection fund - waterfowl fees.....	103,400
Nongame wildlife fund	633,800
Sportsmen against hunger fund.....	257,000
State general fund/general purpose	\$ 1,975,000
Sec. 107. FISHERIES MANAGEMENT	
Full-time equated classified positions	225.0
Aquatic resource mitigation—3.0 FTE positions.....	\$ 906,500
Fisheries resource management—160.0 FTE positions	20,094,000
Fish production—62.0 FTE positions.....	8,664,400
GROSS APPROPRIATION.....	\$ 29,664,900
Appropriated from:	
Federal revenues:	
DAG, federal.....	134,200
DOE, federal.....	1,000

	For Fiscal Year Ending Sept. 30, 2008
DOC, federal.....	\$ 53,300
DOI, federal.....	9,392,600
EPA, federal.....	165,000
Special revenue funds:	
Private funds.....	116,300
Game and fish protection fund - fisheries settlement.....	905,500
Game and fish protection fund.....	18,897,000
State general fund/general purpose.....	\$ 0
Sec. 108. PARKS AND RECREATION	
Full-time equated classified positions.....	794.9
State parks—628.4 FTE positions.....	\$ 46,981,200
State park improvement revenue bonds - debt service.....	1,127,800
Recreational boating—163.5 FTE positions.....	14,448,500
Michigan civilian conservation corps—3.0 FTE positions.....	500,000
GROSS APPROPRIATION.....	\$ 63,057,500
Appropriated from:	
Federal revenues:	
EPA, federal.....	119,800
Special revenue funds:	
Private funds.....	362,500
Harbor development fund.....	285,000
Michigan civilian conservation corps endowment fund.....	500,000
Michigan state parks endowment fund.....	12,032,500
Michigan state waterways fund.....	14,163,500
Off-road vehicle trail improvement fund.....	242,200
Park improvement fund.....	35,352,000
State general fund/general purpose.....	\$ 0
Sec. 109. FOREST, MINERAL, AND FIRE MANAGEMENT	
Full-time equated classified positions.....	340.0
Forest and timber treatments—120.0 FTE positions.....	\$ 14,165,200
Forest management planning—18.0 FTE positions.....	3,996,600
Adopt-a-forest program.....	25,000
Wildfire protection—130.0 FTE positions.....	10,503,900
Forest recreation and trails—35.0 FTE positions.....	4,946,200
Minerals management—17.3 FTE positions.....	2,515,700
Cooperative resource programs—10.5 FTE positions.....	2,521,500
Forest management initiative—9.2 FTE positions.....	862,900
Forest fire equipment.....	100,000
GROSS APPROPRIATION.....	\$ 39,637,000
Appropriated from:	
Federal revenues:	
DAG, federal.....	2,378,800
DOI, federal.....	2,000
EPA, federal.....	1,000
Special revenue funds:	
Private funds.....	923,300
Aircraft fees.....	256,800
Air photo fees - geographic information system.....	26,300
Commercial forest fund.....	47,500
Forest recreation fund.....	1,211,500
Forest development fund.....	21,829,000
Forestland user charges.....	526,200
Game and fish protection fund.....	1,702,200
Michigan state waterways fund.....	385,100
Michigan natural resources trust fund.....	1,243,100
Michigan state parks endowment fund.....	563,800

	For Fiscal Year Ending Sept. 30, 2008
Off-road vehicle trail improvement fund.....	\$ 661,500
Recreation improvement fund	322,400
Shop fees	65,900
Snowmobile trail improvement fund	2,212,700
State general fund/general purpose	\$ 5,277,900
Sec. 110. LAW ENFORCEMENT	
Full-time equated classified positions	267.5
General law enforcement—267.5 FTE positions	\$ 32,042,600
GROSS APPROPRIATION	\$ 32,042,600
Appropriated from:	
Federal revenues:	
DOC, federal.....	18,100
DOI, federal.....	1,475,900
DHS, USCG.....	4,435,600
Special revenue funds:	
Cervidae licensing and inspection fees	63,700
Forest recreation fund	59,700
Game and fish - wildlife resource protection fund.....	1,529,700
Game and fish protection fund.....	18,963,200
Marine safety fund.....	1,579,800
Off-road vehicle trail improvement fund.....	1,225,000
Safety education fund	60,700
Park improvement fund.....	59,700
Snowmobile registration fee revenue	1,018,300
State general fund/general purpose	\$ 1,553,200
Sec. 111. PAYMENTS IN LIEU OF TAXES	
Swamp and tax reverted lands.....	\$ 7,071,500
Purchased lands	4,450,000
Commercial forest reserve	2,662,600
GROSS APPROPRIATION	\$ 14,184,100
Appropriated from:	
Special revenue funds:	
Game and fish protection fund.....	1,715,000
Michigan natural resources trust fund.....	500,000
Michigan state waterways fund.....	135,000
State general fund/general purpose	\$ 11,834,100
Sec. 112. GRANTS	
Grant to counties—marine safety.....	\$ 4,275,000
Accessibility grants.....	1,000,000
Federal - land and water conservation fund payments.....	2,566,900
Federal - forest stewardship grants.....	4,125,000
Federal - urban forestry grants.....	4,000,000
Federal - rural community fire protection	300,000
Federal - clean vessel act grants	400,000
Grants to communities - federal oil, gas, and timber payments.....	3,450,000
Recreation improvement fund grants.....	1,100,000
Snowmobile local grants program.....	7,314,000
Snowmobile law enforcement grants.....	1,142,000
Off-road vehicle safety training grants.....	150,000
Off-road vehicle trail improvement grants	2,454,000
National recreational trails.....	2,150,000
Game and nongame wildlife fund grants.....	10,000
Inland fisheries resources grants	200,000
GROSS APPROPRIATION	\$ 34,636,900
Appropriated from:	
Federal revenues:	
DAG, federal.....	11,625,000

	For Fiscal Year Ending Sept. 30, 2008
DHS, USCG.....	\$ 1,470,000
DOI, federal.....	3,116,900
DOT, federal.....	2,100,000
Special revenue funds:	
Private funds.....	1,150,000
Game and fish protection fund.....	200,000
Marine safety fund.....	2,805,000
Nongame wildlife fund.....	10,000
Off-road vehicle trail improvement fund.....	2,454,000
Recreation improvement fund.....	1,100,000
Safety education fund.....	150,000
Snowmobile registration fee revenue.....	1,142,000
Snowmobile trail improvement fund.....	7,314,000
State general fund/general purpose.....	\$ 0
Sec. 113. INFORMATION TECHNOLOGY	
Information technology services and projects.....	\$ 8,901,700
GROSS APPROPRIATION.....	\$ 8,901,700
Appropriated from:	
Interdepartmental grant revenues:	
Special revenue funds:	
Forest development fund.....	1,455,300
Forestland user charges.....	16,100
Forest recreation fund.....	50,800
Game and fish protection fund.....	3,095,100
Game and fish protection fund - deer habitat reserve.....	73,000
Game and fish protection fund - turkey permit fees.....	64,300
Game and fish - wildlife resource protection fund.....	55,300
Harbor development fund.....	6,600
Land exchange facilitation fund.....	102,700
Marine safety fund.....	73,100
Michigan civilian conservation corps endowment fund.....	25,000
Michigan natural resources trust fund.....	486,100
Michigan state parks endowment fund.....	347,800
Michigan state waterways fund.....	631,900
Nongame wildlife fund.....	25,800
Park improvement fund.....	1,519,200
Recreation improvement fund.....	19,800
Snowmobile registration fee revenue.....	29,700
Snowmobile trail improvement fund.....	63,100
State general fund/general purpose.....	\$ 761,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2007-2008 is \$234,251,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2007-2008 is \$19,241,100.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF NATURAL RESOURCES

PAYMENTS IN LIEU OF TAXES

Commercial forest reserves.....	\$ 2,662,600
Purchased lands.....	4,450,000
Swamp and tax reverted lands.....	7,071,500

GRANTS

Grants to counties - marine safety.....	\$ 2,805,000
Off-road vehicle safety training grants.....	150,000
Off-road vehicle trail improvement grants.....	450,000
Recreation improvement fund grants.....	110,000

Snowmobile law enforcement grants.....	1,142,000
Snowmobile local grants program.....	400,000
TOTAL.....	\$ 19,241,100

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

Sec. 203. As used in this act:

- (a) "Commission" means the commission of natural resources.
- (b) "DAG" means the United States department of agriculture.
- (c) "Department" means the department of natural resources.
- (d) "DHS" means the United States department of homeland security.
- (e) "DOC" means the United States department of commerce.
- (f) "DOE" means the United States department of energy.
- (g) "DOI" means the United States department of interior.
- (h) "DOT" means the United States department of transportation.
- (i) "EPA" means the United States environmental protection agency.
- (j) "FTE" means full-time equated.
- (k) "IDG" means interdepartmental grant.

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, 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 exceptions.

Sec. 206. The department shall use the Internet to fulfill the reporting requirements of this act. This requirement can be met if reports are transmitted via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

Sec. 207. Within 14 days after the release of the executive budget recommendation, the department shall provide the state budget director, the senate and house appropriations subcommittees on natural resources, and the senate and house fiscal agencies with an annual report on estimated restricted fund balances, projected revenues, and expenditures for the fiscal years ending September 30, 2007 and September 30, 2008.

Sec. 208. (1) From the funds appropriated under part 1, the department shall prepare a report that lists all of the following regarding grant, loan, or grant and loan programs administered by the department for the fiscal year ending on September 30, 2008:

- (a) The name of each program.
- (b) The goals, criteria, filing fees, nominating procedures, eligibility requirements, processes, and deadlines for each program.
- (c) The maximum and minimum grant and loan available and whether there is a match requirement for each program.
- (d) The amount of any required match, and whether in-kind contributions may be used as part or all of a required match.
- (e) Information pertaining to the application process, timeline for each program, and the contact people within the department.
- (f) The source of funds for each program, including the citation of pertinent authorizing acts.
- (g) Information regarding plans for the next fiscal year for the phaseout, expansion, or changes for each program.
- (h) A listing of all recipients of grants or loans awarded by the department by type and amount of grant or loan during the fiscal year ending September 30, 2007.

(2) The reports required under this section shall be submitted to the state budget director, the senate and house appropriations committees, and the senate and house fiscal agencies by January 1, 2008.

Sec. 209. Appropriations of state-restricted game and fish protection funds have been made to the following departments and agencies in their respective appropriation acts. The amounts appropriated to these departments and agencies are listed below:

Department of civil service.....	\$ 409,100
History, arts, and libraries.....	3,700
Legislative auditor general.....	21,400
Attorney general.....	767,800

Department of management and budget	278,600
Department of treasury	11,700

Sec. 210. Before January 31, 2008, the department, in cooperation with the Michigan state waterways commission, shall provide to the state budget director, the senate and house appropriations subcommittees on natural resources, and the senate and house fiscal agencies a list of projects completed by the commission in fiscal year 2006-2007, including the county and municipality in which each project is located.

Sec. 211. Pursuant to section 43703(3) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.43703, there is appropriated from the game and fish protection trust fund to the game and fish protection account of the Michigan conservation and recreation legacy fund, \$6,000,000.00 for the fiscal year ending September 30, 2008.

Sec. 212. 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 department and the department of information technology.

Sec. 213. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support 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. 214. (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 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. 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, that are manufactured or provided by Michigan businesses owned and operated by veterans, if they are competitively priced and of comparable quality.

Sec. 216. The director shall take all reasonable steps to ensure businesses in deprived and depressed communities and in Lake County compete for and perform contracts to provide services or supplies, or both. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in deprived and depressed communities for services, supplies, or both.

Sec. 217. The department shall not take disciplinary action against an employee for communicating truthfully and factually with a member of the legislature or his or her staff.

Sec. 218. (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. 219. 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. 220. The department shall develop a plan for allocating restricted funds among department administrative support and regulatory activities. This plan shall be submitted to the house and senate appropriations subcommittees on natural resources by January 30, 2008. This plan shall include a cost allocation plan for financial services support, office space rent and building occupancy charges, and support division service for information systems and technology and a methodology to use information generated through activity reports that identifies the percentage of employee time spent on restricted fund activities.

Sec. 222. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$3,000,000.00 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 \$5,000,000.00 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. 223. (1) The department and the legislature shall create a workgroup to develop recommendations for long-term funding for the department. The recommendations shall be submitted to the senate and house appropriations committees by September 30, 2008.

(2) The workgroup shall consist of 7 members, appointed as follows:

(a) Two members of the senate appointed by the senate majority leader, 1 of whom shall be the chair of the appropriations subcommittee on natural resources.

(b) Two members of the house appointed by the speaker of the house, 1 of whom shall be the chair of the appropriations subcommittee on natural resources.

(c) The director of the department.

(d) Two members appointed by the governor, 1 of whom shall be a member of the natural resources commission and 1 of whom shall be a member of the citizens committee for Michigan state parks.

(3) The chairs of the appropriation subcommittees shall serve as cochairs of the workgroup.

Sec. 224. It is the intent of the legislature that revenue shortfalls in state restricted funds appropriated in part 1 shall be addressed by January 15, 2008.

ADMINISTRATIVE SERVICES

Sec. 401. The department may charge the appropriations contained in part 1, including all special maintenance and capital projects appropriated for the fiscal year ending September 30, 2008, for engineering services provided, a standard percentage fee to recover actual costs. The department may use the revenue derived to support the engineering services charges provided for in part 1.

Sec. 402. The department may charge land acquisition projects appropriated for the fiscal year ending September 30, 2008, and for prior fiscal years, a standard percentage fee to recover actual costs, and may use the revenue derived to support the land acquisition service charges provided for in part 1.

Sec. 403. The department may charge both application fees and transaction fees related to the exchange or sale of state-owned land or rights in land authorized by part 21 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2101 to 324.2162. The fees shall be set by the director at a rate which allows the department to recover its costs for providing these services.

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

Sec. 405. Within 21 days after the end of the fiscal year ending September 30, 2008, the department shall submit to the senate and house appropriations subcommittees on natural resources a report on all land transactions approved by the commission in the previous fiscal year. For each land transaction, the report shall include the size of the parcel, the

county and municipality in which the parcel is located, the dollar amount of the transaction, the fund source affected by the transaction, and whether the transaction is by purchase, public auction, transfer, exchange, or conveyance.

WILDLIFE MANAGEMENT

Sec. 501. It is the intent of the legislature that, from the funds appropriated in part 1, the department shall reimburse the department of agriculture for costs incurred for indemnification payments for livestock losses caused by wolves, coyotes, or cougars under the animal industry act, 1988 PA 466, MCL 287.701 to 287.745.

Sec. 502. From the funds appropriated in part 1, the department shall submit quarterly reports to the state budget director, the senate and house appropriations subcommittees on natural resources, and the senate and house fiscal agencies that provide detail about enforcement actions taken to eradicate bovine TB, the number of infected deer found, new science it is working on to detect bovine TB, and other relevant information about the department's efforts to address the presence of bovine TB in the state.

FISHERIES MANAGEMENT

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

(a) The department of environmental quality as a condition for issuance of a certification under the federal water pollution control act, 33 USC 1341.

(b) The federal energy regulatory commission as a condition of licensing under the federal power act, 16 USC 791a to 825r.

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

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

Sec. 603. From the funds appropriated in part 1 for fish production and fisheries resource management, the department shall continue to operate the 6 hatcheries that were operational on September 30, 2007.

PARKS AND RECREATION

Sec. 701. Pursuant to section 1902(2) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.1902, there is appropriated from the Michigan natural resources trust fund to the Michigan state parks endowment fund an amount not to exceed \$10,000,000.00 for the fiscal year ending September 30, 2008.

Sec. 702. (1) The department shall prepare detailed reports for construction projects in state parks that will involve campsite or campground closures. These reports shall include expected costs, impacts on recreation opportunities, impacts on state park revenues, and the expected impact on state park users. The department shall also prepare reports on average monthly campground occupancy rates for every state park during the previous summer season. The department shall provide reports described in this subsection to the house and senate appropriations subcommittees on natural resources and the house and senate fiscal agencies not later than April 1, 2008.

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

Sec. 703. From the funds appropriated in part 1, the department shall maintain an appropriate number of defibrillators in state parks. State parks shall accept donations of defibrillators.

Sec. 704. By September 30, 2008, the department shall report to the senate and house appropriations subcommittees on natural resources and the senate and house fiscal agencies any misuse of complimentary or discounted day passes at state recreational facilities during the 2007-2008 fiscal year.

Sec. 705. The department shall not alter or halt operations of the ski hill or demolish buildings related to the ski hill, the assistant manager residence, the 3-unit apartment building, or the carpenter's shop and garage in Porcupine Mountains wilderness state park. The department shall collaborate with travel Michigan for the marketing and promotion of the ski hill.

Sec. 706. The department shall work with the natural resources commission to create a plan for generating annual corporate sponsorship revenue for state parks operations. The department shall inventory all state park assets and determine a plan for attracting sponsorships of those assets in a tasteful and appropriate manner without detracting from the image of the park itself. The plan shall be submitted to the state budget director, the senate and house appropriations subcommittees on natural resources, and the senate and house fiscal agencies by January 31, 2008.

FOREST, MINERAL, AND FIRE MANAGEMENT

Sec. 801. In addition to the funds appropriated in part 1, \$350,000.00 is appropriated to cover costs related to any declared emergency involving the collapse of any abandoned mine shaft located on state land. This appropriation shall not be expended unless the state budget director recommends the expenditure and the department notifies the house and senate committees on appropriations.

Sec. 802. As a condition of expenditure of appropriations in part 1 from state general fund/general purpose, on November 15, 2007 the department shall provide at least \$1,000,000.00 from cooperative resources programs as an

interdepartmental grant to the department of agriculture for the cooperative resources management initiative program for the purposes of supporting forestry programs in local conservation districts.

Sec. 804. It is the intent of the legislature to restore the \$20,000,000.00 by which the grant from the 21st century jobs trust fund to the Michigan forest finance authority under section 88j of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088j, was reduced in fiscal year 2006-2007.

Sec. 805. The department shall spend amounts appropriated in part 1 for forest-related activities to employ or contract for additional foresters to mark timber, pursuant to section 806.

Sec. 806. Of the funds appropriated in part 1, the department shall, subject to the forest certification process, prescribe appropriate treatment on not less than 63,000 acres at the current average rate of 12.5 to 13 cords per acre, and put those cords up for sale in 2008, provided that the department shall take into consideration the impact of timber harvesting on wildlife habitat and recreation uses. The department shall, subject to the forest certification process, increase marking or treatment of hardwood timber for sale and harvest by 10% over 2007 levels. In addition, the department shall take into consideration silvicultural analysis and report annually to the legislature on plans and efforts to address factors limiting management of timber. The department shall provide quarterly reports on the number of acres treated, pursuant to this section, to the senate and house appropriations subcommittees on natural resources and the standing committees of the senate and house of representatives with primary responsibility for natural resources issues.

Sec. 807. From the funds appropriated in part 1, the department shall allow for a designated snowmobile route connecting the Village of Bellaire to the Jordan River Trail across state-owned land with associated reasonable restrictions that mitigate negative impacts on the natural resources.

Sec. 808. In addition to the money appropriated in this act, the department may receive and expend money from federal sources for the purpose of providing response to wildfires as required by a compact with the federal government. If additional expenditure authorization is required, the department shall notify the state budget office that expenditure under this section is required. The department shall notify the house and senate appropriations subcommittees on natural resources and the house and senate fiscal agencies of the expenditures under this section by November 1, 2008.

LAW ENFORCEMENT

Sec. 901. The appropriation in part 1 for snowmobile law enforcement grants shall be used to provide grants to county law enforcement agencies to enforce part 821 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.82101 to 324.82160, including rules promulgated under that part and ordinances enacted pursuant to that part. The department shall consider the number of enforcement hours and the number of miles of snowmobile trails in each county in allocating these grants. Any funds not distributed to counties revert back to the snowmobile registration fee subaccount created under section 82111 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.82111. Counties shall provide semiannual reports to the department on the use of grant money received under this section.

GRANTS

Sec. 1101. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 for grants to communities - federal oil, gas, and timber payments and that do not require additional state matching funds are appropriated for the purposes intended. By November 30, 2007, the department shall report to the senate and house appropriations subcommittees on natural resources, the senate and house fiscal agencies, and the state budget director on all amounts appropriated under this section during the fiscal year ending September 30, 2007.

Sec. 1102. Subject to part 811 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.81101 to 324.81150, from the funds appropriated in part 1 for off-road vehicle trail improvements grants, not less than \$980,000.00 shall be spent on the development of new trails in accordance with the off-road vehicle trail expansion plan submitted to the legislature pursuant to section 807 of article 14 of 2005 PA 154.

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 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.

Michael Lahti
Dudley Spade
Darwin Booher
Conferees for the House

Michelle McManus
Mark Jansen
Liz Brater
Conferees for the Senate

The question being on the adoption of the conference report,

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

Roll Call No. 449**Yeas—32**

Allen	Cassis	Hardiman	Olshove
Anderson	Cherry	Hunter	Pappageorge
Barcia	Clark-Coleman	Jacobs	Schauer
Basham	Clarke	Jansen	Scott
Birkholz	Cropsey	Jelinek	Stamas
Bishop	Garcia	Kahn	Switalski
Brater	George	Kuipers	Thomas
Brown	Gleason	McManus	Van Woerkom

Nays—6

Gilbert	Prusi	Sanborn	Whitmer
Patterson	Richardville		

Excused—0**Not Voting—0**

In The Chair: Richardville

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

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

The motion prevailed.

Senator Garcia's statement is as follows:

First of all, I intend to support this budget, but I do want to take this opportunity to say a couple of things about this department that I believe needs some attention.

First of all, some of you may know that I have the Island Lake Shooting Range in my district. Over the last couple of years, some of my constituents have brought suit against the state and the shooting range for the noise that comes from that shooting range. Now there are some disputes between the residents and the shooting range as to who was there first. I think it is clear that the shooting range was there first. However, the type of shooting that has occurred there changed about three years ago and has caused a deterioration in the quality of life for many of my constituents.

Now most of you know that I have been supported by the NRA. The fact that I serve in the military, I have no problem with guns; I have no problem with shooting, but I also represent constituents and believe that they, too, ought to be afforded a quality of life. The judge in the court case ruled in favor of the department. It is my hope that the department will now take some steps to help improve the situation there and help serve all the citizens of the state, including my constituents. It is my hope that we will be able to work something out there.

So while I intend to support this budget, I do hope that the department will keep in mind the fact that we still need to do something about the noise at that range and the complaints that my constituents will have.

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.

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

The Conference Report was read as follows:

FIRST CONFERENCE REPORT

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

Recommends:

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

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

A bill to make appropriations for the department of environmental quality for the fiscal year ending September 30, 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.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of environmental quality for the fiscal year ending September 30, 2008, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF ENVIRONMENTAL QUALITY

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	1,561.7	
GROSS APPROPRIATION		\$ 370,844,400
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		18,662,900
ADJUSTED GROSS APPROPRIATION		\$ 352,181,500
Federal revenues:		
Total federal revenues		131,750,500
Special revenue funds:		
Total local revenues		0
Total private revenues		455,100
Total other state restricted revenues		188,212,700
State general fund/general purpose		\$ 31,763,200
FUND SOURCE SUMMARY:		
Full-time equated unclassified positions	6.0	
Full-time equated classified positions	1,561.7	
GROSS APPROPRIATION		\$ 370,844,400
Interdepartmental grant revenues:		
IDG-MDCH, local public health operations		10,472,500
IDG-MDSP		880,400
IDG, Michigan transportation fund		1,057,000
IDT, interdivisional charges		2,053,400
IDT, laboratory services		4,199,600
Total interdepartmental grants and intradepartmental transfers		18,662,900
ADJUSTED GROSS APPROPRIATION		\$ 352,181,500
Federal revenues:		
DHHS, federal		6,200
DHS, federal		3,609,300
DOC-NOAA, federal		3,670,200
DOD, federal		1,202,600
DOI, federal		594,000
EPA, brownfield cleanup revolving loan fund		1,000,000
EPA, multiple		121,668,200
Total federal revenues		131,750,500

	For Fiscal Year Ending Sept. 30, 2008
Special revenue funds:	
Private funds	\$ 455,100
Total private revenues	455,100
Aboveground storage tank fees	760,400
Air emissions fees.....	13,654,900
Aquifer protection revolving fund.....	400,000
Campground fund	237,600
Clean Michigan initiative - administration.....	335,500
Clean Michigan initiative - clean water fund.....	3,372,000
Clean Michigan initiative - response activities.....	5,663,200
Cleanup and redevelopment fund.....	12,383,100
Community pollution prevention fund.....	250,000
Environmental pollution prevention fund.....	2,033,000
Environmental protection fund.....	3,907,100
Environmental response fund	6,299,700
Fees and collections.....	552,500
Financial instruments.....	5,000,000
Great Lakes protection fund.....	1,603,100
Groundwater discharge permit fees.....	2,826,000
Hazardous materials transportation permit fund.....	218,500
Infrastructure construction fund.....	400,000
Laboratory data quality recognition fund.....	16,200
Land and water permit fees.....	4,252,500
Landfill maintenance trust fund	55,900
Medical waste emergency response fund	240,300
Metallic mining surveillance fee revenue	93,500
Mineral well regulatory fee revenue.....	246,000
Nonferrous metallic mineral surveillance.....	218,600
NPDES fees	3,362,400
Oil and gas regulatory fund	7,829,100
On-site wastewater treatment program fund.....	592,500
Orphan well fund.....	2,051,900
Public swimming pool fund	541,300
Public utility assessments	786,100
Public water supply fees	3,949,600
Publication revenue.....	120,200
Refined petroleum fund	30,684,500
Restricted funds	18,448,500
Retired engineers technical assistance fund	1,474,300
Revitalization revolving loan fund	84,300
Revolving loan revenue bonds	11,400,000
Saginaw Bay and River restoration revenue	174,800
Sand extraction fee revenue	198,300
Scrap tire regulatory fund.....	5,846,300
Septage waste contingency fund	37,700
Septage waste program fund	720,200
Settlement funds	2,093,100
Sewage sludge land application fee.....	850,800
Small business pollution prevention revolving loan fund	107,700
Soil erosion and sedimentation control training fund.....	114,700
Solid waste program fees.....	4,493,500
Stormwater permit fees	2,799,400
Strategic water quality initiatives fund.....	10,000,000
Underground storage tank fees.....	3,125,500
Waste reduction fee revenue	4,479,600
Wastewater operator training fees	172,100
Water analysis fees	3,317,600

	For Fiscal Year Ending Sept. 30, 2008
Water pollution control revolving fund	\$ 3,066,400
Water quality protection fund.....	25,000
Water use reporting fees	245,700
Total other state restricted revenues	188,212,700
State general fund/general purpose	\$ 31,763,200
Sec. 102. EXECUTIVE OPERATIONS AND DEPARTMENT SUPPORT	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	78.0
Unclassified salaries—6.0 FTE positions	\$ 587,600
Administrative hearings	441,800
Automated data processing	2,053,400
Central operations—62.0 FTE positions	6,757,100
Environmental support projects.....	5,000,000
Executive direction—9.0 FTE positions	2,306,100
Human resource optimization user charges	98,600
Office of the Great Lakes—7.0 FTE positions	1,048,900
Building occupancy charges.....	7,291,400
Rent - privately owned property.....	2,145,900
GROSS APPROPRIATION	\$ 27,730,800
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDSP	112,100
IDT, interdivisional charges	2,053,400
IDT, laboratory services.....	471,400
Federal revenues:	
DOC-NOAA, federal.....	22,500
DOI, federal.....	160,300
EPA, multiple.....	265,100
Special revenue funds:	
Financial instruments	5,000,000
Great Lakes protection fund.....	603,100
Restricted funds	13,248,100
Settlement funds	104,400
State general fund/general purpose	\$ 5,690,400
Sec. 103. AIR QUALITY	
Full-time equated classified positions	241.5
Air quality programs—241.5 FTE positions	\$ 26,408,400
GROSS APPROPRIATION	\$ 26,408,400
Appropriated from:	
Federal revenues:	
DHS, federal	2,027,600
EPA, multiple.....	4,470,600
Special revenue funds:	
Air emissions fees.....	12,889,300
Environmental response fund.....	106,200
Fees and collections.....	408,400
Oil and gas regulatory fund	107,500
Refined petroleum fund	2,850,700
State general fund/general purpose	\$ 3,548,100
Sec. 104. ENVIRONMENTAL SCIENCE AND SERVICES	
Full-time equated classified positions	184.0
Program services and grant management—27.5 FTE positions	\$ 3,886,300
Laboratory services—68.0 FTE positions	6,822,900
Municipal assistance—35.5 FTE positions.....	5,305,100
Pollution prevention and technical assistance—53.0 FTE positions	5,085,800
Pollution prevention outreach	300,000

	For Fiscal Year Ending Sept. 30, 2008
Retired engineers technical assistance program	\$ 1,474,300
Revitalization revolving loan program	1,000,000
GROSS APPROPRIATION	\$ 23,874,400
Appropriated from:	
Interdepartmental grant revenues:	
IDT, laboratory services	3,577,800
Federal revenues:	
DOC-NOAA, federal	353,000
EPA, brownfield cleanup revolving loan fund	1,000,000
EPA, multiple	3,432,400
Special revenue funds:	
Private funds	300,000
Air emissions fees	765,600
Environmental protection fund	68,500
Environmental response fund	662,500
Laboratory data quality recognition fund	16,200
Public water supply fees	252,100
Retired engineers technical assistance fund	1,474,300
Revitalization revolving loan fund	84,300
Settlement funds	234,400
Small business pollution prevention revolving loan fund	107,700
Stormwater permit fees	95,500
Strategic water quality initiatives fund	400,000
Waste reduction fee revenue	4,405,000
Wastewater operator training fees	172,100
Water analysis fees	3,317,600
Water pollution control revolving fund	2,398,300
State general fund/general purpose	\$ 757,100
Sec. 105. OFFICE OF GEOLOGICAL SURVEY	
Full-time equated classified positions	68.0
Coal and sand dune management—3.0 FTE positions	\$ 626,000
Metallic mine reclamation—1.0 FTE position	93,500
Mineral wells management—3.0 FTE positions	246,000
Nonferrous metallic mining—2.0 FTE positions	218,600
Orphan well—2.0 FTE positions	2,051,900
Services to oil and gas—57.0 FTE positions	7,478,300
GROSS APPROPRIATION	\$ 10,714,300
Appropriated from:	
Federal revenues:	
DOI, federal	427,700
Special revenue funds:	
Metallic mining surveillance fee revenue	93,500
Mineral well regulatory fee revenue	246,000
Nonferrous metallic mineral surveillance	218,600
Oil and gas regulatory fund	7,358,100
Orphan well fund	2,051,900
Publication revenue	120,200
Sand extraction fee revenue	198,300
State general fund/general purpose	\$ 0
Sec. 106. LAND AND WATER MANAGEMENT	
Full-time equated classified positions	129.0
Program direction—8.0 FTE positions	\$ 938,700
Field permitting and project assistance—72.0 FTE positions	7,514,900
Great Lakes shorelands—28.0 FTE positions	2,662,700
Water management—21.0 FTE positions	2,688,600
GROSS APPROPRIATION	\$ 13,804,900

For Fiscal Year
Ending Sept. 30,
2008

Appropriated from:	
Interdepartmental grant revenues:	
IDG, Michigan transportation fund	\$ 1,002,500
Federal revenues:	
DHS, federal	999,700
DOC-NOAA, federal.....	1,508,800
EPA, multiple.....	1,047,400
Special revenue funds:	
Land and water permit fees.....	3,653,300
State general fund/general purpose	\$ 5,593,200

Sec. 107. REMEDIATION AND REDEVELOPMENT

Full-time equated classified positions	297.5
Contaminated site investigation, cleanup, and revitalization—230.5 FTE positions	\$ 22,924,100
Federal cleanup project management—67.0 FTE positions	8,385,800
Emergency cleanup actions	4,000,000
Refined petroleum product cleanup program.....	20,000,000
Environmental cleanup and redevelopment program	5,663,200
Environmental cleanup support	2,340,000
Superfund cleanup	4,000,000
GROSS APPROPRIATION	\$ <u>67,313,100</u>

Appropriated from:

Federal revenues:	
DHHS, federal	6,200
DOD, federal	1,174,500
EPA, multiple.....	8,403,500
Special revenue funds:	
Private funds	155,100
Clean Michigan initiative - response activities.....	5,663,200
Cleanup and redevelopment fund	12,383,100
Environmental protection fund.....	3,838,600
Environmental response fund	5,231,400
Landfill maintenance trust fund	55,900
Refined petroleum fund	26,790,900
Settlement funds	1,504,300
State general fund/general purpose	\$ 2,106,400

Sec. 108. WASTE AND HAZARDOUS MATERIALS

Full-time equated classified positions	183.5
Aboveground storage tank program—8.0 FTE positions	\$ 760,400
Hazardous waste management program—61.0 FTE positions	6,463,200
Low-level radioactive waste authority—2.0 FTE positions	786,100
Medical waste program—2.0 FTE positions	240,300
Radiological protection program—14.5 FTE positions	1,418,800
Scrap tire regulatory program—11.0 FTE positions.....	1,061,200
Solid waste management program—50.0 FTE positions	4,568,100
Underground storage tank program—35.0 FTE positions.....	3,394,600
GROSS APPROPRIATION	\$ <u>18,692,700</u>

Appropriated from:

Interdepartmental grant revenues:	
IDG-MDSP	740,400
Federal revenues:	
EPA, multiple.....	4,006,600
Special revenue funds:	
Aboveground storage tank fees	760,400
Environmental pollution prevention fund.....	2,033,000
Hazardous materials transportation permit fund.....	218,500
Medical waste emergency response fund	240,300

	For Fiscal Year Ending Sept. 30, 2008
Public utility assessments	\$ 786,100
Scrap tire regulatory fund	1,061,200
Solid waste program fees	4,493,500
Underground storage tank fees	3,125,500
Waste reduction fee revenue	74,600
State general fund/general purpose	\$ 1,152,600
Sec. 109. WATER	
Full-time equated classified positions	358.2
Aquifer protection program.....	\$ 350,000
Aquifer protection and dispute resolution - IDG to Michigan department of agriculture	50,000
Drinking water and environmental health—114.2 FTE positions	16,093,800
Expedited water/wastewater permits—3.0 FTE positions	400,000
Fish contaminant monitoring	316,100
Groundwater discharge—22.0 FTE positions	2,965,300
NPDES nonstormwater program—118.4 FTE positions	10,975,900
Sewage sludge land application program—6.5 FTE positions	850,800
Surface water—94.1 FTE positions.....	15,339,700
GROSS APPROPRIATION	\$ 47,341,600
Appropriated from:	
Federal revenues:	
EPA, multiple.....	18,070,000
Special revenue funds:	
Aquifer protection revolving fund.....	400,000
Campground fund	237,600
Clean Michigan initiative - administration	335,500
Clean Michigan initiative - clean water fund	3,372,000
Environmental response fund	167,100
Fees and collections.....	144,100
Groundwater discharge permit fees	2,826,000
Infrastructure construction fund	400,000
Land and water permit fees.....	599,200
NPDES fees	3,362,400
On-site wastewater treatment program fund.....	592,500
Public swimming pool fund	541,300
Public water supply fees	2,297,500
Refined petroleum fund	959,200
Saginaw Bay and River restoration revenue	174,800
Septage waste contingency fund	37,700
Septage waste program fund	320,200
Sewage sludge land application fee.....	850,800
Soil erosion and sedimentation control training fund	114,700
Stormwater permit fees	2,703,900
Water pollution control revolving fund	668,100
Water use reporting fees	245,700
State general fund/general purpose	\$ 7,921,300
Sec. 110. CRIMINAL INVESTIGATIONS	
Full-time equated classified positions	22.0
Environmental investigations—22.0 FTE positions	\$ 2,587,400
GROSS APPROPRIATION	\$ 2,587,400
Appropriated from:	
Federal revenues:	
DHS, federal	557,600
EPA, multiple.....	154,100
Special revenue funds:	
Environmental response fund	132,500
Oil and gas regulatory fund	363,500

	For Fiscal Year Ending Sept. 30, 2008
Scrap tire regulatory fund	\$ 285,100
State general fund/general purpose	\$ 1,094,600
Sec. 111. GRANTS	
Coastal management grants.....	\$ 2,000,000
Federal - Great Lakes remedial action plan grants	700,000
Federal - nonpoint source water pollution grants	6,500,000
Grants to counties—air pollution	83,700
Radon grants	90,000
Water pollution control and drinking water revolving fund.....	86,309,300
Drinking water program grants	1,330,000
Great Lakes research and protection grants.....	1,000,000
Local health department operations.....	10,472,500
Noncommunity water grants	1,400,000
Pollution prevention local grants.....	250,000
Real-time water quality monitoring.....	250,000
Septage waste compliance grants	400,000
Scrap tire grants.....	4,500,000
Strategic water quality initiative loans	9,600,000
Volunteer river, stream, and creek cleanup.....	25,000
GROSS APPROPRIATION	\$ 124,910,500
Appropriated from:	
Interdepartmental grant revenues	
IDG-MDCH, local public health operations	10,472,500
Federal revenues:	
DOC-NOAA, federal.....	1,700,000
EPA, multiple.....	80,463,000
Special revenue funds:	
Community pollution prevention fund.....	250,000
Great Lakes protection fund.....	1,000,000
Public water supply fees	1,400,000
Refined petroleum fund	83,700
Revolving loan revenue bonds	11,400,000
Scrap tire regulatory fund	4,500,000
Septage waste program fund	400,000
Settlement funds	250,000
Strategic water quality initiatives fund.....	9,600,000
Water quality protection fund.....	25,000
State general fund/general purpose	\$ 3,366,300
Sec. 112. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 7,466,300
GROSS APPROPRIATION	\$ 7,466,300
Appropriated from:	
Interdepartmental grant revenues	
IDG-MDSP	27,900
IDG, Michigan transportation fund	54,500
IDT, laboratory services.....	150,400
Federal revenues:	
DHS, federal	24,400
DOC-NOAA, federal.....	85,900
DOD, federal	28,100
DOI, federal.....	6,000
EPA, multiple.....	1,355,500
Special revenue funds:	
Restricted funds	5,200,400
State general fund/general purpose	\$ 533,200

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 \$219,975,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2007-2008 is \$4,300,000.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF ENVIRONMENTAL QUALITY

GRANTS

Noncommunity water grants	\$ 1,400,000
Real-time water quality monitoring.....	250,000
Scrap tire grants.....	2,250,000
Septage waste compliance program.....	400,000
TOTAL.....	\$ 4,300,000

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

Sec. 203. As used in this act:

- (a) "Department" means the department of environmental quality.
- (b) "DHHS" means the United States department of health and human services.
- (c) "DHS" means the United States department of homeland security.
- (d) "DOC" means the United States department of commerce.
- (e) "DOC-NOAA" means the DOC national oceanic and atmospheric administration.
- (f) "DOD" means the United States department of defense.
- (g) "DOI" means the United States department of interior.
- (h) "EPA" means the United States environmental protection agency.
- (i) "FTE" means full-time equated.
- (j) "IDG" means interdepartmental grant.
- (k) "IDT" means intradepartmental transfer.
- (l) "MDCH" means the Michigan department of community health.
- (m) "MDSPP" means the Michigan department of state police.
- (n) "MI" means Michigan.
- (o) "NPDES" means national pollutant discharge elimination system.

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

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

(2) The state budget director shall grant exceptions to the hiring freeze described in subsection (1) when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause a loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Sec. 206. The department shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

Sec. 207. The departments and state agencies receiving appropriations under this act shall receive and retain copies of all reports funded from appropriations in part 1. These departments and state agencies shall follow federal and state guidelines for short-term and long-term retention of these reports. To the extent consistent with federal and state guidelines, the requirements of this section are satisfied if the reports funded from appropriations in part 1 are retained in electronic format.

Sec. 208. By February 15, 2008, the department shall provide the state budget director, the subcommittees on environmental quality of the senate and house appropriations committees, and the senate and house fiscal agencies with an annual report on restricted fund balances, projected revenues, and expenditures for the fiscal years ending September 30, 2007 and September 30, 2008.

Sec. 209. (1) From funds appropriated under part 1, the department shall prepare a report that lists all of the following regarding grant or loan or grant and loan programs administered by the department for the fiscal year ending September 30, 2008:

- (a) The name of each program.

(b) The goals of the program, the criteria, eligibility, process, filing fees, nominating procedures, and deadlines for each program.

(c) The maximum and minimum grant and loan available and whether there is a match requirement for each program.

(d) The amount of any required match, and whether in-kind contributions may be used as part or all of a required match.

(e) Information pertaining to the application process, timeline for each program, and the contact people within the department.

(f) The source of funds for each program, including the citation of pertinent authorizing acts.

(g) Information regarding plans for the next fiscal year for the phaseout, expansion, or changes for each program.

(h) A listing of all recipients of grants or loans awarded by the department by type and amount of grant or loan.

(2) The reports required under this section shall be submitted to the state budget office, the senate and house appropriations committees, and the senate and house fiscal agencies by January 1, 2008.

Sec. 211. (1) The department shall report all of the following information relative to allocations made from appropriations for the environmental cleanup and redevelopment program, state cleanup, emergency actions, superfund cleanup, the revitalization revolving loan program, the brownfield grants and loans program, the leaking underground storage tank cleanup program, the contaminated lake and river sediments cleanup program, the refined petroleum product cleanup program, and the environmental protection bond projects under section 19508(7) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.19508, to the state budget director, the senate and house appropriations subcommittees on environmental quality, and the senate and house fiscal agencies:

(a) The name and location of the site for which an allocation is made.

(b) The nature of the problem encountered at the site.

(c) A brief description of how the problem will be resolved if the allocation is made for a response activity.

(d) The estimated date that site closure activities will be completed.

(e) The amount of the allocation, or the anticipated financing for the site.

(f) A summary of the sites and the total amount of funds expended at the sites at the conclusion of the fiscal year.

(g) The number of sites that would qualify as brownfields that were redeveloped.

(2) The report prepared under subsection (1) shall also include all of the following:

(a) The status of all state-owned facilities that are on the list compiled under part 201 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101 to 324.20142.

(b) The report shall include the total amount of funds expended during the fiscal year and the total amount of funds awaiting expenditure.

(c) The total amount of bonds issued for the environmental protection bond program pursuant to part 193 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.19301 to 324.19306, and bonds issued pursuant to the clean Michigan initiative act, 1998 PA 284, MCL 324.95101 to 324.95108.

(3) The report shall be made available by March 31 of each year.

Sec. 212. (1) The department of environmental quality is authorized to expend amounts remaining from the current and prior fiscal year appropriations to meet funding needs of legislatively approved sites for the environmental cleanup and redevelopment program, the leaking underground storage tank cleanup program, and the refined petroleum product cleanup program.

(2) Unexpended and unencumbered amounts remaining from appropriations from the environmental protection bond fund contained in 2003 PA 173 and 2006 PA 343 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

(3) Unexpended and unencumbered amounts remaining from appropriations from the cleanup and redevelopment fund and unclaimed bottle deposits fund contained in 2003 PA 171, 2003 PA 173, 2003 PA 237, and 2004 PA 350 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

(4) Unexpended and unencumbered amounts remaining from appropriations from the clean Michigan initiative fund - response activities contained in 2000 PA 506, 2001 PA 120, 2003 PA 173, 2003 PA 237, 2004 PA 309, 2004 PA 350, 2005 PA 11, and 2006 PA 343 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

(5) Unexpended and unencumbered amounts remaining from appropriations from the environmental protection fund contained in 2001 PA 43, 2002 PA 520, 2003 PA 171, and 2004 PA 350 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

(6) Unexpended and unencumbered amounts remaining from appropriations from the refined petroleum fund activities contained in 2005 PA 154 and 2006 PA 343 are appropriated for expenditure for any site listed in this act and any site listed in the public acts referenced in this section.

Sec. 213. Of the money appropriated from the environmental education fund in part 1, \$5,000.00 shall be allocated to Michigan State University Extension Service - 4-H Youth Programs to fund the Michigan Youth Conservation Council.

Sec. 214. 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. These user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 215. 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. 216. (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 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. 217. 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, that are manufactured or provided by Michigan businesses owned or operated by veterans, if they are competitively priced and of comparable quality.

Sec. 218. Unexpended settlement revenues at the end of the fiscal year may be carried forward into the settlement fund in the succeeding fiscal year up to a maximum carryforward of \$2,500,000.00.

Sec. 219. The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 220. (1) The appropriation in section 102 includes \$11,165,800.00 from restricted funds. This funding source shall support the restricted fund requirements, pursuant to subsection (3), for selected line items in the executive operations and administrative support appropriation unit.

(2) The appropriation in section 112 includes \$4,214,000.00 from restricted funds. This funding source shall support the restricted fund requirements, pursuant to subsection (3), for the information technology appropriation.

(3) The department shall adopt a cost allocation plan for revenue sources supporting line items listed in sections 102 and 112. This cost allocation plan may be phased in over 2 fiscal years, beginning with the fiscal year ending September 30, 2008.

(4) The department shall provide a report on or before October 31, 2007 to the house and senate appropriations subcommittees on environmental quality and the house and senate fiscal agencies of the line item amounts and detailed revenue sources which support the restricted fund appropriations in sections 102 and 112.

Sec. 221. The department shall not take disciplinary action against an employee for communicating truthfully and factually with a member of the legislature or his or her staff.

Sec. 222. The department shall annually report and post on its web site by December 31 to the state budget director, the senate and house appropriations committees, and the senate and house fiscal agencies an accounting of all civil and criminal fine revenue collected during the previous fiscal year.

Sec. 223. From the funds appropriated in part 1, the department shall assist the legislative commission on government efficiency, established in section 752 of the legislative council act, 1986 PA 268, MCL 4.1752, in its benchmarking evaluation of department programs, including, at a minimum, the air quality renewable operating permit program, the groundwater discharge program, land and water management programs, and the hazardous water management program.

Sec. 224. (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. 225. 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. 226. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$30,000,000.00 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 \$5,000,000.00 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. 227. It is the intent of the legislature that revenue shortfalls in state restricted funds appropriated in part 1 shall be addressed by January 15, 2008.

AIR QUALITY

Sec. 301. The department shall report quarterly, via the department's Internet web site, on air quality program expenditures and revenues. The report shall include expenditures and revenues by fund source and by program function.

Sec. 302. From the funds appropriated in part 1, the department shall continue to work with individuals, organizations, and businesses to reach ozone attainment status in the 8 counties in southeast Michigan that are currently in nonattainment. To the fullest extent permitted by law and federal regulations, the department shall develop an attainment strategy that balances the public health, environmental, and economic interests of the residents, organizations, and businesses in that area.

ENVIRONMENTAL SCIENCE AND SERVICES

Sec. 401. Revenues remaining in the interdepartmental transfers, laboratory services at the end of the fiscal year shall carry forward into the succeeding fiscal year.

Sec. 402. By July 1, 2008, the department shall prepare and submit a report to the state budget director, the legislature, the chairs of the standing committees of the senate and house of representatives with primary responsibility for issues related to natural resources and the environment, and the chairs of the subcommittees of the senate and house appropriations committees with primary responsibility for appropriations for the department of environmental quality, outlining the implementation of the Great Lakes water quality bond provided for in part 197 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.19701 to 324.19708, including, but not limited to, the amount of bonds issued and the date they were issued, the number of applications received for loans from the state water pollution control revolving fund created in section 16a of the shared credit rating act, 1985 PA 227, MCL 141.1066a, the total amount of loans requested, a listing of the applicants receiving loans and the total amount of loans provided to those applicants, a listing of applicants whose loan applications were not approved and the reasons why those applications were not approved, the amount of the loans granted that were leveraged from bond proceeds, and the remaining bond proceeds and bond authorization.

OFFICE OF GEOLOGICAL SURVEY

Sec. 501. It is the intent of the legislature that the office of geological survey continue its work with Western Michigan University's department of geosciences to maintain core samples at the Michigan basin core research laboratory as part of the Michigan geological repository for research and education at Western Michigan University and it is encouraged to explore new opportunities for mutually beneficial research and collaboration between the department and the university.

LAND AND WATER MANAGEMENT

Sec. 601. The department may waive permit fees for nonprofit organizations conducting approved stream habitat improvement projects.

Sec. 602. The department shall continue to make refinements to the wetland mapping information as additional information becomes available in an effort to provide a level of detail such that a person can determine from the map with a reasonable amount of certainty whether or not a parcel or substantial portion of a parcel in question is in fact a wetland subject to regulation by the department.

REMEDICATION AND REDEVELOPMENT

Sec. 701. The unexpended funds appropriated in part 1 for emergency cleanup actions, the refined petroleum product cleanup program, and the environmental cleanup and redevelopment program are considered work project appropriations and any unencumbered or unallotted funds are carried forward into the succeeding fiscal year. The following is in compliance with section 451a(1) of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the projects to be carried forward is to provide contaminated site cleanup.
- (b) The projects will be accomplished by contract.
- (c) The total estimated cost of all projects is identified in each line-item appropriation.
- (d) The tentative completion date is September 30, 2012.

Sec. 702. From funds appropriated in part 1 for activities related to cleanup sites under part 201 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101 to 324.20142, the department shall incorporate into remedial action plans area-wide or site-specific cleanup criteria derived from peer-reviewed risk assessment based on bioavailability studies, site-specific human exposure data, and any other scientifically based risk assessment studies that are available and relevant. The department shall submit a report listing efforts made by the department to comply with this section. This report shall be provided to the house and senate appropriations subcommittees on environmental quality on or before January 1, 2008.

Sec. 703. The funds appropriated in part 1 for the refined petroleum product cleanup program shall be used to fund cleanup activities on the following sites:

Site Name	County
Alcona Oil Co, Inc.	Alcona
Somers Service Inc.	Alcona
State Park Grocery	Alcona
Laughing Whitefish Trading Post	Alger
Midway Resort Inc.	Alger
Fennville Feed Supply	Allegan
Butch's Tackle & Marine	Antrim
Pickup Capital of the North (former)	Antrim
L'Anse Marathon	Baraga
Res Wells Woodland	Barry
Pfanne's Grocery	Bay
B & M Party Store	Benzie
Village of Honor Res. Wells	Benzie
Frank's Pro Station	Berrien
Dave's Repair	Cass
Indian Lake Mini Super	Cass
Rigg's Corner Store	Cass
Dockside Market	Charlevoix
Mr. Mug's Donut Shop	Chippewa
Park Shell Service	Chippewa
Ackels Car Care	Clinton
Bob's Marathon	Eaton
Central Distributing	Genesee
Ackett's Country Corners	Gladwin
Gazey & Aleck Station	Gladwin
Evans Wallpaper & Paint	Grand Traverse

Hoefflin's Service	Grand Traverse
Universal Car Wash	Grand Traverse
Venture Investments	Grand Traverse
Former Union 76	Hillsdale
Dunk's Garage	Huron
Port Austin Shell	Huron
Action Auto #23	Ingham
Former Clark #531	Ingham
DNR - RED - Whittemore (Tax Reverted)	Iosco
Firstbank-Winn Branch	Isabella
Former Gulf (Napolean)	Jackson
Alamo General Store	Kalamazoo
Liberty Gas	Kalamazoo
McDonald's Crosstown Service	Kalamazoo
Moore's Milwood Service	Kalamazoo
Davis Country Corners	Kalkaska
Taffletown Tavern	Kalkaska
Kountry Korner	Kent
Rockford Market	Kent
Uncle Lee's Trading Post	Kent
B & T Properties	Lapeer
Lakeland Montessori School	Livingston
Millie's Market	Livingston
Bob's Standard Service	Luce
C & V Grocery	Luce
D&D Jefferson Inc	Macomb
Montgomery Ward	Macomb
Red Barn Market	Manistee
Greenwood Self Serve	Marquette
Harvey Oil Co.	Marquette
Joe & Son's Service	Marquette
Paton's Country Store	Marquette
Custer Abandoned Station	Mason
Altona General Store	Mecosta
Joe's Tire/Ridderman Oil	Mecosta
RLJ Realty	Midland
Kreagers	Missaukee
The Landing	Missaukee
Luna Pier Fuel Stop	Monroe
Amble Oil Co.	Montcalm
Coral General Store	Montcalm
Edmore Mobil	Montcalm
Marvin Jensen	Montcalm
Joey's Service	Montmorency
Wyson's General Store	Montmorency
James J. Caradine	Muskegon
415 E. Hudson	Oakland
Don & Stan's/Joe's Towing	Oakland
Emma Milner Property	Oakland
Farmer's Petroleum Cooperation	Oakland
Little Caesar's	Oakland
Franklin Forge	Ogemaw
Rose City Feed & Tack	Ogemaw
Ontonagon Mobil Mart	Ontonagon
Andy's Standard Service	Osceola
Pete's Place	Osceola
Family Book Shelve	Oscoda
Big Mac's Market	Roscommon
Charlie's Place	Roscommon

Chapin General Store	Saginaw
Former Gas Station-104 W. Grand River	Shiawassee
Save-U Station (former)	Shiawassee
Payless SuperAmerica	St. Joseph
Salmo Property	Tuscola
Evellyn Gibbons	Washtenaw
Fred's Country Sunoco	Washtenaw
Lloyd Cochran	Washtenaw
S & S Auto	Washtenaw
Sunshine Oil	Washtenaw
Cal's Car Care, Inc.	Wayne
Mercury Manufacturing	Wayne
Reclamation Co.	Wayne
Auto Parts Center	Wexford
Mar-Lyn's Lakeside Resort	Wexford
Village of Harrietta	Wexford

Sec. 704. The funds appropriated in part 1 for the environmental cleanup and redevelopment program shall be used to fund cleanup activities on the following sites:

Site Name	County
Osceola Refinery (former)	Osceola
Former Petoskey Petrolane	Emmet
Bay Harbor	Emmet
Former Autostyle Plastics, Inc	Kent
Harbor Plating	Berrien
Americhem Corporation	Ingham
House of Imports	Oakland
Packaging Corp of America	Manistee
Manistique Industrial Park	Schoolcraft

Sec. 705. It is the intent of the legislature to repay the refined petroleum fund for the \$70,000,000.00 that was transferred to the environmental protection fund as part of the resolution for the fiscal year 2006-2007 budget.

Sec. 706. It is the intent of the legislature that the office of the auditor general conduct a performance audit of the leaking underground storage tank program. The performance audit shall include an investigation of the effectiveness of the program, including the adequacy of program funding, the use of draft and final operational memoranda, and consistency in the enforcement of regulations. The department shall fully cooperate with the auditor general during the performance audit.

Sec. 707. The department shall not expend funds appropriated in part 1 if using operational memoranda or other similar documents that are in draft form to impose regulations on individuals or businesses conducting environmental cleanup projects, except as provided in part 213 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.21301 to 324.21331, or when there is written consent between the department and the individual or business.

WASTE AND HAZARDOUS MATERIALS

Sec. 801. It is the intent of the legislature that the recommendations of the site review board, as established in section 11117 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11117, are the final approval for each site construction permit application that is referred to the board by the department.

Sec. 802. The department shall annually provide a report to the city of Romulus, city of Taylor, and Wayne County with respect to the activity of a multisource commercial hazardous waste disposal well, as defined in part 625 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.62501 to 324.62518, containing all of the following:

(a) Information concerning the release or discharge of any hazardous waste or hazardous waste constituent that may endanger public drinking water supplies or the environment.

(b) Information concerning the fire, explosion, or other release or discharge of any hazardous waste or hazardous waste constituent that could threaten human health or the environment or a spill that has reached surface water or groundwater.

(c) A summary of groundwater quality data, data graphs, data tables, statistical analyses to date, and identification of any statistically significant increases.

(d) With respect to the information described in subdivisions (a) to (c), a description of any noncompliance and its cause; the periods of noncompliance, including exact dates and times; whether the noncompliance has been corrected and, if not, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance and when those activities occurred or will occur.

WATER

Sec. 901. By February 1, 2008, the department shall submit a report on the department's use of the national pollutant discharge elimination system fund created in MCL 324.3121 for the previous fiscal year, to the senate and house appropriations subcommittees on environmental quality, the standing committees of the legislature with jurisdiction over issues primarily related to natural resources and the environment, and the senate and house fiscal agencies. The report shall include a summary of how the appropriations in part 1 for NPDES nonstormwater program were used for the various permissible uses of the fund and shall include specific information on all of the following:

(a) The number of compliance and complaint inspections completed, by category, the number of on-site compliance inspections conducted, and the number of compliance inspections that were not announced in advance to the permittee or licensee.

(b) The number and percent of permit and license inspections that were found to be in significant noncompliance, by category.

(c) The number of administrative enforcement actions taken for permit or license violations and the results of the enforcement actions, including the amount of fines and penalties collected.

(d) The number of judicial enforcement actions taken for permit or license violations and the results of the enforcement actions, including the amount of fines and penalties collected.

(e) A listing of the supplemental environmental projects agreed to as a result of a consent agreement including all of the following: the case name, the monetary value of the supplemental environmental project, and a description of the project.

Sec. 902. From the funds appropriated in part 1, the department shall conduct a comparative analysis of the NPDES permit program for large confined animal feeding operations with the Michigan agriculture environmental assurance program (MAEAP). The analysis shall include a comparison of standards in effect at the time of MAEAP verification of a farm. The collection of data, evaluation, and final report shall be conducted in collaboration with the department of agriculture. The analysis shall be submitted to the state budget director, the senate and house appropriations subcommittees on environmental quality and agriculture, the senate and house standing committees on issues primarily related to environmental quality and agriculture, and the senate and house fiscal agencies by April 1, 2008.

Sec. 903. From the funds appropriated in part 1 for the surface water program, the department, in conjunction with the department of agriculture, shall submit a report to the state budget director, the senate and house appropriation subcommittees on environmental quality, and the senate and house fiscal agencies by September 30, 2008 that documents all of the following information:

(a) The number of concentrated animal feeding operations (CAFOs) in the state, and the number of those which have permits under the national pollution discharge elimination system (NPDES).

(b) The number and nature of inspections of CAFOs undertaken by the department and the department of agriculture, including whether the inspections included testing of the water, soil, or air, and a summary of the results of those inspections.

(c) An estimate of the number of CAFOs that utilize sewage lagoons, the capacity of those lagoons, and whether those lagoons are lined.

(d) An estimate of the funding dedicated toward permitting, inspection, and enforcement of current laws regulating CAFOs.

Sec. 904. From the funds appropriated in part 1 for the surface water program, the department shall prepare a plan by September 30, 2008 for the virtual elimination of sewage discharges into waters of the state by 2015. The plan shall be submitted to the state budget director, the senate and house appropriation subcommittees on environmental quality, and the senate and house fiscal agencies. The plan shall include all of the following information:

(a) A discussion of the major infrastructure projects undertaken and planned over the next 5 to 10 years to increase the capacity of public wastewater treatment facilities to better handle sewage waste and stormwater runoff.

(b) Trends over the last 5 years on the amount of untreated or undertreated sewage that was discharged into waters of the state from wastewater treatment facilities or their connected systems, and estimates on the amount of discharge that the department expects will occur in the next 5 to 10 years, assuming infrastructure upgrades.

(c) A discussion of the role of nonpoint discharges of sewage waste either through failing on-site septic systems or the land application of sewage and the impact on waters of the state.

(d) A discussion of the regulatory program designed to limit adverse impacts on waters of the state from sewage discharges and the sufficiency of funding allocated to those programs.

(e) A discussion of the funding available to local units of government to upgrade public wastewater treatment facilities or on-site systems.

(f) Recommendations for program changes or funding that would be required to achieve the virtual elimination of sewage discharges into the waters of the state by 2015.

Sec. 905. From the funds appropriated in part 1, the department shall assess municipal separate storm sewer system permit fees pursuant to section 3118(1)(d) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3118, only on the owners and operators of municipal separate storm sewer systems.

GRANTS

Sec. 1101. If a certified health department does not exist in a city, county, or district or does not fulfill its responsibilities under part 117 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11701 to 324.11720, then the department may spend funds appropriated in part 1 under the septage waste compliance program in accordance with section 11716 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11716.

Sec. 1102. Of the funds appropriated in part 1 for scrap tire grants, \$100,000.00 shall be available for grants to communities to cover scrap tire fire suppression costs, provided owner liability bonds and other available funding sources have been exhausted.

Sec. 1103. The appropriation in part 1 for real-time water quality monitoring is a grant to Macomb County and St. Clair County to support a real-time water quality monitoring program in the St. Clair watershed. By September 30, 2008, grant recipients shall report to the department on the plan's implementation and the status of the project. The department shall forward the report to the state budget director, the senate and house appropriation subcommittees on environmental quality, the senate and house standing committees on natural resources and environmental issues, and the senate and house fiscal agencies. Funding is contingent upon development of a department-approved plan for long-term funding of operation and maintenance of the real-time monitoring system for the Huron-Erie corridor.

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 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.

Doug Bennett
John Espinoza
Conferees for the House

Valde Garcia
Liz Brater
Conferees for the Senate

The question being on the adoption of the conference report,

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

Roll Call No. 450**Yeas—25**

Allen	Cherry	Hardiman	Pappageorge
Barcia	Clark-Coleman	Hunter	Schauer
Basham	Clarke	Jacobs	Scott
Birkholz	Garcia	Jansen	Switalski
Bishop	George	Jelinek	Thomas
Brater	Gleason	McManus	Van Woerkom
Brown			

Nays—13

Anderson	Kahn	Patterson	Sanborn
Cassis	Kuipers	Prusi	Stamas
Cropsey	Olshove	Richardville	Whitmer
Gilbert			

Excused—0**Not Voting—0**

In The Chair: Richardville

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

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.

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

The Conference Report was read as follows:

FIRST CONFERENCE REPORT

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

House Bill No. 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.

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 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.

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 community colleges and certain other state purposes relating to 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:

COMMUNITY COLLEGES

APPROPRIATION SUMMARY:

GROSS APPROPRIATION	\$	318,928,800
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	\$	318,928,800
Total federal revenues		0
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	\$	318,928,800

Sec. 102. OPERATIONS

Alpena Community College	\$	5,034,800
Bay de Noc Community College		5,084,400
Delta College		13,458,400
Glen Oaks Community College		2,259,100
Gogebic Community College		4,207,700
Grand Rapids Community College		16,879,000
Henry Ford Community College		20,524,100
Jackson Community College		11,338,500
Kalamazoo Valley Community College		11,643,300
Kellogg Community College		9,129,600
Kirtland Community College		2,781,000
Lake Michigan College		4,919,800
Lansing Community College		29,183,800
Macomb Community College		31,158,600
Mid Michigan Community College		4,202,200
Monroe County Community College		4,054,300

	For Fiscal Year Ending Sept. 30, 2008
Montcalm Community College	\$ 2,919,500
C.S. Mott Community College	14,730,200
Muskegon Community College	8,369,000
North Central Michigan College	2,838,000
Northwestern Michigan College	8,531,900
Oakland Community College	19,698,200
St. Clair County Community College	6,600,400
Schoolcraft College	11,516,300
Southwestern Michigan College	6,174,000
Washtenaw Community College	11,841,800
Wayne County Community College	15,586,500
West Shore Community College	2,156,900
One-time supplemental payment	25,759,800
GROSS APPROPRIATION	\$ 312,581,100
Appropriated from:	
State general fund/general purpose	\$ 312,581,100
Sec. 103. GRANTS	
At-risk student success program	\$ 3,322,700
Renaissance zone tax reimbursement funding	3,025,000
GROSS APPROPRIATION	\$ 6,347,700
Appropriated from:	
State general fund/general purpose	\$ 6,347,700

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 \$318,928,800.00 and state spending from state resources to be paid to local units of government for fiscal year 2007-2008 is \$318,928,800.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

Operations	\$ 312,581,100
At-risk student success program	3,322,700
Renaissance zone tax reimbursement program	3,025,000
TOTAL	\$ 318,928,800

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

Sec. 203. Unless otherwise specified, a community college receiving appropriations in part 1 and the department of labor and economic growth shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

Sec. 208. The department of labor and economic growth shall continue to work collaboratively with community colleges to implement an accelerated entrepreneurship curriculum, including an associate degree, to provide students with the skills and knowledge needed for creating their own businesses.

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

Sec. 211. (1) The money appropriated in this act is appropriated for community colleges with fiscal years ending June 30, 2008, and, except for the 1-time supplemental payment described in subsection (2), shall be paid out of the state treasury and distributed by the state treasurer to the respective community colleges in 11 monthly installments on

the sixteenth of each month, or the next succeeding business day, beginning with October 16, 2007. Each community college shall accrue its July and August 2008 payments to its institutional fiscal year ending June 30, 2008. However, if a community college fails to submit all verified Michigan community colleges activities classification structure data for school year 2006-2007 to the department of labor and economic growth by November 1, 2007, the monthly installments shall be withheld from that community college until those data are submitted. The amount from the money appropriated in part 1 that is allocated to address the special needs of at-risk students shall be paid in full by the state treasurer by November 1, 2007. The amount distributed to a community college or department shall not exceed the net state allocation authorized by this act.

(2) The funds appropriated in part 1 to community colleges for the 1-time supplemental payment shall be paid out of the state treasury and distributed by the state treasurer to the respective community colleges on October 16, 2007. The payment made to each community college shall be equal to the sum of the delayed payment reduction contained in Executive Order No. 2007-3 and the payment delay reduction contained in section 106 of 2007 PA 17. Each community college shall accrue this payment to its institutional fiscal year ending June 30, 2007.

(3) Except as otherwise provided by law, each of the amounts appropriated shall be used solely for the respective purposes stated in this act. The money appropriated in this act may be used to match the cost of any available programs under the Carl D. Perkins vocational and applied technology education act of 1998, 20 USC 2301 to 2415, including local administration.

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

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

Sec. 217. Money appropriated in part 1 shall not be used to pay for the construction or maintenance of a self-liquidating project. A community college shall comply with the current use and finance requirements of the joint capital outlay subcommittee (JCOS) for any construction, renovation, or other capital outlay projects pursuant to JCOS policy.

Sec. 220. It is the intent of the legislature that the legislature restore the infrastructure, technology, equipment, and maintenance (ITEM) funding provided in previous fiscal years.

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

Sec. 234. Community colleges shall do the following:

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

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

Sec. 235. It is the intent of the legislature that a workgroup be formed to evaluate, discuss, and make recommendations for future action regarding state university admission and enrollment policies that specifically address the acceptance and application of college credits earned by students through the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524. The Michigan community college association may create and administer the workgroup and is encouraged to include members representing university and K-12 school organizations. The workgroup shall submit a report containing its findings and recommendations to the house and senate appropriations subcommittees on community colleges, the house and senate fiscal agencies, and the state budget director by March 1, 2008.

Sec. 239. The legislature intends that any executive or legislative proposal or action, subsequent to the adoption of a recommendation for appropriations for community colleges for the fiscal year ending September 30, 2008, to increase appropriations to state-supported 4-year universities in excess of the governor's original recommendation for the fiscal year ending September 30, 2008, will be accompanied by a similar action or proposal for state-supported community colleges.

Sec. 241. It is the intent of the legislature that community colleges expand their current nursing education programs and increase nursing education program enrollments. This expansion may include, but is not limited to, creating partnerships with hospitals and other health care providers, expanding the focus and utilization of the nursing scholarship program, and redirecting existing institutional resources toward nursing education programs.

Sec. 242. It is the intent of the legislature that the Michigan community college association, the legislature, and other interested parties continue the discussion regarding payments in lieu of taxes, especially for those community college districts that contain significant portions of nontaxable land.

STATE AID - OPERATIONS

Sec. 301. Unless otherwise stated, all data items used in determining state aid in this act are as defined in the 2001 Manual for Uniform Financial Reporting, Michigan Public Community Colleges, which shall be the basis for reporting data, and the Activities Classification Structure Manual for Michigan Community Colleges, as amended, which shall be used to document financial needs of the community colleges.

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

Sec. 304. (1) It is the intent of the legislature that the funding formula developed by the performance indicators task force formed pursuant to section 242 of 2005 PA 154 be used for funding distribution in future years and that the data collected and used to generate the activities classification structure databook continue to be collected and maintained.

(2) It is the intent of the legislature that the recommendations and performance measures developed by the performance indicators task force pursuant to section 242 of 2005 PA 154 be reviewed and more fully implemented for distribution of state funding to community colleges in future years.

GRANTS

Sec. 401. (1) The community college at-risk student success program is continued. The funding shall be prorated among community colleges based on the number of student contact hours for developmental and preparatory instruction reported by each community college to the department of labor and economic growth pursuant to the Activities Classification Structure Manual for Michigan Community Colleges, as amended. Of the amount appropriated in part 1 for the at-risk student success program, \$1,120,000.00 is allocated for base grants of \$40,000.00 each, to address the special needs of at-risk students at community colleges.

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

(3) For the fiscal year ending September 30, 2008, the at-risk student success program money is allocated as follows:

Alpena Community College	\$ 80,500
Bay de Noc Community College.....	76,600
Delta College	99,400
Glen Oaks Community College.....	115,100
Gogebic Community College	58,200
Grand Rapids Community College.....	128,700
Henry Ford Community College	159,200
Jackson Community College.....	113,800
Kalamazoo Valley Community College.....	91,100
Kellogg Community College.....	167,400
Kirtland Community College	129,000
Lake Michigan College	155,100
Lansing Community College.....	143,800
Macomb Community College.....	84,300
Mid Michigan Community College	147,900
Monroe County Community College.....	103,900
Montcalm Community College	66,000
C.S. Mott Community College.....	105,700
Muskegon Community College	81,800
North Central Michigan College	116,200
Northwestern Michigan College.....	122,600
Oakland Community College	147,500
St. Clair Community College	110,500
Schoolcraft College.....	128,500
Southwestern Michigan College.....	145,100
Washtenaw Community College.....	153,700
Wayne County Community College	147,400
West Shore Community College	143,700

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

- (a) Are initially placed in 1 or more developmental courses as a result of standardized testing or as a result of failure to make satisfactory academic progress.
- (b) Are diagnosed as learning disabled.
- (c) Require English as a second language (ESL) assistance.

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

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

(7) Each community college shall report to the department of labor and economic growth a summary of all accomplishments under, expenditures for, and compliance with the intent of this program, including the number of at-risk students served. The report is subject to audit as provided for in section 502(1). The report shall be submitted not later than 90 days after the end of the state's fiscal year.

Sec. 404. The appropriation in part 1 for renaissance zone reimbursements shall be made to each eligible recipient no later than 60 days after the department of treasury certifies to the state budget director that it has received all necessary information to properly determine the amounts due each eligible recipient under section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692.

Sec. 405. (1) It is the intent of the legislature that the legislature appropriate funding for nursing grants to encourage the expansion of nursing programs at community colleges. Any funds appropriated shall be allocated to each community college on a proportional basis based on the number of 2005-2006 ADN/RN nursing program awards reported by the community colleges to the office of postsecondary services in the department of labor and economic growth.

(2) It is the intent of the legislature that community colleges use any funds appropriated pursuant to subsection (1) to increase nursing program completions and expand existing nursing program capacity. These funds may be used for any of the following:

(a) Maintaining sustainability of existing programs in order to ensure that current programs are not reduced or eliminated due to high operational costs.

(b) Reducing attrition by utilizing counselors, mentors, better assessment and screening tools, and other student support services to ensure that students who enter a nursing program complete that program.

(c) Purchasing equipment and technology to increase efficiency and program capacity through the use of simulators, software, online curriculum development, and other program technology.

(d) Retaining and acquiring qualified faculty in an increasingly competitive recruiting market.

(3) By January 1, 2008, each community college receiving funds under this section shall report to the house and senate appropriations subcommittees on community colleges, the house and senate fiscal agencies, and the department of management and budget on the impact of these funds on nursing program completions at that college. In addition, each community college shall include in its report its plans for future nursing program enrollment expansion and indicate any barriers to that expansion.

REPORTS AND AUDITS

Sec. 501. The department of labor and economic growth shall publish the activities classification structure data book for Michigan community colleges on or before March 1, 2008, for use by the legislature during budget development for the fiscal year ending September 30, 2009.

Sec. 502. (1) The auditor general or a certified public accountant appointed by the auditor general may conduct performance audits of community colleges as the auditor general considers necessary.

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

Sec. 504. (1) A community college shall retain certified class summaries, class lists, registration documents, and student transcripts that are consistent with the taxonomy of courses. For each enrollment period during the fiscal year, these certified documents shall identify clearly by course the number of in-district and out-of-district student credit and contact hours. The class summaries and class lists shall be consistent with each other and shall include the course prefix and numbers, course title, course credit and contact hours, credit and contact hours generated by each student, and activity classifications consistent with the taxonomy. An auditable process shall be used by the community college to determine the unduplicated head count for in-district students, out-of-district students, and prisoners for each enrollment period during the fiscal year.

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

Sec. 505. Each community college shall have an annual audit of all income and expenditures performed by an independent auditor and shall furnish the independent auditor's management letter and an annual audited accounting of all general and current funds income and expenditures including audits of college foundations to the members of the senate and house appropriations subcommittees on community colleges, the senate and house fiscal agencies, the auditor general, the department of labor and economic growth, and the state budget director before November 15, 2007.

If a community college fails to furnish the audit materials, the monthly state aid installments shall be withheld from that college until the information is submitted. All reporting shall conform to the requirements set forth in the 2001 Manual for Uniform Financial Reporting, Michigan Public Community Colleges.

Sec. 506. (1) Each community college shall report the following to the department of labor and economic growth no later than November 1, 2007:

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

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

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

(3) The department of labor and economic growth shall compile the information received under subsection (1) and shall submit this compilation to the house and senate appropriations subcommittees on community colleges, the senate and house fiscal agencies, and the state budget director by January 7, 2008.

Sec. 507. Upon request, a community college shall inform interested Michigan high schools of the aggregate academic status of its students for the prior academic year, in a manner prescribed by the Michigan community college association and in cooperation with the Michigan association of secondary school principals.

Sec. 508. (1) Each community college shall report to the house and senate fiscal agencies, the state budget director, and the department of labor and economic growth by August 31, 2007, the tuition and mandatory fees paid by a full-time in-district student and a full-time out-of-district student as established by the college governing board for the 2007-2008 academic year. This report should also include the annual cost of attendance based on a full-time course load of 30 credits. Each community college shall also report any revisions to the reported 2007-2008 academic year tuition and mandatory fees adopted by the college governing board to the house and senate fiscal agencies, the state budget director, and the department of labor and economic growth within 15 days of being adopted.

(2) The department of labor and economic growth shall prepare and provide to community colleges a standard format for reporting tuition and fees pursuant to subsection (1).

Sec. 509. (1) Each community college shall report to the department of labor and economic growth the numbers and type of associate degrees and other certificates awarded during the previous fiscal year. The report shall be made not later than November 15, 2007.

(2) The department of labor and economic growth shall compile the information received under subsection (1) and shall submit this compilation to the house and senate appropriations subcommittees on community colleges, the senate and house fiscal agencies, and the state budget director by January 7, 2008.

Sec. 510. A community college receiving funding under this act and also subject to the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2381, shall make a copy of all material prepared in accordance with the public information reporting requirements under the crime awareness and campus security act of 1990, title II of the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2384, available in hard copy and electronic format accessible through the Internet for school districts, parents, and students.

Sec. 511. (1) At least 30 days before submission of a new state plan to the United States department of education for approval under the Perkins act, the department of labor and economic growth shall provide copies of the proposed plan to the members of the senate and house appropriations subcommittees on community colleges for their review and comment. Copies of the proposed plan shall be provided to the senate and house fiscal agencies and the state budget director at the same time that they are provided to the senate and house subcommittees.

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

(3) As used in this section, "Perkins act" means the Carl D. Perkins vocational and applied technology education act of 1998, 20 USC 2301 to 2415.

Sec. 513. The department of treasury shall annually collect and compile data on the tax revenue losses to community colleges resulting from tax increment financing authorities (TIFA) and tax abatements. The department of treasury shall produce a report detailing the data. The report shall be completed and presented to the house and senate appropriations subcommittees on community colleges, the department of career development, and the department of management and budget not later than March 1, 2008. The report shall include, but is not limited to, the following:

(a) Estimated revenue losses for each community college for the calendar year 2007.

(b) Confirmed revenue losses for each community college for the calendar years 2005 and 2006.

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

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

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

Staff Sergeant Munn graduated from Lake Shore High School in St. Clair Shores, where he was involved in athletics, excelled academically, and loved by all. This was evident when he was voted "Everyone's Best Friend." Following high school, he studied criminal law at Western Michigan University.

He became interested in military service when he joined his sister Courtney at her recruitment test. He officially enlisted on May 2, 2002, and became a military policeman. While he was serving in Germany, he met the love of his life and future wife, soldier Jennifer Salvador.

At the time of his unfortunate death, he was a member of the Military Police Platoon of Headquarters and Headquarters Company, 1st Brigade Special Troops Battalion, 1st Heavy Brigade Combat Team, 1st Cavalry Division. He assisted in the training of Iraqi police forces and conducted patrols in and around Sab al-Bur district northwest of Baghdad.

While Staff Sergeant Munn was known for his sense of humor and one whose smile could light up a room, he truly believed that his mission was to protect the United States not for himself, but for future generations. He wanted to make a difference, he told his wife. During his five years in the Army, he did just that. He also held many awards and badges including the Bronze Star, Purple Heart, Army Commendation Medal with two oak leaf clusters, Army Achievement Medal, Army Superior Unit Award, Good Conduct Medal, National Defense Service Medal, Iraqi Campaign Medal, Global War on Terrorism Service Medal, Army Service Ribbon, and the Combat Action Badge.

By giving his life, he saved many other lives, indeed, while showing the qualities of a hero. It is my hope that his wife Jennifer; his pride and joy, 17-month-old daughter Jordan Lyn; his mother and stepfather, Rae Richards-Randazzo and Joseph Randazzo; his father and stepmother, Donald and Barbara Munn; his sister, Courtney Munn; grandmothers, Dorothy Richards and Alice Munn; along with many aunts, uncles, nephews, nieces, a host of other relatives, friends, and comrades, know that his life was not lost in vain. His pursuit of freedom, sacrifices, and bravery will make the world a better place for all.

It is my hope, and I believe the hope of all in this chamber, that his family know of our eternal gratitude and admiration for his service and sacrifice. I ask for a moment of silence as we observe this fallen hero.

A moment of silence was observed in memory of Army Staff Sergeant Donald Leon Munn II.

Senator Scott stated that had she been present on October 29 when the vote was taken on the passage of the following bill, she would have voted "yea":

House Bill No. 4324

Senator Scott's statement is as follows:

Last week, I was not present one day and Senator Thomas made some remarks for me regarding insurance. I would like to thank him for that.

But I rise today with another request. I know you all have a lot on your plates, but I need some assistance in responding to a concerned Michigan citizen, who wrote: "For young people under the age of 25, the rates are too high. If it was not for my mother paying for the insurance, I would not be able to drive. Please continue helping the little guy and lowering the insurance for the drivers."

So I need help in composing a response. Do I tell her that I have been trying throughout my term in the Legislature to help? Do I tell her that week after week, I have the opportunity to speak to every Senator on the floor, but no one listens? Do I tell her they are too beholden to the insurance industry to take action? Or do I sadly tell her they just don't care? Perhaps I should tell her that, as so often occurs, the little guy is out of luck.

Well, as long as I am able to stand and speak, I will continue fighting for the little guys to get fair and affordable insurance.

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

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

The motion prevailed, and the President pro tempore, Senator Richardville, designated Senator Anderson as Chairperson.

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

Senate Bill No. 640, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 811e (MCL 257.811e), as amended by 2006 PA 562, and by adding section 811r.

Senate Bill No. 752, entitled

A bill to amend 1967 PA 150, entitled "Michigan military act," by amending section 237 (MCL 32.637).
The bills were placed on the order of Third Reading of Bills.

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

Senate Bill No. 92, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending sections 12101, 12102, 12103, 12105, 12107, 12111, 12112, and 12113 (MCL 324.12101, 324.12102, 324.12103, 324.12105, 324.12107, 324.12111, 324.12112, and 324.12113), sections 12101, 12102, 12103, and 12112 as amended by 2001 PA 165 and sections 12105 and 12107 as amended by 1998 PA 140.

Substitute (S-2).

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

Senator Hunter stated that had he been present earlier today when the votes were taken on the passage of the following bills, he would have voted "yea":

Senate Bill No. 368

Senate Bill No. 658

Senate Bill No. 678

Senate Bill No. 606

Senate Bill No. 630

Senator Hunter stated that had he been present earlier today when the vote was taken on the adoption of the conference report to the following bill, he would have voted "yea":

Senate Bill No. 222

Recess

Senator Cropsey moved that the Senate recess until 3:00 p.m.
The motion prevailed, the time being 12:17 p.m.

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

Recess

Senator Cropsey moved that the Senate recess until 4:30 p.m.
The motion prevailed, the time being 3:01 p.m.

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

Recess

Senator Cropsey moved that the Senate recess subject to the call of the Chair.
The motion prevailed, the time being 4:32 p.m.

4:40 p.m.

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

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

Senate Bill No. 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.

(For Conference Report, see p. 1799.)

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

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

Senate Bill No. 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.

(For Conference Report, see p. 1811.)

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

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

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 House of Representatives has amended 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.
2. Amend page 3, line 2, after "**COUNTY**" by inserting "**OTHER THAN A COUNTY**".

The House of Representatives has concurred in the Senate substitute (S-2) as amended.

Pursuant to rule 3.202, the bill was laid over one day.

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

Senator Cropsey moved that joint rule 9 be suspended to permit immediate consideration of the conference reports relative to the following bills:

House Bill No. 4346

House Bill No. 4359

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

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.

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

The Conference Report was read as follows:

FIRST CONFERENCE REPORT

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

House Bill No. 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
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

	For Fiscal Year Ending Sept. 30, 2008
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
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—102.0 FTE positions	\$ 12,659,000
Summer institute	90,000
Camp Tuhsmehta—1.0 FTE position	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

For Fiscal Year
Ending Sept. 30,
2008

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		<u>\$ 6,957,400</u>
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—25.0 FTE positions.....		\$ 4,386,800
GROSS APPROPRIATION		<u>\$ 4,386,800</u>
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		<u>\$ 16,773,800</u>
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		<u>\$ 2,988,000</u>
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		<u>\$ 12,285,700</u>
Appropriated from:		
Federal revenues:		
Federal revenues		12,285,700
State general fund/general purpose		\$ 0

For Fiscal Year
Ending Sept. 30,
2008

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		<u>\$ 10,987,400</u>
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		<u>\$ 800,300</u>
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		<u>\$ 3,880,100</u>
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 question being on the adoption of the conference report,

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

Roll Call No. 452**Yeas—37**

Allen	Clarke	Jansen	Richardville
Anderson	Cropsey	Jelinek	Sanborn
Barcia	Garcia	Kahn	Schauer
Basham	George	Kuipers	Scott
Birkholz	Gilbert	McManus	Stamas
Bishop	Gleason	Olshove	Switalski
Brater	Hardiman	Pappageorge	Thomas
Brown	Hunter	Patterson	Van Woerkom
Cherry	Jacobs	Prusi	Whitmer
Clark-Coleman			

Nays—1

Cassis

Excused—0**Not Voting—0**

In The Chair: Sanborn

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

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.

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

The Conference Report was read as follows:

FIRST CONFERENCE REPORT

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

House Bill No. 4350, entitled

A bill to make appropriations for certain 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.

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 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.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

ARTICLE 1

SUMMARY AND GENERAL PROVISIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this act are appropriated for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 2008, from the funds indicated in this act. The following is a summary of the appropriations in this act:

HIGHER EDUCATION

APPROPRIATION SUMMARY:

Full-time equated classified positions	1.0	
GROSS APPROPRIATION	\$	1,896,375,700
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION.....	\$	1,896,375,700
Federal revenues:		
Total federal revenues		7,400,000
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		127,200,000
State general fund/general purpose	\$	1,761,775,700

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under this act for fiscal year 2007-2008 is \$1,888,975,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2007-2008 is \$3,759,100.00. The itemized statement below identifies the estimated appropriations from which spending to local units of government will occur:

Part-time independent student program.....	\$	1,255,700
Michigan education opportunity grants		932,900
Michigan work-study		1,570,500
TOTAL.....	\$	3,759,100

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

ARTICLE 2

RESEARCH UNIVERSITIES

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 research universities for the fiscal year ending September 30, 2008, from the funds indicated in this part.

Sec. 102. MICHIGAN STATE UNIVERSITY

Operations.....	\$	290,139,800
Agricultural experiment station.....		33,996,200

	For Fiscal Year Ending Sept. 30, 2008
Cooperative extension service	\$ 29,322,300
GROSS APPROPRIATION	\$ 353,458,300
Appropriated from:	
State general fund/general purpose	\$ 353,458,300
Sec. 103. UNIVERSITY OF MICHIGAN - ANN ARBOR	
Operations.....	\$ 323,439,900
GROSS APPROPRIATION	\$ 323,439,900
Appropriated from:	
State general fund/general purpose	\$ 323,439,900
Sec. 104. WAYNE STATE UNIVERSITY	
Operations.....	\$ 219,046,500
GROSS APPROPRIATION	\$ 219,046,500
Appropriated from:	
State general fund/general purpose	\$ 219,046,500
Sec. 105. SUPPLEMENTAL PAYMENT	
One-time supplemental payment	\$ 81,910,800
GROSS APPROPRIATION	\$ 81,910,800
Appropriated from:	
State general fund/general purpose	\$ 81,910,800

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 203. As used in this act, “research university” means a public university classified as a “research university (very high research activity)” under the 2005 classification of institutions of higher education conducted by the Carnegie foundation for the advancement of teaching.

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

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods and services, or both, are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value. 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. It is the intent of the legislature that the funds appropriated in part 1 to state institutions of higher education shall not be used to enter into a lease or to purchase a vehicle assembled or manufactured outside of the United States, and that preference be given to vehicles assembled or manufactured in Michigan.

Sec. 212. (1) The funds appropriated in part 1 to state institutions of higher education, except for the 1-time supplemental payment described in subsection (2), shall be paid out of the state treasury and distributed by the state treasurer to the respective institutions in 11 equal monthly installments on the sixteenth of each month, or the next succeeding business day, beginning with October 16, 2007. Except for Wayne State University, each institution shall accrue its July and August 2008 payments to its institutional fiscal year ending June 30, 2008.

(2) The funds appropriated in part 1 to state institutions of higher education for the 1-time supplemental payment shall be paid out of the state treasury and distributed by the state treasurer to the respective institutions on October 16, 2007. The payment made to each institution shall be equal to the sum of the delayed payment reduction contained in Executive Order 2007-3 and the payment delay reduction contained in section 112 of 2007 PA 17. Except for Wayne State University, each state institution of higher education shall accrue this payment to its institutional fiscal year ending June 30, 2007. Wayne State University shall accrue this payment to its institutional fiscal year ending September 30, 2007.

(3) All universities shall submit higher education institutional data inventory (HEIDI) data and associated financial and program information requested by and in a manner prescribed by the state budget director. For universities with fiscal years ending June 30, 2007, these data shall be submitted to the state budget director by October 15, 2007. Universities with a fiscal year ending September 30, 2007 shall submit preliminary HEIDI data by November 15, 2007 and final data by December 15, 2007. If a university fails to submit HEIDI data and associated financial aid program information in accordance with this reporting schedule, the state treasurer shall withhold the monthly installments under subsection (1) to the university until those data are submitted.

(4) A detailed description of procedures utilized to arrive at the amounts appropriated in part 1 shall be submitted to each institution by the senate and house fiscal agencies.

Sec. 213. Funds received by the state from the federal government or private sources for the use of a college or university are appropriated for the purposes for which they are provided. The acceptance and use of federal or private funds do not place an obligation upon the legislature to continue the purposes for which the funds are made available.

Sec. 214. If section 274 of the income tax act of 1967, 1967 PA 281, MCL 206.274, is not repealed and if a state institution of higher education that receives funds under this act notifies the department of treasury regarding its tuition and fee rates in order to qualify as an eligible institution for the Michigan tuition tax credit under section 274 of the income tax act of 1967, 1967 PA 281, MCL 206.274, the institution shall also submit the notification and applicable documentation of tuition and fee changes to the house and senate fiscal agencies.

Sec. 215. A state institution of higher education that receives funds under this act shall furnish all program and financial information that is required by and in a manner prescribed by the state budget director or the house or senate appropriations committee.

UNIVERSITY OPERATIONS

Sec. 402. The University of Michigan biological station at Douglas Lake in Cheboygan County is regarded as a unique resource and is designated as a special research reserve. It is the intent of the legislature to protect and preserve the unique long-term research value and capabilities of the biological station area and Douglas Lake. The legislature further intends that no state programs or policies be developed that would have a deleterious impact on the research value of Douglas Lake.

Sec. 426. (1) It is the legislative intent that private bookstores that sell textbooks to university students and student governments that provide a book swap for university students have accurate and timely access to lists of universities' required textbooks in order to provide prompt and efficient service for students. It is further the legislative intent that each state university allow students who are on financial aid or are receiving tuition grants to decide where to purchase their textbooks.

(2) It is the intent of the legislature that each state university that provides for the use of funds in a university-administered account or financial aid for the purchase of required textbooks and supplies at bookstores operated by or affiliated with the university also provide for the use of funds in a university-administered account or financial aid at bookstores providing required textbooks or supplies that are not operated by or affiliated with the university. A state university may require bookstores not operated by or affiliated with the university to reimburse the university for any reasonable costs attributable to these transactions and to pay a reasonable rate or commission to the university.

Sec. 433. (1) Included in part 1 is \$2,953,400.00 for the agricultural experiment station and \$2,619,000.00 for the cooperative extension service for project GREEN. Project GREEN is intended to address critical regulatory, food safety, economic, and environmental problems faced by this state's plant-based agriculture, forestry, and processing industries. "GREEN" is an acronym for generating research and extension to meet environmental and economic needs.

(2) The department of agriculture and Michigan State University, in consultation with agricultural commodity groups and other interested parties, shall develop project GREEN and its program priorities.

(3) Not later than September 30, 2008, a report shall be submitted by Michigan State University to the state budget director, the house and senate appropriations subcommittees on agriculture and on higher education, and the house and senate fiscal agencies for the preceding fiscal year regarding project GREEN projects. The report shall include, but is not limited to, the dollar amount of each project and a review of each project's performance and accomplishments.

Sec. 434. It is the intent of the legislature that Michigan State University allocate \$80,000.00 from its appropriation in part 1 for the future farmers of America.

Sec. 436. It is the intent of the legislature that if any state university increases its resident undergraduate tuition and required fees from academic year 2006-2007 to academic year 2007-2008, then that university shall increase its fiscal year 2007-2008 general fund expenditures for student financial aid by at least the same percentage as the percentage change in resident undergraduate tuition and required fees. Each state university shall report its proposed fiscal year 2007-2008 general fund expenditures for student financial aid compared to its projected fiscal year 2006-2007 general fund expenditures for student financial aid, and its projected academic year 2007-2008 resident undergraduate tuition and required fee changes from academic year 2006-2007, to the state budget director and the house and senate appropriations subcommittees on higher education by November 15, 2007.

Sec. 440. All universities shall submit the amount of tuition and fees actually charged to a full-time resident undergraduate student for academic year 2007-2008 as part of their higher education institutional data inventory (HEIDI) data by August 31, 2007. A university shall report any revisions for any semester of the reported academic year 2007-2008 tuition and fee charges to HEIDI within 15 days of being adopted.

Sec. 462. It is the intent of the legislature that each state university receiving an appropriation in part 1 consider developing an education program on recognizing depression and mental health disorders and preventing suicide and violence and providing that program annually to students, beginning with any freshman orientation.

Sec. 463. Not later than February 1, 2008, each of the state universities receiving appropriations in part 1 shall submit to the state budget director, members of the house of representatives and the senate, and the house and senate fiscal agencies a report on the number of residents from an eligible county enrolled at the university and the quantifiable increase from the 2006-2007 academic year to the 2007-2008 academic year in outreach efforts to enroll students at the university from an eligible county. As used in this section, "eligible county" means a county in this state that meets both of the following:

(a) Has a population of not less than 700,000 and not more than 1,000,000 according to the most recent federal decennial census.

(b) Does not contain the main campus of a 4-year public university within its boundaries.

Sec. 464. Each state university receiving an appropriation in part 1 shall submit a plan by January 15, 2008 to the state budget director, the house and senate appropriations subcommittees on higher education, and the house and senate fiscal agencies on its process to inform both the private and public sectors regarding research and technology that could be developed commercially.

Sec. 466. It is the intent of the legislature that the state universities coordinate their purchases of goods and services whenever possible. This may include, but is not limited to, group purchases for vehicles, utilities, supplies, electronic equipment, maintenance equipment, books, and contractual services. To the extent possible, the state universities shall use both the "Michigan delivering extended agreements locally" (MiDEAL) purchasing services of the state department of management and budget that makes state contracts available to local units of government, colleges, and universities and the purchasing services available through the state's membership in the Midwestern Higher Education Compact (MHEC). Not later than January 1 of each year, the presidents council, state universities of Michigan shall submit to the members of the house and senate appropriations subcommittees on higher education, the house and senate fiscal agencies, and the state budget director a report on group or pooled purchases and the savings achieved by the state universities in the previous fiscal year.

Sec. 467. It is the intent of the legislature to establish performance standards for the research universities receiving appropriations in part 1.

MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA PARKS PROGRAMS

Sec. 501. (1) Included in the appropriation for each state university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks future faculty program, that is intended to increase the pool of academically or economically disadvantaged candidates pursuing faculty teaching careers in postsecondary education. Preference may not be given to applicants on the basis of race, color, ethnicity, gender, or national origin. Institutions should encourage applications from applicants who would otherwise not adequately be represented in the graduate student and faculty populations. Each state university shall apply the percentage change applicable to every state university in the calculation of appropriations in part 1 to the amount of funds allocated to the future faculty program.

(2) The program shall be administered by each state university in a manner prescribed by the Michigan department of labor and economic growth. The Michigan department of labor and economic growth shall use a good faith effort standard to evaluate whether a fellowship is in default.

Sec. 502. (1) Included in the appropriation for each state university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks college day program that is intended to introduce academically or economically disadvantaged schoolchildren to the potential of a college education. Preference may not be given to participants on the basis of race, color, ethnicity, gender, or national origin. Institutions should encourage participation from those who would otherwise not adequately be represented in the student population.

(2) Individual program plans of each state university shall include a budget of equal contributions from this program, the participating state university, the participating school district, and the participating independent degree-granting college. College day funds shall not be expended to cover indirect costs. Not more than 20% of the university match shall be attributable to indirect costs. Each state university shall apply the percentage change applicable to every state university in the calculation of appropriations in part 1 to the amount of funds allocated to the college day program.

(3) The program described in this section shall be administered by each state university in a manner prescribed by the Michigan department of labor and economic growth.

Sec. 505. (1) Included in the appropriation for each state university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks visiting professors program which is intended to increase the number of instructors in the classroom to provide role models for academically or economically disadvantaged students. Preference may not be given to participants on the basis of race, color, ethnicity, gender, or national origin. Institutions should encourage participation from those who would otherwise not adequately be represented in the student population.

(2) The program described in this section shall be administered by the Michigan department of labor and economic growth.

STUDENT PERFORMANCE REPORTING

Sec. 601. (1) From the amount appropriated in part 1 for state universities, the state universities shall systematically inform Michigan high schools regarding the academic status of students from each high school in a manner prescribed

by the presidents council, state universities of Michigan in cooperation with the Michigan association of secondary school principals.

(2) The Michigan high schools shall systematically inform the state universities about the use of information received under this section in a manner prescribed by the Michigan association of secondary school principals in cooperation with the presidents council, state universities of Michigan.

Sec. 602. From the amount appropriated in part 1 for state universities, the state universities shall inform Michigan community colleges regarding the academic status of community college transfer students in a manner prescribed by the presidents council, state universities of Michigan in cooperation with the Michigan community college association.

Sec. 603. It is the intent of the legislature that the state universities work with the state community colleges to encourage the transfer of students from the community colleges to the state universities and to facilitate the transfer of credits from the community colleges to the state universities.

GENERAL REPORTS AND AUDITS

Sec. 701. (1) The auditor general shall review higher education institutional data inventory (HEIDI) enrollment data submitted by all state universities and may perform audits of selected state universities if determined necessary. The review and audits shall be based upon the definitions, requirements, and uniform reporting categories established by the state budget director and the senate and house fiscal agencies. The auditor general shall submit a report of findings to the house and senate appropriations committees and the state budget director no later than July 1, 2008.

(2) Student credit hours reports shall not include the following:

(a) Student credit hours generated through instructional activity by faculty or staff in classrooms located outside Michigan, with the exception of instructional activity related to study-abroad programs or field programs.

(b) Student credit hours generated through distance learning instruction for students not eligible for the institution's in-state main campus resident tuition rate.

(c) Student credit hours generated through credit by examination.

(d) Student credit hours generated through inmate prison programs regardless of teaching location.

(e) Student credit hours generated in new degree programs after January 1, 1975, that have not been specifically authorized for funding by the legislature, except spin-off programs converted from existing core programs that do all of the following:

(i) Represent new options, fields, or concentrations within existing programs.

(ii) Are consistent with the current institutional role and mission.

(iii) Are accommodated within the continuing funding base of the institution.

(iv) Do not require a new degree level beyond that which the institution is currently authorized to grant within that discipline or field.

(v) Do not require funding from the state other than that provided by the student credit hours generated within the program, either before program initiation or within the first 3 years of program operation.

(3) The auditor general shall periodically audit higher education institutional data inventory (HEIDI) data as submitted by the state universities for compliance with the definitions approved by the HEIDI advisory committee for the HEIDI database.

(4) "Distance learning instruction" as used in subsection (2) means instruction that occurs solely in other than a traditional classroom setting where the student and instructor are in the same physical location and for which a student receives course credits and is charged tuition and fees. Examples of distance learning instruction are instruction delivered solely through the Internet, cable television, teleconference, or mail.

Sec. 701a. (1) Pursuant to section 501(2)(e), the institutions of higher education receiving appropriations in part 1 may establish the following degree programs:

(a) Bachelor's degree programs:

Michigan State University, Residential College in the Arts and Humanities, B.A.

Wayne State University, Radiologic Technology, B.S.

(b) Master's degree programs:

University of Michigan - Ann Arbor, Clinical Research, M.S.

University of Michigan - Ann Arbor, Master of Supply Chain Management

Wayne State University, Joint-Library and Information Science and History, M.A.

(c) Doctoral degree programs:

Michigan State University, Quantitative Biology Dual Major, Ph.D.

Wayne State University, Business Administration, Ph.D.

Wayne State University, Joint Pharm.D/Ph.D., Pharm.D, Ph.D.

(2) The listing of degree programs in subsection (1) does not constitute legislative intent to provide additional dollars for those programs.

(3) When submitting the listing of new degree programs for purposes of section 501(2)(e) in fiscal years after 2007-2008, the presidents council of state universities shall also provide a listing of degree programs that these institutions of higher education will no longer offer in subsequent academic years.

Sec. 702. The principal executive officer of each institution of higher education receiving an appropriation under this act shall expend a portion of the funds appropriated to that institution to make a report to the auditor general, the house and senate fiscal agencies, and the state budget director within 60 days after the auditor general issues his or her report on the operation of the institution. The institution's report shall specify all of the following:

(a) The recommendations of the auditor general implemented by the institution, including projected dates and resources required, if any, to achieve compliance.

(b) The recommendations of the auditor general not implemented by the institution or implemented by the institution as modified.

(c) The rationale for not implementing a recommendation of the auditor general or of implementing a recommendation as modified.

Sec. 708. The auditor general may conduct performance audits of state universities during the fiscal year ending September 30, 2008 as the auditor general considers necessary.

Sec. 709. An institution of higher education receiving funds under this act and also subject to the student right-to-know and campus security act, Public Law 101-522, 104 Stat. 2381, shall make a copy of all material prepared pursuant to the public information reporting requirements under the crime awareness and campus security act of 1990, title II of the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2381, available in electronic Internet format on their websites.

Sec. 714. It is the intent of the legislature that an institution receiving funds under this act and also subject to the family educational rights and privacy act (FERPA), 20 USC section 1232g, 34 CFR part 99, shall, when requested, provide information from the records of a student to any person or persons to whom the student has authorized disclosure on a written consent form pursuant to 34 CFR 99.30.

ARTICLE 3
STATE UNIVERSITIES
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 state universities for the fiscal year ending September 30, 2008, from the funds indicated in this part.

Sec. 102. CENTRAL MICHIGAN UNIVERSITY

Operations.....	\$ 81,941,100
GROSS APPROPRIATION	\$ 81,941,100

Appropriated from:

State general fund/general purpose	\$ 81,941,100
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Sec. 103. EASTERN MICHIGAN UNIVERSITY

Operations.....	\$ 77,774,100
GROSS APPROPRIATION	\$ 77,774,100

Appropriated from:

State general fund/general purpose	\$ 77,774,100
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Sec. 104. FERRIS STATE UNIVERSITY

Operations.....	\$ 49,730,800
GROSS APPROPRIATION	\$ 49,730,800

Appropriated from:

State general fund/general purpose	\$ 49,730,800
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Sec. 105. GRAND VALLEY STATE UNIVERSITY

Operations.....	\$ 63,387,500
GROSS APPROPRIATION	\$ 63,387,500

Appropriated from:

State general fund/general purpose	\$ 63,387,500
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Sec. 106. LAKE SUPERIOR STATE UNIVERSITY

Operations.....	\$ 12,981,900
GROSS APPROPRIATION	\$ 12,981,900

Appropriated from:

State general fund/general purpose	\$ 12,981,900
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Sec. 107. MICHIGAN TECHNOLOGICAL UNIVERSITY

Operations.....	\$ 49,028,200
GROSS APPROPRIATION	\$ 49,028,200

Appropriated from:

State general fund/general purpose	\$ 49,028,200
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Sec. 108. NORTHERN MICHIGAN UNIVERSITY

Operations.....	\$ 46,171,500
GROSS APPROPRIATION	\$ 46,171,500

	For Fiscal Year Ending Sept. 30, 2008
Appropriated from:	
State general fund/general purpose	\$ 46,171,500
Sec. 109. OAKLAND UNIVERSITY	
Operations.....	\$ 51,932,900
GROSS APPROPRIATION	\$ 51,932,900
Appropriated from:	
State general fund/general purpose	\$ 51,932,900
Sec. 110. SAGINAW VALLEY STATE UNIVERSITY	
Operations.....	\$ 28,356,200
GROSS APPROPRIATION	\$ 28,356,200
Appropriated from:	
State general fund/general purpose	\$ 28,356,200
Sec. 111. UNIVERSITY OF MICHIGAN - DEARBORN	
Operations.....	\$ 25,295,000
GROSS APPROPRIATION	\$ 25,295,000
Appropriated from:	
State general fund/general purpose	\$ 25,295,000
Sec. 112. UNIVERSITY OF MICHIGAN - FLINT	
Operations.....	\$ 21,379,900
GROSS APPROPRIATION	\$ 21,379,900
Appropriated from:	
State general fund/general purpose	\$ 21,379,900
Sec. 113. WESTERN MICHIGAN UNIVERSITY	
Operations.....	\$ 112,122,000
GROSS APPROPRIATION	\$ 112,122,000
Appropriated from:	
State general fund/general purpose	\$ 112,122,000
Sec. 114. SUPPLEMENTAL PAYMENT	
One-time supplemental payment	\$ 56,825,200
GROSS APPROPRIATION	\$ 56,825,200
Appropriated from:	
State general fund/general purpose	\$ 56,825,200

PART 2
PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

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

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods and services, or both, are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value. 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. It is the intent of the legislature that the funds appropriated in part 1 to state institutions of higher education shall not be used to enter into a lease or to purchase a vehicle assembled or manufactured outside of the United States, and that preference be given to vehicles assembled or manufactured in Michigan.

Sec. 212. (1) The funds appropriated in part 1 to state institutions of higher education, except for the 1-time supplemental payment described in subsection (2), shall be paid out of the state treasury and distributed by the state treasurer to the respective institutions in 11 equal monthly installments on the sixteenth of each month, or the next succeeding business day, beginning with October 16, 2007. Each institution shall accrue its July and August 2008 payments to its institutional fiscal year ending June 30, 2008.

(2) The funds appropriated in part 1 to state institutions of higher education for the 1-time supplemental payment shall be paid out of the state treasury and distributed by the state treasurer to the respective institutions on October 16, 2007. The payment made to each institution shall be equal to the sum of the delayed payment reduction contained in

Executive Order 2007-3 and the payment delay reduction contained in section 112 of 2007 PA 17. Each state institution of higher education shall accrue this payment to its institutional fiscal year ending June 30, 2007.

(3) All universities shall submit higher education institutional data inventory (HEIDI) data and associated financial and program information requested by and in a manner prescribed by the state budget director by October 15, 2007. If a university fails to submit HEIDI data and associated financial aid program information in accordance with this reporting schedule, the state treasurer shall withhold the monthly installments under subsection (1) to the university until those data are submitted.

(4) A detailed description of procedures utilized to arrive at the amounts appropriated in part 1 shall be submitted to each institution by the senate and house fiscal agencies.

Sec. 213. Funds received by the state from the federal government or private sources for the use of a college or university are appropriated for the purposes for which they are provided. The acceptance and use of federal or private funds do not place an obligation upon the legislature to continue the purposes for which the funds are made available.

Sec. 214. If section 274 of the income tax act of 1967, 1967 PA 281, MCL 206.274, is not repealed and if a state institution of higher education that receives funds under this act notifies the department of treasury regarding its tuition and fee rates in order to qualify as an eligible institution for the Michigan tuition tax credit under section 274 of the income tax act of 1967, 1967 PA 281, MCL 206.274, the institution shall also submit the notification and applicable documentation of tuition and fee changes to the house and senate fiscal agencies.

Sec. 215. A state institution of higher education that receives funds under this act shall furnish all program and financial information that is required by and in a manner prescribed by the state budget director or the house or senate appropriations committee.

UNIVERSITY OPERATIONS

Sec. 426. (1) It is the legislative intent that private bookstores that sell textbooks to university students and student governments that provide a book swap for university students have accurate and timely access to lists of universities' required textbooks in order to provide prompt and efficient service for students. It is further the legislative intent that each state university allow students who are on financial aid or are receiving tuition grants to decide where to purchase their textbooks.

(2) It is the intent of the legislature that each state university that provides for the use of funds in a university-administered account or financial aid for the purchase of required textbooks and supplies at bookstores operated by or affiliated with the university also provide for the use of funds in a university-administered account or financial aid at bookstores providing required textbooks or supplies that are not operated by or affiliated with the university. A state university may require bookstores not operated by or affiliated with the university to reimburse the university for any reasonable costs attributable to these transactions and to pay a reasonable rate or commission to the university.

Sec. 436. It is the intent of the legislature that if any state university increases its resident undergraduate tuition and required fees from academic year 2006-2007 to academic year 2007-2008, then that university shall increase its fiscal year 2007-2008 general fund expenditures for student financial aid by at least the same percentage as the percentage change in resident undergraduate tuition and required fees. Each state university shall report its proposed fiscal year 2007-2008 general fund expenditures for student financial aid compared to its projected fiscal year 2006-2007 general fund expenditures for student financial aid, and its projected academic year 2007-2008 resident undergraduate tuition and required fee changes from academic year 2006-2007, to the state budget director and the house and senate appropriations subcommittees on higher education by November 15, 2007.

Sec. 440. All universities shall submit the amount of tuition and fees actually charged to a full-time resident undergraduate student for academic year 2007-2008 as part of their higher education institutional data inventory (HEIDI) data by August 31, 2007. A university shall report any revisions for any semester of the reported academic year 2007-2008 tuition and fee charges to HEIDI within 15 days of being adopted.

Sec. 450. (1) For the fiscal year ending September 30, 2008, it is the intent of the legislature that an amount calculated under subsection (2) be allocated for per-student floor funding from the general fund/general purpose unreserved balances at the close of the 2006-2007 fiscal year.

(2) The amount allocated under subsection (1) for per-student floor funding is equal to \$3,775.00 per 2005-2006 fiscal-year-equated student at each university. The number of 2005-2006 students at a university is determined by reference to the higher education institutional data inventory (HEIDI).

Sec. 461. From the amount appropriated in part 1 to Lake Superior State University for operations, \$100,000.00 shall be paid to Bay Mills Community College for the costs of waiving tuition for North American Indians under 1976 PA 174, MCL 390.1251 to 390.1253.

Sec. 462. It is the intent of the legislature that each state university receiving an appropriation in part 1 consider developing an education program on recognizing depression and mental health disorders and preventing suicide and violence and providing that program annually to students, beginning with any freshman orientation.

Sec. 463. Not later than February 1, 2008, each of the state universities receiving appropriations in part 1 shall submit to the state budget director, members of the house of representatives and the senate, and the house and senate fiscal agencies a report on the number of residents from an eligible county enrolled at the university and the quantifiable

increase from the 2006-2007 academic year to the 2007-2008 academic year in outreach efforts to enroll students at the university from an eligible county. As used in this section, "eligible county" means a county in this state that meets both of the following:

(a) Has a population of not less than 700,000 and not more than 1,000,000 according to the most recent federal decennial census.

(b) Does not contain the main campus of a 4-year public university within its boundaries.

Sec. 464. Each state university receiving an appropriation in part 1 shall submit a plan by January 15, 2008 to the state budget director, the house and senate appropriations subcommittees on higher education, and the house and senate fiscal agencies on its process to inform both the private and public sectors regarding research and technology that could be developed commercially.

Sec. 466. It is the intent of the legislature that the state universities coordinate their purchases of goods and services whenever possible. This may include, but is not limited to, group purchases for vehicles, utilities, supplies, electronic equipment, maintenance equipment, books, and contractual services. To the extent possible, the state universities shall use both the "Michigan delivering extended agreements locally" (MiDEAL) purchasing services of the state department of management and budget that makes state contracts available to local units of government, colleges, and universities and the purchasing services available through the state's membership in the Midwestern Higher Education Compact (MHEC). Not later than January 1 of each year, the presidents council, state universities of Michigan shall submit to the members of the house and senate appropriations subcommittees on higher education, the house and senate fiscal agencies, and the state budget director a report on group or pooled purchases and the savings achieved by the state universities in the previous fiscal year.

Sec. 467. It is the intent of the legislature to establish performance standards for the state universities receiving appropriations in part 1.

MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA PARKS PROGRAMS

Sec. 501. (1) Included in the appropriation for each state university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks future faculty program, that is intended to increase the pool of academically or economically disadvantaged candidates pursuing faculty teaching careers in postsecondary education. Preference may not be given to applicants on the basis of race, color, ethnicity, gender, or national origin. Institutions should encourage applications from applicants who would otherwise not adequately be represented in the graduate student and faculty populations. Each state university shall apply the percentage change applicable to every state university in the calculation of appropriations in part 1 to the amount of funds allocated to the future faculty program.

(2) The program shall be administered by each state university in a manner prescribed by the Michigan department of labor and economic growth. The Michigan department of labor and economic growth shall use a good faith effort standard to evaluate whether a fellowship is in default.

Sec. 502. (1) Included in the appropriation for each state university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks college day program that is intended to introduce academically or economically disadvantaged schoolchildren to the potential of a college education. Preference may not be given to participants on the basis of race, color, ethnicity, gender, or national origin. Institutions should encourage participation from those who would otherwise not adequately be represented in the student population.

(2) Individual program plans of each state university shall include a budget of equal contributions from this program, the participating state university, the participating school district, and the participating independent degree-granting college. College day funds shall not be expended to cover indirect costs. Not more than 20% of the university match shall be attributable to indirect costs. Each state university shall apply the percentage change applicable to every state university in the calculation of appropriations in part 1 to the amount of funds allocated to the college day program.

(3) The program described in this section shall be administered by each state university in a manner prescribed by the Michigan department of labor and economic growth.

Sec. 505. (1) Included in the appropriation for each state university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks visiting professors program which is intended to increase the number of instructors in the classroom to provide role models for academically or economically disadvantaged students. Preference may not be given to participants on the basis of race, color, ethnicity, gender, or national origin. Institutions should encourage participation from those who would otherwise not adequately be represented in the student population.

(2) The program described in this section shall be administered by the Michigan department of labor and economic growth.

STUDENT PERFORMANCE REPORTING

Sec. 601. (1) From the amount appropriated in part 1 for state universities, the state universities shall systematically inform Michigan high schools regarding the academic status of students from each high school in a manner prescribed by the presidents council, state universities of Michigan in cooperation with the Michigan association of secondary school principals.

(2) The Michigan high schools shall systematically inform the state universities about the use of information received under this section in a manner prescribed by the Michigan association of secondary school principals in cooperation with the presidents council, state universities of Michigan.

Sec. 602. From the amount appropriated in part 1 for state universities, the state universities shall inform Michigan community colleges regarding the academic status of community college transfer students in a manner prescribed by the presidents council, state universities of Michigan in cooperation with the Michigan community college association.

Sec. 603. It is the intent of the legislature that the state universities work with the state community colleges to encourage the transfer of students from the community colleges to the state universities and to facilitate the transfer of credits from the community colleges to the state universities.

GENERAL REPORTS AND AUDITS

Sec. 701. (1) The auditor general shall review higher education institutional data inventory (HEIDI) enrollment data submitted by all state universities and may perform audits of selected state universities if determined necessary. The review and audits shall be based upon the definitions, requirements, and uniform reporting categories established by the state budget director and the senate and house fiscal agencies. The auditor general shall submit a report of findings to the house and senate appropriations committees and the state budget director no later than July 1, 2008.

(2) Student credit hours reports shall not include the following:

(a) Student credit hours generated through instructional activity by faculty or staff in classrooms located outside Michigan, with the exception of instructional activity related to study-abroad programs or field programs.

(b) Student credit hours generated through distance learning instruction for students not eligible for the institution's in-state main campus resident tuition rate.

(c) Student credit hours generated through credit by examination.

(d) Student credit hours generated through inmate prison programs regardless of teaching location.

(e) Student credit hours generated in new degree programs after January 1, 1975, that have not been specifically authorized for funding by the legislature, except spin-off programs converted from existing core programs that do all of the following:

(i) Represent new options, fields, or concentrations within existing programs.

(ii) Are consistent with the current institutional role and mission.

(iii) Are accommodated within the continuing funding base of the institution.

(iv) Do not require a new degree level beyond that which the institution is currently authorized to grant within that discipline or field.

(v) Do not require funding from the state other than that provided by the student credit hours generated within the program, either before program initiation or within the first 3 years of program operation.

(3) The auditor general shall periodically audit higher education institutional data inventory (HEIDI) data as submitted by the state universities for compliance with the definitions approved by the HEIDI advisory committee for the HEIDI database.

(4) "Distance learning instruction" as used in subsection (2) means instruction that occurs solely in other than a traditional classroom setting where the student and instructor are in the same physical location and for which a student receives course credits and is charged tuition and fees. Examples of distance learning instruction are instruction delivered solely through the Internet, cable television, teleconference, or mail.

Sec. 701a. (1) Pursuant to section 701(2)(e), state universities may establish the following degree programs:

(a) Bachelor's degree programs:

Central Michigan University, Integrated Science, B.S. in Ed.

Central Michigan University, Law and Economics, B.A., B.S., B.S. in B.A.

Central Michigan University, Meteorology, B.S.

Eastern Michigan University, Cross Disciplinary Studies, B.A./B.S.

Eastern Michigan University, Information Assurance, B.A./B.S.

Eastern Michigan University, Supply Chain Management, B.B.A.

Grand Valley State University, Chinese Studies Major, B.A.

Lake Superior State University, Physical Science: Teaching, B.S.

Lake Superior State University, School of Education, B. Ed.

University of Michigan - Flint, Biochemistry, B.S.

University of Michigan - Flint, Theatre Design and Technology, B.S.

University of Michigan - Flint, Visual Communication, B.F.A.

(b) Master's degree programs:

Eastern Michigan University, Integrated Marketing Communications, M.S.

Oakland University, Safety Management, M.S.

University of Michigan - Dearborn, Master of Science in Management Information Systems, M.S.

University of Michigan - Flint, English, M.A.

- (c) Doctoral degree programs:
 Michigan Technological University, Atmospheric Sciences, Ph.D.
 Oakland University, Doctor of Nursing Practice, D.N.P.
 Oakland University, Music Education, Ph.D.

(2) The listing of degree programs in subsection (1) does not constitute legislative intent to provide additional dollars for those programs.

(3) When submitting the listing of new degree programs for purposes of section 701(2)(e) in fiscal years after 2007-2008, the presidents council of state universities shall also provide a listing of degree programs that institutions of higher education will no longer offer in subsequent academic years.

Sec. 702. The principal executive officer of each institution of higher education receiving an appropriation under this act shall expend a portion of the funds appropriated to that institution to make a report to the auditor general, the house and senate fiscal agencies, and the state budget director within 60 days after the auditor general issues his or her report on the operation of the institution. The institution’s report shall specify all of the following:

- (a) The recommendations of the auditor general implemented by the institution, including projected dates and resources required, if any, to achieve compliance.
- (b) The recommendations of the auditor general not implemented by the institution or implemented by the institution as modified.
- (c) The rationale for not implementing a recommendation of the auditor general or of implementing a recommendation as modified.

Sec. 708. The auditor general may conduct performance audits of state universities during the fiscal year ending September 30, 2008 as the auditor general considers necessary.

Sec. 709. An institution of higher education receiving funds under this act and also subject to the student right-to-know and campus security act, Public Law 101-522, 104 Stat. 2381, shall make a copy of all material prepared pursuant to the public information reporting requirements under the crime awareness and campus security act of 1990, title II of the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2381, available in electronic Internet format on their websites.

Sec. 714. It is the intent of the legislature that an institution receiving funds under this act and also subject to the family educational rights and privacy act (FERPA), 20 USC section 1232g, 34 CFR part 99, shall, when requested, provide information from the records of a student to any person or persons to whom the student has authorized disclosure on a written consent form pursuant to 34 CFR 99.30.

ARTICLE 4
 STATE AND REGIONAL PROGRAMS, GRANTS, AND FINANCIAL AID
 PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this article are appropriated for certain state purposes related to education for the fiscal year ending September 30, 2008, from the funds indicated in this part.

Sec. 102. STATE AND REGIONAL PROGRAMS

Full-time equated positions	1.0	
Higher education database modernization and conversion—1.0 FTE position.....	\$	200,000
Midwestern higher education compact		90,000
GROSS APPROPRIATION	\$	290,000
Appropriated from:		
State general fund/general purpose	\$	290,000

Sec. 103. MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA PARKS PROGRAM

Select student supportive services	\$	1,956,100
Michigan college/university partnership program.....		586,800
Morris Hood, Jr. educator development program		148,600
GROSS APPROPRIATION	\$	2,691,500
Appropriated from:		
State general fund/general purpose	\$	2,691,500

Sec. 104. GRANTS AND FINANCIAL AID

State competitive scholarships	\$	35,530,500
Tuition grants		56,668,100
Michigan work-study program		7,326,300
Part-time independent student program		2,653,300
Michigan education opportunity grants		2,084,200
Robert C. Byrd honors scholarship program		1,500,000
Nursing scholarship and grant programs		4,250,000

	For Fiscal Year Ending Sept. 30, 2008
Michigan merit award program	\$ 60,000,000
Michigan promise grant program	43,500,000
Tuition incentive program	21,100,000
Children of veterans tuition grant program	1,000,000
Project gear-up	3,000,000
GROSS APPROPRIATION	\$ 238,612,400
Appropriated from:	
Federal revenues:	
Higher education act of 1965, title IV, 20 USC	2,900,000
Higher education act of 1965, title IV, part A	1,500,000
United States department of education, office of elementary and secondary education, gear-up ..	3,000,000
Special revenue funds:	
Michigan merit award trust fund	123,600,000
Michigan higher education assistance authority operating fund	1,200,000
Tuition grant carryforward	1,400,000
Contributions to children of veterans tuition grant program	1,000,000
State general fund/general purpose	\$ 104,012,400

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GRANTS AND FINANCIAL AID

Sec. 301. (1) Payments of the amounts included in part 1 for the state competitive scholarship program shall be distributed pursuant to 1964 PA 208, MCL 390.971 to 390.981.

(2) The Michigan higher education assistance authority shall implement a proportional competitive scholarship maximum award level for recipients enrolled less than full-time in a given semester or term.

(3) If a student who receives an award under this section has his or her tuition and fees paid under the Michigan educational trust program, pursuant to the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, and still has financial need, the funds awarded under this section may be used for educational expenses other than tuition and fees.

(4) If the Michigan higher education assistance authority increases the maximum award per eligible student from that provided in the previous fiscal year, it shall not have the effect of reducing the number of eligible students receiving awards in relation to the total number of eligible applicants. Any increase in the maximum grant shall be proportional for all eligible students receiving awards.

(5) Students who receive aid under 1964 PA 208, MCL 390.971 to 390.981, shall be awarded scholarships on the basis of merit and financial need. Veterans administration benefits shall not be considered in determining eligibility under 1964 PA 208, MCL 390.971 to 390.981.

Sec. 302. (1) The amounts appropriated in part 1 for the state tuition grant program shall be distributed pursuant to 1966 PA 313, MCL 390.991 to 390.997a.

(2) Tuition grant awards shall be made to all eligible Michigan residents who apply before July 1, 2007 and who are qualified. Tuition grant awards shall not be made to students newly enrolled in a juris doctor law degree program after the 1995-1996 academic year.

(3) The Michigan higher education assistance authority shall determine an actual maximum tuition grant award per student, which shall be no less than \$2,100.00, that ensures that the aggregate payments for the tuition grant program do not exceed the appropriation contained in part 1 for the state tuition grant program. If the authority determines that insufficient funds are available to establish a maximum award amount of \$2,100.00, the authority shall immediately report to the house and senate appropriations subcommittees on higher education, the house and senate fiscal agencies, and the state budget director, regarding the estimated amount of additional funds necessary to establish a \$2,100.00 maximum award amount. By December 15, 2007, and again by February 1, 2008, the authority shall analyze the status of award commitments, shall make any necessary adjustments, and shall confirm that those award commitments will not exceed the appropriation contained in part 1 for the tuition grant program. The determination and actions shall be reported to the state budget director and the house and senate fiscal agencies no later than February 15, 2008. If award adjustments are necessary, the students shall be notified of the adjustment by the third Monday in February.

(4) Any unexpended and unencumbered funds remaining on September 30, 2008 from the amounts appropriated in part 1 for the tuition grant program shall not lapse on September 30, 2008, but shall continue to be available for expenditure for tuition grants provided in the 2008-2009 fiscal year under a work project account. The use of these unexpended fiscal year 2007-2008 funds shall terminate at the end of the 2008-2009 fiscal year.

(5) The Michigan higher education assistance authority shall continue a proportional tuition grant maximum award level for recipients enrolled less than full-time in a given semester or term.

(6) If the Michigan higher education assistance authority increases the maximum award per eligible student from that provided in the previous fiscal year, it shall not have the effect of reducing the number of eligible students receiving awards in relation to the total number of eligible applicants. Any increase in the maximum grant shall be proportional for all eligible students receiving awards for fiscal year 2007-2008.

Sec. 303. (1) Included in the appropriation in part 1 is funding for the Michigan work-study program established under 1986 PA 288, MCL 390.1371 to 390.1382, and 1986 PA 303, MCL 390.1321 to 390.1332. An effort should be made by each institution participating in the Michigan work-study program to assure that not less than 10% of those undergraduate, graduate, and professional students eligible to participate in the program are placed with for-profit employers no later than December 31 of each year for which funding is provided under this act.

(2) The Michigan higher education assistance authority shall allocate funds to institutions eligible for work-study money based upon each institution's specific Pell grant index and each institution's utilization rate of work-study funds for the 3 most recent years for which statistics are available.

(3) The Michigan higher education assistance authority shall set aside not more than 5% of the total work-study appropriation to process requests from participating institutions for allocation adjustments. Allocation adjustments shall be based on criteria set by the authority prior to making the allocations under subsection (2).

Sec. 307. The auditor general may audit selected enrollments, degrees, and awards at selected independent colleges and universities receiving awards administered by the department of treasury. The audits shall be based upon definitions and requirements established by the Michigan higher education assistance authority, the state budget director, and the senate and house fiscal agencies. The auditor general shall accept the Free Application for Federal Student Aid (FAFSA) form as the standard of residency documentation. The auditor general shall submit a report of findings to the senate and house appropriations committees and state budget director by May 1, 2008.

Sec. 308. The sums appropriated in part 1 for the student financial aid programs shall be paid out of the state treasury and shall be distributed to the respective institutions under a quarterly payment system as follows:

(a) For the state competitive scholarship, nursing scholarship, tuition incentive, and tuition grant programs, 40% shall be paid at the beginning of the state's first fiscal quarter, 40% at the beginning of the state's second fiscal quarter, 10% at the beginning of the state's third fiscal quarter, and 10% at the beginning of the state's fourth fiscal quarter.

(b) For the work-study program, payments shall be made in 11 monthly installments from October 1 to August 31 of any year.

(c) For the part-time independent student program and the Michigan education opportunity grant program, 50% shall be paid at the beginning of the state's first fiscal quarter, 25% at the beginning of the state's second fiscal quarter, and 25% at the beginning of the state's third fiscal quarter.

(d) For the Robert C. Byrd honors scholarship program, 50% shall be paid at the beginning of the state's first fiscal quarter and 50% at the beginning of the state's second fiscal quarter.

Sec. 309. The Michigan higher education assistance authority shall determine the needs analysis criteria for students to qualify for the state competitive scholarship program and tuition grant program. To be consistent with federal requirements, student wages may be taken into consideration when determining the amount of the award.

Sec. 310. (1) The funds appropriated in part 1 for the tuition incentive program shall be distributed as provided in this section and pursuant to the administrative procedures for the tuition incentive program of the department of treasury.

(2) As used in this section:

(a) "Phase I" means the first part of the tuition incentive assistance program defined as the academic period of 80 semester or 120 term credits, or less, leading to an associate degree or certificate.

(b) "Phase II" means the second part of the tuition incentive assistance program which provides assistance in the third and fourth year of 4-year degree programs.

(c) "Department" means the department of treasury.

(3) A person shall meet the following basic criteria and financial thresholds to be eligible for tuition incentive benefits:

(a) To be eligible for phase I, a person shall meet all of the following criteria:

(i) Apply for certification to the department before graduating from high school or completing the general education development (GED) certificate.

(ii) Be less than 20 years of age at the time of high school graduation or GED completion.

(iii) Be a United States citizen and a resident of Michigan according to institutional criteria.

(iv) Be at least a half-time student, earning less than 80 semester or 120 term credits at a participating educational institution within 4 years of high school graduation or GED certificate completion.

(v) Request information on filing a FAFSA.

(b) To be eligible for phase II, a person shall meet either of the following criteria in addition to the criteria in subdivision (a):

(i) Complete at least 56 transferable semester or 84 transferable term credits.

(ii) Obtain an associate degree or certificate at a participating institution.

(c) To be eligible for phase I or phase II, a person must be financially eligible as determined by the department. A person is financially eligible for the tuition incentive program if that person was Medicaid eligible for 24 months within the 36 months before application. Certification of eligibility may begin in the sixth grade.

(4) For phase I, the department shall provide payment on behalf of a person eligible under subsection (3). The department shall reject billings that are excessive or outside the guidelines for the type of educational institution.

(5) For phase I, all of the following apply:

(a) Payments for associate degree or certificate programs shall not be made for more than 80 semester or 120 term credits for any individual student at any participating institution.

(b) For persons enrolled at a Michigan community college, the department shall pay the current in-district tuition and mandatory fees. For persons residing in an area that is not included in any community college district, the out-of-district tuition rate may be authorized.

(c) For persons enrolled at a Michigan public university, the department shall pay lower division resident tuition and mandatory fees for the current year.

(d) For persons enrolled at a Michigan independent, nonprofit degree-granting college or university, or a Michigan federal tribally controlled community college, or Focus: HOPE, the department shall pay mandatory fees for the current year and a per-credit payment that does not exceed the average community college in-district per-credit tuition rate as reported on August 1, for the immediately preceding academic year.

(6) A person participating in phase II may be eligible for additional funds not to exceed \$500.00 per semester or \$400.00 per term up to a maximum of \$2,000.00 subject to the following conditions:

(a) Credits are earned in a 4-year program at a Michigan degree-granting 4-year college or university.

(b) The tuition reimbursement is for coursework completed within 30 months of completion of the phase I requirements.

(7) The department shall work closely with participating institutions to develop an application and eligibility determination process that will provide the highest level of participation and ensure that all requirements of the program are met.

(8) Applications for the tuition incentive program may be approved at any time after the student begins the sixth grade. If a determination of financial eligibility is made, that determination is valid as long as the student meets all other program requirements and conditions.

(9) Each institution shall ensure that all known available restricted grants for tuition and fees are used prior to billing the tuition incentive program for any portion of a student's tuition and fees.

(10) The department shall ensure that the tuition incentive program is well publicized and that potentially eligible Medicaid clients are provided information on the program. The department shall provide the necessary funding and staff to fully operate the program.

Sec. 311. To enable the legislature and the state budget director to evaluate the appropriation needs of higher education, each independent college and university shall make available to the legislature or state budget director, upon request, data regarding grants for the preceding, current, and ensuing fiscal years.

Sec. 312. From the funds appropriated in part 1 for nursing scholarship and grant programs, the Michigan higher education assistance authority shall administer any nursing scholarship or nursing school grant programs authorized under the Michigan nursing scholarship act, 2002 PA 591, MCL 390.1181 to 390.1189.

Sec. 314. By December 1 of each year, the Michigan higher education assistance authority shall submit a report to the state budget director, the house and senate appropriations subcommittees on higher education, and the house and senate fiscal agencies for the preceding fiscal year on the children of veterans tuition grant program. The report shall include, but is not limited to, the total number of tuition grants paid by the authority in the preceding fiscal year, the total dollar amount of those tuition grants, and the number of students receiving tuition grants and the total amount of those tuition grants at each eligible institution.

STATE AND REGIONAL PROGRAMS

Sec. 405. The funds appropriated in part 1 for higher education database modernization and conversion shall be expended to maintain, coordinate, and improve the higher education institutional data inventory (HEIDI) established under section 1299 of the management and budget act, 1984 PA 431, MCL 18.1299. The advisory committee established under that section shall meet regularly to review data definitions and requirements in order to advise the state budget director regarding changes to those definitions and requirements that would result in more useful and reliable data being provided to state policymakers and university officials.

MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA PARKS PROGRAMS

Sec. 503. (1) Included in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks select student support services program for developing academically or economically disadvantaged student retention programs for 4-year state and independent educational institutions in this state. Preference may not be given to participants on the basis of race, color, ethnicity, gender, or national origin. Institutions should encourage participation from those who would otherwise not adequately be represented in the student population.

(2) An award made under this program to any 1 institution shall not be greater than \$150,000.00, and the amount awarded shall be matched on a 70% state, 30% college or university basis.

(3) The program described in this section shall be administered by the Michigan department of labor and economic growth.

Sec. 504. (1) Included in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks college/university partnership program between 4-year state and independent colleges and universities and public community colleges, which is intended to increase the number of academically or economically disadvantaged students who transfer from community colleges into baccalaureate programs. Preference may not be given to participants on the basis of race, color, ethnicity, gender, or national origin. Institutions should encourage participation from those who would otherwise not adequately be represented in the transfer student population.

(2) The grants shall be made under the program described in this section to Michigan state and independent colleges and universities. An award to any 1 institution shall not be greater than \$150,000.00, and the amount awarded shall be matched on a 70% state, 30% college or university basis.

(3) The program described in this section shall be administered by the Michigan department of labor and economic growth.

Sec. 506. (1) Included in the appropriation in part 1 is funding under the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks initiative for the Morris Hood, Jr. educator development program which is intended to increase the number of academically or economically disadvantaged students who enroll in and complete K-12 teacher education programs at the baccalaureate level. Preference may not be given to participants on the basis of race, color, ethnicity, gender, or national origin. Institutions should encourage participation from those who would otherwise not adequately be represented in the teacher education student population.

(2) The program described in this section shall be administered by each state-approved teacher education institution in a manner prescribed by the Michigan department of labor and economic growth.

(3) Approved teacher education institutions may and are encouraged to use student support services funding in coordination with the Morris Hood, Jr. funding to achieve the goals of the program described in this section.

Sec. 507. Each state institution of higher education receiving funds under section 503, 504, or 506 shall notify the Michigan department of labor and economic growth by April 15, 2008 as to whether it will expend by the end of its fiscal year the funds received under section 503, 504, or 506. Notwithstanding the award limitations in sections 503 and 504, the amount of funding reported as not being expended will be reallocated to the institutions that intend to expend all funding received under section 503, 504, or 506.

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

A bill to make appropriations for the state institutions of higher education and certain state purposes related to education for the fiscal year ending September 30, 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.

Pam Byrnes
George Cushingberry, Jr.
Daniel Acciavatti
Conferees for the House

Tony Stamas
Thomas M. George
Jim Barcia
Conferees for the Senate

The question being on the adoption of the conference report,

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

Roll Call No. 453

Yeas—38

Allen	Clark-Coleman	Jansen	Richardville
Anderson	Clarke	Jelinek	Sanborn
Barcia	Cropsey	Kahn	Schauer
Basham	Garcia	Kuipers	Scott
Birkholz	George	McManus	Stamas
Bishop	Gilbert	Olshove	Switalski
Brater	Gleason	Pappageorge	Thomas
Brown	Hardiman	Patterson	Van Woerkom
Cassis	Hunter	Prusi	Whitmer
Cherry	Jacobs		

Nays—0

Excused—0**Not Voting—0**

In The Chair: Sanborn

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

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.

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

FIRST CONFERENCE REPORT

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

House Bill No. 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.

(L) 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 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) ~~(c)~~ For a district that has a foundation allowance that is not a whole dollar amount, the district's foundation allowance shall be rounded up to the nearest whole dollar.

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

~~(K)~~ "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)~~ "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~~ **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) ~~(4)~~ 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) ~~(5)~~ It is the intent of the legislature that all constitutional obligations of this state have been fully funded under sections 22a, 31d, 51a, and 51c. If a claim is made by an entity receiving funds under this act that challenges the legislative determination of the adequacy of this funding or alleges that there exists an unfunded constitutional requirement, the state budget director may escrow or allocate from the discretionary funds for nonmandated payments under this section the amount as may be necessary to satisfy the claim before making any payments to districts under subsection (2). If funds are escrowed, the escrowed funds are a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of litigation. The work project shall be completed upon resolution of the litigation.

(7) ~~(6)~~ If the local claims review board or a court of competent jurisdiction makes a final determination that this state is in violation of section 29 of article IX of the state constitution of 1963 regarding state payments to districts, the state budget director shall use work project funds under subsection ~~(5)~~-(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** 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** 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 ~~450.33%-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 NONGOVERNMENTAL 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.

(ii) 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) ~~(4)~~ 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) ~~(5)~~ 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) ~~(6)~~ 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.

(5) The center may enter into any interlocal agreements necessary to fulfill its functions.

(6) 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.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(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 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 ~~2006-2007-2007-2008~~ 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~~ **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) (i)~~ Collaborates with local districts and businesses to determine area academic needs and to promote the learning opportunities.

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(e) 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 proportionately 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 question being on the adoption of the conference report,

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

Roll Call No. 454

Yeas—38

Allen	Clark-Coleman	Jansen	Richardville
Anderson	Clarke	Jelinek	Sanborn
Barcia	Cropsey	Kahn	Schauer
Basham	Garcia	Kuipers	Scott
Birkholz	George	McManus	Stamas
Bishop	Gilbert	Olshove	Switalski
Brater	Gleason	Pappageorge	Thomas
Brown	Hardiman	Patterson	Van Woerkom
Cassis	Hunter	Prusi	Whitmer
Cherry	Jacobs		

Nays—0

Excused—0

Not Voting—0

In The Chair: Sanborn

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

Recess

Senator Cropsey moved that the Senate recess until 8:00 p.m.
The motion prevailed, the time being 5:00 p.m.

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

By unanimous consent the Senate proceeded to the order of

Introduction and Referral of Bills

Senator Kahn introduced

Senate Bill No. 862, entitled

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending section 30 (MCL 206.30), as amended by 2007 PA 94.

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

Senators Brown, Pappageorge, Richardville, Jelinek, Gleason, George, Gilbert, McManus, Kahn, Sanborn, Garcia, Birkholz and Stamas introduced

Senate Bill No. 863, 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 and second time by title and referred to the Committee on Appropriations.

Recess

Senator Cropsy moved that the Senate recess subject to the call of the Chair.

The motion prevailed, the time being 8:04 p.m.

8:51 p.m.

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

By unanimous consent the Senate returned to the order of

Conference Reports

Senator Cropsy moved that joint rule 9 be suspended to permit immediate consideration of the conference reports relative to the following bills:

House Bill No. 4344

Senate Bill No. 229

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

Senator Pappageorge submitted the following:

FIRST CONFERENCE REPORT

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

Senate Bill No. 229, entitled

A bill to make, supplement, and adjust appropriations for the departments of attorney general, civil rights, civil service, information technology, management and budget, state, and treasury, the executive office, and the legislative branch for the fiscal year ending September 30, 2008; to provide for the expenditure of these appropriations; to provide for the funding of certain work projects; to provide for the imposition of certain fees; to establish or continue certain funds, programs, and categories; to transfer certain funds; to prescribe certain requirements for bidding on state contracts; to provide for disposition of year-end balances; to prescribe the powers and duties of certain principal executive departments and state agencies, officials, and employees; and to provide for the disposition of fees and other income received by the various principal executive departments and state agencies.

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, supplement, and adjust appropriations for the departments of attorney general, civil rights, information technology, management and budget, state, and treasury, the executive office, and the legislative branch for the fiscal year ending September 30, 2008; to provide for the expenditure of these appropriations; to provide for the funding of certain work projects; to provide for the imposition of certain fees; to establish or continue certain funds, programs, and categories; to transfer certain funds; to prescribe certain requirements for bidding on state contracts; to provide for disposition of year-end balances; to prescribe the powers and duties of certain principal executive departments and state agencies, officials, and employees; and to provide for the disposition of fees and other income received by the various principal executive departments and state agencies.

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 departments of attorney general, civil rights, information technology, management and budget, state, and treasury, the executive office, the legislative branch, and certain other state purposes, 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:

TOTAL GENERAL GOVERNMENT

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	49.0	
Full-time equated classified positions	7,278.9	
GROSS APPROPRIATION		\$ 3,123,867,900
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		646,767,400
ADJUSTED GROSS APPROPRIATION.....		\$ 2,477,100,500
Federal revenues:		
Total federal revenues		108,396,800
Special revenue funds:		
Total local revenues		2,800,700
Total private revenues		1,262,900
Total other state restricted revenues		1,703,781,000
State general fund/general purpose		\$ 660,859,100

Sec. 102. DEPARTMENT OF ATTORNEY GENERAL

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	556.0	
GROSS APPROPRIATION		\$ 73,124,200
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		21,780,300
ADJUSTED GROSS APPROPRIATION.....		\$ 51,343,900
Federal revenues:		
Total federal revenues		7,816,000
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		11,491,300
State general fund/general purpose		\$ 32,036,600

(2) ATTORNEY GENERAL OPERATIONS

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	556.0	
Attorney general		\$ 124,900
Unclassified positions—5.0 FTE positions.....		476,300
Attorney general operations—519.0 FTE positions.....		66,825,900
Child support enforcement—25.0 FTE positions		2,943,100
Prosecuting attorneys coordinating council—12.0 FTE positions.....		1,986,100
GROSS APPROPRIATION		\$ 72,356,300

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2008

Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCH, health services.....	\$ 1,840,200
IDG from MDCH, WIC	70,000
IDG from DOC	279,100
IDG from MDE.....	50,000
IDG from MDEQ.....	1,740,000
IDG from MDHS	3,329,300
IDG from MDLEG, career education services	186,100
IDG from MDLEG, children’s protection registry.....	36,200
IDG from MDLEG, financial and insurance services.....	1,102,100
IDG from MDLEG, homeowners construction lien recovery fund	304,900
IDG from MDLEG, licensing and regulation fees.....	175,700
IDG from MDLEG, Michigan occupational safety and health administration	98,700
IDG from MDLEG, Michigan state housing development authority	518,500
IDG from MDLEG, remonumentation fees	77,500
IDG from MDLEG, unemployment insurance agency.....	1,627,100
IDG from MDMB, risk management revolving fund.....	1,356,400
IDG from DMVA	118,900
IDG from MDOT, comprehensive transportation fund	159,000
IDG from MDOT, state aeronautics fund	156,900
IDG from MDOT, state trunkline fund.....	2,807,200
IDG from MDSP, Michigan justice training fund.....	325,000
IDG from MDSP.....	279,100
IDG from Michigan gaming control board.....	1,085,300
IDG from treasury.....	3,927,900
IDG from treasury, strategic fund	129,200
Federal revenues:	
DAG, state administrative match grant/food stamps.....	387,700
Federal funds	2,485,800
HHS, medical assistance, medigrant	649,200
HHS-OS, state Medicaid fraud control units.....	4,293,300
Special revenue funds:	
Antitrust enforcement collections	650,000
Attorney general’s operations fund	873,400
Auto repair facilities fees.....	233,600
Franchise fees	299,200
Game and fish protection fund.....	767,800
Liquor purchase revolving fund	1,059,600
Manufactured housing fees	196,300
Merit award trust fund	406,700
Prisoner reimbursement.....	460,800
Prosecuting attorneys’ training fees	375,000
Public utility assessments	1,830,600
Real estate enforcement fund.....	550,000
Reinstatement fees	160,000
Retirement funds.....	754,600
Second injury fund.....	999,800
Self-insurers security fund.....	174,400
Silicosis and dust disease fund.....	533,700
State building authority revenue.....	98,200
State lottery fund	248,700
Utility consumers fund.....	559,700
Waterways fund	100,200
Worker’s compensation administrative revolving fund	159,000
State general fund/general purpose	\$ 31,268,700

	For Fiscal Year Ending Sept. 30, 2008
(3) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 767,900
GROSS APPROPRIATION	\$ 767,900
Appropriated from:	
State general fund/general purpose	\$ 767,900
Sec. 103. DEPARTMENT OF CIVIL RIGHTS	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	5.0
Full-time equated classified positions	136.0
GROSS APPROPRIATION	\$ 14,491,300
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 14,491,300
Federal revenues:	
Total federal revenues	2,054,100
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 12,437,200
(2) CIVIL RIGHTS OPERATIONS	
Full-time equated unclassified positions	5.0
Full-time equated classified positions	136.0
Unclassified positions—5.0 FTE positions	\$ 264,700
Civil rights operations—136.0 FTE positions	13,433,100
Human resources optimization user charges	8,700
GROSS APPROPRIATION	\$ 13,706,500
Appropriated from:	
Federal revenues:	
EEOC, state and local antidiscrimination agency contracts	1,283,500
HUD, grant	770,600
State general fund/general purpose	\$ 11,652,400
(3) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 784,800
GROSS APPROPRIATION	\$ 784,800
Appropriated from:	
State general fund/general purpose	\$ 784,800
Sec. 104. EXECUTIVE OFFICE	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	10.0
Full-time equated classified positions	74.2
GROSS APPROPRIATION	\$ 5,317,300
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 5,317,300
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 5,317,300
(2) EXECUTIVE OFFICE OPERATIONS	
Full-time equated unclassified positions	10.0
Full-time equated classified positions	74.2
Governor	\$ 177,000

	For Fiscal Year Ending Sept. 30, 2008
Lieutenant governor	\$ 123,900
Executive office—74.2 FTE positions	4,166,600
Unclassified positions—8.0 FTE positions	849,800
GROSS APPROPRIATION	\$ 5,317,300
Appropriated from:	
State general fund/general purpose	\$ 5,317,300
Sec. 105. DEPARTMENT OF INFORMATION TECHNOLOGY	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	1,774.4
GROSS APPROPRIATION	\$ 428,868,100
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	428,868,100
ADJUSTED GROSS APPROPRIATION	\$ 0
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 0
(2) ADMINISTRATION	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	1,774.4
Unclassified positions—6.0 FTE positions	\$ 300,000
Enterprisewide services—75.0 FTE positions	22,980,300
Health and human services—773.6 FTE positions	247,847,100
Education services—38.9 FTE positions	3,569,000
Public protection—302.0 FTE positions	47,779,000
Resources services—171.1 FTE positions	17,372,300
Transportation services—107.0 FTE positions	28,145,500
General services—306.8 FTE positions	60,874,900
GROSS APPROPRIATION	\$ 428,868,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG from department of agriculture	1,531,500
IDG from department of attorney general	767,900
IDG from civil rights	784,800
IDG from civil service	3,838,000
IDG from department of community health	51,876,600
IDG from department of corrections	17,633,200
IDG from department of education	2,826,400
IDG from department of environmental quality	7,466,300
IDG from Michigan gaming control board	1,320,000
IDG from department of history, arts, and libraries	1,099,200
IDG from department of human services	154,450,500
IDG from department of labor and economic growth	42,799,100
IDG from bureau of state lottery	4,549,600
IDG from department of management and budget	28,598,900
IDG from department of military and veterans affairs	1,187,500
IDG from department of natural resources	8,901,700
IDG from department of state	24,415,600
IDG from department of state police	27,937,000
IDG from department of transportation	28,483,300
IDG from department of treasury	18,401,000
State general fund/general purpose	\$ 0

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Sec. 106. LEGISLATURE

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$ 114,504,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION.....	\$ 114,504,000
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues	0
Total private revenues	400,000
Total other state restricted revenues	1,109,800
State general fund/general purpose	\$ 112,994,200

(2) LEGISLATURE

Senate	\$ 29,126,400
Senate automated data processing	2,549,600
Senate fiscal agency	3,219,200
House of representatives	45,515,800
House automated data processing	2,024,900
House fiscal agency	3,219,200
GROSS APPROPRIATION	\$ 85,655,100

Appropriated from:

State general fund/general purpose	\$ 85,655,100
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(3) LEGISLATIVE COUNCIL

Legislative council.....	\$ 10,014,100
Legislative service bureau automated data processing.....	1,374,800
Worker's compensation	133,000
National association dues.....	97,900
GROSS APPROPRIATION	\$ 11,619,800

Appropriated from:

Special revenue funds:

Private - gifts and bequests revenues	400,000
State general fund/general purpose	\$ 11,219,800

(4) LEGISLATIVE RETIREMENT SYSTEM

General nonretirement expenses.....	\$ 4,533,900
GROSS APPROPRIATION	\$ 4,533,900

Appropriated from:

Special revenue funds:

Court fees	1,109,800
State general fund/general purpose	\$ 3,424,100

(5) PROPERTY MANAGEMENT

Capitol building	\$ 2,363,700
Cora Anderson building	8,763,600
Farnum building and other properties	1,567,900
GROSS APPROPRIATION	\$ 12,695,200

Appropriated from:

State general fund/general purpose	\$ 12,695,200
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Sec. 107. LEGISLATIVE AUDITOR GENERAL

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$ 15,828,200
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	1,801,500
ADJUSTED GROSS APPROPRIATION.....	\$ 14,026,700
Federal revenues:	
Total federal revenues	0

	For Fiscal Year Ending Sept. 30, 2008
Special revenue funds:	
Total local revenues	\$ 0
Total private revenues	0
Total other state restricted revenues	1,539,900
State general fund/general purpose	\$ 12,486,800
(2) OFFICE OF THE AUDITOR GENERAL	
Unclassified positions	\$ 313,500
Field operations	15,514,700
GROSS APPROPRIATION	\$ 15,828,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCS	107,900
IDG from MDLEG, liquor purchase revolving fund.....	11,300
IDG from MDOT, comprehensive transportation fund	25,200
IDG from MDOT, Michigan transportation fund.....	204,300
IDG from MDOT, state aeronautics fund	19,600
IDG from MDOT, state trunkline fund.....	474,600
IDG, single audit act.....	958,600
Special revenue funds:	
Cadillac local development finance authority.....	12,000
Clean Michigan initiative implementation bond fund.....	37,500
Commercial mobile radio system emergency telephone fund.....	37,500
Construction lien fund	7,200
Contract audit administration fees.....	52,700
Correctional industries revolving fund	31,300
Fee adequacy, air quality delegated authority.....	9,400
Game and fish protection fund	21,400
Legislative retirement system.....	18,700
Marine safety fund.....	1,900
Michigan economic development corporation	41,200
Michigan education trust fund	30,000
Michigan justice training commission fund.....	28,100
Michigan state fair revolving fund	33,000
Michigan state housing development authority fees	22,100
Michigan strategic fund	87,500
Michigan tobacco settlement authority.....	75,000
Michigan veterans' trust fund	24,400
Motor transport revolving fund	4,700
Office services revolving fund	6,800
State disbursement unit, office of child support	25,000
State services fee fund	926,900
Waterways fund	5,600
State general fund/general purpose	\$ 12,486,800
Sec. 108. DEPARTMENT OF MANAGEMENT AND BUDGET	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	7.0
Full-time equated classified positions	988.0
GROSS APPROPRIATION	\$ 504,898,400
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	162,686,100
ADJUSTED GROSS APPROPRIATION.....	\$ 342,212,300
Federal revenues:	
Total federal revenues	4,779,100
Special revenue funds:	
Total local revenues	1,700,000
Total private revenues	150,000

	For Fiscal Year Ending Sept. 30, 2008
Total other state restricted revenues	\$ 68,104,000
State general fund/general purpose	\$ 267,479,200
(2) MANAGEMENT AND BUDGET SERVICES	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	584.0
Unclassified positions—6.0 FTE positions.....	\$ 636,500
Executive operations—20.5 FTE positions.....	2,449,100
Administrative services—60.5 FTE positions	6,382,500
Budget and financial management—112.5 FTE positions	10,832,000
Office of the state employer—23.0 FTE positions	2,785,100
Design and construction services—40.0 FTE positions.....	5,337,400
Business support services—86.5 FTE positions	7,934,800
Building operation services—241.0 FTE positions	88,294,800
Building occupancy charges, rent, and utilities	4,203,000
Human resources optimization user charges.....	66,000
Motor vehicle fleet.....	56,861,600
GROSS APPROPRIATION	\$ 185,782,800
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, comprehensive transportation fund	60,000
IDG from MDOT, state aeronautics fund	37,600
IDG from MDOT, state trunkline fund.....	1,454,700
IDG from building occupancy and parking charges	91,136,800
IDG from department of labor and economic growth.....	100,000
IDG from motor transport fund.....	56,861,600
IDG from MDCH.....	433,300
IDG from MDHS	170,500
IDG from user fees	5,335,100
Special revenue funds:	
Game and fish protection fund	268,800
Health management funds.....	1,719,600
Marine safety fund.....	23,300
Special revenue, internal service, and pension trust funds	9,013,600
State building authority revenue.....	621,200
State lottery fund	110,700
State services fee fund	74,000
Waterways fund	61,600
State general fund/general purpose	\$ 18,300,400
(3) STATEWIDE APPROPRIATIONS	
Professional development fund - MPES	\$ 125,000
Professional development fund - AFSCME.....	50,000
Professional development fund - NEREs	38,000
Professional development fund - MSCs	116,000
GROSS APPROPRIATION	\$ 329,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG from employer contributions	329,000
State general fund/general purpose	\$ 0
(4) SPECIAL PROGRAMS	
Full-time equated classified positions	154.5
Building occupancy charges - property management services for executive/legislative building occupancy.....	\$ 1,854,100
Retirement services—140.5 FTE positions	16,793,100
Office of children's ombudsman—14.0 FTE positions	1,396,500
GROSS APPROPRIATION	\$ 20,043,700

For Fiscal Year
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Appropriated from:	
Special revenue funds:	
Deferred compensation	\$ 1,542,400
Pension trust funds.....	15,250,700
State general fund/general purpose	\$ 3,250,600
(5) STATE FAIR	
Full-time equated unclassified positions	1.0
Full-time equated classified positions	9.0
Unclassified positions—1.0 FTE position	\$ 101,000
Michigan state fair operations—9.0 FTE positions	6,399,300
Michigan state fair information technology	88,800
GROSS APPROPRIATION	\$ 6,589,100
Appropriated from:	
Special revenue funds:	
State exposition and fairgrounds fund	6,589,100
State general fund/general purpose	\$ 0
(6) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 28,510,100
GROSS APPROPRIATION	\$ 28,510,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, comprehensive transportation fund	2,100
IDG from MDOT, state aeronautics fund	1,100
IDG from MDOT, state trunkline fund.....	47,500
IDG from building occupancy and parking charges	654,100
IDG from user fees	186,800
Special revenue funds:	
Deferred compensation	2,600
Game and fish protection fund	9,800
Health management funds	41,700
Marine safety fund.....	900
MAIN user charges	4,209,200
Pension trust funds.....	6,802,100
Special revenue, internal service, and pension trust funds	2,554,600
State building authority revenue.....	9,700
State lottery fund	4,600
Waterways fund	2,000
State general fund/general purpose	\$ 13,981,300
(7) STATE BUILDING AUTHORITY RENT	
State building authority rent - state agencies	\$ 56,616,700
State building authority rent - department of corrections	46,867,700
State building authority rent - universities	104,280,900
State building authority rent - community colleges.....	19,056,800
GROSS APPROPRIATION	\$ 226,822,100
Appropriated from:	
Special revenue funds:	
State lottery fund	1,520,000
State general fund/general purpose	\$ 225,302,100
(8) CIVIL SERVICE OPERATIONS	
Full-time equated classified positions	240.5
Agency services—118.5 FTE positions.....	\$ 13,255,400
Executive direction—45.0 FTE positions	8,166,200
Employee benefits—31.0 FTE positions	5,873,200
Audit and compliance—16.0 FTE positions.....	2,168,900
Training	1,300,000
Human resources optimization—30.0 FTE positions.....	2,205,000

	For Fiscal Year Ending Sept. 30, 2008
Information technology services and projects	\$ 3,852,900
GROSS APPROPRIATION	\$ 36,821,600
Appropriated from:	
Interdepartmental grant revenues:	
IDG, training charges.....	1,300,000
IDG, 1% special funds.....	1,300,000
IDG, human resources optimization user charges.....	3,275,900
Federal revenues:	
Federal funds 1%	4,779,100
Special revenue funds:	
Local funds 1%	1,700,000
Private funds 1%	150,000
Freedom of information fees.....	1,100
State restricted funds 1%	9,007,200
State sponsored group insurance.....	2,650,000
State sponsored group insurance, flexible spending accounts and COBRA.....	6,013,500
State general fund/general purpose	\$ 6,644,800
Sec. 109. DEPARTMENT OF STATE	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	1,853.8
GROSS APPROPRIATION	\$ 207,681,400
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	20,000,000
ADJUSTED GROSS APPROPRIATION.....	\$ 187,681,400
Federal revenues:	
Total federal revenues	1,911,200
Special revenue funds:	
Total local revenues	0
Total private revenues	100
Total other state restricted revenues	156,972,900
State general fund/general purpose	\$ 28,797,200
(2) EXECUTIVE DIRECTION	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	30.2
Secretary of state	\$ 124,900
Unclassified positions—5.0 FTE positions.....	459,200
Operations—30.2 FTE positions	2,821,300
GROSS APPROPRIATION	\$ 3,405,400
Appropriated from:	
Special revenue funds:	
Auto repair facilities fees.....	60,500
Driver fees	127,200
Expedient service fees	54,100
Parking ticket court fines	8,300
Personal identification card fees	12,700
Reinstatement fees - operator licenses	137,300
Transportation administration collection fund.....	2,069,100
Vehicle theft prevention fees.....	35,600
State general fund/general purpose	\$ 900,600
(3) DEPARTMENT SERVICES	
Full-time equated classified positions	166.3
Operations—159.8 FTE positions	\$ 23,718,500
Assigned claims assessments—6.5 FTE positions.....	771,300
GROSS APPROPRIATION	\$ 24,489,800

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Appropriated from:	
Federal revenues:	
Federal funds	\$ 1,200
Special revenue funds:	
Abandoned vehicle fees	468,600
Assigned claims assessments	771,300
Auto repair facilities fees	415,000
Child support clearance fees	34,300
Driver fees	427,900
Expedient service fees	253,200
Marine safety fund	76,000
Off-road vehicle title fees	7,800
Parking ticket court fines	52,700
Personal identification card fees	84,600
Reinstatement fees - operator licenses	547,800
Scrap tire fund	69,900
Snowmobile registration fee revenue	18,100
Transportation administration collection fund	19,138,400
Vehicle theft prevention fees	243,400
State general fund/general purpose	\$ 1,879,600
(4) REGULATORY SERVICES	
Full-time equated classified positions	245.6
Operations—243.6 FTE positions	\$ 22,216,000
Motorcycle safety education administration—2.0 FTE positions	360,000
Motorcycle safety grants	1,430,000
County clerk education and training fund	100,000
GROSS APPROPRIATION	\$ 24,106,000
Appropriated from:	
Federal revenues:	
Federal funds	3,500
Special revenue funds:	
Auto repair facilities fees	4,144,800
Driver education provider and instructor fund	72,900
Driver fees	1,970,300
Expedient service fees	34,400
Motorcycle safety fund	1,790,000
Notary education and training fund	100,000
Notary fee fund	314,000
Parking ticket court fines	20,700
Personal identification card fees	49,300
Reinstatement fees - operator licenses	1,762,500
Transportation administration collection fund	11,024,300
Vehicle theft prevention fees	1,330,900
State general fund/general purpose	\$ 1,488,400
(5) CUSTOMER DELIVERY SERVICES	
Full-time equated classified positions	1,383.2
Branch operations—933.9 FTE positions	\$ 72,263,600
Central operations—433.1 FTE positions	38,486,400
Commemorative license plates—16.2 FTE positions	2,147,300
Specialty license plates	1,922,000
Olympic center plate	75,700
Organ donor program	104,100
GROSS APPROPRIATION	\$ 114,999,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, Michigan transportation fund	20,000,000

	For Fiscal Year Ending Sept. 30, 2008
Federal revenues:	
Federal funds	\$ 1,556,500
Special revenue funds:	
Private funds	100
Abandoned vehicle fees	197,600
Auto repair facilities fees	93,100
Child support clearance fees	295,500
Driver fees	14,325,700
Expedient service fees	2,421,700
Marine safety fund	1,187,300
Michigan state police auto theft fund	118,900
Mobile home commission fees	476,000
Off-road vehicle title fees	127,300
Parking ticket court fines	1,490,500
Personal identification card fees	1,583,600
Reinstatement fees - operator licenses	1,192,400
Snowmobile registration fee revenue	348,100
Transportation administration collection fund	57,848,200
Vehicle theft prevention fees	209,500
State general fund/general purpose	\$ 11,527,100
(6) ELECTION REGULATION	
Full-time equated classified positions28.5	
Election administration and services—28.5 FTE positions	\$ 4,780,500
Help America vote act	350,000
Fees to local units	109,800
GROSS APPROPRIATION	\$ 5,240,300
Appropriated from:	
Federal funds	350,000
State general fund/general purpose	\$ 4,890,300
(7) DEPARTMENTWIDE APPROPRIATIONS	
Building occupancy charges/rent	\$ 10,600,200
Worker's compensation	425,000
GROSS APPROPRIATION	\$ 11,025,200
Appropriated from:	
Special revenue funds:	
Auto repair facilities fees	142,000
Driver fees	466,300
Expedient service fees	26,300
Parking ticket court fines	467,100
Transportation administration collection fund	6,020,900
State general fund/general purpose	\$ 3,902,600
(8) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 24,415,600
GROSS APPROPRIATION	\$ 24,415,600
Appropriated from:	
Special revenue funds:	
Administrative order processing fee	11,100
Auto repair facilities fees	179,400
Child support clearance fees	16,200
Driver fees	1,346,100
Expedient service fees	959,500
Parking ticket court fines	82,700
Personal identification card fees	881,200
Reinstatement fees - operator licenses	471,900
Transportation administration collection fund	16,088,000
Vehicle theft prevention fees	170,900
State general fund/general purpose	\$ 4,208,600

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Sec. 110. DEPARTMENT OF TREASURY

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions	9.0	
Full-time equated classified positions	1,896.5	
GROSS APPROPRIATION		\$ 1,759,155,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		11,631,400
ADJUSTED GROSS APPROPRIATION		\$ 1,747,523,600
Federal revenues:		
Total federal revenues		91,836,400
Special revenue funds:		
Total local revenues		1,100,700
Total private revenues		712,800
Total other state restricted revenues		1,464,563,100
State general fund/general purpose		\$ 189,310,600

(2) EXECUTIVE DIRECTION

Full-time equated unclassified positions	9.0	
Full-time equated classified positions	5.0	
Unclassified positions—9.0 FTE positions.....		\$ 812,600
Office of the director—5.0 FTE positions.....		833,800
GROSS APPROPRIATION		\$ 1,646,400
Appropriated from:		
Special revenue funds:		
State lottery fund		159,000
State services fee fund		196,700
State general fund/general purpose		\$ 1,290,700

(3) DEPARTMENTWIDE APPROPRIATIONS

Travel.....		\$ 1,415,900
Rent and building occupancy charges - property management services.....		5,194,600
Worker’s compensation insurance premium		247,000
GROSS APPROPRIATION		\$ 6,857,500
Appropriated from:		
Special revenue funds:		
Delinquent tax collection revenue		3,483,600
State general fund/general purpose		\$ 3,373,900

(4) LOCAL GOVERNMENT PROGRAMS

Full-time equated classified positions	107.0	
Supervision of the general property tax law—84.0 FTE positions		\$ 10,649,600
Property tax assessor training—4.0 FTE positions.....		423,100
Local finance—19.0 FTE positions.....		2,432,100
Blackstone settlement		2,000,000
GROSS APPROPRIATION		\$ 15,504,800

Appropriated from:		
Special revenue funds:		
Local - assessor training fees		423,100
Local - audit charges.....		587,600
Local - equalization study chargebacks.....		40,000
Local - revenue from local government.....		50,000
Land reutilization fund.....		3,979,100
Municipal finance fees		477,700
State education tax collections		50,000
State general fund/general purpose		\$ 9,897,300

(5) TAX PROGRAMS

Full-time equated classified positions	800.5	
Customer contact—186.0 FTE positions		\$ 13,729,500
Tax compliance—335.0 FTE positions.....		31,671,300

	For Fiscal Year Ending Sept. 30, 2008
Tax and economic policy—53.5 FTE positions	\$ 6,079,800
Revenue enhancement program—45.0 FTE positions	5,267,400
Tax processing—147.0 FTE positions	15,013,600
Michigan business tax implementation—28.0 FTE positions	8,400,000
Individual income tax implementation	120,000
Tax on services implementation—2.0 FTE positions.....	400,000
Home heating assistance	2,159,800
Bottle bill implementation	250,000
Tobacco tax collection—4.0 FTE positions.....	348,500
GROSS APPROPRIATION	\$ 83,439,900
Appropriated from:	
Interdepartmental grant revenues:	
IDG, data/collection services fees	50,900
IDG from MDOT, Michigan transportation fund.....	7,549,700
IDG from MDOT, state aeronautics fund	67,300
Federal revenues:	
HHS-SSA, low-income energy assistance	2,159,800
Special revenue funds:	
Bottle deposit fund.....	250,000
Delinquent tax collection revenue	56,923,900
Tobacco tax collection and enforcement	348,500
Tobacco tax revenue.....	388,800
Waterways fund	78,900
State general fund/general purpose	\$ 15,622,100
(6) BANKING AND MANAGEMENT SERVICES	
Full-time equated classified positions	338.0
Program management—13.0 FTE positions	\$ 1,470,000
Human resources and purchasing—27.0 FTE positions	2,791,300
Mail operations—20.0 FTE positions.....	2,010,600
Unclaimed property—21.0 FTE positions	3,545,800
Human resources optimization user charges.....	85,200
Collections—185.0 FTE positions.....	18,907,300
Finance and accounting—32.0 FTE positions	1,733,200
Receipts processing—40.0 FTE positions	2,967,700
GROSS APPROPRIATION	\$ 33,511,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDHS, title IV-D	617,600
IDG, levy/warrant cost assessment fees	1,848,800
IDG, state agency collection fees.....	590,100
IDG, data/collection services fees	204,400
Special revenue funds:	
Delinquent tax collection revenue	19,137,600
Escheats revenue	3,545,800
Garnishment fees	531,600
Justice system fund.....	636,500
Treasury fees.....	188,300
State general fund/general purpose	\$ 6,210,400
(7) FINANCIAL PROGRAMS	
Full-time equated classified positions	213.0
Investments—78.0 FTE positions.....	\$ 15,084,600
Michigan merit award administration—5.0 FTE positions	1,468,900
Michigan education savings program	800,000
Common cash and debt management—11.5 FTE positions.....	1,247,000
Student financial assistance programs—118.5 FTE positions.....	35,747,900
GROSS APPROPRIATION	\$ 54,348,400

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Appropriated from:	
Interdepartmental grant revenues:	
IDG, fiscal agent service fees	\$ 167,700
Federal revenues:	
DED-OPSE, federal lenders allowance	10,437,300
DED-OPSE, higher education act of 1965, insured loans.....	23,264,700
Special revenue funds:	
Defined contribution administrative fee revenue	100,000
College work study	46,300
Michigan merit award trust fund	2,693,300
Retirement funds.....	14,112,700
School bond fees.....	618,600
Treasury fees.....	1,035,800
State general fund/general purpose	\$ 1,872,000
(8) DEBT SERVICE	
Water pollution control bond and interest redemption.....	\$ 2,386,400
Quality of life bond	60,900,000
Clean Michigan initiative	50,000,000
Great Lakes water quality bond	6,700,000
GROSS APPROPRIATION	\$ 119,986,400
Appropriated from:	
Special revenue funds:	
Refined petroleum fund	23,914,500
State general fund/general purpose	\$ 96,071,900
(9) GRANTS	
Grants to counties in lieu of taxes.....	\$ 5,000
Convention facility development distribution	58,850,000
Senior citizen cooperative housing tax exemption program.....	17,498,400
Commercial mobile radio service payments.....	17,900,000
Health and safety fund grants	25,000,000
Renaissance zone reimbursement	3,095,000
GROSS APPROPRIATION	\$ 122,348,400
Appropriated from:	
Special revenue funds:	
Commercial mobile radio service fees	17,900,000
Convention facility development fund.....	58,850,000
Health and safety fund	25,000,000
State general fund/general purpose	\$ 20,598,400
(10) STATE LOTTERY	
Full-time equated classified positions	175.0
Lottery operations—175.0 FTE positions.....	\$ 20,252,500
Human resources optimization user charges.....	10,900
Promotion and advertising	18,622,000
Lottery information technology services and projects	4,549,600
GROSS APPROPRIATION	\$ 43,435,000
Appropriated from:	
Special revenue funds:	
State lottery fund	43,435,000
State general fund/general purpose	\$ 0
(11) CASINO GAMING	
Full-time equated classified positions	106.0
Michigan gaming control board	\$ 50,000
Casino gaming control administration—106.0 FTE positions	18,885,800
Human resources optimization user charges.....	7,200
Casino gaming information technology services and projects	1,320,000
GROSS APPROPRIATION	\$ 20,263,000

	For Fiscal Year Ending Sept. 30, 2008
Appropriated from:	
Casino gambling agreements.....	\$ 383,500
State services fee fund	19,879,500
State general fund/general purpose	\$ 0
(12) REVENUE SHARING	
Constitutional state general revenue sharing grants.....	\$ 673,952,000
Statutory state general revenue sharing grants	398,713,000
County revenue sharing.....	113,600
Special grants.....	212,000
GROSS APPROPRIATION	\$ 1,072,990,600
Appropriated from:	
Sales tax	1,072,665,000
State general fund/general purpose	\$ 325,600
(13) INFORMATION TECHNOLOGY	
Treasury operations information technology services and projects.....	\$ 18,401,000
GROSS APPROPRIATION	\$ 18,401,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, Michigan transportation fund.....	454,900
Federal revenues:	
DED-OPSE, federal lenders allowance	543,900
Special revenue funds:	
Delinquent tax collection revenue.....	11,773,300
Michigan merit award trust fund.....	415,300
Retirement funds.....	659,100
State general fund/general purpose	\$ 4,554,500
(14) MICHIGAN STRATEGIC FUND	
Full-time equated classified positions	152.0
Administration—22.0 FTE positions.....	\$ 2,542,400
Job creation services—130.0 FTE positions.....	17,003,100
Human Resources optimization user charges	17,800
Michigan promotion program.....	11,417,500
Economic development job training grants	7,441,000
Community development block grants	53,000,000
Jobs for Michigan investment program: 21st century jobs fund	75,000,000
Business incubator program.....	100
Berrien County brownfield redevelopment authority.....	100
Detroit institute of arts.....	100
McBain Township, Missaukee County	100
Detroit historical museum.....	100
Detroit zoological institute.....	100
Michigan State University bio-energy research center	100
GROSS APPROPRIATION	\$ 166,422,500
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDEQ, air quality fees.....	80,000
Federal revenues:	
HUD-CPD, community development block grant.....	55,430,700
Special revenue funds:	
Private - special project advances	712,800
Industry support fees.....	5,200
Jobs for Michigan investment fund - returns to fund.....	5,700,000
21st century jobs trust fund.....	75,000,000
State general fund/general purpose	\$ 29,493,800

PART 2
PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. (1) 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 \$2,364,640,100.00 and state spending from state resources to be paid to local units of government for fiscal year 2007-2008 is \$1,218,526,900.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF STATE	
Fees to local units.....	\$ 109,800
Motorcycle safety grants.....	1,115,400
Subtotal.....	\$ 1,225,200
DEPARTMENT OF TREASURY	
Senior citizen cooperative housing tax exemption.....	\$ 17,498,400
Grants to counties in lieu of taxes.....	5,000
Health and safety fund grants	25,000,000
Constitutional state general revenue sharing grants.....	673,952,000
Statutory state general revenue sharing grants	398,713,000
Convention facility development fund distribution.....	58,850,000
Commercial mobile radio service payments.....	15,221,500
Renaissance zone reimbursements.....	3,095,000
Special grants.....	212,000
County revenue sharing payment	113,600
Airport parking distribution pursuant to section 909.....	17,200,000
Economic development job training grants	7,441,000
Berrien County brownfield redevelopment authority.....	100
McBain Township, Missaukee County	100
Subtotal.....	\$ 1,217,301,700
TOTAL GENERAL GOVERNMENT.....	\$ 1,218,526,900

(2) Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources for fiscal year 2007-2008 is estimated at \$28,535,784,500.00 in the 2007-2008 appropriations acts and total state spending from state sources paid to local units of government for fiscal year 2007-2008 is estimated at \$16,066,603,783.00. The state-local proportion is estimated at 56.30% of total state spending from state resources.

(3) If payments to local units of government and state spending from state sources for fiscal year 2007-2008 are different than the amounts estimated in subsection (2), the state budget director shall report the payments to local units of government and state spending from state sources that were made for fiscal year 2007-2008 to the senate and house of representatives standing committees on appropriations within 30 days after the final book-closing for fiscal year 2007-2008.

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) "AFSCME" means American federation of state, county, and municipal employees.
- (b) "COBRA" means the consolidated omnibus budget reconciliation act of 1985, Public Law 99-272, 100 Stat. 82.
- (c) "CPI" means consumer price index.
- (d) "DAG" means the United States department of agriculture.
- (e) "DED-OPSE" means the United States department of education, office of postsecondary education.
- (f) "DOL-ETA" means the United States department of labor, employment and training administration.
- (g) "DOL-OSHA" means the United States department of labor, occupational safety and health administration.
- (h) "EEOC" means the United States equal employment opportunity commission.
- (i) "EPA" means the United States environmental protection agency.
- (j) "FTE" means full-time equated.
- (k) "Fund" means the Michigan strategic fund.
- (l) "GF/GP" means general fund/general purpose.
- (m) "HHS" means the United States department of health and human services.
- (n) "HHS-OS" means the HHS office of the secretary.
- (o) "HHS-SSA" means the HHS social security administration.
- (p) "HUD" means the United States department of housing and urban development.
- (q) "HUD-CPD" means the United States department of housing and urban development – community planning and development.
- (r) "IDG" means interdepartmental grant.

- (s) "JCOS" means the joint capital outlay subcommittee.
- (t) "MAIN" means the Michigan administrative information network.
- (u) "MCL" means the Michigan Compiled Laws.
- (v) "MDCH" means the Michigan department of community health.
- (w) "MDEQ" means the Michigan department of environmental quality.
- (x) "MDHS" means the Michigan department of human services.
- (y) "MDLEG" means the Michigan department of labor and economic growth.
- (z) "MDMB" means the Michigan department of management and budget.
- (aa) "MDOT" means the Michigan department of transportation.
- (bb) "MDSP" means the Michigan department of state police.
- (cc) "MEDC" means the Michigan economic development corporation, which is the public body corporate created under section 28 of article VII of the state constitution of 1963 and the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by contractual interlocal agreement effective April 5, 1999, between local participating economic development corporations formed under the economic development corporations act, 1974 PA 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund.
- (dd) "MPES" means the Michigan professional employees society.
- (ee) "PA" means public act.
- (ff) "PACC" means the prosecuting attorneys coordinating council.
- (gg) "SBIR" means small business innovation research.
- (hh) "STTR" means small business technology transfer.

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 attorney general and secretary of state may grant exceptions to the hiring freeze for their respective departments pursuant to the same criteria that the state budget director is able to grant exceptions under this subsection. 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. 208. The departments and agencies receiving appropriations in part 1 shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement, or it may include placement of reports on an Internet or Intranet site.

Sec. 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. 211. Pursuant to section 352 of the management and budget act, 1984 PA 431, MCL 18.1352, that provides for a transfer of state general funds into the countercyclical budget and economic stabilization fund, there is appropriated into the countercyclical budget and economic stabilization fund the sum of \$0.00. The calculation required by section 352 of the management and budget act, 1984 PA 431, MCL 18.1352, is determined as follows:

	2006	2007
Michigan personal income (millions)	\$342,900	\$352,501
less: transfer payments	<u>54,901</u>	<u>58,403</u>
Subtotal.....	287,999	294,098
Divided by: Detroit CPI for 12 months ending June 30	1.948	1.980
Equals: Real adjusted Michigan personal income	\$147,881	\$148,534
Percentage change		0.4%

Percentage change in excess of 2%	0.0%	0.0%
Multiplied by: estimated GF/GP revenue in FY 2006-2007 (millions)		8,230.0
Equals: countercyclical budget and economic stabilization fund calculation for the fiscal year ending September 30, 2008.	\$0.0	\$0.0

Sec. 212. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. Federal and state guidelines for short-term and long-term retention of records shall be followed.

Sec. 213. Funds appropriated in part 1 shall not be used by this state, a department, an agency, or an authority of this state to purchase an ownership interest in a casino enterprise or a gambling operation as those terms are defined in the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226.

Sec. 214. 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 agencies and the department of information technology.

Sec. 215. A department or state agency shall not take disciplinary action against an employee for communicating with a member of the legislature or his or her staff.

Sec. 216. (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 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 senate and house of representatives standing committees on appropriations.

(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 senate and house of representatives standing committees on appropriations, the senate and house 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. 217. General fund appropriations in this act shall not be expended for items in cases where federal funding is available for the same expenditures.

Sec. 221. (1) Each 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 a 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. 225. Each department and agency receiving an appropriation in part 1 shall implement continuous improvement efficiency mechanisms in its programs. The continuous improvement efficiency mechanisms shall identify changes made in those programs to increase efficiency and reduce expenditures. On March 31, 2008 and September 30, 2008, each department shall submit a report to the state budget director, the senate and house appropriations subcommittees on general government, and the senate and house fiscal agencies on the progress made toward increased efficiencies. 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 efficiencies.

Sec. 226. 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.

DEPARTMENT OF ATTORNEY GENERAL

Sec. 301. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,500,000.00 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 \$1,500,000.00 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. 302. (1) The attorney general shall perform all legal services, including representation before courts and administrative agencies rendering legal opinions and providing legal advice to a principal executive department or state agency. A principal executive department or state agency shall not employ or enter into a contract with any other person for services described in this section.

(2) The attorney general shall defend judges of all state courts if a claim is made or a civil action is commenced for injuries to persons or property caused by the judge through the performance of the judge's duties while acting within the scope of his or her authority as a judge.

(3) The attorney general shall perform the duties specified in 1846 RS 12, MCL 14.28 to 14.35, and 1919 PA 232, MCL 14.101 to 14.102, and as otherwise provided by law.

Sec. 303. The attorney general may sell copies of the biennial report in excess of the 350 copies that the attorney general may distribute on a gratis basis. Gratis copies shall not be provided to members of the legislature. Electronic copies of biennial reports shall be made available on the department of attorney general's website. The attorney general shall sell copies of the report at not less than the actual cost of the report and shall deposit the money received into the general fund.

Sec. 304. The department of attorney general is responsible for the legal representation for state of Michigan state employee worker's disability compensation cases. The risk management revolving fund revenue appropriation in part 1 is to be satisfied by billings from the department of attorney general for the actual costs of legal representation, including salaries and support costs.

Sec. 305. In addition to the funds appropriated in part 1, not more than \$400,000.00 shall be reimbursed per fiscal year for food stamp fraud cases heard by the third circuit court of Wayne County that were initiated by the department of attorney general pursuant to the existing contract between the department of human services, the prosecuting attorneys association of Michigan, and the department of attorney general. The source of this funding is money earned by the department of attorney general under the agreement after the allowance for reimbursement to the department of attorney general for costs associated with the prosecution of food stamp fraud cases. It is recognized that the federal funds are earned by the department of attorney general for its documented progress on the prosecution of food stamp fraud cases according to the United States department of agriculture regulations and that, once earned by this state, the funds become state funds.

Sec. 306. Any proceeds from a lawsuit initiated by or settlement agreement entered into on behalf of this state against a manufacturer of tobacco products by the attorney general are state funds and are subject to appropriation as provided by law.

Sec. 307. In addition to the antitrust revenues in part 1, antitrust, securities fraud, consumer protection or class action enforcement revenues, or attorney fees recovered by the department, not to exceed \$250,000.00, are appropriated to the department for antitrust, securities fraud, and consumer protection or class action enforcement cases. Any unexpended funds from antitrust, securities fraud, or consumer protection or class action enforcement revenues at the end of the fiscal year, including antitrust funds in part 1, shall be carried forward for expenditure in the following fiscal year up to the maximum authorization of \$250,000.00.

Sec. 308. (1) In addition to the funds appropriated in part 1, there is appropriated up to \$500,000.00 from litigation expense reimbursements awarded to the state.

(2) The funds may be expended for the payment of litigation expenses, court judgments and settlements, or attorney fees assessed against the office of the governor, the department of the attorney general, the governor, or the attorney general when acting in an official capacity as the named party in litigation against the state. The funds may also be expended for the payment of state costs incurred under section 16 of chapter X of the code of criminal procedure, 1927 PA 175, MCL 770.16.

(3) Unexpended funds at the end of the fiscal year shall be carried forward for expenditure in the following year, up to a maximum authorization of \$500,000.00.

Sec. 309. From the prisoner reimbursement funds appropriated in part 1, the department may spend up to \$460,800.00 on activities related to the state correctional facilities reimbursement act, 1935 PA 253, MCL 800.401 to 800.406. In addition to the funds appropriated in part 1, if the department collects in excess of \$1,131,000.00 in gross annual prisoner reimbursement receipts provided to the general fund, the excess, up to a maximum of \$1,000,000.00, is appropriated to the department of attorney general and may be spent on the representation of the department of corrections and its officers, employees, and agents, including, but not limited to, the defense of litigation against the state, its departments, officers, employees, or agents in civil actions filed by prisoners.

Sec. 310. (1) For the purposes of providing title IV-D child support enforcement funding, the department of human services, as the state IV-D agency, shall maintain a cooperative agreement with the attorney general for federal IV-D funding to support the child support enforcement activities within the office of the attorney general.

(2) The attorney general or his or her designee shall, to the extent allowable under federal law, have access to any information used by the state to locate parents who fail to pay court-ordered child support.

Sec. 311. The department of attorney general may not receive and expend funds in addition to those authorized in part 1 for legal services provided specifically to other state departments or agencies except for costs for expert witnesses, court costs, or other nonsalary litigation expenses associated with a pending legal action.

DEPARTMENT OF CIVIL RIGHTS

Sec. 401. In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$2,000,000.00 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.

Sec. 402. (1) In addition to the appropriations contained in part 1, the department of civil rights may receive and expend funds from local or private sources for all of the following purposes:

(a) Developing and presenting training for employers on equal employment opportunity law and procedures.

(b) The publication and sale of civil rights related informational material.

(c) The provision of copy material made available under freedom of information requests.

(d) Other copy fees, subpoena fees, and witness fees.

(e) Developing, presenting, and participating in mediation processes for certain civil rights cases.

(f) Workshops, seminars, and recognition or award programs consistent with the programmatic mission of the individual unit sponsoring or coordinating the programs.

(2) The department of civil rights shall annually report to the state budget director, the senate and house of representatives standing committees on appropriations, and the senate and house fiscal agencies the amount of funds received and expended for purposes authorized under this section.

Sec. 403. The department of civil rights may contract with local units of government to review equal employment opportunity compliance of potential contractors and may charge for and expend amounts received from local units of government for the purpose of developing and providing these contractual services.

INFORMATION TECHNOLOGY

Sec. 573. (1) The department of information technology may sell and accept paid advertising for placement on any state website under its jurisdiction. The department shall review and approve the content of each advertisement. The department may refuse to accept advertising from any person or organization or require modification to advertisements based upon criteria determined by the department. Revenue received under this subsection shall be used for operating costs of the department and for future technology enhancements to state of Michigan e-government initiatives. Funds received under this subsection shall be limited to \$250,000.00. Any funds in excess of \$250,000.00 shall be deposited in the state general fund.

(2) The department of information technology may accept gifts, donations, contributions, bequests, and grants of money from any public or private source to assist with the underwriting or sponsorship of state web pages or services offered on those web pages. A private or public funding source may receive recognition in the web page. The department of information technology may reject any gift, donation, contribution, bequest, or grant.

(3) Funds accepted by the department of information technology under subsection (1) are appropriated and allotted when received and may be expended upon approval of the state budget director. The state budget office shall notify the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies within 10 days after the approval is given.

(4) By April 1, the department of information technology shall report to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies that a statement of the total revenue received from the sale of paid advertising accepted under this section and a statement of the total number of advertising transactions are available on the department's website.

Sec. 574. The department of information technology may enter into agreements to supply spatial information and technical services to other principal executive departments, state agencies, local units of government, and other organizations. The department of information technology may receive and expend funds in addition to those authorized in part 1 for providing information and technical services, publications, maps, and other products. The department of information technology may expend amounts received for salaries, supplies, and equipment necessary to provide informational products and technical services. Prior to December 1 of each year, the department shall provide a report to the senate and house of representatives standing committees on appropriations subcommittees on general government, detailing the sources of funding and expenditures made under this section.

Sec. 575. The legislature shall have access to all historical and current data contained within MAIN pertaining to state departments. State departments shall have access to all historical and current data contained within MAIN.

Sec. 576. When used in this act, "information technology services" means services involving all aspects of managing and processing information including, but not limited to, all of the following:

- (a) Application development and maintenance.
- (b) Desktop computer support and management.
- (c) Mainframe computer support and management.
- (d) Server support and management.
- (e) Local area network support and management.
- (f) Information technology contract, project, and procurement management.
- (g) Information technology planning and budget management.
- (h) Telecommunication services, security, infrastructure, and support.
- (i) Software and software licensing.

Sec. 577. (1) Funds appropriated in part 1 for the Michigan public safety communications system shall be expended upon approval of an expenditure plan by the state budget director.

(2) The department of information technology shall assess all subscribers of the Michigan public safety communications system reasonable access and maintenance fees.

(3) All money received by the department of information technology under this section shall be expended for the support and maintenance of the Michigan public safety communications system.

(4) The department of information technology shall provide a report to the senate and house of representatives standing committees on appropriations, the senate and house fiscal agencies, and the state budget director on April 15 and on October 15, indicating the amount of revenue collected under this section and expended for support and maintenance of the Michigan public safety communications system for the immediately preceding 6-month period. Any deposits made under this section and unencumbered funds are restricted revenues and may be carried forward into succeeding fiscal years.

Sec. 578. The department of information technology shall submit a report for the immediately preceding fiscal year ending September 30 to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies by March 1. The report shall include the following:

(a) The total amount of funding appropriated for information technology services and projects, by funding source, for all principal executive departments and agencies.

(b) A listing of the expenditures made from the amounts received by the department of information technology, as reported in subdivision (a).

Sec. 579. The department of information technology shall provide a report that analyzes and makes recommendations on the life-cycle of information technology hardware and software. The report shall be submitted to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies by March 1.

Sec. 580. (1) From the funds appropriated in part 1 to general services, for the department of state, there is appropriated \$4,550,000.00 for the business application modernization project. Funds shall only be used for the development, implementation, and maintenance of the business application modernization project.

(2) The unexpended funds appropriated in part 1 for the business application modernization project are designated as work project appropriations and shall not lapse at the end of the fiscal year. Any unencumbered or unallotted funds shall be carried over into the succeeding fiscal year and shall continue to be available for expenditure until the project has been completed. The total cost is estimated at \$30,000,000.00, and the tentative completion date is September 30, 2010.

Sec. 581. From the funds appropriated in part 1, the department of information technology shall assess the state's information technology assets, including hardware, software, and networks to determine any benefits and economies that can be achieved through, but not limited to, hardware and software consolidation and standardization, process improvements, project management improvements, and increased standards-based information sharing between agencies.

Sec. 584. The department of information technology shall determine how existing 2-1-1 capacities will be utilized by each state department with community resource information and referral service, including, but not limited to, toll-free help and information lines and comprehensive human service databases. The department of information technology shall report its findings in writing to the senate and house of representatives standing committees on appropriations by July 1, 2008. The report shall include a statement of how each state department has utilized 2-1-1 in its coordination efforts, including any efficiencies, cost savings, and improved service provided to Michigan residents. The report shall also contain recommendations for maintaining a statewide 2-1-1 system.

Sec. 585. The department shall provide a report that calculates the total amount of funds expended for the child support enforcement system to date from the inception of the program. The report shall contain information on the original start and completion dates for the project, the original cost to complete the project, and a listing of all revisions to project completion dates and costs. The report shall include the total amount of funds paid to the federal government for penalties. The report shall be submitted to the senate and house of representatives standing committees on government operations, the senate and house of representatives standing committees on appropriations subcommittees on general government, and the senate and house fiscal agencies by January 1.

Sec. 586. If during the course of the fiscal year a transfer or supplemental to or from the information technology line item within an agency budget is made under section 393 of the management and budget act, 1984 PA 431, MCL 18.1393, there is appropriated an equal amount of user fees in the department of information technology budget to accommodate an increase or decrease in spending authorization.

LEGISLATURE

Sec. 600. The senate, the house of representatives, or an agency within the legislative branch may receive, expend, and transfer funds in addition to those authorized in part 1.

Sec. 601. (1) Funds appropriated in part 1 to an entity within the legislative branch shall not be expended or transferred to another account without written approval of the authorized agent of the legislative entity. If the authorized agent of the legislative entity notifies the state budget director of its approval of an expenditure or transfer before the year-end book-closing date for that legislative entity, the state budget director shall immediately make the expenditure or transfer. The authorized legislative entity agency shall be designated by the speaker of the house of representatives for house entities, the senate majority leader for senate entities, and the legislative council for legislative council entities.

(2) Funds appropriated within the legislative branch, to a legislative council component, shall not be expended by any agency or other subgroup included in that component without the approval of the legislative council.

Sec. 602. The senate may charge rent and assess charges for utility costs. The amounts received for rent charges and utility assessments are appropriated to the senate for the renovation, operation, and maintenance of the Farnum building and other properties.

Sec. 603. The appropriation contained in part 1 for national association dues is to be distributed by the legislative council.

Sec. 604. (1) The appropriation in part 1 to the legislative council includes funds to operate the legislative parking facilities in the capitol area. The legislative council shall establish rules regarding the operation of the legislative parking facilities.

(2) The legislative council shall collect a fee from state employees and the general public using certain legislative parking facilities. The revenues received from the parking fees shall be allocated by the legislative council.

Sec. 605. The appropriation in part 1 to the legislative council for publication of the Michigan manual is a work project account. The unexpended portion remaining on September 30 shall not lapse and shall be carried forward into the subsequent fiscal year for use in paying the associated biennial costs of publication of the Michigan manual.

Sec. 606. The appropriations in part 1 to the legislative branch, for property management, shall be used to purchase equipment and services for building maintenance in order to ensure a safe and productive work environment. These funds are designated as work project appropriations and shall not lapse at the end of the fiscal year, and shall continue to be available for expenditure until the project has been completed. The total cost is estimated at \$500,000.00, and the tentative completion date is September 30, 2011.

Sec. 607. The appropriations in part 1 to the legislative branch, for automated data processing, shall be used to purchase equipment, software, and services in order to support and implement data processing requirements and technology improvements. These funds are designated as work project appropriations and shall not lapse at the end of the fiscal year, and shall continue to be available for expenditure until the project has been completed. The total cost is estimated at \$500,000.00, and the tentative completion date is September 30, 2011.

Sec. 608. In addition to funds appropriated in part 1, the Michigan capitol committee publications save the flags fund account may accept contributions, gifts, bequests, devises, grants, and donations. Those funds that are not expended in the fiscal year ending September 30 shall not lapse at the close of the fiscal year, and shall be carried forward for expenditure in the following fiscal years.

Sec. 610. The funds appropriated in part 1 shall not be used to pay for health insurance benefits for unmarried domestic partners of legislators or legislative employees.

LEGISLATIVE AUDITOR GENERAL

Sec. 620. Pursuant to section 53 of article IV of the state constitution of 1963, the auditor general shall conduct audits of the judicial branch. The audits may include the supreme court and its administrative units, the court of appeals, and trial courts.

Sec. 621. (1) The auditor general shall take all reasonable steps to ensure that certified minority- and women-owned and operated accounting firms, and accounting firms owned and operated by persons with disabilities participate in the audits of the books, accounts, and financial affairs of each principal executive department, branch, institution, agency, and office of this state.

(2) The auditor general shall strongly encourage firms with which the auditor general contracts to perform audits of the principal executive departments and state agencies to subcontract with certified minority- and women-owned and operated accounting firms, and accounting firms owned and operated by persons with disabilities.

(3) The auditor general shall compile an annual report regarding the number of contracts entered into with certified minority- and women-owned and operated accounting firms, and accounting firms owned and operated by persons with disabilities. The auditor general shall deliver the report to the state budget director and the senate and house of representatives standing committees on appropriations subcommittees on general government by November 1 of each year.

Sec. 622. From the funds appropriated in part 1 to the legislative auditor general, the auditor general's salary and the salaries of the remaining 2.0 FTE unclassified positions shall be set by the speaker of the house of representatives, the senate majority leader, the house of representatives minority leader, and the senate minority leader.

Sec. 623. Any audits, reviews, or investigations requested of the auditor general by the legislature or by legislative leadership, legislative committees, or individual legislators shall include an estimate of the additional costs involved and, when those costs exceed \$50,000.00, should provide supplemental funding. The auditor general shall determine whether to perform those activities in keeping with Audit Directive No. 29, which describes the office of the auditor general's policy on responding to legislative requests.

DEPARTMENT OF MANAGEMENT AND BUDGET

Sec. 701. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$2,000,000.00 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 \$3,000,000.00 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 \$50,000.00 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.

Sec. 702. Proceeds in excess of necessary costs incurred in the conduct of transfers or auctions of state surplus, salvage, or scrap property made pursuant to section 267 of the management and budget act, 1984 PA 431, MCL 18.1267, are appropriated to the department of management and budget to offset costs incurred in the acquisition and distribution of federal surplus property.

Sec. 704. (1) The department of management and budget may receive and expend funds in addition to those authorized by part 1 for maintenance and operation services provided specifically to other principal executive departments or state agencies, the legislative branch, the judicial branch, or private tenants, or provided in connection with facilities transferred to the operational jurisdiction of the department of management and budget.

(2) The department of management and budget may receive and expend funds in addition to those authorized by part 1 for real estate, architectural, design, and engineering services provided specifically to other principal executive departments or state agencies, the legislative branch, or the judicial branch.

(3) The department of management and budget may receive and expend funds in addition to those authorized in part 1 for mail pickup and delivery services provided specifically to other principal executive departments and state agencies, the legislative branch, or the judicial branch.

(4) The department of management and budget may receive and expend funds in addition to those authorized in part 1 for purchasing services provided specifically to other principal executive departments and state agencies, the legislative branch, or the judicial branch.

Sec. 705. (1) The source of financing in part 1 for statewide appropriations shall be funded by assessments against longevity and insurance appropriations throughout state government in a manner prescribed by the department of management and budget. Funds shall be used as specified in joint labor/management agreements or through the coordinated compensation hearings process. Any deposits made under this subsection and any unencumbered funds are restricted revenues, may be carried over into the succeeding fiscal years, and are appropriated.

(2) In addition to the funds appropriated in part 1 for statewide appropriations, the department of management and budget may receive and expend funds in such additional amounts as may be specified in joint labor/management agreements or through the coordinated compensation hearings process in the same manner and subject to the same conditions as prescribed in subsection (1).

Sec. 706. To the extent a specific appropriation is required for a detailed source of financing included in part 1 for the department of management and budget appropriations financed from special revenue and internal service and pension trust funds, or MAIN user charges, the specific amounts are appropriated within the special revenue internal service and pension trust funds in portions not to exceed the aggregate amount appropriated in part 1.

Sec. 707. In addition to the funds appropriated in part 1 to the department of management and budget, the department may receive and expend funds from other principal executive departments and state agencies to implement donated annual leave and administrative leave bank transfer provisions as may be specified in joint labor/management agreements. The amounts may also be transferred to other principal executive departments and state agencies under the joint agreement and any amounts transferred under the joint agreement are authorized for receipt and expenditure by the receiving principal executive department or state agency. Any amounts received by the department of management and budget under this section and intended, under the joint labor/management agreements, to be available for use beyond the close of the fiscal year and any unencumbered funds may be carried over into the succeeding fiscal year.

Sec. 708. The source of financing in part 1 for the Michigan administrative information network shall be funded by proportionate charges assessed against the respective state funds benefiting from this project in the amounts determined by the department.

Sec. 709. (1) Deposits against the interdepartmental grant from building occupancy and parking charges appropriated in part 1 shall be collected, in part, from state agencies, the legislative branch, and the judicial branch based on estimated costs associated with maintenance and operation of buildings managed by the department of management and budget. To the extent excess revenues are collected due to estimates of building occupancy charges exceeding actual costs, the excess revenues may be carried forward into succeeding fiscal years for the purpose of returning funds to state agencies.

(2) Appropriations in part 1 to the department of management and budget, for management and budget services from building occupancy charges and parking charges, may be increased to return excess revenue collected to state agencies.

Sec. 710. The department of management and budget shall notify the chairpersons of the senate and house of representatives standing committees on appropriations and the chairpersons of the senate and house of representatives standing committees on appropriations subcommittees on general government on any revisions that increase or decrease current contracts by more than \$500,000.00 for computer software development, hardware acquisition, or quality assurance at least 14 days before the department of management and budget finalizes the revisions.

Sec. 711. The department of management and budget shall maintain an Internet website that contains notice of all invitations for bids and requests for proposals over \$50,000.00 issued by the department or by any state agency operating under delegated authority. The department shall not accept an invitation for bid or request for proposal in less than 14 days after the notice is made available on the Internet website, except in situations where it would be in the best interest of the state and documented by the department. In addition to the requirements of this section, the department may advertise the invitations for bids and requests for proposals in any manner the department determines appropriate, in order to give the greatest number of individuals and businesses the opportunity to make bids or requests for proposals.

Sec. 712. The department of management and budget may receive and expend funds from the Vietnam veterans memorial monument fund as provided in the Michigan Vietnam veterans memorial act, 1988 PA 234, MCL 35.1051 to 35.1057. Funds are appropriated and allocated when received and may be expended upon receipt.

Sec. 713. The Michigan veterans' memorial park commission may receive and expend money from any source, public or private, including, but not limited to, gifts, grants, donations of money, and government appropriations, for the purposes described in Executive Order No. 2001-10. Funds are appropriated and allocated when received and may be expended upon receipt. Any deposits made under this section and unencumbered funds are restricted revenues and may be carried over into succeeding fiscal years.

Sec. 715. (1) Funds in part 1 for motor vehicle fleet are appropriated to the department of management and budget for administration and for the acquisition, lease, operation, maintenance, repair, replacement, and disposal of state motor vehicles.

(2) The appropriation in part 1 for motor vehicle fleet shall be funded by revenue from rates charged to principal executive departments and agencies for utilizing vehicle travel services provided by the department. Revenue in excess of the amount appropriated in part 1 from the motor transport fund and any unencumbered funds are restricted revenues and may be carried over into the succeeding fiscal year.

(3) It is the intent of the legislature that the department of management and budget have the authority to determine the appropriateness of vehicle assignment, to include year, make, model, size, and price of vehicle. The department may assign motor vehicles, permanently or temporarily, to state agencies and to institutions of higher education.

(4) Pursuant to the department of management and budget's authority under sections 213 and 215 of the management and budget act, 1984 PA 431, MCL 18.1213 and 18.1215, the department shall maintain a plan regarding the operation of the motor vehicle fleet. The plan shall include the number of vehicles assigned to, or authorized for use by, state departments and agencies, efforts to reduce vehicle expenditures, the number of cars in the motor vehicle fleet, the number of miles driven by fleet vehicles, and the number of gallons of fuel consumed by fleet vehicles. The plan shall include a calculation of the amount of state motor vehicle fuel taxes that would have been incurred by fleet vehicles if

fleet vehicles were required by law to pay motor fuel taxes. The plan shall include a description of fleet garage operations, the goods sold and services provided by the fleet garage, the cost to operate the fleet garage, the number of fleet garage locations, and the number of employees assigned to each fleet garage. The plan may be adjusted during the fiscal year based on needs and cost savings to achieve the maximum value and efficiency from the state motor fleet. Within 60 days after the close of the fiscal year, the department shall provide a report to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies detailing the current plan and changes made to the plan during the fiscal year.

(5) The department of management and budget may charge state agencies for fuel cost increases that exceed \$2.27 per gallon of unleaded gasoline. The department shall notify state agencies, in writing or by electronic mail, at least 30 days before implementing additional charges for fuel cost increases. Revenues received from these charges are appropriated upon receipt.

Sec. 716. The department of management and budget shall adopt policies and procedures necessary for compliance by the department, other state departments and agencies, and state vendors and subcontractors, with the requirement under subsection (1) of section 261 of the management and budget act, 1984 PA 431, MCL 18.1261, to provide a purchasing preference for products manufactured or services offered by Michigan-based firms.

Sec. 717. In determining whether the purchase, contracting for, providing of supplies, materials, services, insurance, utilities, third-party financing, equipment, printing, and other items needed by state departments or agencies is in the best interests of this state, and in making all discretionary decisions concerning the solicitation, award, amendment, cancellation, or appeal of state contracts, the department of management and budget shall consider all of the following:

(a) Whether a proposal by a vendor to provide services to this state using employees, contractors, subcontractors, or other individuals who are not citizens of the United States, legal resident aliens, or individuals with a valid visa would be detrimental to the state of Michigan, its residents, or the state's economy.

(b) Whether a proposal by a vendor to provide services to this state from a location outside of this state or the United States would be detrimental to the state of Michigan, its residents, or the state's economy.

(c) Whether a proposal by a vendor to provide goods to this state produced outside of this state or the United States would be detrimental to the state of Michigan, its residents, or the state's economy.

(d) Whether the acquisition of goods or services from a vendor that is an expatriated business entity located in a tax haven country or an affiliate of an expatriated business entity located in a tax haven country would be detrimental to the state of Michigan, its residents, or the state's economy. As used in this section, "expatriated business entity" means a corporation or an affiliate of the corporation incorporated in a tax haven country after September 11, 2001, but with the United States as the principal market for the public trading of the corporation's stock, as determined by the director of the department of management and budget. "Tax haven country" means each of the following: Barbados, Bermuda, British Virgin Islands, Cayman Islands, Commonwealth of the Bahamas, Cyprus, Gibraltar, Isle of Man, the Principality of Liechtenstein, the Principality of Monaco, and the Republic of the Seychelles.

(e) Whether the provision of services to this state at a location outside of this state or the United States would be detrimental to the privacy interests of Michigan residents, or risk the disclosure of personal information of Michigan residents, such as social security, financial, or medical data.

(f) Whether a proposal by a vendor to provide services to this state from a location outside of this state or the United States would constitute undue risk under a risk management policy, practice, or procedure adopted by the department of management and budget under section 204 of the management and budget act, 1984 PA 431, MCL 18.1204.

(g) Whether a proposal by a vendor to provide goods to this state produced outside of this state or the United States would constitute undue risk under a risk management policy, practice, or procedure adopted by the department of management and budget under section 204 of the management and budget act, 1984 PA 431, MCL 18.1204.

Sec. 718. The department of management and budget shall collect from vendors information necessary to comply with the requirements of this act, as determined by the department. The department of management and budget may require vendors to provide any of the following:

(a) Information relating to the location of work performed under a state contract by the vendor and any subcontractors, employees, or other persons performing a state contract.

(b) Information regarding the corporate structure and location of corporate employees and activities of the vendor, its affiliates, or any subcontractors.

(c) Notice of the relocation of the vendor, employees of the vendor, subcontractors of the vendor, or other persons performing services under a state contract outside of the state of Michigan.

Sec. 719. The department of management and budget may require that any vendor or subcontractor providing call or contact center services to the state of Michigan disclose to inbound callers the location from which the call or contact center services are being provided.

Sec. 721. In addition to the funds appropriated in part 1, the department of management and budget may receive and expend money from the Michigan law enforcement officers memorial monument fund as provided in the Michigan law enforcement officers memorial act, 2004 PA 177, MCL 28.781 to 28.787.

Sec. 722. In addition to the funds appropriated in part 1, the department of management and budget may receive and expend money from the Ronald Wilson Reagan memorial monument fund as provided in the Ronald Wilson Reagan memorial monument fund commission act, 2004 PA 489, MCL 399.261 to 399.266.

Sec. 723. The department shall make available to the public a list of all parcels of real property owned by the state that are available for purchase. The list shall be posted on the Internet through the department's website.

Sec. 724. Of the \$16,793,100.00 included in part 1 for the department of management and budget, retirement services, \$300,000.00 shall be used for a project to implement amendments to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, to allow public school retirees to add a new spouse as a pension beneficiary when a previous spouse dies or if the retiree was not married at the time of retirement. Unexpended appropriations are designated as work project appropriations and shall not lapse at the end of the fiscal year and shall continue to be available for expenditure until the project has been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the project is to implement amendments to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, to allow public school retirees to add a new spouse as a pension beneficiary when a previous spouse dies or if the retiree was not married at the time of retirement.

(b) The project will be accomplished by state employees and contract.

(c) The total estimated cost of the project is \$300,000.00.

(d) The tentative completion date is September 30, 2009.

Sec. 724a. The department of management and budget shall assist the department of information technology in determining how existing 2-1-1 capacities will be utilized by each state department with community resource information and referral service, including, but not limited to, toll-free help and information lines and comprehensive human service databases.

Sec. 724b. (1) By December 1, 2007, the department shall issue a report to the house and senate fiscal agencies detailing the following information for all personal property and equipment of any nature, including, but not limited to, furniture, computers, communication systems, vehicles, vessels, aircraft, office equipment, technology equipment, construction equipment, and energy systems owned by the state of Michigan and/or a state department, agency, or authority:

(a) Date of acquisition.

(b) Original equipment cost.

(c) Estimate of useful life.

(d) The amount of encumbrances or liens thereon, if any.

(2) The department shall seek the assistance of a private sector firm to assist in the valuation, if necessary to make an accurate determination of useful life and encumbrances. All state departments, agencies, and authorities shall assist the department and its agents by timely providing all information necessary to create the report required by this section. The purpose of the report shall be to assist the state legislature and department of treasury in determining the feasibility of asset monetization proposals as a means of addressing future budget deficits.

STATE BUILDING AUTHORITY

Sec. 725. (1) Subject to section 242 of the management and budget act, 1984 PA 431, MCL 18.1242, and upon the approval of the state building authority, the department may expend from the general fund of the state during the fiscal year ending September 30, 2008 an amount to meet the cash flow requirements of those state building authority projects solely for lease to a state agency identified in both part 1 and this section, and for which state building authority bonds or notes have not been issued, and for the sole acquisition by the state building authority of equipment and furnishings for lease to a state agency as permitted by 1964 PA 183, MCL 830.411 to 830.425, for which the issuance of bonds or notes is authorized by a legislative concurrent resolution that is effective for the fiscal year ending September 30, 2008. Any general fund advances for which state building authority bonds have not been issued shall bear an interest cost to the state building authority at a rate not to exceed that earned by the state treasurer's common cash fund during the period in which the advances are outstanding and are repaid to the general fund of the state.

(2) Upon sale of bonds or notes for the projects identified in part 1 or for equipment as authorized by legislative concurrent resolution and in this section, the state building authority shall credit the general fund of the state an amount equal to that expended from the general fund plus interest, if any, as defined in this section.

(3) For state building authority projects for which bonds or notes have been issued and upon the request of the state building authority, the state treasurer shall make advances without interest from the general fund as necessary to meet cash flow requirements for the projects, which advances shall be reimbursed by the state building authority when the investments earmarked for the financing of the projects mature.

(4) In the event that a project identified in part 1 is terminated after final design is complete, advances made on behalf of the state building authority for the costs of final design shall be repaid to the general fund in a manner recommended by the director and approved by the JCOS.

Sec. 726. (1) State building authority funding to finance construction or renovation of a facility that collects revenue in excess of money required for the operation of that facility shall not be released to a university or community college unless the institution agrees to reimburse that excess revenue to the state building authority. The excess revenue shall

be credited to the general fund to offset rent obligations associated with the retirement of bonds issued for that facility. The auditor general shall annually identify and present an audit of those facilities that are subject to this section. Costs associated with the administration of the audit shall be charged against money recovered pursuant to this section.

(2) As used in this section, "revenue" includes state appropriations, facility opening money, other state aid, indirect cost reimbursement, and other revenue generated by the activities of the facility.

Sec. 727. (1) The state building authority rent appropriations in part 1 may also be expended for the payment of required premiums for insurance on facilities owned by the state building authority or payment of costs that may be incurred as the result of any deductible provisions in such insurance policies.

(2) If the amount appropriated in part 1 for state building authority rent is not sufficient to pay the rent obligations and insurance premiums and deductibles identified in subsection (1) for state building authority projects, there is appropriated from the general fund of the state the amount necessary to pay such obligations.

Sec. 728. The department of management and budget shall provide the JCOS and the senate and house fiscal agencies a report relative to the status of construction projects associated with state building authority bonds as of September 30 of each year, on or before October 15, or not more than 30 days after a refinancing or restructuring bond issue is sold. The report shall include, but is not limited to, the following:

(a) A list of all completed construction projects for which state building authority bonds have been sold, and which bonds are currently active.

(b) A list of all projects under construction for which sale of state building authority bonds is pending.

(c) A list of all projects authorized for construction or identified in an appropriations act for which approval of schematic/preliminary plans or total authorized cost is pending that have state building authority bonds identified as a source of financing.

CIVIL SERVICE

Sec. 750. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$2,000,000.00 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 \$5,000,000.00 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. 751. (1) All restricted funds shall be assessed a sum not less than 1% of the total aggregate payroll paid from those funds for financing the department of civil service on the basis of actual 1% restricted sources total aggregate payroll of the classified service for fiscal year 2007 in accordance with section 5 of article XI of the state constitution of 1963. This includes, but is not limited to, restricted funds appropriated in part 1 of any appropriations act. Unexpended 1% appropriated funds shall be returned to each 1% fund source at the end of the fiscal year.

(2) The 1% appropriations in part 1 are estimates of actual 1% charges based on payroll appropriations. With the approval of the state budget director, the department is authorized to adjust financing sources for civil service 1% charges based on actual payroll expenditures, provided that such adjustments do not increase the total appropriation for the department of civil service.

(3) The 1% financing from restricted sources shall be credited to the department of civil service by the end of the second fiscal quarter.

Sec. 752. Except where specifically appropriated for this purpose, 1% of the financing from restricted sources shall be credited to the department of civil service. For restricted sources of funding within the general fund that have the legislative authority for carryover, if current spending authorization or revenues are insufficient to accept the charge, the shortage shall be taken from carryforward balances of that funding source. Restricted revenue sources that do not have carryforward authority shall be utilized to satisfy departmental operating deducts first and civil service obligations second. General fund dollars are appropriated for any shortfall, pursuant to approval by the state budget director.

Sec. 753. The appropriation in part 1 to the department of civil service, for state-sponsored group insurance, flexible spending accounts, and COBRA, represents amounts, in part, included within the various appropriations throughout state government for the current fiscal year to fund the flexible spending account program included within the department of civil service. Deposits against state-sponsored group insurance, flexible spending accounts, and COBRA for the flexible spending account program shall be made from assessments levied during the current fiscal year in a manner prescribed by the department of civil service. Unspent employee contributions to the flexible spending accounts may be used to offset administrative costs for the flexible spending account program, with any remaining balance of unspent employee contributions to be lapsed to the general fund.

DEPARTMENT OF STATE

Sec. 801. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,000,000.00 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 \$7,500,000.00 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 \$50,000.00 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. 802. All funds made available by section 3171 of the insurance code of 1956, 1956 PA 218, MCL 500.3171, are appropriated and made available to the department of state to be expended only for the uses and purposes for which the funds are received as provided by sections 3171 to 3177 of the insurance code of 1956, 1956 PA 218, MCL 500.3171 to 500.3177.

Sec. 803. From the funds appropriated in part 1, the department of state shall sell copies of records including, but not limited to, records of motor vehicles, off-road vehicles, snowmobiles, watercraft, mobile homes, personal identification cardholders, drivers, and boat operators and shall charge \$7.00 per record sold only as authorized in section 208b of the Michigan vehicle code, 1949 PA 300, MCL 257.208b, section 7 of 1972 PA 222, MCL 28.297, and sections 80130, 80315, 81114, and 82156 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.80130, 324.80315, 324.81114, and 324.82156. The revenue received from the sale of records shall be credited to the transportation administration collection fund created under section 810b of the Michigan vehicle code, 1949 PA 300, MCL 257.810b.

Sec. 804. From the funds appropriated in part 1, the secretary of state may enter into agreements with the department of corrections for the manufacture of vehicle registration plates 15 months before the registration year in which the registration plates will be used.

Sec. 805. (1) The department of state may accept gifts, donations, contributions, and grants of money and other property from any private or public source to underwrite, in whole or in part, the cost of a departmental publication that is prepared and disseminated under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923. A private or public funding source may receive written recognition in the publication and may furnish a traffic safety message, subject to departmental approval, for inclusion in the publication. The department may reject a gift, donation, contribution, or grant. The department may furnish copies of a publication underwritten, in whole or in part, by a private source to the underwriter at no charge.

(2) The department of state may sell and accept paid advertising for placement in a departmental publication that is prepared and disseminated under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923. The department may charge and receive a fee for any advertisement appearing in a departmental publication and shall review and approve the content of each advertisement. The department may refuse to accept advertising from any person or organization. The department may furnish a reasonable number of copies of a publication to an advertiser at no charge.

(3) Pending expenditure, the funds received under this section shall be deposited in the Michigan department of state publications fund created by section 211 of the Michigan vehicle code, 1949 PA 300, MCL 257.211. Funds given, donated, or contributed to the department from a private source are appropriated and allocated for the purpose for which the revenue is furnished. Funds granted to the department from a public source are allocated and may be expended upon receipt. The department shall not accept a gift, donation, contribution, or grant if receipt is conditioned upon a commitment of state funding at a future date. Revenue received from the sale of advertising is appropriated and may be expended upon receipt.

(4) Any unexpended revenues received under this section shall be carried over into subsequent fiscal years and shall be available for appropriation for the purposes described in this section.

(5) On March 1 of each year, the department of state shall file a report with the senate and house of representatives standing committees on appropriations, the senate and house fiscal agencies, and the state budget director. The report shall include all of the following information:

(a) The amount of gifts, contributions, donations, and grants of money received by the department under this section for the prior fiscal year.

(b) A listing of the expenditures made from the amounts received by the department as reported in subdivision (a).

(c) A listing of any gift, donation, contribution, or grant of property other than funding received by the department under this section for the prior year.

(d) The total revenue received from the sale of paid advertising accepted under this section and a statement of the total number of advertising transactions.

(6) In addition to copies delivered without charge as the secretary of state considers necessary, the department of state may sell copies of manuals and other publications regarding the sale, ownership, or operation or regulation of motor vehicles, with amendments, at prices to be established by the secretary of state. As used in this subsection, the term "manuals and other publications" includes videos and proprietary electronic publications. All funds received from sales of these manuals and other publications shall be credited to the Michigan department of state publications fund.

Sec. 806. Funds collected by the department of state under section 211 of the Michigan vehicle code, 1949 PA 300, MCL 257.211, are appropriated for all expenses necessary to provide for the costs of the publication. Funds are allotted for expenditure when they are received by the department of treasury and shall not lapse to the general fund at the end of the fiscal year.

Sec. 807. From the funds appropriated in part 1, the department of state shall use available balances at the end of the state fiscal year to provide payment to the department of state police in the amount of \$331,400.00 for the services provided by the traffic accident records program as first appropriated in 1990 PA 196 and 1990 PA 208.

Sec. 808. From the funds appropriated in part 1, the department of state may restrict funds from miscellaneous revenue to cover cash shortages created from normal branch office operations. This amount shall not exceed \$50,000.00 of the total funds available in miscellaneous revenue.

Sec. 809. (1) Commemorative and specialty license plate fee revenue collected by the department of state and deposited into the transportation administration collection fund is authorized for expenditure up to the amount of revenue collected but not to exceed the amount appropriated to the department of state in part 1 to administer commemorative and specialty license plate programs.

(2) Commemorative and specialty license plate fee revenue collected by the department of state and deposited in the transportation administration collection fund, in addition to the amount appropriated in part 1 to the department of state, shall remain in the transportation administration collection fund and be available for future appropriation.

Sec. 810. (1) Collector plate and fund-raising registration plate revenues collected by the department of state are appropriated and allotted for distribution to the recipient university or public or private agency overseeing a state-sponsored goal when received. Distributions shall occur on a quarterly basis or as otherwise authorized by law. Any revenues remaining at the end of the fiscal year shall not lapse to the general fund but shall remain available for distribution to the university or agency in the next fiscal year.

(2) Funds or revenues in the Olympic education training center fund are appropriated for distribution to the Olympic education training center at Northern Michigan University. Distributions shall occur on a quarterly basis. Any undistributed revenue remaining at the end of the fiscal year shall be carried over into the next fiscal year.

Sec. 811. The department of state may produce and sell copies of a training video designed to inform registered automotive repair facilities of their obligations under Michigan law. The price shall not exceed the cost of production and distribution. The money received from the sale of training videos shall revert to the department of state and be placed in the auto repair facility account.

Sec. 812. (1) The department of state, in collaboration with the gift of life transplantation society or its successor federally designated organ procurement organization, may develop and administer a public information campaign concerning the Michigan organ donor program.

(2) The department may solicit funds from any private or public source to underwrite, in whole or in part, the public information campaign authorized by this section. The department may accept gifts, donations, contributions, and grants of money and other property from private and public sources for this purpose. A private or public funding source underwriting the public information campaign, in whole or in substantial part, shall receive sponsorship credit for its financial backing.

(3) Funds received under this section, including grants from state and federal agencies, shall not lapse to the general fund at the end of the fiscal year but shall remain available for expenditure for the purposes described in this section.

(4) Funding appropriated in part 1 for the organ donor program shall be used for producing a pamphlet to be distributed with driver licenses and personal identification cards regarding organ donations. The funds shall be used to update and print a pamphlet that will explain the organ donor program and encourage people to become donors by marking a checkoff on driver license and personal identification card applications.

(5) The pamphlet shall include a return reply form addressed to the gift of life organization. Funding appropriated in part 1 for the organ donor program shall be used to pay for return postage costs.

(6) In addition to the appropriations in part 1, the department of state may receive and expend funds from the organ and tissue donation education fund for administrative expenses.

Sec. 815. At least 180 days before closing or consolidating a branch office and at least 60 days before relocating a branch office, the department of state shall inform members of the senate and house of representatives standing committees on appropriations and legislators who represent affected areas regarding the details of the proposal. The information provided shall be in written form and include all analyses done regarding criteria for changes in the location of branch offices, including, but not limited to, branch transactions, revenue, and the impact on citizens of the affected area. The impact on citizens shall include information regarding additional distance to branch office locations resulting from the plan. The written notice provided by the department of state shall also include detailed estimates of costs and savings that will result from the overall changes made to the branch office structure and the same level of detail regarding costs for new leased facilities and expansions of current leased space.

Sec. 815a. By December 15, the department of state shall report to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies the number of branch office transactions completed online by Michigan residents in the immediately preceding fiscal year.

Sec. 816. (1) Any service assessment collected by the department of state from the user of a credit or debit card under section 3 of 1995 PA 144, MCL 11.23, is appropriated to the department for necessary expenses related to that service and may be remitted to a credit or debit card company, bank, or other financial institution. Funds are allocated for expenditure when they are received by the department of treasury.

(2) The service assessment imposed by the department of state for credit and debit card services may be based either on a percentage of each individual credit or debit card transaction, or on a flat rate per transaction, or both scaled to the amount of the transaction. However, the department shall not charge any amount for a service assessment which exceeds the costs billable to the department for service assessments.

(3) If there is a balance of service assessments received from credit and debit card services remaining on September 30, the balance may be carried forward to the following fiscal year and appropriated for the same purpose.

(4) As used in this section, "service assessment" means and includes costs associated with service fees imposed by credit and debit card companies and processing fees imposed by banks and other financial institutions.

Sec. 818. (1) Funds in part 1 for motorcycle safety education grants and administration are appropriated to the department of state for operation of the motorcycle safety education program previously operated by the department of education under section 811a of the Michigan vehicle code, 1949 PA 300, MCL 257.811a.

(2) Funds in part 1 for motorcycle safety education grants and administration shall be derived from original and renewal motorcycle license endorsements, annual motorcycle registration fees, and motorcycle operator driving test fees.

(3) Funds in part 1 for motorcycle safety education grants and administration shall be used to provide grants to colleges, universities, intermediate school districts, local school districts, law enforcement agencies, or other governmental agencies located in the state, to help subsidize safety training courses for individuals interested in operating motorcycles.

(4) Funds in part 1 for motorcycle safety education grants and administration may be used by the department of state for administration costs of the motorcycle safety education program, to include, but not be limited to, review and approval or disapproval of grant applications, monitoring eligibility of motorcycle safety instructors, conducting program evaluation, certifying third-party testers, and inspecting training sites.

Sec. 819. (1) From the funds appropriated in part 1 to the department of state for information technology services and projects, there is appropriated \$4,550,000.00 for the business application modernization project. Funds shall only be used for the development, implementation, and maintenance of the business application modernization project.

(2) The unexpended funds appropriated in part 1 for the business application modernization project are designated as work project appropriations and shall not lapse at the end of the fiscal year. Any unencumbered or unallotted funds shall be carried over into the succeeding fiscal year and shall continue to be available for expenditure until the project has been completed. The total cost is estimated at \$30,000,000.00, and the tentative completion date is September 30, 2010.

Sec. 821. (1) The department of state may accept nonmonetary gifts, donations, or contributions of property from any private or public source to support, in whole or in part, the operation of a departmental function relating to licensing, regulation, or safety. The department may recognize a private or public contributor for making the contribution. The department may reject a gift, donation, or contribution.

(2) The department of state shall not accept a gift, donation, or contribution under subsection (1) if receipt of the gift, donation, or contribution is conditioned upon a commitment of future state funding.

(3) On March 1 of each year, the department of state shall file a report with the senate and house of representatives standing committees on appropriations, the senate and house fiscal agencies, and the state budget director. The report shall list any gift, donation, or contribution received by the department under subsection (1) for the prior calendar year.

Sec. 824. From the funds appropriated in part 1 to the department of state, branch operations, the department shall maintain a full service secretary of state branch office in Buena Vista Township.

Sec. 825. From the funds appropriated in part 1 to the department of state, branch operations, the department shall maintain a full service secretary of state branch office in Milan.

Sec. 826. From the funds appropriated in part 1 to the department of state, branch operations, the department shall maintain the same number of secretary of state branch offices in each municipality that existed on August 1, 2007.

Sec. 827. The funds appropriated in part 1 for department of state, branch operations, are contingent upon the department complying with the following guidelines for branch office placement:

(a) The department of state shall, whenever possible, avoid leasing space for branch offices on greenfield sites or other noncentral locations that require the construction of new infrastructure to service the office or facility, except in limited circumstances when the constituency served or programs supported require the use of a noncentral or open space location.

(b) The department shall encourage public investment in this state's urban areas by locating branch offices and facilities in urban areas. As used in this section, "urban areas" means a downtown area, town centers, or central business districts.

(c) The department shall, whenever possible, locate branch offices at locations consistent with local planning and zoning and compatible with existing land uses.

(d) In selecting a site for a branch office, the department shall give priority to locations in urban areas, whenever reasonably possible and consistent with state law. In making location decisions, the department shall also give consideration to the following:

(i) Use of existing space in state-owned facilities in urban areas.

(ii) Adaptive use or rehabilitation of historic buildings or reuse of other buildings within an urban area.

(iii) Use of vacant buildings in an urban area.

(iv) Use of vacant land in an urban area.

(v) Use and rehabilitation of brownfield areas.

DEPARTMENT OF TREASURY OPERATIONS

Sec. 901. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,000,000.00 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 \$10,000,000.00 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 \$200,000.00 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 \$40,000.00 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. 902. (1) Amounts needed to pay for interest, fees, principal, arbitrage rebates as required by federal law, and costs associated with the payment, registration, trustee services, credit enhancements, and issuing costs in excess of the amount appropriated to the department of treasury in part 1 for debt service on notes and bonds that are issued by the state under sections 14, 15, and 16 of article IX of the state constitution of 1963 as implemented by 1967 PA 266, MCL 17.451 to 17.455, are appropriated.

(2) In addition to the amount appropriated to the department of treasury for debt service in part 1, there is appropriated an amount for fiscal year cash-flow borrowing costs to pay for interest on interfund borrowing made under 1967 PA 55, MCL 12.51 to 12.53.

Sec. 903. (1) From the funds appropriated in part 1, the department of treasury may contract with private collection agencies and law firms to collect taxes and other accounts due this state. In addition to the amounts appropriated in part 1 to the department of treasury, there are appropriated amounts necessary to fund collection costs and fees not to exceed 25% of the collections or 2.5% plus operating costs, whichever amount is prescribed by each contract. The appropriation to fund collection costs and fees for the collection of taxes or other accounts due this state are from the fund or account to which the revenues being collected are recorded or dedicated. However, if the taxes collected are constitutionally dedicated for a specific purpose, the appropriation of collection costs and fees are from the general purpose account of the general fund.

(2) From the funds appropriated in part 1, the department of treasury may contract with private collections agencies and law firms to collect defaulted student loans and other accounts due the Michigan guaranty agency. In addition to the amounts appropriated in part 1 to the department of treasury, there are appropriated amounts necessary to fund collection costs and fees not to exceed 22% of the collection or a lesser amount as prescribed by the contract. The appropriation to fund collection costs and fees for the auditing and collection of defaulted student loans due the Michigan guaranty agency is from the fund or account to which the revenues being collected are recorded or dedicated.

(3) The department of treasury shall submit a report for the immediately preceding fiscal year ending September 30 to the state budget director and the senate and house of representatives standing committees on appropriations not later than November 30 stating the agencies or law firms employed, the amount of collections for each, the costs of collection, and other pertinent information relating to determining whether this authority should be continued.

Sec. 904. (1) The department of treasury, through its bureau of investments, may charge an investment service fee against the applicable retirement funds. The fees may be expended for necessary salaries, wages, contractual services, supplies, materials, equipment, travel, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement funds. Service fees shall not exceed the aggregate amount appropriated in part 1. The department of treasury shall maintain accounting records in sufficient detail to enable the retirement funds to be reimbursed periodically for fee revenue that is determined by the department of treasury to be surplus.

(2) In addition to the funds appropriated in part 1 from the retirement funds to the department of treasury, there is appropriated from retirement funds an amount sufficient to pay for the services of money managers, investment advisors, investment consultants, custodians, and other outside professionals, the state treasurer considers necessary to prudently manage the retirement funds' investment portfolios. The state treasurer shall report annually to the senate and house of representatives standing committees on appropriations and the state budget office concerning the performance of each portfolio by investment advisor.

Sec. 904a. (1) There is appropriated an amount sufficient to recognize and pay expenditures for financial services provided by financial institutions as provided under section 1 of 1861 PA 111, MCL 21.181.

(2) The appropriations under subsection (1) shall be funded by restricting revenues from common cash interest earnings and investment earnings in an amount sufficient to record these expenditures.

Sec. 905. (1) The department of treasury shall sell copies of the state tax manual, uniform accounting procedures manual, general property tax law manual, and other local government assistance manuals with amendments, at a price not to exceed the cost of production. The revenue received from the sale of preparation and local government assistance manuals shall revert to the department of treasury and be placed in the local government assistance manual revolving fund.

(2) In addition to the funds appropriated in part 1, revenue received from the sale of those manuals is appropriated.

Sec. 906. (1) The department of treasury shall charge for audits as permitted by state or federal law or under contractual arrangements with local units of government, other principal executive departments, or state agencies. A report detailing audits performed and audit charges for the immediately preceding fiscal year shall be submitted to the state budget director and the senate and house fiscal agencies not later than November 30.

(2) The appropriation in part 1 to the department of treasury, for state compliance audits, shall be used to cover the cost of the state audits performed by independent certified public accountants or department of treasury auditors. The scope of the state audit shall be defined by the state treasurer. The state audits shall be performed by independent certified public accountants contracted with by the state treasurer or by department of treasury auditors, if the county has agreed to contract with and pay the department for their financial single audit.

(3) The state audits shall be performed for the most current county fiscal year in conjunction with the financial single audit. The state audit may be performed either by certified public accountants contracted by the state treasurer or department of treasury staff, independent of the financial single audit, if a state audit has not been performed within the last 3 years.

Sec. 907. A revolving fund known as the assessor certification and training fund is created in the department of treasury. The assessor certification and training fund shall be used to organize and operate a property assessor certification and training program. Each participant certified and trained shall pay to the department of treasury an examination fee of \$50.00, an initial certification fee of \$50.00, an annual renewal fee of \$75.00 for levels 1 and 2, and \$125.00 for levels 3 and 4 to offset the cost of administering the certification and training program. Training courses shall be offered in assessment administration. Each participant shall pay a fee to cover the expenses incurred in offering the optional programs to certified assessing personnel and other individuals interested in an assessment career opportunity. The fees collected shall be credited to the assessor certification and training fund.

Sec. 908. The amount appropriated in part 1 to the department of treasury, home heating assistance program, is to cover the costs, including data processing, of administering federal home heating credits to eligible claimants and to administer the supplemental fuel cost payment program for eligible tax credit and welfare recipients.

Sec. 909. Revenue from the airport parking tax act, 1987 PA 248, MCL 207.371 to 207.383, is appropriated and shall be distributed under section 7a of the airport parking tax act, 1987 PA 248, MCL 207.377a.

Sec. 910. The disbursement by the department of treasury from the bottle deposit fund to dealers as required by section 3c(2) of the Initiated Law of 1976, MCL 445.573c, is appropriated.

Sec. 911. (1) There is appropriated an amount sufficient to recognize and pay refundable income tax credits as provided by the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(2) The appropriations under subsection (1) shall be funded by restricting income tax revenue in an amount sufficient to record these expenditures.

Sec. 912. A plaintiff in a garnishment action involving this state shall pay to the state treasurer 1 of the following:

(a) A fee of \$6.00 at the time a writ of garnishment of periodic payments is served upon the state treasurer, as provided in section 4012 of the revised judicature act of 1961, 1961 PA 236, MCL 600.4012.

(b) A fee of \$6.00 at the time any other writ of garnishment is served upon the state treasurer, except that the fee shall be reduced to \$5.00 for each writ of garnishment for individual income tax refunds or credits filed by magnetic media.

Sec. 913. (1) The department of treasury may contract with private firms to appraise and, if necessary, appeal the assessments of senior citizen cooperative housing units. Payment for this service shall be from savings resulting from the appraisal or appeal process.

(2) Of the funds appropriated in part 1 to the department of treasury for the senior citizens' cooperative housing tax exemption program, a portion is to be utilized for a program audit of the program. The department of treasury shall

forward copies of the audit report to the senate and house of representatives standing committees on appropriations subcommittees on general government and to the state budget office. The department of treasury may utilize up to 1% of the funds for program administration and auditing.

Sec. 914. The department of treasury may provide a \$200.00 annual prize from the Ehlers internship award account in the gifts, bequests, and deposit fund to the runner-up of the Rosenthal prize for interns. The Ehlers internship award account is interest bearing.

Sec. 915. Pursuant to section 61 of the Michigan campaign finance act, 1976 PA 388, MCL 169.261, there is appropriated from the general fund to the state campaign fund an amount equal to the amounts designated for tax year 2006. Except as otherwise provided in this section, the amount appropriated shall not revert to the general fund and shall remain in the state campaign fund. Any amounts remaining in the state campaign fund in excess of \$10,000,000.00 on December 31, 2007 shall revert to the general fund.

Sec. 916. The department of treasury may make available to interested entities otherwise unavailable customized unclaimed property listings of nonconfidential information in its possession. The charge for this information is as follows: 1 to 100,000 records at 2.5 cents per record and 100,001 or more records at .5 cents per record. The revenue received from this service shall be deposited to the appropriate revenue account or fund. The department shall submit an annual report on or before June 1 to the state budget director and the senate and house of representatives standing committees on appropriations that states the amount of revenue received from the sale of information.

Sec. 917. (1) There is appropriated for write-offs and advances an amount equal to total write-offs and advances for departmental programs, but not to exceed current year authorizations that would otherwise lapse to the general fund.

(2) The department of treasury shall submit a report for the immediately preceding fiscal year to the state budget director and the senate and house fiscal agencies not later than November 30, stating the amounts appropriated for write-offs and advances under subsection (1).

Sec. 918. In addition to funds appropriated in part 1, the department of treasury may receive and expend funds for conducting tax orientation workshops and seminars. Funds received may not exceed costs incurred in conducting the workshops and seminars.

Sec. 919. (1) From funds appropriated in part 1, the department of treasury may contract with private auditing firms to audit for and collect unclaimed property due this state in accordance with the Michigan uniform unclaimed property act. In addition to the amounts appropriated in part 1 to the department of treasury, there are appropriated amounts necessary to fund auditing and collection costs and fees not to exceed 12% of the collections, or a lesser amount as prescribed by the contract. The appropriation to fund collection costs and fees for the auditing and collection of unclaimed property due this state is from the fund or account to which the revenues being collected are recorded or dedicated.

(2) From funds collected by the department of treasury under the uniform unclaimed property act, 1995 PA 29, MCL 567.221 to 567.265, and appropriated for unclaimed property, \$51,000.00 shall be paid as annual dues to the national conference of commissioners on uniform state laws.

(3) The department of treasury shall submit a report for the immediately preceding fiscal year ending September 30 to the state budget director and the senate and house of representatives standing committees on appropriations not later than November 30 stating the auditing firms employed, the amount of collections for each, the costs of collection, and other pertinent information relating to determining whether this authority should be continued.

Sec. 920. Payments from the appropriation in part 1 to the department of treasury for grants to counties in lieu of taxes for lands transferred to the federal government include a payment for Sleeping Bear Dunes national lakeshore under 1974 PA 359, MCL 3.901 to 3.910.

Sec. 921. The state general fund/general purpose appropriation in part 1 for renaissance zone reimbursement is allocated to reimburse public libraries as provided by section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for property taxes levied in 2007. Reimbursements shall be made in amounts to each eligible recipient not later than 60 days after the department of treasury has received all necessary information to properly determine the amounts due each eligible recipient under section 12(4) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692. Any excess allocations shall lapse to the general fund.

Sec. 922. The department of treasury shall submit a report for the immediately preceding fiscal year ending September 30 to the senate and house of representatives standing committees on appropriations subcommittees on general government, the senate and house fiscal agencies, and the state budget director by November 30 stating the amount of Michigan transportation fund revenue collected and the cost of collection.

Sec. 924. (1) In addition to the funds appropriated in part 1, the department of treasury may receive and expend principal residence audit fund revenue for administration of principal residence audits under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(2) The department of treasury shall submit a report for the immediately preceding fiscal year to the state budget director and the senate and house fiscal agencies not later than December 31, stating the amount of revenue appropriated for principal residence audits under subsection (1).

Sec. 928. The department of treasury may provide receipt, warrant and cash processing, data, collection, investment, fiscal agent, levy and warrant cost assessment, writ of garnishment, and other user services on a contractual basis for other principal executive departments and state agencies. Funds for the services provided are appropriated and shall be expended for salaries and wages, fees, supplies, and equipment necessary to provide the services. Any unobligated balance of the funds received shall revert to the general fund of this state as of September 30.

Sec. 929. The department of treasury may enter into agreements to supply data or collection services to other executive principal departments or state agencies, the United States department of treasury, or local units of government within this state. The department of treasury shall charge for this tax data service and amounts received are appropriated and shall be expended for salaries and wages, fees, supplies, and equipment necessary to provide the service. Any unobligated balance of the fund shall revert to the general fund of this state as of September 30.

Sec. 930. (1) The department of treasury shall provide accounts receivable collections services to other principal executive departments and state agencies under 1927 PA 375, MCL 14.131 to 14.134. The department of treasury shall deduct a fee equal to the cost of collections from all receipts except unrestricted general fund collections. Fees shall be credited to a restricted revenue account and appropriated to the department of treasury to pay for the cost of collections. The department of treasury shall maintain accounting records in sufficient detail to enable the respective accounts to be reimbursed periodically for fees deducted that are determined by the department of treasury to be surplus to the actual cost of collections.

(2) The department of treasury shall submit a report for the immediately preceding fiscal year to the state budget director and the senate and house fiscal agencies not later than November 30, stating the principal executive departments and state agencies served, funds collected, and costs of collection under subsection (1).

Sec. 930a. The department shall select a private collection agency to perform secondary collection activities in an effort to benchmark primary agency performance for all individual tax, discontinued business tax, and state agency accounts, and all active business tax accounts older than 36 months. Consistent with sound collection practices and to maximize the effectiveness of those collection activities, the department shall not select a collection agency, or related entity, that has already attempted to collect the debt in question. Any request for proposal required to implement this section shall be issued by October 1, 2007. The department shall report its progress on second placement collection activities on a quarterly basis during the fiscal year.

Sec. 931. (1) The appropriation in part 1 to the department of treasury for treasury fees shall be assessed against all restricted funds that receive common cash earnings. Treasury fees include all costs, including administrative overhead, relating to the investment of each restricted fund. The fee assessed against each restricted fund will be based on the size of the restricted fund (the absolute value of the average daily cash balance plus the market value of investments in the prior fiscal year) and the level of effort necessary to maintain the restricted fund as required by each department. The department of treasury shall provide a report to the state budget director, the senate and house of representatives standing committees on appropriations subcommittees on general government, and the senate and house fiscal agencies by November 30 of each year identifying the fees assessed against each restricted fund.

(2) In addition to the funds appropriated in part 1, the department of treasury may receive and expend investment fees relating to new restricted funding sources that participate in common cash earnings during the current fiscal year. When a new restricted fund is created starting on or after October 1, that restricted fund shall be assessed a fee using the same criteria identified in subsection (1).

Sec. 932. Revenue received under the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, may be expended by the board of directors of the Michigan education trust for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund.

Sec. 933. (1) The \$1,000,000.00 appropriated in part 1 for the Michigan education savings program is from the Michigan merit award trust fund to fund an incentive program for the Michigan education savings program created under the Michigan education savings program act, 2000 PA 161, MCL 390.1471 to 390.1486.

(2) The funds appropriated for the Michigan education savings program shall be used to provide a state match to dollars invested on behalf of each child named as a designated beneficiary in the Michigan education savings program who is 6 years of age or less, who is a Michigan resident, and whose family's income is \$80,000.00 or less.

(3) During the current fiscal year, the state shall provide \$1.00 of matching funds for each \$3.00 of individual contributions to the educational savings accounts. The maximum state match for each designated beneficiary shall be \$200.00.

(4) The state match shall be available only in the first year the child is enrolled in the Michigan education savings program.

Sec. 934. The department of treasury may expend revenues received under the hospital finance authority act, 1969 PA 38, MCL 331.31 to 331.84, for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund. The department of treasury shall maintain accounting records in sufficient detail to enable the hospital clients to be reimbursed periodically for fees that are determined by the department of treasury to be surplus to needs.

Sec. 935. The department of treasury may expend revenue received under the shared credit rating act, 1985 PA 227, MCL 141.1051 to 141.1076, for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund.

Sec. 936. The department of treasury shall establish a separate account for the funds related to the Michigan higher education facilities authority. The department of treasury may expend revenue received under the higher education facilities authority act, 1969 PA 295, MCL 390.921 to 390.934, for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund. The department of treasury shall maintain accounting records in sufficient detail to enable the educational institution clients to be reimbursed periodically for fees that are determined by the department to be surplus to needs.

Sec. 937. The department of treasury may expend revenues received under the Michigan public educational facilities authority, Executive Order No. 2002-3, for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund.

Sec. 939. It is the intent of the legislature that the state treasurer, acting within his or her capacity as the investment fiduciary for public employee pension funds and consistent with 1965 PA 314, MCL 38.1132 to 38.1140m, give appropriate consideration to investments in early stage, university derived life science companies located in Michigan, or investments in venture capital funds that invest in those companies to the extent those investments offer the safety and rate of return comparable to other investments permitted and available at the time the investment decision is made.

Sec. 941. In addition to the funds appropriated in part 1, there is appropriated up to \$570,000.00 from standardized audit schedules recovered delinquent tax collection revenues for the support of standardized audit schedule project expenses. The funding shall be used to exclusively support business tax audits related to sales tax, use tax, withholding, single business tax, and motor fuel tax obligations. Any unexpended funds at the end of the fiscal year shall lapse to the general fund.

Sec. 943. The department of treasury shall not include complete social security numbers in form 1099-G mailings to taxpayers.

Sec. 945. The assessment and certification division of the department of treasury may conduct a review of local unit assessment administration practices, procedures, and records, also known as the 14-point review, in at least 1 assessment jurisdiction per county.

Sec. 946. Members of the state tax commission and management level staff of the assessment and certification division may meet with statewide assessment organizations on a quarterly basis for the purpose of coordinating assessment and training activities. Recertification and training activities may be conducted at regional locations chosen to maximize participation of local officials.

Sec. 947. (1) Of the \$5,267,400.00 included in part 1 for the revenue enhancement program, \$4,767,400.00 shall be used for revenue collection enhancement activities including auditing functions.

(2) The department of treasury shall submit quarterly progress reports to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies, regarding personal property tax audits funded under subsection (1). The report shall include the number of audits, revenue generated, and number of complaints received by the department related to the audits.

(3) The \$500,000.00 balance of the \$5,267,400.00 shall be used for the principal residence exemption compliance program. Along with other program costs, expenditures shall include the development and maintenance of a statewide web-based database created for the purpose of enforcing the principal residence exemption compliance program. The department shall submit quarterly progress reports that include the number of exemptions denied and the revenue received under this program. The legislative auditor general shall complete a performance audit of the principal residence exemption compliance program prior to April 1, 2008. Revenue generated to the state from the principal residence exemption compliance program shall be used to reimburse the state general fund for the \$500,000.00 appropriation prior to any other allocation. Additional funds from the revenue enhancement program and carryforward appropriations may be used to support costs in excess of \$500,000.00.

(4) Unexpended appropriations of the revenue enhancement program are designated as work project appropriations and shall not lapse at the end of the fiscal year and shall continue to be available for expenditure until the project has been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to enhance revenue collection activities.
- (b) The project will be accomplished by contract.
- (c) The total estimated cost of the project is \$24,600,000.00.
- (d) The tentative completion date is September 30, 2009.

Sec. 948. By December 15, the department of treasury shall report to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies the number of tax returns, to include state income tax returns and single business tax returns, filed online by Michigan residents in the immediately preceding fiscal year.

Sec. 949. The department of treasury, together with the department of management and budget, may conduct a competitive bid for new tobacco stamp technology. Any Michigan tobacco wholesaler required to purchase or lease new stamping technology or equipment during fiscal year 2008 in order to comply with current state law and the results of the bidding process may be entitled to request a deduction from the department of treasury for actual documented costs associated with such a purchase or lease. Wholesalers affected by the outcome of the bidding process may set forth the amount of the deduction claimed for such costs in the monthly reimbursement statement submitted to the department of treasury under the tobacco products tax act and may make available for inspection upon request any documents necessary to substantiate the claimed deduction.

REVENUE SHARING

Sec. 950. (1) The funds appropriated in part 1 for constitutional revenue sharing shall be distributed by the department to cities, villages, and townships, as required under section 10 of article IX of the state constitution of 1963. Revenue collected in accordance with section 10 of article IX of the state constitution of 1963 in excess of the amount appropriated in part 1 for constitutional revenue sharing is appropriated for distribution to cities, villages, and townships, on a population basis as required under section 10 of article IX of the state constitution of 1963.

(2) After the distribution in subsection (1), the funds appropriated in part 1 for statutory revenue sharing shall be distributed to certain cities, villages, and townships such that the percentage change in the total statutory and constitutional revenue sharing payment made under this appropriation, from the total payment under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, and section 10 of article IX of the state constitution of 1963 of the immediately preceding state fiscal year to each of those cities, villages, and townships is equal to, but does not exceed, the percentage change from the immediately preceding state fiscal year of any city, village, or township that receives a distribution under this subsection. No city, village, or township receiving a payment under this subsection shall receive more in combined constitutional and statutory payments than that city, village, or township received in combined constitutional and statutory payments during the 2006-2007 state fiscal year.

(3) If revenue collected in accordance with section 10 of article IX of the state constitution of 1963 is less than that amount appropriated in part 1 for constitutional revenue sharing, the appropriation in part 1 for statutory revenue sharing is increased by an amount equal to the appropriation in part 1 for constitutional revenue sharing less the amount of revenue collected in accordance with section 10 of article IX of the state constitution of 1963.

Sec. 952. The appropriation in part 1 for special grants to cities shall be used to restore revenue sharing reductions contained in Executive Order No. 2003-23 to a city that had an emergency financial manager appointed pursuant to the local government fiscal responsibility act, 1990 PA 72, MCL 141.1201 to 141.1291, continuously from December 10, 2003 through September 30, 2007.

Sec. 955. (1) There is appropriated to each county an amount equal to the amount distributed to each county for the fiscal year ending September 30, 2004, pursuant to the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, adjusted by the inflation rate as defined in section 34d of the general property tax act, 1893 PA 206, MCL 211.34d, and reduced by the amount each county is authorized to annually expend in that county's fiscal year beginning after September 30, 2004, from its revenue sharing reserve fund pursuant to section 44a of the general property tax act, 1893 PA 206, MCL 211.44a.

(2) The department of treasury shall annually certify to the state budget director the amount each county is authorized to expend from its revenue sharing reserve fund.

LOTTERY

Sec. 960. In addition to the funds appropriated in part 1 to the bureau of state lottery, there is appropriated from lottery revenues the amount necessary for, and directly related to, implementing and operating lottery games. Appropriations under this section shall only be expended for contractually mandated payments for vendor commissions, contractually mandated payments for instant tickets intended for resale, the contractual costs of providing and maintaining the on-line system communications network, and incentive and bonus payments to lottery retailers.

Sec. 961. The funds appropriated in part 1 to the bureau of state lottery shall not be used for any promotional efforts directed towards individuals who are less than 18 years of age.

Sec. 963. The bureau of state lottery shall inform all lottery retailers that the cash side of department of human services bridge cards cannot be used to purchase lottery tickets.

CASINO GAMING

Sec. 971. From the revenue collected by the Michigan gaming control board regarding the total annual assessment of each casino licensee, \$2,000,000.00 is appropriated and shall be deposited in the compulsive gaming prevention fund as described in section 12a(5) of the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.212a.

Sec. 972. In addition to the funds appropriated in part 1, funds distributed by the Michigan gaming control board to the department of treasury for oversight of casino gaming are appropriated upon receipt. These funds may be used to pay for costs incurred for casino gaming oversight activities.

Sec. 973. (1) Funds appropriated in part 1 for local government programs may be used to provide assistance to a local revenue sharing board referenced in an agreement authorized by the Indian gaming regulatory act, Public Law 100-497.

(2) A local revenue sharing board described in subsection (1) shall comply with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, and the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(3) A county treasurer is authorized to receive and administer funds received for and on behalf of a local revenue sharing board. Funds appropriated in part 1 for local government programs may be used to audit local revenue sharing board funds held by a county treasurer. This section does not limit the ability of local units of government to enter into agreements with federally recognized Indian tribes to provide financial assistance to local units of government or to jointly provide public services.

(4) The director of the department of state police and the executive director of the Michigan gaming control board are authorized to assist the local revenue sharing boards in determining allocations to be made to local public safety organizations.

(5) The department of treasury shall submit a report by September 30 to the senate and house of representatives standing committees on appropriations and the state budget director on the receipts and distribution of revenues by local revenue sharing boards.

Sec. 974. If revenues collected in the state services fee fund are less than the amounts appropriated from the fund, available revenues shall be used to fully fund the appropriation in part 1 for casino gaming regulation activities before distributions are made to other state departments and agencies. If the remaining revenue in the fund is insufficient to fully fund appropriations to other state departments or agencies, the shortfall shall be distributed proportionally among those departments and agencies.

MICHIGAN STRATEGIC FUND

Sec. 1001. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$10,000,000.00 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 \$1,000,000.00 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 \$700,000.00 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. 1002. (1) The appropriation in part 1 to the fund for the economic development job training program is focused on skills businesses need to compete in the twenty-first century. The purpose of this program is to develop a specific skill, identified for a particular business that assists that company to compete in the global economy and to create or retain high-paying jobs for Michigan residents.

(2) Not more than \$800,000.00 of the total appropriation in part 1 may be expended for administrative costs by the fund. Not more than 10% of the total grant award may be expended by a recipient for administration costs.

(3) No funds appropriated in part 1 to the fund for the economic development job training program grants may be expended for the training of permanent striker replacement workers, unless a strike exceeds 3 years and good faith negotiations are ongoing.

(4) Of the total funds appropriated in part 1 for the economic development job training program grants, \$4,500,000.00 of the funds shall be awarded to community colleges or a consortium of community colleges and other eligible applicants pursuant to subsection (5). Remaining funds may be awarded to any of the entities listed in subsection (5) or businesses which create at least 100 new jobs at a single location in a period not to exceed 2 years from the date of the grant award.

(5) An applicant may be a school district, intermediate school district, community college, public or private nonprofit college or university, nonprofit organization whose primary purpose is to provide education programs or employment and training services or vocational rehabilitation programs or school-to-work transition programs, local workforce development board, the headquarters of a federal and state-sponsored manufacturing technology center, or a consortium consisting of any combination of school districts, intermediate school districts, community colleges, nonprofit organizations described in this subsection, or public or private nonprofit colleges or universities described in this subsection or businesses which meet the criteria set in subsection (4).

(6) On or before October 1, the fund shall publish proposed application criteria, instructions, and forms for use by eligible applicants. The fund shall provide at least a 2-week period for public comment prior to finalization of the application criteria, instructions, and forms.

(7) The award process will include a simple notice of intent to be reviewed to see if the application merits further consideration. If so, a full application may be submitted. Applications for all grants shall be submitted to the fund, and each application shall contain at least all of the following:

(a) The name, address, and total number of employees of each business organization whose employees are receiving job training.

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

(c) A clear statement of the project's scope of activities and number of participants to be involved.

(d) A commitment to maintain participant records in a form and manner required by the fund.

- (e) A budget which relates to the proposed activities and various program components.
 - (8) Priority in the fund's awarding of grants shall be based on the following criteria:
 - (a) Demonstrated need for the type of training offered.
 - (b) Creation and/or retention of high wage and high skilled level jobs within a predetermined time period. If the employer does not create or retain the number of jobs specified within the predetermined time period, the employer shall reimburse the state for the entire grant awarded under this program. The number of jobs created and retained will be verified by the employer via audit after the training is completed.
 - (c) Other criteria determined by the fund to be important.
 - (9) Participants in the economic development job training program shall be 16 years or older and not enrolled and counted in membership in a school district, intermediate school district, or community college, or any other program funded with state funding. Any training provider that receives state appropriated funds shall not include in the enrollment data reported for determining state aid any student credit hours or student contact hours for a student who is a participant in the economic development job training program. Exclusions of these students is intended to avoid payment of state aid for the same individuals for whom training costs are paid for through the economic development job training program.
 - (10) A recipient of a grant under this section shall not charge tuition or fees to participants in the program funded by the economic development job training program grant. However, a nonprofit organization may charge tuition or fees if the tuition plan or fees are recognized by the state and the nonprofit organization receives additional funding from other governmental or private funding sources for its programs.
 - (11) For training delivered to incumbent workers, the employer receiving the benefit of the training shall provide a minimum of 30% of the program costs in matching funds as necessitated by the program.
 - (12) Grant funds shall be expended on a cost reimbursement basis.
 - (13) A recipient of a grant under this section shall allow the fund or the agency's designee to audit all records related to the grant for all entities that receive money, either directly or indirectly through a contract, from the grant funds. A grant recipient or contractor shall reimburse the state for all disallowances found in the audit. Costs disallowed under subsection (8)(b) based on the employer job creation and retention requirements are not the same as the training costs that are disallowed in this subsection.
 - (14) The fund shall provide to the state budget director and the fiscal agencies by November 1 of each year a report on the economic development job training program grants. The report shall provide this information for each grant or contract awarded during the preceding full fiscal year. The report shall contain all of the following:
 - (a) The amount and recipient of each grant or contract.
 - (b) The number of participants under each grant or contract and the number of new hires who are in training under the grant.
 - (c) The names, addresses, and total number of employees of all business organizations for whom training is or will be provided.
 - (d) The matching funds, if any, to be provided by a business organization.
 - (15) As a condition of receiving funds under part 1 of this act, the fund shall not expend any of the economic development job training program funds to train any employee who is an officer of a corporation in a corporation employing more than 250 employees.
 - (16) The Michigan strategic fund shall allocate \$500,000.00 for aerospace certification grants as described in this subsection. The grants shall be funded from the appropriation in part 1 for economic development job training grants or work project funds available for the defense contract coordination center, or both. The Michigan strategic fund shall report to the senate and house subcommittees on general government, the fiscal agencies, and the state budget office by January 15, 2008 on the sources of funding for this program. \$500,000.00 shall be allocated for the following purposes:
 - (a) \$250,000.00 shall be allocated for aerospace certification grants to assist manufacturers in becoming certified for aerospace manufacturing. Priority shall be given to ISO or TS certified companies that are members of a state of Michigan nonprofit, tax-exempt aerospace manufacturers association and have received a request for quotes or request for proposal from an aerospace company. Grant awards of up to \$10,000.00 shall be given to a qualifying company seeking such certification. As used in this section, "ISO" means international organization for standardization and "TS" means technical specification.
 - (b) \$250,000.00 shall be provided to the Michigan aerospace manufacturers association, a nonprofit, tax-exempt, aerospace-based manufacturing association. Funding shall be used for organizational assistance and to advance and promote the aerospace manufacturing community in the state of Michigan within the global economy.
- Sec. 1003. The Michigan growth capital fund shall be used to develop the technology business sector in Michigan. The Michigan growth capital fund will be used to encourage private and public investment in the technology business sector, and all of the following apply:
- (a) An applicant must match state funds on a 1:1 basis.

(b) Eligible uses of the Michigan growth capital fund include investments in organizations and programs that promote the development of new industry sectors in Michigan; inducements to attract additional venture capital funds to finance technology development; support organizations, initiatives, or events that promote entrepreneurship; provide match for university federal research grants; and support technology transfer and commercialization programs with universities and the private sector.

(c) The Michigan economic development corporation shall administer the Michigan growth capital fund.

(d) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the Michigan growth capital fund, shall be received, held, and applied by the fund for the purposes described in this section.

(e) The Michigan economic development corporation shall provide an annual report on the status of the Michigan growth capital fund to the senate appropriations committee subcommittee on economic development, the house appropriations committee subcommittee on general government, the senate and house fiscal agencies, and the state budget office by January 31.

Sec. 1004. Travel Michigan may establish and collect a fee to cover the cost of materials and processing of photographic prints, slides, videotapes, and travel product database information that are requested by the media and other segments of the public and private sectors. The fees collected shall be appropriated for all expenses necessary to purchase and distribute these photographic prints, slides, videotapes, and travel product database information. The funds are available for expenditure when they are received by the department of treasury.

Sec. 1005. Travel Michigan may receive and expend private revenue related to the use of the "Michigan Great Lakes. Great Times.", "The Upper Hand", and "Pure Michigan" copyrighted slogans and images. This revenue may come from the direct licensing of the name and image or from the royalty payments from various merchandise sales. Revenue collected is appropriated for the marketing of the state as a travel destination. The funds are available for expenditure when they are received by the department of treasury.

Sec. 1006. The fund shall submit on February 15 to the subcommittees, the state budget office, and the fiscal agencies a listing of all grants which have been awarded by the fund or by the Michigan economic development corporation from the funds appropriated in part 1. The list shall include all of the following:

- (a) The name of the recipient.
- (b) The amount awarded to the recipient.
- (c) The purpose of the grant.

Sec. 1007. (1) The fund shall provide reports to the relevant subcommittees, the state budget director, and the fiscal agencies concerning the activities of the Michigan economic development corporation grants and investment programs financed from the fund using investment or Indian gaming revenues. The report shall provide a list of individual grants and loans made from the fund. The report shall include, but not be limited to, the following programs funded in part 1:

- (a) Travel Michigan.
- (b) Business attraction, retention, and growth.
- (c) Business services.
- (d) Community development block grants.
- (e) Strategic fund administration.
- (f) Renaissance zones.
- (g) 21st Century investment program.
- (h) Business and clean air ombudsman.
- (i) Economic development job training program grants.
- (j) Any other programs of the fund.

(2) The reports in subsection (1) shall be submitted by January 15. The report for each program in subsection (1)(a) through (j) shall include details on the actual spending and number of FTEs for that program for the previous fiscal year.

Sec. 1008. As a condition of receiving funds under part 1, any interlocal agreement entered into by the fund shall include language which states that if a local unit of government has a contract or memorandum of understanding with a private economic development agency, the Michigan economic development corporation will work cooperatively with that private organization in that local area.

Sec. 1009. (1) Of the funds appropriated to the fund or through grants to the Michigan economic development corporation, no funds shall be expended for the purchase of options on land or the purchase of land unless at least 1 of the following conditions applies:

(a) The land is located in an economically distressed area.

(b) The land is obtained through a purchase or exercise of an option at the invitation of the local unit of government and local economic development agency.

(2) Consideration may be given to purchases where the proposed use of the land is consistent with a regional land use plan, will result in the redevelopment of an economically distressed area, can be supported by existing infrastructure, and will not cause shifts in population away from the area's population centers.

(3) As used in this section, "economically distressed area" means an area in a city, village, or township that has been designated as blighted; a city, village, or township that shows negative population change from 1970 and a poverty rate and unemployment rate greater than the statewide average; or an area certified as a neighborhood enterprise zone.

Sec. 1010. The money appropriated in part 1 to the fund is subject to the condition that none is spent for premiums or advertising material involving personal effects or apparel including, but not limited to, T-shirts, hats, coffee mugs, or other promotional items, except travel Michigan.

Sec. 1011. (1) From the general fund/general purpose appropriations in part 1 to the fund and granted or transferred to the Michigan economic development corporation, any unexpended or unencumbered balance shall be disposed of in accordance with the requirements in the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, unless carryforward authorization has been otherwise provided for.

(2) Any encumbered funds shall be used for the same purposes for which funding was originally appropriated in this act.

Sec. 1012. (1) As a condition of receiving funds under part 1, the fund shall ensure that the MEDC and the fund comply with all of the following:

(a) The freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(b) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(c) Annual audits of all financial records by the auditor general or his or her designee.

(d) All reports required by law to be submitted to the legislature.

(2) If the MEDC is unable for any reason to perform duties under this act, the fund may exercise those duties.

Sec. 1013. As a condition for receiving the appropriations in part 1, any staff of the Michigan economic development corporation involved in private fund-raising activities shall not be party to any decisions regarding the awarding of grants or tax abatements from the fund, the Michigan economic development corporation, or the Michigan economic growth authority.

Sec. 1014. (1) The funding appropriated in part 1 of 2000 PA 291 for the Michigan core communities fund may be used to create an urban revitalization infrastructure program in the fund for economic development awards to create new jobs or contribute to redevelopment and encourage private investment in core communities.

(2) Awards may be provided to qualified local governmental units as defined in the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2781 to 125.2797, or certified technology parks, as defined in the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174.

(3) Awards can be used for land and property acquisition and assembly, demolition, site development, utility modifications and improvements, street and road improvements, telecommunication infrastructure, site location and relocation, infrastructure improvements, and any other costs related to the successful development and implementation of core community or certified technology park projects, at the discretion of the Michigan economic development corporation.

(4) Funding may be provided in the form of loans, grants, sales or cash flow participation agreements, guarantees, or any combination of these. A cash match of at least 10%, or local repayment guarantee with a dedicated funding source, is required. Priority shall be given to projects which are integrated with existing economic development programs and to projects in proportion to the amount that local matching rates exceed 10%.

(5) The Michigan economic development corporation shall have all administrative responsibility for the Michigan core communities fund and shall establish application and application scoring criteria and approve awards. The Michigan economic development corporation may utilize up to 1/2 of 1% of the fund for administrative purposes.

(6) Funds will be awarded through an open competitive process based on criteria including the following: project impact, project marketability, lack of adequate infrastructure or land assembly financing sources, local administrative capacity, and the level of local matching funds. Awardees shall agree to expedite the local development process, such as fast-track permitting procedures, streamlined regulatory requirements, standardized construction and building codes, and the use of competitive construction permitting fees.

(7) No single applicant shall be awarded more than \$10,000,000.00 per project.

(8) Fifteen days prior to the award of the funds, notification shall be provided to the speaker of the house of representatives, the senate majority leader, the members of the house and senate appropriations committees, the fiscal agencies, and the state budget director.

(9) Funds shall not be awarded for any of the following purposes:

(a) Land sited for use as, or support for, a gaming facility.

(b) Land or other facilities owned or operated by a gaming facility.

(c) Publicly owned land or facilities which may directly or indirectly support a gaming facility.

(10) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the core communities fund, shall be received, held, and applied by the fund for the purposes described in this part.

(11) The fund shall provide an annual report on the status of this fund. The report shall be provided to the subcommittees, the fiscal agencies, and the state budget office by January 31.

Sec. 1016. The Michigan economic development corporation may implement procedures to annually audit the number of jobs claimed to be created by firms receiving Michigan economic growth authority grants, and all other claims of job creation for which MEDC has provided tax credits or other economic incentives.

Sec. 1017. The Michigan economic development corporation shall report on the number of individuals it employs with an annual salary of \$80,000.00 or more to the subcommittees, the fiscal agencies, and the state budget office by October 31, 2007. The report shall include the name, the job title, and a description of the duties and responsibilities of all such employees.

Sec. 1020. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 and that do not require additional state matching funds are appropriated for the purposes intended. The fund may carry forward into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. The fund shall report the amount and source of the funds to the senate appropriation subcommittee on economic development, the house appropriation subcommittee on general government, the senate and house fiscal agencies, and the state budget office within 10 business days after receiving any additional pass-through funds.

Sec. 1021. (1) From the funds appropriated in part 1 for the Michigan promotion program, \$5,700,000.00 shall be used to accelerate efforts to promote the state's tourism industry and business marketing activities. The MEDC shall work to coordinate with local tourism efforts, where appropriate.

(2) The funds are considered work project appropriations and any unencumbered or unallotted funds at year-end shall be carried forward into the succeeding fiscal year. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the funding is to promote the state's tourism industry and business marketing activities.

(b) The project shall be accomplished by contract or employees employed by the Michigan strategic fund or the Michigan economic development corporation.

(c) The total estimated cost of the project is \$5,700,000.00.

(d) The expected completion date is September 30, 2010.

(3) It is the intent of the legislature that if additional funds become available during fiscal year 2007-2008, that the appropriation for the Michigan promotion program shall be increased by \$4,300,000.00 to be distributed as described in this section.

Sec. 1022. (1) From the funds appropriated in part 1 for the business incubator program, the Michigan strategic fund shall administer competitive grants and loans that are designed to foster the creation of new jobs in competitive edge technology as defined in section 88a of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088a. Funding shall be awarded to grantees located in a distressed area. The Michigan strategic fund board shall ensure that \$1,000,000.00 is allocated to grantees for projects in each of the 4 qualifying distressed areas. As used in this section, "distressed area" means a local governmental unit that meets 1 of the following criteria:

(a) A city with a population greater than 750,000.

(b) A city with a population in the 2000 census between 11,000 and 12,000 and had a population loss of greater than 30% since 1970.

(c) A city with a population in the 2000 census between 124,000 and 125,000 and had a population loss greater than 35% since the 1970 census.

(d) A county with median household income from 2004 United States bureau of the census small area income and poverty estimates that is below \$28,000.00.

(2) It is the intent of the legislature that if additional funds become available during fiscal year 2007-2008, that the appropriation for the business incubator program shall be increased by \$4,000,000.00 to be distributed as described in this section.

Sec. 1024. (1) From the funds appropriated in part 1 for the 21st century jobs fund program, \$1,400,000.00 shall be granted by the Michigan strategic fund board to the Michigan small business and technology development centers to be used for the SBIR or STTR grant or loan matching program. These funds shall only be used to provide the required match. Grants or loans under this section shall not exceed 25% of the federal funds and must leverage third-party commercialization funding at both the phase I and phase II levels.

(2) All funds available to the strategic economic investment and commercialization board from grant and loan awards from the competitive edge technology grant and loan program as created in 2005 PA 225 that are not accepted or claimed by awardees shall be allocated to the Michigan small business technology development centers to fund the federal SBIR and STTR matching grant and loan programs as provided in this section.

Sec. 1025. The MEDC shall separately report the number of actual direct jobs and the number of indirect jobs that are projected to be created as a result of any financial or tax incentive package that is offered to a business. Additionally, information regarding total salaries and employer sponsored benefits shall be included if available. This includes all publications issued by the agency for marketing and public information purposes.

Sec. 1027. (1) The Michigan strategic fund shall amend the contract entered into pursuant to Michigan strategic fund board resolution 2007-079 approved on June 27, 2007, to provide that at least \$3,000,000.00 of the \$3,400,000.00

contract amount shall be distributed not later than March 31, 2008, and that the purposes for which the funds can be used be expanded to include all types of operating expenses.

(2) If the contract is not amended as described in subsection (1) by February 28, 2008, then from the appropriation in part 1 for 21st century jobs trust fund programs, an amount of not more than \$3,000,000.00 shall be allocated to Lakeshore Advantage in fiscal year 2007-2008 to bring the total payments to that organization to \$3,000,000.00 in fiscal year 2007-2008.

Sec. 1029. It is the intent of the legislature that the fund only award tax breaks or other economic development incentives to companies that give preference to Michigan workers.

Sec. 1030. The funds appropriated in part 1 to the Berrien County brownfield redevelopment authority shall be expended for a brownfield redevelopment project in Watervliet Township to construct an ethanol plant.

Sec. 1031. The funds appropriated in part 1 to McBain Township, Missaukee County, shall be used for grants and loans to the township and shall be expended by the township for infrastructure improvements.

REVENUE STATEMENT

Sec. 1101. Pursuant to section 18 of article V of the state constitution of 1963, fund balances and estimates are presented in the following statement:

BUDGET RECOMMENDATIONS BY OPERATING FUNDS

(Amounts in millions)
Fiscal Year 2007-2008

	Fund	Beginning Unreserved Fund Balance	Estimated Revenue	Ending Balance
OPERATING FUNDS				
General fund/general purpose.....	0110	2.1	9,657.1	46.2
General fund/special purpose		516.6	15,600.2	1,197.0
Special Revenue Funds:				
Countercyclical budget and economic stabilization	0111	2.1	0.0	2.2
Game and fish protection	0112	22.5	63.2	0.0
Michigan employment security act administration	0113	0.0	14.0	8.6
State aeronautics	0114	1.7	181.4	0.3
Michigan veterans' benefit trust.....	0115	0.0	5.0	0.0
State trunkline	0116	0.0	2,074.5	0.0
Michigan state waterways	0117	0.8	26.1	1.3
Blue Water Bridge	0118	0.0	15.7	0.0
Michigan transportation	0119	0.0	2,002.6	0.0
Comprehensive transportation	0120	0.0	320.9	0.0
School aid	0122	0.0	13,431.9	0.0
Marine safety	0123	0.1	5.3	0.0
Game and fish protection trust	0124	6.6	12.0	6.0
State park improvement	0125	1.3	40.8	0.0
Forest development	0126	0.0	27.3	0.0
Michigan civilian conservation corps endowment	0128	0.1	0.7	0.0
Michigan natural resources trust	0129	33.6	53.2	37.4
Michigan state parks endowment	0130	8.8	16.6	6.7
Safety education and training.....	0131	2.1	7.0	1.1
Bottle deposit.....	0136	0.0	15.1	0.0
State construction code	0138	2.9	12.7	0.0
Children's trust.....	0139	1.8	3.8	2.2
State casino gaming	0140	12.5	32.8	0.0
Homeowner construction lien recovery	0141	2.9	0.6	1.8
Michigan nongame fish and wildlife	0143	0.2	0.6	0.0
Michigan merit award trust	0154	0.0	289.1	0.1
TOTALS.....		\$618.7	\$43,910.2	\$1,311.0

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

A bill to make, supplement, and adjust appropriations for the departments of attorney general, civil rights, information technology, management and budget, state, and treasury, the executive office, and the legislative branch for the fiscal year ending September 30, 2008; to provide for the expenditure of these appropriations; to provide for the funding of certain work projects; to provide for the imposition of certain fees; to establish or continue certain funds, programs,

and categories; to transfer certain funds; to prescribe certain requirements for bidding on state contracts; to provide for disposition of year-end balances; to prescribe the powers and duties of certain principal executive departments and state agencies, officials, and employees; and to provide for the disposition of fees and other income received by the various principal executive departments and state agencies.

John Pappageorge
Mark Jansen
Glenn Anderson
Conferees for the Senate

Marsha Cheeks
George Cushingberry, Jr.
Goeff Hansen
Conferees for the House

The question being on the adoption of the conference report,
Senator Cropsey moved that further consideration of the bill be postponed temporarily.
The motion prevailed.

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.

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

FIRST CONFERENCE REPORT

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

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 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.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2008, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF COMMUNITY HEALTH

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	4,761.6	
Average population	1,109.0	
GROSS APPROPRIATION		\$ 12,048,326,100
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers	39,410,200	
ADJUSTED GROSS APPROPRIATION.....		\$ 12,008,915,900

	For Fiscal Year Ending Sept. 30, 2008
Federal revenues:	
Total federal revenues	\$ 6,708,510,700
Special revenue funds:	
Total local revenues	247,237,400
Total private revenues	65,519,800
Merit award trust fund	144,000,000
Total other state restricted revenues	1,718,336,400
State general fund/general purpose	\$ 3,125,311,600
Sec. 102. DEPARTMENTWIDE ADMINISTRATION	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	226.5
Director and other unclassified—6.0 FTE positions	\$ 598,600
Departmental administration and management—198.0 FTE positions	23,881,600
Office of long-term care supports and services—18.5 FTE positions	2,713,800
Worker’s compensation program	8,825,000
Human resources optimization user charges	285,500
Rent and building occupancy	10,043,300
Developmental disabilities council and projects—10.0 FTE positions	2,772,200
GROSS APPROPRIATION	\$ 49,120,000
Appropriated from:	
Federal revenues:	
Total federal revenues	14,083,900
Special revenue funds:	
Total private revenues	76,000
Total other state restricted revenues	3,500,900
State general fund/general purpose	\$ 31,459,200
Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS	
Full-time equated classified positions	111.0
Mental health/substance abuse program administration—110.0 FTE positions	\$ 13,409,500
Consumer involvement program	189,100
Gambling addiction—1.0 FTE position	3,500,000
Protection and advocacy services support	777,400
Mental health initiatives for older persons	1,291,200
Community residential and support services	2,713,000
Highway safety projects	400,000
Federal and other special projects	3,277,200
Family support subsidy	19,036,000
Housing and support services	9,306,800
Methamphetamine cleanup fund	100,000
GROSS APPROPRIATION	\$ 54,000,200
Appropriated from:	
Federal revenues:	
Total federal revenues	35,077,400
Special revenue funds:	
Total private revenues	190,000
Total other state restricted revenues	3,500,000
State general fund/general purpose	\$ 15,232,800
Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS	
Full-time equated classified positions	9.5
Medicaid mental health services	\$ 1,717,929,300
Community mental health non-Medicaid services	319,566,100
Medicaid adult benefits waiver	40,000,000
Multicultural services	5,763,800
Medicaid substance abuse services	36,378,500

	For Fiscal Year Ending Sept. 30, 2008
Respite services	\$ 1,000,000
CMHSP, purchase of state services contracts	136,239,300
Civil service charges	1,499,300
Federal mental health block grant—2.5 FTE positions	15,367,900
State disability assistance program substance abuse services	2,509,800
Community substance abuse prevention, education, and treatment programs	85,268,000
Children’s waiver home care program	19,549,800
Omnibus reconciliation act implementation—7.0 FTE positions	12,367,200
Children with serious emotional disturbance waiver	570,000
GROSS APPROPRIATION	\$ 2,394,009,000
Appropriated from:	
Interdepartmental grant revenues:	
Federal revenues:	
Total federal revenues	1,150,311,400
Special revenue funds:	
Total local revenues	26,072,100
Total other state restricted revenues	106,765,500
State general fund/general purpose	\$ 1,110,860,000
Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES	
Total average population	1,109.0
Full-time equated classified positions	2,957.3
Caro regional mental health center - psychiatric hospital - adult—481.3 FTE positions	\$ 43,466,600
Average population	179.0
Kalamazoo psychiatric hospital - adult—466.6 FTE positions	43,120,900
Average population	186.0
Walter P. Reuther psychiatric hospital - adult—437.3 FTE positions	43,147,800
Average population	236.0
Hawthorn center - psychiatric hospital - children and adolescents—218.0 FTE positions.....	21,497,600
Average population	74.0
Mount Pleasant center - developmental disabilities— 472.7 FTE positions	46,936,300
Average population	209.0
Center for forensic psychiatry—565.0 FTE positions	60,695,900
Average population	225.0
Forensic mental health services provided to the department of corrections— 316.4 FTE positions	38,108,200
Revenue recapture	750,000
IDEA, federal special education.....	120,000
Special maintenance and equipment.....	335,300
Purchase of medical services for residents of hospitals and centers	2,045,600
Closed site, transition, and related costs	100
Severance pay	216,900
Gifts and bequests for patient living and treatment environment.....	1,000,000
GROSS APPROPRIATION	\$ 301,441,200
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of corrections.....	38,108,200
Federal revenues:	
Total federal revenues	39,520,900
Special revenue funds:	
CMHSP, purchase of state services contracts	136,239,300
Other local revenues	17,094,400
Total private revenues	1,000,000
Total other state restricted revenues	11,517,700
State general fund/general purpose	\$ 57,960,700

For Fiscal Year
Ending Sept. 30,
2008

Sec. 106. PUBLIC HEALTH ADMINISTRATION

Full-time equated classified positions	89.4	
Public health administration—11.0 FTE positions		\$ 1,708,100
Minority health grants and contracts—3.0 FTE positions		1,491,000
Promotion of healthy behaviors		1,000,000
Vital records and health statistics—75.4 FTE positions		9,947,900
GROSS APPROPRIATION		<u>\$ 14,147,000</u>

Appropriated from:

Interdepartmental grant revenues:

Interdepartmental grant from the department of human services		745,300
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Federal revenues:

Total federal revenues		5,012,100
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Special revenue funds:

Total private revenues		1,000,000
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Total other state restricted revenues		5,988,100
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State general fund/general purpose	\$	1,401,500
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Sec. 107. HEALTH POLICY, REGULATION, AND PROFESSIONS

Full-time equated classified positions	423.6	
Health systems administration—194.6 FTE positions		\$ 22,514,800
Emergency medical services program state staff—8.5 FTE positions		1,471,900
Radiological health administration—21.4 FTE positions		2,671,600
Emergency medical services grants and services—7.0 FTE positions		488,700
Health professions—142.0 FTE positions		20,950,600
Background check program.....		4,474,400
Health policy, regulation, and professions administration—30.7 FTE positions.....		5,538,300
Nurse scholarship, education, and research program—3.0 FTE positions		988,700
Certificate of need program administration—14.0 FTE positions.....		1,769,300
Rural health services—1.0 FTE position.....		1,403,800
Michigan essential health provider.....		1,847,100
Primary care services—1.4 FTE positions		2,382,700
GROSS APPROPRIATION		<u>\$ 66,501,900</u>

Appropriated from:

Interdepartmental grant revenues:

Interdepartmental grant from the department of treasury, Michigan state hospital finance authority		116,300
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Federal revenues:

Total federal revenues		26,742,100
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Special revenue funds:

Total local revenues		227,700
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Total private revenues		350,000
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Total other state restricted revenues		30,728,400
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State general fund/general purpose	\$	8,337,400
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Sec. 108. INFECTIOUS DISEASE CONTROL

Full-time equated classified positions	51.0	
AIDS prevention, testing, and care programs—12.0 FTE positions		\$ 37,463,900
Immunization local agreements.....		13,990,300
Immunization program management and field support—15.0 FTE positions		2,003,500
Pediatric AIDS prevention and control—1.0 FTE position.....		1,224,800
Sexually transmitted disease control local agreements		3,360,700
Sexually transmitted disease control management and field support—23.0 FTE positions.....		3,676,600
GROSS APPROPRIATION		<u>\$ 61,719,800</u>

Appropriated from:

Federal revenues:

Total federal revenues		40,885,600
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Special revenue funds:

Total private revenues		7,997,900
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	For Fiscal Year Ending Sept. 30, 2008
Total other state restricted revenues	\$ 8,691,400
State general fund/general purpose	\$ 4,144,900
Sec. 109. LABORATORY SERVICES	
Full-time equated classified positions	122.0
Bovine tuberculosis—2.0 FTE positions	\$ 500,000
Laboratory services—120.0 FTE positions	18,359,100
GROSS APPROPRIATION	<u>\$ 18,859,100</u>
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of environmental quality	440,400
Federal revenues:	
Total federal revenues	2,794,600
Special revenue funds:	
Total other state restricted revenues	7,984,400
State general fund/general purpose	\$ 7,639,700
Sec. 110. EPIDEMIOLOGY	
Full-time equated classified positions	134.5
AIDS surveillance and prevention program	\$ 2,254,100
Asthma prevention and control—2.3 FTE positions	1,065,000
Bioterrorism preparedness—76.1 FTE positions	50,953,300
Epidemiology administration—41.1 FTE positions	6,632,100
Lead abatement program—7.0 FTE positions	2,177,700
Newborn screening follow-up and treatment services—8.0 FTE positions	4,409,500
Tuberculosis control and prevention	867,000
GROSS APPROPRIATION	<u>\$ 68,358,700</u>
Appropriated from:	
Federal revenues:	
Total federal revenues	61,210,800
Special revenue funds:	
Total private revenues	25,000
Total other state restricted revenues	4,871,200
State general fund/general purpose	\$ 2,251,700
Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS	
Implementation of 1993 PA 133, MCL 333.17015	\$ 50,000
Local health services	220,000
Local public health operations	40,618,400
Medical services cost reimbursement to local health departments	4,000,000
GROSS APPROPRIATION	<u>\$ 44,888,400</u>
Appropriated from:	
Federal revenues:	
Total federal revenues	4,000,000
Special revenue funds:	
Total local revenues	5,150,000
Total other state restricted revenues	220,000
State general fund/general purpose	\$ 35,518,400
Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION	
Full-time equated classified positions	70.5
African-American male health initiative	\$ 106,700
AIDS and risk reduction clearinghouse and media campaign	1,576,000
Alzheimer's information network	389,500
Cancer prevention and control program—18.3 FTE positions	15,183,500
Chronic disease prevention—10.0 FTE positions	4,277,600
Diabetes and kidney program—13.1 FTE positions	3,999,500
Health education, promotion, and research programs—9.3 FTE positions	809,000
Injury control intervention project—1.0 FTE position	104,500

	For Fiscal Year Ending Sept. 30, 2008
Michigan Parkinson’s foundation.....	\$ 50,000
Morris Hood Wayne State University diabetes outreach.....	400,000
Physical fitness, nutrition, and health	700,000
Public health traffic safety coordination—1.7 FTE positions	356,400
Smoking prevention program—15.1 FTE positions.....	5,720,400
Tobacco tax collection and enforcement	610,000
Violence prevention—2.0 FTE positions.....	1,889,500
GROSS APPROPRIATION	\$ 36,172,600
Appropriated from:	
Federal revenues:	
Total federal revenues	19,953,400
Special revenue funds:	
Total private revenues	85,000
Total other state restricted revenues	14,981,900
State general fund/general purpose	\$ 1,152,300
Sec. 113. FAMILY, MATERNAL, AND CHILDREN’S HEALTH SERVICES	
Full-time equated classified positions.....	54.4
Childhood lead program—6.8 FTE positions	\$ 2,557,500
Dental programs.....	485,400
Dental program for persons with developmental disabilities	151,000
Early childhood collaborative secondary prevention	524,000
Family, maternal, and children’s health services administration—41.6 FTE positions	5,090,300
Family planning local agreements.....	9,793,800
Local MCH services	7,264,200
Migrant health care	272,200
Pregnancy prevention program.....	5,235,400
Prenatal care outreach and service delivery support.....	3,049,300
School health and education programs	500,000
Special projects—6.0 FTE positions	6,349,700
Sudden infant death syndrome program	321,300
GROSS APPROPRIATION	\$ 41,594,100
Appropriated from:	
Federal revenues:	
Total federal revenues	28,300,100
Special revenue funds:	
Total other state restricted revenues	8,037,500
State general fund/general purpose	\$ 5,256,500
Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM	
Full-time equated classified positions.....	42.0
Women, infants, and children program administration and special projects— 42.0 FTE positions	\$ 8,452,100
Women, infants, and children program local agreements and food costs.....	193,273,600
GROSS APPROPRIATION	\$ 201,725,700
Appropriated from:	
Federal revenues:	
Total federal revenues	148,481,800
Special revenue funds:	
Total private revenues	53,243,900
State general fund/general purpose	\$ 0
Sec. 115. CHILDREN’S SPECIAL HEALTH CARE SERVICES	
Full-time equated classified positions.....	45.0
Children’s special health care services administration—45.0 FTE positions	\$ 4,523,100
Amputee program	184,600
Bequests for care and services	1,514,600
Outreach and advocacy	3,773,500

	For Fiscal Year Ending Sept. 30, 2008
Nonemergency medical transportation	\$ 1,401,100
Medical care and treatment	189,023,400
GROSS APPROPRIATION	\$ 200,420,300
Appropriated from:	
Federal revenues:	
Total federal revenues	99,445,900
Special revenue funds:	
Total private revenues	1,000,000
Total other state restricted revenues	2,295,000
State general fund/general purpose	\$ 97,679,400
Sec. 116. OFFICE OF DRUG CONTROL POLICY	
Full-time equated classified positions	16.0
Drug control policy—16.0 FTE positions	\$ 1,747,000
Anti-drug abuse grants	8,575,000
Interdepartmental grant to judiciary for drug treatment courts	1,800,000
GROSS APPROPRIATION	\$ 12,122,000
Appropriated from:	
Federal revenues:	
Total federal revenues	11,741,400
State general fund/general purpose	\$ 380,600
Sec. 117. CRIME VICTIM SERVICES COMMISSION	
Full-time equated classified positions	10.0
Grants administration services—10.0 FTE positions	\$ 1,277,100
Justice assistance grants	13,000,000
Crime victim rights services grants	11,000,000
Crime victim's rights fund revenue to Michigan state police	1,027,300
Crime victim's rights fund revenue to department of human services	1,300,000
GROSS APPROPRIATION	\$ 27,604,400
Appropriated from:	
Federal revenues:	
Total federal revenues	14,998,600
Special revenue funds:	
Total other state restricted revenues	12,605,800
State general fund/general purpose	\$ 0
Sec. 118. OFFICE OF SERVICES TO THE AGING	
Full-time equated classified positions	36.5
Commission (per diem \$50.00)	\$ 10,500
Office of services to aging administration—36.5 FTE positions	5,347,500
Community services	35,204,200
Nutrition services	37,922,500
Foster grandparent volunteer program	2,813,500
Retired and senior volunteer program	790,200
Senior companion volunteer program	2,021,200
Employment assistance	2,818,300
Respite care program	6,800,000
GROSS APPROPRIATION	\$ 93,727,900
Appropriated from:	
Federal revenues:	
Total federal revenues	52,830,000
Special revenue funds:	
Total private revenues	152,000
Merit award trust fund	5,000,000
Total other state restricted revenues	1,967,000
State general fund/general purpose	\$ 33,778,900
Sec. 119. MICHIGAN FIRST HEALTHCARE PLAN	
Michigan first healthcare plan	\$ 100,000,000
GROSS APPROPRIATION	\$ 100,000,000

For Fiscal Year
Ending Sept. 30,
2008

Appropriated from:	
Federal revenues:	
Total federal revenues	\$ 100,000,000
State general fund/general purpose	\$ 0
Sec. 120. MEDICAL SERVICES ADMINISTRATION	
Full-time equated classified positions	362.4
Medical services administration—362.4 FTE positions.....	\$ 68,728,900
Facility inspection contract	132,800
MIChild administration	4,327,800
Health information technology initiatives	5,000,000
GROSS APPROPRIATION	\$ 78,189,500
Appropriated from:	
Federal revenues:	
Total federal revenues	53,017,900
Special revenue funds:	
Total local revenues	5,000
Total other state restricted revenues	95,000
State general fund/general purpose	\$ 25,071,600
Sec. 121. MEDICAL SERVICES	
Hospital services and therapy	\$ 1,316,434,600
Hospital disproportionate share payments	50,000,000
Physician services	311,159,900
Medicare premium payments	346,510,800
Pharmaceutical services	285,210,900
Home health services	5,600,000
Hospice services	85,258,700
Transportation	10,653,200
Auxiliary medical services	10,000,000
Dental services	117,506,500
Ambulance services	12,656,100
Long-term care services	1,554,146,800
Medicaid home- and community-based services waiver	123,800,300
Adult home help services	245,762,800
Personal care services	30,716,100
Program of all-inclusive care for the elderly	11,200,000
Single point of entry	14,724,200
Health plan services	2,762,069,600
MIChild program	38,654,300
Plan first family planning waiver	27,109,000
Medicaid adult benefits waiver	129,284,900
County indigent care and third share plans	88,518,500
Federal Medicare pharmaceutical program	186,001,600
Promotion of healthy behavior waiver	10,000,000
Maternal and child health	20,279,500
Social services to the physically disabled	1,344,900
Subtotal basic medical services program	7,794,603,200
School-based services	83,427,700
Special Medicaid reimbursement	253,816,800
Subtotal special medical services payments	337,244,500
GROSS APPROPRIATION	\$ 8,131,847,700
Appropriated from:	
Federal revenues:	
Total federal revenues	4,763,333,500
Special revenue funds:	
Total local revenues	62,448,900
Total private revenues	400,000

	For Fiscal Year Ending Sept. 30, 2008
Merit award trust fund	\$ 139,000,000
Total other state restricted revenues	1,491,484,400
State general fund/general purpose	\$ 1,675,180,900
Sec. 122. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 35,075,500
Michigan Medicaid information system	16,801,100
GROSS APPROPRIATION	\$ 51,876,600
Appropriated from:	
Federal revenues:	
Total federal revenues	36,769,300
Special revenue funds:	
Total other state restricted revenues	3,102,200
State general fund/general purpose	\$ 12,005,100

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 \$4,987,648,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2007-2008 is \$1,290,792,300.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF COMMUNITY HEALTH

**MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION
AND SPECIAL PROJECTS**

Community residential and support services	\$ 387,300
Housing and support services.....	695,500
Methamphetamine cleanup fund.....	100,000
Mental health initiatives for older persons	1,049,200

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

State disability assistance program substance abuse services	\$ 2,509,800
Community substance abuse prevention, education, and treatment programs	37,190,500
Medicaid mental health services	703,484,300
Community mental health non-Medicaid services	319,566,100
Medicaid adult benefits waiver	11,732,000
Multicultural services	5,763,800
Medicaid substance abuse services	15,242,600
Respite services	1,000,000
Children's waiver home care program.....	5,734,000
Omnibus budget reconciliation act implementation.....	2,950,500

**STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL
DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES**

Center for forensic psychiatry.....	\$ 290,300
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PUBLIC HEALTH ADMINISTRATION

Minority health grants and contracts.....	\$ 100,000
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INFECTIOUS DISEASE CONTROL

AIDS prevention, testing and care programs.....	\$ 742,200
Immunization local agreements.....	2,132,000
Sexually transmitted disease control local agreements.....	421,800

LABORATORY SERVICES

Laboratory services.....	\$ 55,400
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LOCAL HEALTH ADMINISTRATION AND GRANTS

Implementation of 1993 PA 133	\$ 7,700
Local public health operations	35,468,400

CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Cancer prevention and control program	\$ 350,000
Diabetes and kidney program.....	345,600
Smoking prevention program	1,014,500

FAMILY, MATERNAL, AND CHILDREN’S HEALTH SERVICES

Childhood lead program.....	\$ 136,500
Dental programs.....	25,000
Family planning local agreements.....	360,000
Local MCH services	246,100
Pregnancy prevention program.....	2,300,000
Prenatal care outreach and service delivery support.....	650,100
School health and education programs.....	500,000
Special projects.....	378,900

CHILDREN’S SPECIAL HEALTH CARE SERVICES

Medical care and treatment.....	\$ 528,800
Outreach and advocacy	1,283,200

MEDICAL SERVICES

Long-term care services	\$ 79,760,400
Transportation.....	2,549,300
Medicaid adult benefits waiver	9,573,500
Hospital services and therapy	4,175,700
Physician services	7,879,400
Auxiliary medical services.....	2,061,700

OFFICE OF SERVICES TO THE AGING

Community services.....	\$ 14,854,300
Nutrition services.....	11,447,300
Foster grandparent volunteer program.....	791,700
Retired and senior volunteer program	181,300
Senior companion volunteer program.....	241,400
Respite care program	3,427,400

CRIME VICTIM SERVICES COMMISSION

Crime victim rights services grants.....	\$ 6,800
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TOTAL OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Sec. 202. (1) The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(2) Funds for which the state is acting as the custodian or agent are not subject to annual appropriation.

Sec. 203. As used in this act:

- (a) “AIDS” means acquired immunodeficiency syndrome.
- (b) “CMHSP” means a community mental health services program as that term is defined in section 100a of the mental health code, 1974 PA 258, MCL 330.1100a.
- (c) “Department” means the Michigan department of community health.
- (d) “DSH” means disproportionate share hospital.
- (e) “EPSDT” means early and periodic screening, diagnosis, and treatment.
- (f) “FTE” means full-time equated.
- (g) “GME” means graduate medical education.
- (h) “Health plan” means, at a minimum, an organization that meets the criteria for delivering the comprehensive package of services under the department’s comprehensive health plan.
- (i) “HIV/AIDS” means human immunodeficiency virus/acquired immune deficiency syndrome.
- (j) “HMO” means health maintenance organization.
- (k) “IDEA” means individuals with disabilities education act.
- (l) “IDG” means interdepartmental grant.
- (m) “MCH” means maternal and child health.
- (n) “MIChild” means the program described in section 1670.
- (o) “MSS/ISS” means maternal and infant support services.
- (p) “PIHP” means a specialty prepaid inpatient health plan for Medicaid mental health services, services to persons with developmental disabilities, and substance abuse services as described in section 232b of the mental health code, 1974 PA 258, MCL 330.1232b.
- (q) “Title XVIII” means title XVIII of the social security act, 42 USC 1395 to 1395hhh.
- (r) “Title XIX” means title XIX of the social security act, 42 USC 1396 to 1396v.
- (s) “Title XX” means title XX of the social security act, 42 USC 1397 to 1397f.
- (t) “WIC” means women, infants, and children supplemental nutrition program.

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

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

(2) The state budget director 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. 206. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000,000.00 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 \$20,000,000.00 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 \$20,000,000.00 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 \$10,000,000.00 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. 208. The department shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on the Internet or Intranet site.

Sec. 209. 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 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 211. (1) If the revenue collected by the department from fees and collections exceeds the amount appropriated in part 1, the revenue may be carried forward with the approval of the state budget director into the subsequent fiscal year. The revenue carried forward under this section shall be used as the first source of funds in the subsequent fiscal year.

(2) The department shall provide a report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on the balance of each of the restricted funds administered by the department as of September 30, 2008.

Sec. 212. (1) From the amounts appropriated in part 1, no greater than the following amounts are supported with federal maternal and child health block grant, preventive health and health services block grant, substance abuse block grant, healthy Michigan fund, and Michigan health initiative funds:

(a) Maternal and child health block grant	\$ 19,953,100
(b) Preventive health and health services block grant	3,670,800
(c) Substance abuse block grant	60,627,400
(d) Healthy Michigan fund.....	41,827,600
(e) Michigan health initiative	10,525,600

(2) On or before February 1, 2008, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the detailed name and amounts of federal, restricted, private, and local sources of revenue that support the appropriations in each of the line items in part 1 of this act.

(3) Upon the release of the fiscal year 2008-2009 executive budget recommendation, the department shall report to the same parties in subsection (2) on the amounts and detailed sources of federal, restricted, private, and local revenue proposed to support the total funds appropriated in each of the line items in part 1 of the fiscal year 2008-2009 executive budget proposal.

(4) The department shall provide to the same parties in subsection (2) all revenue source detail for consolidated revenue line item detail upon request to the department.

Sec. 213. The state departments, agencies, and commissions receiving tobacco tax funds and healthy Michigan funds from part 1 shall report by April 1, 2008, to the senate and house of representatives appropriations committees, the senate and house fiscal agencies, and the state budget director on the following:

(a) Detailed spending plan by appropriation line item including description of programs and a summary of organizations receiving these funds.

(b) Description of allocations or bid processes including need or demand indicators used to determine allocations.

(c) Eligibility criteria for program participation and maximum benefit levels where applicable.

(d) Outcome measures used to evaluate programs, including measures of the effectiveness of these programs in improving the health of Michigan residents.

(e) Any other information considered necessary by the house of representatives or senate appropriations committees or the state budget director.

Sec. 214. The use of state-restricted tobacco tax revenue received for the purpose of tobacco prevention, education, and reduction efforts and deposited in the healthy Michigan fund shall not be used for lobbying as defined in 1978 PA 472, MCL 4.411 to 4.431, and shall not be used in attempting to influence the decisions of the legislature, the governor, or any state agency.

Sec. 215. (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. 216. (1) In addition to funds appropriated in part 1 for all programs and services, there is appropriated for write-offs of accounts receivable, deferrals, and for prior year obligations in excess of applicable prior year appropriations, an amount equal to total write-offs and prior year obligations, but not to exceed amounts available in prior year revenues.

(2) The department's ability to satisfy appropriation deductions in part 1 shall not be limited to collections and accruals pertaining to services provided in the current fiscal year, but shall also include reimbursements, refunds, adjustments, and settlements from prior years.

(3) The department shall report by March 15, 2008 to the house of representatives and senate appropriations subcommittees on community health on all reimbursements, refunds, adjustments, and settlements from prior years.

Sec. 218. Basic health services for the purpose of part 23 of the public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are: immunizations, communicable disease control, sexually transmitted disease control, tuberculosis control, prevention of gonorrhea eye infection in newborns, screening newborns for the 8 conditions listed in section 5431(1)(a) through (h) of the public health code, 1978 PA 368, MCL 333.5431, community health annex of the Michigan emergency management plan, and prenatal care.

Sec. 219. (1) The department may contract with the Michigan public health institute for the design and implementation of projects and for other public health related activities prescribed in section 2611 of the public health code, 1978 PA 368, MCL 333.2611. The department may develop a master agreement with the institute to carry out these purposes for up to a 3-year period. The department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on or before November 1, 2007 and May 1, 2008 all of the following:

(a) A detailed description of each funded project.

(b) The amount allocated for each project, the appropriation line item from which the allocation is funded, and the source of financing for each project.

(c) The expected project duration.

(d) A detailed spending plan for each project, including a list of all subgrantees and the amount allocated to each subgrantee.

(2) On or before September 30, 2008, the department shall provide to the same parties listed in subsection (1) a copy of all reports, studies, and publications produced by the Michigan public health institute, its subcontractors, or the department with the funds appropriated in part 1 and allocated to the Michigan public health institute.

Sec. 220. All contracts with the Michigan public health institute funded with appropriations in part 1 shall include a requirement that the Michigan public health institute submit to financial and performance audits by the state auditor general of projects funded with state appropriations.

Sec. 223. The department of community health may establish and collect fees for publications, videos and related materials, conferences, and workshops. Collected fees shall be used to offset expenditures to pay for printing and mailing costs of the publications, videos and related materials, and costs of the workshops and conferences. The costs shall not exceed fees collected.

Sec. 248. The department shall allow ambulatory surgery centers in this state to fully participate in the Medicaid program when hospitals are reimbursed for Medicaid services through the new Michigan Medicaid information system. Ambulatory surgery centers that provide services to Medicaid-eligible patients shall be reimbursed in the same manner as hospitals. The reimbursement schedule for ambulatory surgery centers shall be developed and implemented in consultation with the industry and shall be provided to the senate and house appropriations subcommittees on the department of community health and the senate and house fiscal agencies by July 1, 2008.

Sec. 259. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 260. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support 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. 261. Funds appropriated in part 1 for the Medicaid management information system upgrade are contingent upon approval of an advanced planning document from the centers for Medicare and Medicaid services. If the necessary matching funds are identified and legislatively transferred to this line item, the corresponding federal Medicaid revenue shall be appropriated at a 90/10 federal/state match rate. This appropriation may be designated as a work project and carried forward to support completion of this project.

Sec. 264. (1) Upon submission of a Medicaid waiver, a Medicaid state plan amendment, or a similar proposal to the centers for Medicare and Medicaid services, the department shall notify the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies of the submission.

(2) The department shall provide written or verbal quarterly reports to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies summarizing the status of any new or ongoing discussions with the centers for Medicare and Medicaid services or the federal department of health and human services regarding potential or future Medicaid waiver applications.

Sec. 265. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. Federal and state guidelines for short-term and long-term retention of records shall be followed.

Sec. 266. (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 of representatives and senate standing committees on appropriations.

(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 of representatives and senate standing committees on appropriations, 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. 267. A department or state agency shall not take disciplinary action against an employee for communicating with a member of the legislature or his or her staff.

Sec. 269. The amount appropriated in part 1 for medical services pharmaceutical services includes funds to cover reimbursement of mental health medications under the Medicaid program. Reimbursement procedures for mental health medications shall be the same as those that were followed in fiscal year 2005-2006, and utilization procedures for such medications shall adhere to section 1625, the department's fiscal year 2006-2007 contract with Medicaid health plans, and section 109h of the social welfare act, 1939 PA 280, MCL 400.109h.

Sec. 270. Within 30 days after receipt of the notification from the attorney general's office of a legal action in which expenses had been recovered pursuant to section 106(4) of the social welfare act, 1939 PA 280, MCL 400.106, or any other statute under which the department has the right to recover expenses, the department shall submit a written report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget office which includes, at a minimum, all of the following:

- (a) The total amount recovered from the legal action.
- (b) The program or service for which the money was originally expended.
- (c) Details on the disposition of the funds recovered such as the appropriation or revenue account in which the money was deposited.
- (d) A description of the facts involved in the legal action.

Sec. 271. (1) A PIHP, Medicaid HMO, and federally qualified health center may establish and implement an early mental health services intervention pilot project. This project shall provide care coordination, disease management, and pharmacy management to eligible recipients suffering from chronic disease, including, but not limited to, diabetes, asthma, substance addiction, or stroke. Participating organizations may make use of data sharing, joint information technology efforts, and financial incentives to health providers and recipients in this project.

(2) The pilot project shall make use of preestablished objectives and outcome measures to determine the cost effectiveness of the project. Data shall also be collected by participating organizations to study and monitor the correlation between early mental health treatment services to program participants and improvement in the management of their chronic disease.

(3) The department shall request any necessary Medicaid state plan amendments or waivers to ensure participation in this project by eligible Medicaid recipients.

(4) A progress report on the pilot project shall be provided to the house and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director no later than May 1, 2008.

Sec. 272. (1) The department shall conduct a study of current policies and allocation methodologies to develop options that encourage administrative efficiencies within and among the following entities:

- (a) Local public health departments.
 - (b) CMHSPs.
 - (c) Substance abuse coordinating agencies.
 - (d) Area agencies on aging.
- (2) The study should include a range of options including administrative efficiencies, shared services, and consolidations.

(3) The department shall consult with at least the following applicable organizations in developing the study:

- (a) The Michigan association of community mental health boards.
- (b) The Michigan association of local public health.
- (c) The Michigan association of substance abuse coordinating agencies.
- (d) The area agencies on aging association of Michigan.

(4) The department may expend up to \$150,000.00 from the funds appropriated in part 1 to conduct the study.

(5) The department shall submit the results of the study to the senate and house appropriations subcommittees on community health, the senate and house committees on health policy, the senate and house fiscal agencies, and the state budget director by August 1, 2008.

Sec. 276. 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. 282. (1) The department, through its organizational units responsible for departmental administration, operation, and finance, shall establish uniform definitions, standards, and instructions for the classification, allocation, assignment, calculation, recording, and reporting of administrative costs by the following entities:

- (a) Coordinating agencies on substance abuse, Salvation Army harbor light program, and their subcontractors that receive payment or reimbursement from funds appropriated under section 104 of part 1.
- (b) Area agencies on aging and local providers, and their subcontractors that receive payment or reimbursement from funds appropriated under section 118 of part 1.

(2) By May 15, 2008, the department shall provide a written draft of its proposed definitions, standards, and instructions to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

DEPARTMENTWIDE ADMINISTRATION

Sec. 301. From funds appropriated for worker's compensation, the department may make payments in lieu of worker's compensation payments for wage and salary and related fringe benefits for employees who return to work under limited duty assignments.

Sec. 303. The department is prohibited from requiring first-party payment from individuals or families with a taxable income of \$10,000.00 or less for mental health services for determinations made in accordance with section 818 of the mental health code, 1974 PA 258, MCL 330.1818.

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS

Sec. 350. The department may enter into a contract with the protection and advocacy service, authorized under section 931 of the mental health code, 1974 PA 258, MCL 330.1931, or a similar organization to provide legal services for purposes of gaining and maintaining occupancy in a community living arrangement which is under lease or contract with the department or a community mental health services program to provide services to persons with mental illness or developmental disability.

Sec. 351. (1) From the funds appropriated in part 1 for the methamphetamine cleanup fund, the department shall allow local governments to apply for money to cover their administrative costs associated with the methamphetamine cleanup efforts. The funds allocated to local governments for the administrative costs associated with methamphetamine cleanup efforts shall not exceed \$800.00 per property.

(2) The department shall work with the Michigan association of counties to ensure that counties are aware that the funds appropriated in part 1 for methamphetamine cleanup activities are available.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 401. Funds appropriated in part 1 are intended to support a system of comprehensive community mental health services under the full authority and responsibility of local CMHSPs or PIHPs. The department shall ensure that each CMHSP or PIHP provides all of the following:

(a) A system of single entry and single exit.

(b) A complete array of mental health services which shall include, but shall not be limited to, all of the following services: residential and other individualized living arrangements, outpatient services, acute inpatient services, and long-term, 24-hour inpatient care in a structured, secure environment.

(c) The coordination of inpatient and outpatient hospital services through agreements with state-operated psychiatric hospitals, units, and centers in facilities owned or leased by the state, and privately-owned hospitals, units, and centers licensed by the state pursuant to sections 134 through 149b of the mental health code, 1974 PA 258, MCL 330.1134 to 330.1149b.

(d) Individualized plans of service that are sufficient to meet the needs of individuals, including those discharged from psychiatric hospitals or centers, and that ensure the full range of recipient needs is addressed through the CMHSP's or PIHP's program or through assistance with locating and obtaining services to meet these needs.

(e) A system of case management or care management to monitor and ensure the provision of services consistent with the individualized plan of services or supports.

(f) A system of continuous quality improvement.

(g) A system to monitor and evaluate the mental health services provided.

(h) A system that serves at-risk and delinquent youth as required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106.

Sec. 402. (1) From funds appropriated in part 1, final authorizations to CMHSPs or PIHPs shall be made upon the execution of contracts between the department and CMHSPs or PIHPs. The contracts shall contain an approved plan and budget as well as policies and procedures governing the obligations and responsibilities of both parties to the contracts. Each contract with a CMHSP or PIHP that the department is authorized to enter into under this subsection shall include a provision that the contract is not valid unless the total dollar obligation for all of the contracts between the department and the CMHSPs or PIHPs entered into under this subsection for fiscal year 2007-2008 does not exceed the amount of money appropriated in part 1 for the contracts authorized under this subsection.

(2) The department shall immediately report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director if either of the following occurs:

(a) Any new contracts with CMHSPs or PIHPs that would affect rates or expenditures are enacted.

(b) Any amendments to contracts with CMHSPs or PIHPs that would affect rates or expenditures are enacted.

(3) The report required by subsection (2) shall include information about the changes and their effects on rates and expenditures.

Sec. 403. (1) From the funds appropriated in part 1 for multicultural services, the department shall ensure that CMHSPs or PIHPs meet with multicultural service providers to develop a workable framework for contracting, service delivery, and reimbursement.

(2) Funds appropriated in part 1 for multicultural services shall not be utilized for services provided to illegal immigrants. The department shall modify contracts with recipients of multicultural services grants to mandate that grantees establish that recipients of services are legally residing in the United States. An exception to the contractual provision will be allowed to address persons presenting with emergent mental health conditions.

Sec. 404. (1) Not later than May 31 of each fiscal year, the department shall provide a report on the community mental health services programs to the members of the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director that includes the information required by this section.

(2) The report shall contain information for each CMHSP or PIHP and a statewide summary, each of which shall include at least the following information:

(a) A demographic description of service recipients which, minimally, shall include reimbursement eligibility, client population, age, ethnicity, housing arrangements, and diagnosis.

(b) Per capita expenditures by client population group.

(c) Financial information which, minimally, shall include a description of funding authorized; expenditures by client group and fund source; and cost information by service category, including administration. Service category shall include all department-approved services.

(d) Data describing service outcomes which shall include, but not be limited to, an evaluation of consumer satisfaction, consumer choice, and quality of life concerns including, but not limited to, housing and employment.

(e) Information about access to community mental health services programs which shall include, but not be limited to, the following:

(i) The number of people receiving requested services.

(ii) The number of people who requested services but did not receive services.

(f) The number of second opinions requested under the code and the determination of any appeals.

(g) An analysis of information provided by community mental health service programs in response to the needs assessment requirements of the mental health code, including information about the number of persons in the service delivery system who have requested and are clinically appropriate for different services.

(h) Lapses and carryforwards during fiscal year 2006-2007 for CMHSPs or PIHPs.

(i) Information about contracts for mental health services entered into by CMHSPs or PIHPs with providers, including, but not limited to, all of the following:

(i) The amount of the contract, organized by type of service provided.

(ii) Payment rates, organized by the type of service provided.

(iii) Administrative costs for services provided to CMHSPs or PIHPs.

(j) Information on the community mental health Medicaid managed care program, including, but not limited to, both of the following:

(i) Expenditures by each CMHSP or PIHP organized by Medicaid eligibility group, including per eligible individual expenditure averages.

(ii) Performance indicator information required to be submitted to the department in the contracts with CMHSPs or PIHPs.

(k) An estimate of the number of direct care workers in local residential settings and paraprofessional and other nonprofessional direct care workers in settings where skill building, community living supports and training, and personal care services are provided by CMHSPs or PIHPs as of September 30, 2007 employed directly or through contracts with provider organizations.

(3) The department shall include data reporting requirements listed in subsection (2) in the annual contract with each individual CMHSP or PIHP.

(4) The department shall take all reasonable actions to ensure that the data required are complete and consistent among all CMHSPs or PIHPs.

Sec. 405. (1) It is the intent of the legislature that the employee wage pass-through funded in previous years, including the 2% wage increase funded in fiscal year 2006-2007, to the community mental health services programs for direct care workers in local residential settings and for paraprofessional and other nonprofessional direct care workers in settings where skill building, community living supports and training, and personal care services are provided shall continue to be paid to direct care workers.

(2) Each CMHSP or PIHP awarded wage pass-through funds in fiscal year 2006-2007 shall report on the actual expenditures of such funds in the format to be determined by the department.

Sec. 406. (1) The funds appropriated in part 1 for the state disability assistance substance abuse services program shall be used to support per diem room and board payments in substance abuse residential facilities. Eligibility of clients for the state disability assistance substance abuse services program shall include needy persons 18 years of age or older, or emancipated minors, who reside in a substance abuse treatment center.

(2) The department shall reimburse all licensed substance abuse programs eligible to participate in the program at a rate equivalent to that paid by the department of human services to adult foster care providers. Programs accredited by department-approved accrediting organizations shall be reimbursed at the personal care rate, while all other eligible programs shall be reimbursed at the domiciliary care rate.

Sec. 407. (1) The amount appropriated in part 1 for substance abuse prevention, education, and treatment grants shall be expended for contracting with coordinating agencies. Coordinating agencies shall work with the CMHSPs or PIHPs to coordinate the care and services provided to individuals with both mental illness and substance abuse diagnoses.

(2) The department shall approve a fee schedule for providing substance abuse services and charge participants in accordance with their ability to pay.

Sec. 408. (1) By April 15, 2008, the department shall report the following data from fiscal year 2006-2007 on substance abuse prevention, education, and treatment programs to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget office:

(a) Expenditures stratified by coordinating agency, by central diagnosis and referral agency, by fund source, by subcontractor, by population served, and by service type. Additionally, data on administrative expenditures by coordinating agency and by subcontractor shall be reported.

(b) Expenditures per state client, with data on the distribution of expenditures reported using a histogram approach.

(c) Number of services provided by central diagnosis and referral agency, by subcontractor, and by service type. Additionally, data on length of stay, referral source, and participation in other state programs.

(d) Collections from other first- or third-party payers, private donations, or other state or local programs, by coordinating agency, by subcontractor, by population served, and by service type.

(2) The department shall take all reasonable actions to ensure that the required data reported are complete and consistent among all coordinating agencies.

Sec. 409. The funding in part 1 for substance abuse services shall be distributed in a manner that provides priority to service providers that furnish child care services to clients with children.

Sec. 410. The department shall assure that substance abuse treatment is provided to applicants and recipients of public assistance through the department of human services who are required to obtain substance abuse treatment as a condition of eligibility for public assistance.

Sec. 411. (1) The department shall ensure that each contract with a CMHSP or PIHP requires the CMHSP or PIHP to implement programs to encourage diversion of persons with serious mental illness, serious emotional disturbance, or developmental disability from possible jail incarceration when appropriate.

(2) Each CMHSP or PIHP shall have jail diversion services and shall work toward establishing working relationships with representative staff of local law enforcement agencies, including county prosecutors' offices, county sheriffs' offices, county jails, municipal police agencies, municipal detention facilities, and the courts. Written interagency agreements describing what services each participating agency is prepared to commit to the local jail diversion effort and the procedures to be used by local law enforcement agencies to access mental health jail diversion services are strongly encouraged.

Sec. 412. The department shall contract directly with the Salvation Army harbor light program to provide non-Medicaid substance abuse services at not less than the amount contracted for in fiscal year 2006-2007.

Sec. 414. Medicaid substance abuse treatment services shall be managed by selected PIHPs pursuant to the centers for Medicare and Medicaid services' approval of Michigan's 1915(b) waiver request to implement a managed care plan for specialized substance abuse services. The selected PIHPs shall receive a capitated payment on a per eligible per month basis to assure provision of medically necessary substance abuse services to all beneficiaries who require those services. The selected PIHPs shall be responsible for the reimbursement of claims for specialized substance abuse services. The PIHPs that are not coordinating agencies may continue to contract with a coordinating agency. Any alternative arrangement must be based on client service needs and have prior approval from the department.

Sec. 418. On or before the tenth of each month, the department shall report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the amount of funding paid to PIHPs to support the Medicaid managed mental health care program in that month. The information shall include the total paid to each PIHP, per capita rate paid for each eligibility group for each PIHP, and number of cases in each eligibility group for each PIHP, and year-to-date summary of eligibles and expenditures for the Medicaid managed mental health care program.

Sec. 423. (1) The department shall work cooperatively with the departments of human services, corrections, education, state police, and military and veterans affairs to coordinate and improve the delivery of substance abuse prevention, education, and treatment programs within existing appropriations.

(2) The department shall establish a work group composed of representatives of the department, the departments of human services, corrections, education, state police, and military and veterans affairs, coordinating agencies, CMHSPs, and any other persons considered appropriate to examine and review the source and expenditure of all public and private funds made available for substance abuse programs and services. The work group shall develop and recommend cost-effective measures for the expenditure of funds and delivery of substance abuse programs and services. The department shall submit the findings of the work group to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director by May 31, 2008.

Sec. 424. Each PIHP that contracts with the department to provide services to the Medicaid population shall adhere to the following timely claims processing and payment procedure for claims submitted by health professionals and facilities:

(a) A "clean claim" as described in section 111i of the social welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days after receipt of the claim by the PIHP. A clean claim that is not paid within this time frame shall bear simple interest at a rate of 12% per annum.

(b) A PIHP must state in writing to the health professional or facility any defect in the claim within 30 days after receipt of the claim.

(c) A health professional and a health facility have 30 days after receipt of a notice that a claim or a portion of a claim is defective within which to correct the defect. The PIHP shall pay the claim within 30 days after the defect is corrected.

Sec. 425. If House Bill No. 4348 of the 94th Legislature is enacted into law, the department shall provide the consultation to the department of corrections in completing the independent study required in section 302 of that bill.

Sec. 428. Each PIHP shall provide, from internal resources, local funds to be used as a bona fide part of the state match required under the Medicaid program in order to increase capitation rates for PIHPs. These funds shall not include either state funds received by a CMHSP for services provided to non-Medicaid recipients or the state matching portion of the Medicaid capitation payments made to a PIHP.

Sec. 435. A county required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide matching funds to a CMHSP for mental health services rendered to residents in its jurisdiction shall pay the matching funds in equal installments on not less than a quarterly basis throughout the fiscal year, with the first payment being made by October 1, 2007.

Sec. 442. (1) It is the intent of the legislature that the \$40,000,000.00 in funding transferred from the community mental health non-Medicaid services line to support the Medicaid adult benefits waiver program be used to provide state match for increases in federal funding for primary care and specialty services provided to Medicaid adult benefits waiver enrollees and for economic increases for the Medicaid specialty services and supports program.

(2) The department shall assure that persons enrolled in the Medicaid adult benefits waiver program shall receive mental health services as approved in the state plan amendment.

(3) Capitation payments to CMHSPs for persons who become enrolled in the Medicaid adult benefits waiver program shall be made using the same rate methodology as payments for the current Medicaid beneficiaries.

(4) If enrollment in the Medicaid adult benefits waiver program does not achieve expectations and the funding appropriated for the Medicaid adult benefits waiver program for specialty services is not expended, the general fund balance shall be transferred back to the community mental health non-Medicaid services line. The department shall report quarterly to the senate and house of representatives appropriations subcommittees on community health a summary of eligible expenditures for the Medicaid adult benefits waiver program by CMHSPs.

Sec. 452. Unless otherwise authorized by law, the department shall not implement retroactively any policy that would lead to a negative financial impact on community mental health services programs or prepaid inpatient health plans.

Sec. 456. (1) CMHSPs and PIHPs shall honor consumer choice to the fullest extent possible when providing services and support programs for individuals with mental illness, developmental disabilities, or substance abuse issues. Consumer choices shall include skill-building assistance, rehabilitative and habilitative services, supported and integrated employment services program settings, and other work preparatory services provided in the community or by accredited community-based rehabilitation organizations. CMHSPs and PIHPs shall not arbitrarily eliminate or restrict any choices from the array of services and program settings available to consumers without reasonable justification that those services are not in the consumer's best interest.

(2) CMHSPs and PIHPs shall take all necessary steps to ensure that individuals with mental illness, developmental disabilities, or substance abuse issues be placed in the least restrictive setting in the quickest amount of time possible if it is the individual's choice.

Sec. 458. By April 15, 2008, the department shall provide each of the following to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director:

(a) An updated plan for implementing recommendations of the Michigan mental health commission made in the commission's report dated October 15, 2004.

(b) A report that evaluates the cost-benefit of establishing secure residential facilities of fewer than 17 beds for adults with serious mental illness, modeled after such programming in Oregon or other states. This report shall examine the potential impact that utilization of secure residential facilities would have upon the state's need for adult mental health facilities.

(c) In conjunction with the state court administrator's office, a report that evaluates the cost-benefit of establishing a specialized mental health court program that diverts adults with serious mental illness alleged to have committed an offense deemed nonserious into treatment prior to the filing of any charges.

Sec. 460. (1) The uniform definitions, standards, and instructions for the classification, allocation, assignment, calculation, recording, and reporting of administrative costs by PIHPs, CMHSPs, and contracted organized provider systems that receive payment or reimbursement from funds appropriated under section 104 of part 1 that were implemented in fiscal year 2006-2007 by the department shall also be implemented for their subcontractors in fiscal year 2007-2008.

(2) The department shall provide the house of representatives and senate appropriations subcommittees on community health, the house of representatives and senate fiscal agencies, and the state budget director with a progress report on the implementation required under subsection (1). The progress report is due on July 1, 2008.

Sec. 462. The department shall implement a funding equity plan for all CMHSPs that receive funds appropriated under the community mental health non-Medicaid services line. The funding plan should reflect a combination of a more equitable distribution methodology based on proxy measures of need and the recognition of varying expenditure needs of CMHSPs. The department shall submit the written equity funding plan to the senate and house subcommittees on community health, the senate and house fiscal agencies, and the state budget director by March 1, 2008.

Sec. 463. The department shall use standard program evaluation measures to assess the overall effectiveness of programs provided through coordinating agencies and service providers in reducing and preventing the incidence of substance abuse. The measures established by the department shall be modeled after the program outcome measures and best practice guidelines for the treatment of substance abuse as proposed by the federal substance abuse and mental health services administration.

Sec. 464. It is the intent of the legislature that revenue received by the department from liquor license fees be expended at not less than the amount provided in fiscal year 2006-2007, to fund programs for the prevention, rehabilitation, care, and treatment of alcoholics pursuant to sections 543(1) and 1115(2) of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1543 and 436.2115.

Sec. 465. Funds appropriated in part 1 for respite services shall be used for direct respite care services for children with serious emotional disturbances and their families. Not more than 1% of the funds allocated for respite services shall be expended by CMHSPs for administration and administrative purposes.

Sec. 467. If funds become available, the department shall increase funding paid from the community substance abuse prevention, education, and treatment programs line item to the substance abuse coordinating agencies to the level of funding provided in fiscal year 2002-2003.

Sec. 468. To foster a more efficient administration of and to integrate care in publicly funded mental health and substance abuse services, the department shall recommend changes in its criteria for the incorporation of a city, county, or regional substance abuse coordinating agency into a local community mental health authority that will encourage those city, county, or regional coordinating agencies to incorporate as local community mental health authorities. If necessary, the department may make accommodations or adjustments in formula distribution to address administrative costs related to the recommended changes to the criteria made in accordance with this section and to the incorporation of the additional coordinating agencies into local community mental health authorities provided that all of the following are satisfied:

(a) The department provides funding for the administrative costs incurred by coordinating agencies incorporating into community mental health authorities. The department shall not provide more than \$75,000.00 to any coordinating agency for administrative costs.

(b) The accommodations or adjustments do not favor coordinating agencies who voluntarily elect to integrate with local community mental health authorities.

(c) The accommodations or adjustments do not negatively affect other coordinating agencies.

Sec. 470. (1) For those substance abuse coordinating agencies that have voluntarily incorporated into community mental health authorities and accepted funding from the department for administrative costs incurred pursuant to section 468 of this act, the department shall establish written expectations for those CMHSPs, PIHPs, and substance abuse coordinating agencies and counties with respect to the integration of mental health and substance abuse services. At a minimum, the written expectations shall provide for the integration of those services as follows:

(a) Coordination and consolidation of administrative functions and redirection of efficiencies into service enhancements.

(b) Consolidation of points of 24-hour access for mental health and substance abuse services in every community.

(c) Alignment of coordinating agencies and PIHPs boundaries to maximize opportunities for collaboration and integration of administrative functions and clinical activities.

(2) By May 1, 2008, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget office on the impact and effectiveness of this section and the status of the integration of mental health and substance abuse services.

Sec. 474. The department shall ensure that each contract with a CMHSP or PIHP requires the CMHSP or PIHP to provide each recipient and his or her family with information regarding the different types of guardianship and the alternatives to guardianship. A CMHSP or PIHP shall not, in any manner, attempt to reduce or restrict the ability of a recipient or his or her family from seeking to obtain any form of legal guardianship without just cause.

Sec. 476. From the funds appropriated in part 1 for community mental health non-Medicaid services, \$100.00 shall be used to fund a regional jail diversion pilot program that is located in a county with a population of more than 1,000,000 but not more than 1,750,000. The regional jail diversion pilot program shall incorporate a system for the identification and diversion of mentally ill and dually-diagnosed individuals from the criminal justice system before the individual's contact with a law enforcement officer results in the individual being detained in a jail or holding cell. The regional jail diversion pilot program shall divert those individuals to a secure environment where those individuals can be stabilized, evaluated, and receive the appropriate mental health treatment.

Sec. 477. From the funds appropriated in part 1 for community substance abuse prevention, education, and treatment programs, \$100.00 shall be used to establish a recovery coaching pilot program to assist individuals who are current or former substance abusers to achieve rehabilitation and long-term recovery.

Sec. 480. The department shall provide to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies by March 30, 2008 a report on the number and reimbursement cost of atypical antipsychotic prescriptions by each PIHP for Medicaid beneficiaries.

STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES

Sec. 601. (1) In funding of staff in the financial support division, reimbursement, and billing and collection sections, priority shall be given to obtaining third-party payments for services. Collection from individual recipients of services and their families shall be handled in a sensitive and nonharassing manner.

(2) The department shall continue a revenue recapture project to generate additional revenues from third parties related to cases that have been closed or are inactive. Revenues collected through project efforts are appropriated to the department for departmental costs and contractual fees associated with these retroactive collections and to improve ongoing departmental reimbursement management functions.

Sec. 602. Unexpended and unencumbered amounts and accompanying expenditure authorizations up to \$1,000,000.00 remaining on September 30, 2008 from the amounts appropriated in part 1 for gifts and bequests for patient living and treatment environments shall be carried forward for 1 fiscal year. The purpose of gifts and bequests for patient living and treatment environments is to use additional private funds to provide specific enhancements for individuals residing at state-operated facilities. Use of the gifts and bequests shall be consistent with the stipulation of the donor. The expected completion date for the use of gifts and bequests donations is within 3 years unless otherwise stipulated by the donor.

Sec. 603. The funds appropriated in part 1 for forensic mental health services provided to the department of corrections are in accordance with the interdepartmental plan developed in cooperation with the department of corrections. The department is authorized to receive and expend funds from the department of corrections in addition to the appropriations in part 1 to fulfill the obligations outlined in the interdepartmental agreements.

Sec. 604. (1) The CMHSPs or PIHPs shall provide annual reports to the department on the following information:

- (a) The number of days of care purchased from state hospitals and centers.
- (b) The number of days of care purchased from private hospitals in lieu of purchasing days of care from state hospitals and centers.
- (c) The number and type of alternative placements to state hospitals and centers other than private hospitals.
- (d) Waiting lists for placements in state hospitals and centers.

(2) The department shall annually report the information in subsection (1) to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

Sec. 605. (1) The department shall not implement any closures or consolidations of state hospitals, centers, or agencies until CMHSPs or PIHPs have programs and services in place for those persons currently in those facilities and a plan for service provision for those persons who would have been admitted to those facilities.

(2) All closures or consolidations are dependent upon adequate department-approved CMHSP and PIHP plans that include a discharge and aftercare plan for each person currently in the facility. A discharge and aftercare plan shall address the person's housing needs. A homeless shelter or similar temporary shelter arrangements are inadequate to meet the person's housing needs.

(3) Four months after the certification of closure required in section 19(6) of the state employees' retirement act, 1943 PA 240, MCL 38.19, the department shall provide a closure plan to the house of representatives and senate appropriations subcommittees on community health and the state budget director.

(4) Upon the closure of state-run operations and after transitional costs have been paid, the remaining balances of funds appropriated for that operation shall be transferred to CMHSPs or PIHPs responsible for providing services for persons previously served by the operations.

Sec. 606. The department may collect revenue for patient reimbursement from first- and third-party payers, including Medicaid and local county CMHSP payers, to cover the cost of placement in state hospitals and centers. The department is authorized to adjust financing sources for patient reimbursement based on actual revenues earned. If the revenue collected exceeds current year expenditures, the revenue may be carried forward with approval of the state budget director. The revenue carried forward shall be used as a first source of funds in the subsequent year.

Sec. 607. If Senate Bill No. 369 of the 94th Legislature is enacted into law, the department shall provide all necessary support to state hospitals to ensure that mandated changes in the operation of state hospitals and centers are completed in a timely and efficient manner.

Sec. 608. By May 1, 2008, the department shall evaluate the privatization of food and custodial services at all of the state hospitals and centers and submit a copy of the evaluation to the house and senate appropriations subcommittees on community health and to the house and senate fiscal agencies. The evaluation shall include a detailed cost-benefit analysis utilizing accurate, reliable, and objective data that compares state costs versus the contractual costs over the

life of a contract. If the evaluation identifies privatization savings of at least 10%, the department, in consultation with the department of management and budget, shall establish and implement a bid process to identify 1 or more private or public contractors to provide food service and custodial services at each state hospital and center.

PUBLIC HEALTH ADMINISTRATION

Sec. 650. The department shall communicate the annual public health consumption advisory for sportfish. The department shall, at a minimum, post the advisory on the Internet and make the information in the advisory available to the clients of the women, infants, and children special supplemental nutrition program.

Sec. 651. By April 30, 2008, the department shall submit a report to the house and senate fiscal agencies and the state budget director on the activities and efforts of the department to improve the health status of the citizens of this state with regard to the goals and objectives stated in the "Healthy Michigan 2010" report, and the measurable progress made toward those goals and objectives.

HEALTH POLICY, REGULATION, AND PROFESSIONS

Sec. 704. The department shall continue to contract with grantees supported through the appropriation in part 1 for the emergency medical services grants and contracts to ensure that a sufficient number of qualified emergency medical services personnel exist to serve rural areas of the state.

Sec. 705. The department shall post on the Internet the executive summary of the latest inspection for each licensed nursing home.

Sec. 706. When hiring any new nursing home inspectors funded through appropriations in part 1, the department shall make every effort to hire individuals with past experience in the long-term care industry.

Sec. 707. The funds appropriated in part 1 for the nursing scholarship program, established in section 16315 of the public health code, 1978 PA 368, MCL 333.16315, shall be used to increase the number of nurses practicing in Michigan. The board of nursing is encouraged to structure scholarships funded under this act in a manner that rewards recipients who intend to practice nursing in Michigan. In addition, the department and the board of nursing shall work cooperatively with the Michigan higher education assistance authority to coordinate scholarship assistance with scholarships provided pursuant to the Michigan nursing scholarship act, 2002 PA 591, MCL 390.1181 to 390.1189.

Sec. 708. Nursing facilities shall report in the quarterly staff report to the department, the total patient care hours provided each month, by state licensure and certification classification, and the percentage of pool staff, by state licensure and certification classification, used each month during the preceding quarter. The department shall make available to the public, the quarterly staff report compiled for all facilities including the total patient care hours and the percentage of pool staff used, by classification.

Sec. 709. The funds appropriated in part 1 for the Michigan essential health care provider program may also provide loan repayment for dentists that fit the criteria established by part 27 of the public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

Sec. 710. From the funds appropriated in part 1 for primary care services, an amount not to exceed \$2,172,700.00 is appropriated to enhance the service capacity of the federally qualified health centers and other health centers which are similar to federally qualified health centers.

Sec. 711. The department may make available to interested entities customized listings of nonconfidential information in its possession, such as names and addresses of licensees. The department may establish and collect a reasonable charge to provide this service. The revenue received from this service shall be used to offset expenses to provide the service. Any balance of this revenue collected and unexpended at the end of the fiscal year shall revert to the appropriate restricted fund.

Sec. 712. From the funds appropriated in part 1 for primary care services, \$250,000.00 shall be allocated to free health clinics operating in the state. The department shall distribute the funds equally to each free health clinic. For the purpose of this appropriation, free health clinics are nonprofit organizations that use volunteer health professionals to provide care to uninsured individuals.

Sec. 713. The department is directed to continue support of multicultural agencies that provide primary care services from the funds appropriated in part 1.

Sec. 714. The department shall report to the legislature on the timeliness of nursing facility complaint investigations and the number of complaints that are substantiated on an annual basis. The report shall consist of the number of complaints filed by consumers and the number of facility-reported incidents. The department shall make every effort to contact every complainant and the subject of a complaint during an investigation.

Sec. 715. From the funds appropriated in part 1 for primary care services, \$100.00 is appropriated for the department to establish a pilot program in the city of Detroit for a nonurgent medical response service.

Sec. 716. The department shall give priority in investigations of alleged wrongdoing by licensed health care professionals to instances that are alleged to have occurred within 2 years of the initial complaint.

Sec. 717. From the funds appropriated in part 1 for primary care services, \$100.00 shall be allocated for the HealthKey program for the uninsured.

INFECTIOUS DISEASE CONTROL

Sec. 801. In the expenditure of funds appropriated in part 1 for AIDS programs, the department and its subcontractors shall ensure that high-risk individuals ages 9 through 18 shall receive priority for prevention, education, and outreach services.

Sec. 802. In developing and implementing AIDS provider education activities, the department may provide funding to the Michigan state medical society to serve as lead agency to convene a consortium of health care providers, to design needed educational efforts, to fund other statewide provider groups, and to assure implementation of these efforts, in accordance with a plan approved by the department.

Sec. 803. The department shall continue the AIDS drug assistance program maintaining the prior year eligibility criteria and drug formulary. This section is not intended to prohibit the department from providing assistance for improved AIDS treatment medications. If the appropriation in part 1 or actual revenue is not sufficient to maintain the prior year eligibility criteria and drug formulary, the department may revise the eligibility criteria and drug formulary in a manner that is consistent with federal program guidelines.

Sec. 804. The department, in conjunction with efforts to implement the Michigan prisoner reentry initiative, shall cooperate with the department of corrections to share data and information as they relate to prisoners being released who are HIV positive or positive for the Hepatitis C antibody. By April 1, 2008, the department shall report to the senate and house appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the progress and results of its work as permitted under federal law and the potential outcomes from its work with the department of corrections under this section.

Sec. 806. If funds become available, up to \$100,000.00 may be allocated for the purchase of childhood recommended vaccines for the underinsured population ages birth through 18 years of age.

EPIDEMIOLOGY

Sec. 851. The department shall provide a report annually to the house of representatives and senate appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the expenditures and activities undertaken by the lead abatement program. The report shall include, but is not limited to, a funding allocation schedule, expenditures by category of expenditure and by subcontractor, revenues received, description of program elements, and description of program accomplishments and progress.

LOCAL HEALTH ADMINISTRATION AND GRANTS

Sec. 901. The amount appropriated in part 1 for implementation of the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local health departments for costs incurred related to implementation of section 17015(18) of the public health code, 1978 PA 368, MCL 333.17015.

Sec. 902. If a county that has participated in a district health department or an associated arrangement with other local health departments takes action to cease to participate in such an arrangement after October 1, 2007, the department shall have the authority to assess a penalty from the local health department's operational accounts in an amount equal to no more than 6.25% of the local health department's local public health operations funding. This penalty shall only be assessed to the local county that requests the dissolution of the health department.

Sec. 904. (1) Funds appropriated in part 1 for local public health operations shall be prospectively allocated to local health departments to support immunizations, infectious disease control, sexually transmitted disease control and prevention, hearing screening, vision services, food protection, public water supply, private groundwater supply, and on-site sewage management. Food protection shall be provided in consultation with the Michigan department of agriculture. Public water supply, private groundwater supply, and on-site sewage management shall be provided in consultation with the Michigan department of environmental quality.

(2) Local public health departments will be held to contractual standards for the services in subsection (1).

(3) Distributions in subsection (1) shall be made only to counties that maintain local spending in fiscal year 2007-2008 of at least the amount expended in fiscal year 1992-1993 for the services described in subsection (1).

(4) By April 1, 2008, the department shall make available a report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the planned allocation of the funds appropriated for local public health operations.

Sec. 905. From the funds appropriated in part 1 for local public health operations, \$5,150,000.00 shall be used to continue funding hearing and vision screening services through local public health departments.

CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Sec. 1003. Funds appropriated in part 1 for the Alzheimer's information network shall be used to provide information and referral services through regional networks for persons with Alzheimer's disease or related disorders, their families, and health care providers.

Sec. 1006. (1) In spending the funds appropriated in part 1 for the smoking prevention program, priority shall be given to prevention and smoking cessation programs for pregnant women, women with young children, and adolescents.

(2) For purposes of complying with 2004 PA 164, \$900,000.00 of the funds appropriated in part 1 for the smoking prevention program shall be used for the quit kit program that includes the nicotine patch or nicotine gum.

Sec. 1007. (1) The funds appropriated in part 1 for violence prevention shall be used for, but not be limited to, the following:

(a) Programs aimed at the prevention of spouse, partner, or child abuse and rape.

(b) Programs aimed at the prevention of workplace violence.

(2) In awarding grants from the amounts appropriated in part 1 for violence prevention, the department shall give equal consideration to public and private nonprofit applicants.

(3) From the funds appropriated in part 1 for violence prevention, the department may include local school districts as recipients of the funds for family violence prevention programs.

Sec. 1009. From the funds appropriated in part 1 for the diabetes and kidney program, a portion of the funds may be allocated to the National Kidney Foundation of Michigan for kidney disease prevention programming including early identification and education programs and kidney disease prevention demonstration projects.

Sec. 1010. From the funds appropriated in part 1 for chronic disease prevention, \$200,000.00 shall be allocated for osteoporosis prevention and treatment education.

Sec. 1019. From the funds appropriated in part 1 for chronic disease prevention, \$50,000.00 may be allocated for stroke prevention, education, and outreach. The objectives of the program shall include education to assist persons in identifying risk factors, and education to assist persons in the early identification of the occurrence of a stroke in order to minimize stroke damage.

Sec. 1028. Contingent on the availability of state-restricted healthy Michigan fund money or federal preventive health and health services block grant fund money, funds may be appropriated for the African-American male health initiative.

Sec. 1031. (1) From the funds appropriated in part 1 for the injury control intervention project, \$100.00 shall be used to establish an incentive-based pilot program for level I and level II trauma hospitals to ensure greater state utilization of an interactive, evidence-based treatment guideline model for traumatic brain injury.

(2) This pilot program shall be placed in a county with a population between 175,000 and 200,000.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Sec. 1101. The department shall review the basis for the distribution of funds to local health departments and other public and private agencies for the women, infants, and children food supplement program; family planning; and prenatal care outreach and service delivery support program and indicate the basis upon which any projected underexpenditures by local public and private agencies shall be reallocated to other local agencies that demonstrate need.

Sec. 1104. (1) Before April 1, 2008, the department shall submit a report to the house and senate fiscal agencies and the state budget director on planned allocations from the amounts appropriated in part 1 for local MCH services, prenatal care outreach and service delivery support, family planning local agreements, and pregnancy prevention programs. Using applicable federal definitions, the report shall include information on all of the following:

(a) Funding allocations.

(b) Actual number of women, children, and/or adolescents served and amounts expended for each group for the fiscal year 2006-2007.

(c) Beginning with the report due in fiscal year 2008-2009, a breakdown of the expenditure of these funds between urban and rural communities. The department shall begin collecting the data necessary to provide this breakdown in fiscal year 2007-2008.

(2) The department shall ensure that the distribution of funds through the programs described in subsection (1) takes into account the needs of rural communities.

(3) For the purposes of this section, "rural" means a county, city, village, or township with a population of not more than 30,000, including those entities if located within a metropolitan statistical area.

Sec. 1105. For all programs for which an appropriation is made in part 1, the department shall contract with those local agencies best able to serve clients. Factors to be used by the department in evaluating agencies under this section shall include ability to serve high-risk population groups; ability to provide access to individuals in need of services in rural communities; ability to serve low-income clients, where applicable; availability of, and access to, service sites; management efficiency; and ability to meet federal standards, when applicable.

Sec. 1106. Each family planning program receiving federal title X family planning funds shall be in compliance with all performance and quality assurance indicators that the United States bureau of community health services specifies in the family planning annual report. An agency not in compliance with the indicators shall not receive supplemental or reallocated funds.

Sec. 1107. Of the amount appropriated in part 1 for prenatal care outreach and service delivery support, not more than 9% shall be expended for local administration, data processing, and evaluation.

Sec. 1108. The funds appropriated in part 1 for pregnancy prevention programs shall not be used to provide abortion counseling, referrals, or services.

Sec. 1109. (1) From the amounts appropriated in part 1 for dental programs, funds shall be allocated to the Michigan dental association for the administration of a volunteer dental program that shall provide dental services to the uninsured in an amount that is no less than the amount allocated to that program in fiscal year 1996-1997.

(2) Not later than December 1 of the current fiscal year, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health or the senate or house of representatives standing committee on health policy the number of individual patients treated, number of procedures performed, and approximate total market value of those procedures through September 30, 2007.

Sec. 1110. Agencies that currently receive pregnancy prevention funds and either receive or are eligible for other family planning funds shall have the option of receiving all of their family planning funds directly from the department of community health and be designated as delegate agencies.

Sec. 1111. The department shall allocate no less than 88% of the funds appropriated in part 1 for family planning local agreements and the pregnancy prevention program for the direct provision of family planning/pregnancy prevention services.

Sec. 1112. From the funds appropriated in part 1 for prenatal care outreach and service delivery support, the department shall allocate at least \$1,000,000.00 to communities with high infant mortality rates.

Sec. 1129. The department shall provide a report annually to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the number of children with elevated blood lead levels from information available to the department. The report shall provide the information by county, shall include the level of blood lead reported, and shall indicate the sources of the information.

Sec. 1132. From the funds appropriated in part 1 for special projects, \$400,000.00 shall be allocated to the nurse family partnership program.

Sec. 1133. The department shall release infant mortality rate data to all local public health departments 72 hours or more before releasing infant mortality rate data to the public.

Sec. 1135. (1) Provision of the school health education curriculum, such as the Michigan model or another comprehensive school health education curriculum, shall be in accordance with the health education goals established by the Michigan model for the comprehensive school health education state steering committee. The state steering committee shall be comprised of a representative from each of the following offices and departments:

- (a) The department of education.
- (b) The department of community health.
- (c) The health administration in the department of community health.
- (d) The bureau of mental health and substance abuse services in the department of community health.
- (e) The department of human services.
- (f) The department of state police.

(2) Upon written or oral request, a pupil not less than 18 years of age or a parent or legal guardian of a pupil less than 18 years of age, within a reasonable period of time after the request is made, shall be informed of the content of a course in the health education curriculum and may examine textbooks and other classroom materials that are provided to the pupil or materials that are presented to the pupil in the classroom. This subsection does not require a school board to permit pupil or parental examination of test questions and answers, scoring keys, or other examination instruments or data used to administer an academic examination.

WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM

Sec. 1151. The department may work with local participating agencies to define local annual contributions for the farmer's market nutrition program, project FRESH, to enable the department to request federal matching funds based on local commitment of funds.

Sec. 1152. The department shall require that all Medicaid children participating in the special supplemental food program for women, infants, and children receive lead screening testing.

Sec. 1153. The department shall ensure that individuals residing in rural communities have sufficient access to the services offered through the WIC program.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Sec. 1201. Funds appropriated in part 1 for medical care and treatment of children with special health care needs shall be paid according to reimbursement policies determined by the Michigan medical services program. Exceptions to these policies may be taken with the prior approval of the state budget director.

Sec. 1202. The department may do 1 or more of the following:

- (a) Provide special formula for eligible clients with specified metabolic and allergic disorders.
- (b) Provide medical care and treatment to eligible patients with cystic fibrosis who are 21 years of age or older.
- (c) Provide genetic diagnostic and counseling services for eligible families.
- (d) Provide medical care and treatment to eligible patients with hereditary coagulation defects, commonly known as hemophilia, who are 21 years of age or older.

Sec. 1203. All children who are determined medically eligible for the children's special health care services program shall be referred to the appropriate locally based services program in their community.

OFFICE OF DRUG CONTROL POLICY

Sec. 1250. The department shall provide \$1,800,000.00 in Byrne formula grant program funding to the judiciary by interdepartmental grant.

CRIME VICTIM SERVICES COMMISSION

Sec. 1302. From the funds appropriated in part 1 for justice assistance grants, up to \$50,000.00 shall be allocated for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for the prosecution of sexual assault. The funds shall be used for program coordination, training, and counseling. Unexpended funds shall be carried forward.

Sec. 1304. The department shall work with the department of state police, the Michigan hospital association, the Michigan state medical society, and the Michigan nurses association to ensure that the recommendations included in the "Standard Recommended Procedures for the Emergency Treatment of Sexual Assault Victims" are followed in the collection of evidence.

OFFICE OF SERVICES TO THE AGING

Sec. 1401. The appropriation in part 1 to the office of services to the aging, for community and nutrition services and home services, shall be restricted to eligible individuals at least 60 years of age who fail to qualify for home care services under title XVIII, XIX, or XX.

Sec. 1403. (1) The office of services to the aging shall require each region to report to the office of services to the aging home delivered meals waiting lists based upon standard criteria. Determining criteria shall include all of the following:

- (a) The recipient's degree of frailty.
- (b) The recipient's inability to prepare his or her own meals safely.
- (c) Whether the recipient has another care provider available.
- (d) Any other qualifications normally necessary for the recipient to receive home delivered meals.

(2) Data required in subsection (1) shall be recorded only for individuals who have applied for participation in the home delivered meals program and who are initially determined as likely to be eligible for home delivered meals.

Sec. 1404. The area agencies and local providers may receive and expend fees for the provision of day care, care management, respite care, and certain eligible home- and community-based services. The fees shall be based on a sliding scale, taking client income into consideration. The fees shall be used to expand services.

Sec. 1406. The appropriation of \$5,000,000.00 of merit award trust funds to the office of services to the aging for the respite care program shall be allocated in accordance with a long-term care plan developed by the long-term care working group established in section 1657 of 1998 PA 336 upon implementation of the plan. The use of the funds shall be for direct respite care or adult respite care center services. Not more than 9% of the amount allocated under this section shall be expended for administration and administrative purposes.

Sec. 1413. The legislature affirms the commitment to locally-based services. The legislature supports the role of local county board of commissioners in the approval of area agency on aging plans. Local counties may request to change membership in the area agencies on aging if the change is to an area agency on aging that is contiguous to that county pursuant to office of services to the aging policies and procedures for area agency on aging designation. The department shall adjust allocations to area agencies on aging to account for any changes in county membership. The department shall ensure annually that county boards of commissioners are aware that county membership in area agencies on aging can be changed subject to office of services to the aging policies and procedures for area agency on aging designation. The legislature supports the office of services to the aging working with others to provide training to commissioners to better understand and advocate for aging issues. It is the intent of the legislature to prohibit area agencies on aging from providing direct services, other than access services, unless the agencies receive a waiver from the commission on services to the aging. The legislature's intent in this section is conditioned on compliance with federal and state laws, rules, and policies.

Sec. 1416. The legislature strongly affirms its commitment to provide in-home services, resources, and assistance for the frail elderly who are not being served by the Medicaid home and community-based services waiver program.

Sec. 1417. The department shall provide to the senate and house of representatives appropriations subcommittees on community health, senate and house fiscal agencies, and state budget director a report by March 30, 2008 that contains all of the following:

- (a) The total allocation of state resources made to each area agency on aging by individual program and administration.
- (b) Detail expenditure by each area agency on aging by individual program and administration including both state funded resources and locally funded resources.

MICHIGAN FIRST HEALTHCARE PLAN

Sec. 1501. (1) Funds appropriated in part 1 for the Michigan first healthcare plan are contingent upon approval of a waiver from the federal government.

(2) In addition to the funds appropriated in part 1 for the Michigan first healthcare plan, up to \$300,000,000.00 in federal funds shall be appropriated upon approval of a waiver from the federal government.

Sec. 1502. Upon approval of a waiver from the federal government for the Michigan first healthcare plan, the department shall provide the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director with a report detailing the process that will be utilized to determine which insurance entities will be selected for participation in the Michigan first healthcare plan. The department shall not award a single-source contract to a health plan through the Michigan first healthcare plan.

Sec. 1503. The department shall provide a copy of the federally approved Michigan first healthcare plan or similar proposal to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director at least 60 days before implementing any portion of the Michigan first healthcare plan or other similar proposal.

MEDICAL SERVICES

Sec. 1601. The cost of remedial services incurred by residents of licensed adult foster care homes and licensed homes for the aged shall be used in determining financial eligibility for the medically needy. Remedial services include basic self-care and rehabilitation training for a resident.

Sec. 1602. Medical services shall be provided to elderly and disabled persons with incomes less than or equal to 100% of the official poverty level, pursuant to the state's option to elect such coverage set out at section 1902(a)(10)(A)(ii) and (m) of title XIX, 42 USC 1396a.

Sec. 1603. (1) The department may establish a program for persons to purchase medical coverage at a rate determined by the department.

(2) The department may receive and expend premiums for the buy-in of medical coverage in addition to the amounts appropriated in part 1.

(3) The premiums described in this section shall be classified as private funds.

Sec. 1604. If an applicant for Medicaid coverage is found to be eligible, the department shall provide payment for all of the Medicaid covered and appropriately authorized services that have been provided to that applicant since the first day of the month in which the applicant filed and the department of human services received the application for Medicaid coverage. Receipt of the application by a local department of human services office is considered the date the application is received. If an application is submitted on the last day of the month and that day falls on a weekend or a holiday and the application is received by the local department of human services office on the first business day following the end of the month, then receipt of the application is considered to have been on the last day of the previous month. As used in this section, "completed application" means an application complete on its face and signed by the applicant regardless of whether the medical documentation required to make an eligibility determination is included.

Sec. 1605. (1) The protected income level for Medicaid coverage determined pursuant to section 106(1)(b)(iii) of the social welfare act, 1939 PA 280, MCL 400.106, shall be 100% of the related public assistance standard.

(2) The department shall notify the senate and house of representatives appropriations subcommittees on community health and the state budget director of any proposed revisions to the protected income level for Medicaid coverage related to the public assistance standard 90 days prior to implementation.

Sec. 1606. For the purpose of guardian and conservator charges, the department of community health may deduct up to \$60.00 per month as an allowable expense against a recipient's income when determining medical services eligibility and patient pay amounts.

Sec. 1607. (1) An applicant for Medicaid, whose qualifying condition is pregnancy, shall immediately be presumed to be eligible for Medicaid coverage unless the preponderance of evidence in her application indicates otherwise. The applicant who is qualified as described in this subsection shall be allowed to select or remain with the Medicaid participating obstetrician of her choice.

(2) An applicant qualified as described in subsection (1) shall be given a letter of authorization to receive Medicaid covered services related to her pregnancy. All qualifying applicants shall be entitled to receive all medically necessary obstetrical and prenatal care without preauthorization from a health plan. All claims submitted for payment for obstetrical and prenatal care shall be paid at the Medicaid fee-for-service rate in the event a contract does not exist between the Medicaid participating obstetrical or prenatal care provider and the managed care plan. The applicant shall receive a listing of Medicaid physicians and managed care plans in the immediate vicinity of the applicant's residence.

(3) In the event that an applicant, presumed to be eligible pursuant to subsection (1), is subsequently found to be ineligible, a Medicaid physician or managed care plan that has been providing pregnancy services to an applicant under this section is entitled to reimbursement for those services until such time as they are notified by the department that the applicant was found to be ineligible for Medicaid.

(4) If the preponderance of evidence in an application indicates that the applicant is not eligible for Medicaid, the department shall refer that applicant to the nearest public health clinic or similar entity as a potential source for receiving pregnancy-related services.

(5) The department shall develop an enrollment process for pregnant women covered under this section that facilitates the selection of a managed care plan at the time of application.

Sec. 1610. The department of community health shall provide an administrative procedure for the review of cost report grievances by medical services providers with regard to reimbursement under the medical services program. Settlements of properly submitted cost reports shall be paid not later than 9 months from receipt of the final report.

Sec. 1611. (1) For care provided to medical services recipients with other third-party sources of payment, medical services reimbursement shall not exceed, in combination with such other resources, including Medicare, those amounts established for medical services-only patients. The medical services payment rate shall be accepted as payment in full. Other than an approved medical services copayment, no portion of a provider's charge shall be billed to the recipient or any person acting on behalf of the recipient. Nothing in this section shall be considered to affect the level of payment from a third-party source other than the medical services program. The department shall require a nonenrolled provider to accept medical services payments as payment in full.

(2) Notwithstanding subsection (1), medical services reimbursement for hospital services provided to dual Medicare/medical services recipients with Medicare part B coverage only shall equal, when combined with payments for Medicare and other third-party resources, if any, those amounts established for medical services-only patients, including capital payments.

Sec. 1620. (1) For fee-for-service recipients who do not reside in nursing homes, the pharmaceutical dispensing fee shall be \$2.50 or the pharmacy's usual or customary cash charge, whichever is less. For nursing home residents, the pharmaceutical dispensing fee shall be \$2.75 or the pharmacy's usual or customary cash charge, whichever is less.

(2) The department shall require a prescription copayment for Medicaid recipients of \$1.00 for a generic drug and \$3.00 for a brand-name drug, except as prohibited by federal or state law or regulation.

(3) It is the intent of the legislature that if the department realizes savings as a result of the implementation of average manufacturer's price for reimbursement of multiple source generic medication dispensing as imposed pursuant to the federal deficit reduction act of 2005, Public Law 109-171, the savings shall be returned to pharmacies in the form of an increased dispensing fee for medications not to exceed \$2.00. The savings shall be calculated as the difference in state expenditure between the current methodology of payment, which is maximum allowable cost, and the proposed new reimbursement method of average manufacturer's price.

Sec. 1621. The department may implement prospective drug utilization review and disease management systems. The prospective drug utilization review and disease management systems authorized by this section shall have physician oversight, shall focus on patient, physician, and pharmacist education, and shall be developed in consultation with the national pharmaceutical council, Michigan state medical society, Michigan association of osteopathic physicians, Michigan pharmacists association, Michigan health and hospital association, and Michigan nurses' association.

Sec. 1623. (1) The department shall continue the Medicaid policy that allows for the dispensing of a 100-day supply for maintenance drugs.

(2) The department shall notify all HMOs, physicians, pharmacies, and other medical providers that are enrolled in the Medicaid program that Medicaid policy allows for the dispensing of a 100-day supply for maintenance drugs.

(3) The notice in subsection (2) shall also clarify that a pharmacy shall fill a prescription written for maintenance drugs in the quantity specified by the physician, but not more than the maximum allowed under Medicaid, unless subsequent consultation with the prescribing physician indicates otherwise.

Sec. 1625. The department shall continue its practice of placing all atypical antipsychotic medications on the Medicaid preferred drug list.

Sec. 1627. (1) The department shall use procedures and rebates amounts specified under section 1927 of title XIX, 42 USC 1396r-8, to secure quarterly rebates from pharmaceutical manufacturers for outpatient drugs dispensed to participants in the MICHild program, maternal outpatient medical services program, children's special health care services, and adult benefit waiver program.

(2) For products distributed by pharmaceutical manufacturers not providing quarterly rebates as listed in subsection (1), the department may require preauthorization.

Sec. 1629. The department shall utilize maximum allowable cost pricing for generic drugs that is based on wholesaler pricing to providers that is available from at least 2 wholesalers who deliver in the state of Michigan.

Sec. 1630. (1) Medicaid coverage for podiatric services, adult dental services, and chiropractic services shall continue at not less than the level in effect on October 1, 2002, except that reasonable utilization limitations may be adopted in order to prevent excess utilization. The department shall not impose utilization restrictions on chiropractic services unless a recipient has exceeded 18 office visits within 1 year.

(2) The department may implement the bulk purchase of hearing aids, impose limitations on binaural hearing aid benefits, and limit the replacement of hearing aids to once every 3 years.

Sec. 1631. (1) The department shall require copayments on dental, podiatric, chiropractic, vision, and hearing aid services provided to Medicaid recipients, except as prohibited by federal or state law or regulation.

(2) Except as otherwise prohibited by federal or state law or regulations, the department shall require Medicaid recipients to pay the following copayments:

- (a) Two dollars for a physician office visit.
- (b) Three dollars for a hospital emergency room visit.
- (c) Fifty dollars for the first day of an inpatient hospital stay.
- (d) One dollar for an outpatient hospital visit.

Sec. 1633. From the funds appropriated in part 1 for dental services, the department shall allocate \$2,625,300.00 to expand the healthy kids dental program to Genesee County and Saginaw County.

Sec. 1634. From the funds appropriated in part 1 for ambulance services, the department shall continue the 5% increase in payment rates for ambulance services implemented in fiscal year 2000-2001 and continue the ground mileage reimbursement rate per statute mile at \$4.25.

Sec. 1635. From the funds appropriated in part 1 for physician services and health plan services, the department shall continue the increase in Medicaid reimbursement rates for obstetrical services implemented in fiscal year 2005-2006.

Sec. 1636. From the funds appropriated in part 1 for physician services and health plan services, the department shall continue the increase in Medicaid reimbursement rates for physician well child procedure codes and primary care procedure codes implemented in fiscal year 2006-2007. The increased reimbursement rates in this section shall not exceed the comparable Medicare payment rate for the same services.

Sec. 1637. (1) All adult Medicaid recipients shall be offered the opportunity to sign a Medicaid personal responsibility agreement.

(2) The personal responsibility agreement shall include at minimum the following provisions:

(a) That the recipient shall not smoke.

(b) That the recipient shall attend all scheduled medical appointments.

(c) That the recipient shall exercise regularly.

(d) That if the recipient has children, those children shall be up to date on their immunizations.

(e) That the recipient shall abstain from abusing controlled substances and narcotics.

Sec. 1641. An institutional provider that is required to submit a cost report under the medical services program shall submit cost reports completed in full within 5 months after the end of its fiscal year.

Sec. 1643. Of the funds appropriated in part 1 for graduate medical education in the hospital services and therapy line-item appropriation, not less than \$10,359,000.00 shall be allocated for the psychiatric residency training program that establishes and maintains collaborative relations with the schools of medicine at Michigan State University and Wayne State University if the necessary allowable Medicaid matching funds are provided by the universities.

Sec. 1647. From the funds appropriated in part 1 for medical services, the department shall allocate for graduate medical education not less than the level of rates and payments in effect on April 1, 2005.

Sec. 1648. The department shall maintain an automated toll-free telephone line and make available an online resource to enable medical providers to obtain enrollment and benefit information of Medicaid recipients. There shall be no charge to providers for the use of the toll-free telephone line or online resource.

Sec. 1649. From the funds appropriated in part 1 for medical services, the department shall continue breast and cervical cancer treatment coverage for women up to 250% of the federal poverty level, who are under age 65, and who are not otherwise covered by insurance. This coverage shall be provided to women who have been screened through the centers for disease control breast and cervical cancer early detection program, and are found to have breast or cervical cancer, pursuant to the breast and cervical cancer prevention and treatment act of 2000, Public Law 106-354, 114 Stat. 1381.

Sec. 1650. (1) The department may require medical services recipients residing in counties offering managed care options to choose the particular managed care plan in which they wish to be enrolled. Persons not expressing a preference may be assigned to a managed care provider.

(2) Persons to be assigned a managed care provider shall be informed in writing of the criteria for exceptions to capitated managed care enrollment, their right to change HMOs for any reason within the initial 90 days of enrollment, the toll-free telephone number for problems and complaints, and information regarding grievance and appeals rights.

(3) The criteria for medical exceptions to HMO enrollment shall be based on submitted documentation that indicates a recipient has a serious medical condition, and is undergoing active treatment for that condition with a physician who does not participate in 1 of the HMOs. If the person meets the criteria established by this subsection, the department shall grant an exception to mandatory enrollment at least through the current prescribed course of treatment, subject to periodic review of continued eligibility.

Sec. 1651. (1) Medical services patients who are enrolled in HMOs have the choice to elect hospice services or other services for the terminally ill that are offered by the HMOs. If the patient elects hospice services, those services shall be provided in accordance with part 214 of the public health code, 1978 PA 368, MCL 333.21401 to 333.21420.

(2) The department shall not amend the medical services hospice manual in a manner that would allow hospice services to be provided without making available all comprehensive hospice services described in 42 CFR 418.

Sec. 1652. If the department implements changes in the Medicaid health plan contract to permit contracted HMOs to request service area expansions, it shall ensure that any Medicaid health plan that expands its service area agrees to the following:

(a) The Medicaid HMO shall not sell, transfer, or otherwise convey to any person all or any portion of the HMO's assets or business, whether in the form of equity, debt or otherwise, for a period of 3 years from the date the Medicaid HMO commences operations in a new service area.

(b) That any Medicaid HMOs that expand into a county with a population of at least 1,500,000 shall also expand its coverage to a county with a population of less than 100,000 which has 1 or fewer HMOs participating in the Medicaid program.

Sec. 1653. Implementation and contracting for managed care by the department through HMOs shall be subject to the following conditions:

(a) Continuity of care is assured by allowing enrollees to continue receiving required medically necessary services from their current providers for a period not to exceed 1 year if enrollees meet the managed care medical exception criteria.

(b) The department shall require contracted HMOs to submit data determined necessary for evaluation on a timely basis.

(c) Mandatory enrollment of Medicaid beneficiaries living in counties defined as rural by the federal government, which is any nonurban standard metropolitan statistical area, is allowed if there is only 1 HMO serving the Medicaid population, as long as each Medicaid beneficiary is assured of having a choice of at least 2 physicians by the HMO.

(d) Enrollment of recipients of children's special health care services in HMOs shall be voluntary during the fiscal year.

(e) The department shall develop a case adjustment to its rate methodology that considers the costs of persons with HIV/AIDS, end stage renal disease, organ transplants, and other high-cost diseases or conditions and shall implement the case adjustment when it is proven to be actuarially and fiscally sound. Implementation of the case adjustment must be budget neutral.

Sec. 1654. Medicaid HMOs shall provide for reimbursement of HMO covered services delivered other than through the HMO's providers if medically necessary and approved by the HMO, immediately required, and that could not be reasonably obtained through the HMO's providers on a timely basis. Such services shall be considered approved if the HMO does not respond to a request for authorization within 24 hours of the request. Reimbursement shall not exceed the Medicaid fee-for-service payment for those services.

Sec. 1655. (1) The department may require a 12-month lock-in to the HMO selected by the recipient during the initial and subsequent open enrollment periods, but allow for good cause exceptions during the lock-in period.

(2) Medicaid recipients shall be allowed to change HMOs for any reason within the initial 90 days of enrollment.

Sec. 1656. (1) The department shall provide an expedited complaint review procedure for Medicaid eligible persons enrolled in HMOs for situations in which failure to receive any health care service would result in significant harm to the enrollee.

(2) The department shall provide for a toll-free telephone number for Medicaid recipients enrolled in managed care to assist with resolving problems and complaints. If warranted, the department shall immediately disenroll persons from managed care and approve fee-for-service coverage.

Sec. 1657. (1) Reimbursement for medical services to screen and stabilize a Medicaid recipient, including stabilization of a psychiatric crisis, in a hospital emergency room shall not be made contingent on obtaining prior authorization from the recipient's HMO. If the recipient is discharged from the emergency room, the hospital shall notify the recipient's HMO within 24 hours of the diagnosis and treatment received.

(2) If the treating hospital determines that the recipient will require further medical service or hospitalization beyond the point of stabilization, that hospital must receive authorization from the recipient's HMO prior to admitting the recipient.

(3) Subsections (1) and (2) shall not be construed as a requirement to alter an existing agreement between an HMO and their contracting hospitals nor as a requirement that an HMO must reimburse for services that are not considered to be medically necessary.

(4) Prior to contracting with an HMO for managed care services that did not have a contract with the department before October 1, 2002, the department shall receive assurances from the office of financial and insurance services that the HMO meets the net worth and financial solvency requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

(5) The department shall provide a report by September 30, 2008 to the senate and house appropriations subcommittees on community health and senate and house fiscal agencies examining how payment policies in the current Medicaid program create financial incentives for health facilities to admit recipients from the emergency room.

Sec. 1658. (1) HMOs shall have contracts with hospitals within a reasonable distance from their enrollees. If a hospital does not contract with the HMO in its service area, that hospital shall enter into a hospital access agreement as specified in the MSA bulletin Hospital 01-19.

(2) A hospital access agreement specified in subsection (1) shall be considered an affiliated provider contract pursuant to the requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

Sec. 1659. The following sections of this act are the only ones that shall apply to the following Medicaid managed care programs, including the comprehensive plan, MIChoice long-term care plan, and the mental health, substance abuse, and developmentally disabled services program: 401, 402, 404, 411, 414, 418, 424, 428, 456, 1650, 1651, 1652, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1662, 1666, 1699, 1711, 1749, and 1752.

Sec. 1660. (1) The department shall assure that all Medicaid children have timely access to EPSDT services as required by federal law. Medicaid HMOs shall provide EPSDT services to their child members in accordance with Medicaid EPSDT policy.

(2) The primary responsibility of assuring a child's hearing and vision screening is with the child's primary care provider. The primary care provider shall provide age-appropriate screening or arrange for these tests through referrals to local health departments. Local health departments shall provide preschool hearing and vision screening services and accept referrals for these tests from physicians or from Head Start programs in order to assure all preschool children have appropriate access to hearing and vision screening. Local health departments shall be reimbursed for the cost of providing these tests for Medicaid eligible children by the Medicaid program.

(3) The department shall require Medicaid HMOs to provide EPSDT utilization data through the encounter data system, and health employer data and information set well child health measures in accordance with the National Committee on Quality Assurance prescribed methodology.

(4) The department shall require HMOs to be responsible for well child visits and maternal and infant support services as described in Medicaid policy. These responsibilities shall be specified in the information distributed by the HMOs to their members.

(5) The department shall provide, on an annual basis, budget neutral incentives to Medicaid HMOs and local health departments to improve performance on measures related to the care of children and pregnant women.

Sec. 1661. (1) The department shall assure that all Medicaid eligible children and pregnant women have timely access to MSS/ISS services. Medicaid HMOs shall assure that maternal support service screening is available to their pregnant members and that those women found to meet the maternal support service high-risk criteria are offered maternal support services. Local health departments shall assure that maternal support service screening is available for Medicaid pregnant women not enrolled in an HMO and that those women found to meet the maternal support service high-risk criteria are offered maternal support services or are referred to a certified maternal support service provider.

(2) The department shall prohibit HMOs from requiring prior authorization of their contracted providers for any EPSDT screening and diagnosis service, for any MSS/ISS screening referral, or for up to 3 MSS/ISS service visits.

(3) The department shall assure the coordination of MSS/ISS services with the WIC program, state-supported substance abuse, smoking prevention, and violence prevention programs, the department of human services, and any other state or local program with a focus on preventing adverse birth outcomes and child abuse and neglect.

Sec. 1662. (1) The department shall assure that an external quality review of each contracting HMO is performed that results in an analysis and evaluation of aggregated information on quality, timeliness, and access to health care services that the HMO or its contractors furnish to Medicaid beneficiaries.

(2) The department shall provide a copy of the analysis of the Medicaid HMO annual audited health employer data and information set reports and the annual external quality review report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director, within 30 days of the department's receipt of the final reports from the contractors.

(3) The department shall work with the Michigan association of health plans and the Michigan association for local public health to improve service delivery and coordination in the MSS/ISS and EPSDT programs.

(4) The department shall assure that training and technical assistance are available for EPSDT and MSS/ISS for Medicaid health plans, local health departments, and MSS/ISS contractors.

Sec. 1666. To increase timely repayment of the maternity case rate to health plans and reduce the need to recover revenue from hospitals, the department shall implement system changes to assure that children who are born to mothers who are Medicaid eligible and enrolled in health plans are within 30 days after birth included in the Medicaid eligibility file and enrolled in the same health plan as the mother or any other health plan designated by the mother.

Sec. 1670. (1) The appropriation in part 1 for the MICHild program is to be used to provide comprehensive health care to all children under age 19 who reside in families with income at or below 200% of the federal poverty level, who are uninsured and have not had coverage by other comprehensive health insurance within 6 months of making application for MICHild benefits, and who are residents of this state. The department shall develop detailed eligibility criteria through the medical services administration public concurrence process, consistent with the provisions of this act. Health coverage for children in families between 150% and 200% of the federal poverty level shall be provided through a state-based private health care program.

(2) The department may provide up to 1 year of continuous eligibility to children eligible for the MICHild program unless the family fails to pay the monthly premium, a child reaches age 19, or the status of the children's family changes and its members no longer meet the eligibility criteria as specified in the federally approved MICHild state plan.

(3) Children whose category of eligibility changes between the Medicaid and MICHild programs shall be assured of keeping their current health care providers through the current prescribed course of treatment for up to 1 year, subject to periodic reviews by the department if the beneficiary has a serious medical condition and is undergoing active treatment for that condition.

(4) To be eligible for the MICHild program, a child must be residing in a family with an adjusted gross income of less than or equal to 200% of the federal poverty level. The department's verification policy shall be used to determine eligibility.

(5) The department shall enter into a contract to obtain MICHild services from any HMO, dental care corporation, or any other entity that offers to provide the managed health care benefits for MICHild services at the MICHild capitated rate. As used in this subsection:

(a) "Dental care corporation", "health care corporation", "insurer", and "prudent purchaser agreement" mean those terms as defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL 550.52.

(b) "Entity" means a health care corporation or insurer operating in accordance with a prudent purchaser agreement.

(6) The department may enter into contracts to obtain certain MICHild services from community mental health service programs.

(7) The department may make payments on behalf of children enrolled in the MICHild program from the line-item appropriation associated with the program as described in the MICHild state plan approved by the United States department of health and human services, or from other medical services.

Sec. 1671. From the funds appropriated in part 1, the department shall continue a comprehensive approach to the marketing and outreach of the MICHild program. The marketing and outreach required under this section shall be coordinated with current outreach, information dissemination, and marketing efforts and activities conducted by the department.

Sec. 1673. The department may establish premiums for MICHild eligible persons in families with income above 150% of the federal poverty level. The monthly premiums shall not be less than \$10.00 or exceed \$15.00 for a family.

Sec. 1677. The MICHild program shall provide all benefits available under the state employee insurance plan that are delivered through contracted providers and consistent with federal law, including, but not limited to, the following medically necessary services:

(a) Inpatient mental health services, other than substance abuse treatment services, including services furnished in a state-operated mental hospital and residential or other 24-hour therapeutically planned structured services.

(b) Outpatient mental health services, other than substance abuse services, including services furnished in a state-operated mental hospital and community-based services.

(c) Durable medical equipment and prosthetic and orthotic devices.

(d) Dental services as outlined in the approved MICHild state plan.

(e) Substance abuse treatment services that may include inpatient, outpatient, and residential substance abuse treatment services.

(f) Care management services for mental health diagnoses.

(g) Physical therapy, occupational therapy, and services for individuals with speech, hearing, and language disorders.

(h) Emergency ambulance services.

Sec. 1680. Payment increases for enhanced wages and new or enhanced employee benefits provided in previous years through the Medicaid nursing home wage pass-through program shall be continued.

Sec. 1681. From the funds appropriated in part 1 for home- and community-based services, the department and local waiver agents shall encourage the use of family members, friends, and neighbors of home- and community-based services participants, where appropriate, to provide homemaker services, meal preparation, transportation, chore services, and other nonmedical covered services to participants in the Medicaid home- and community-based services program. This section shall not be construed as allowing for the payment of family members, friends, or neighbors for these services unless explicitly provided for in federal or state law.

Sec. 1682. (1) The department shall implement enforcement actions as specified in the nursing facility enforcement provisions of section 1919 of title XIX, 42 USC 1396r.

(2) The department is authorized to receive and spend penalty money received as the result of noncompliance with medical services certification regulations. Penalty money, characterized as private funds, received by the department shall increase authorizations and allotments in the long-term care accounts.

(3) The department is authorized to provide civil monetary penalty funds to the disability network of Michigan to be distributed to the 15 centers for independent living for the purpose of assisting individuals with disabilities who reside in nursing homes to return to their own homes.

(4) The department is authorized to use civil monetary penalty funds to conduct a survey evaluating consumer satisfaction and the quality of care at nursing homes. Factors can include, but are not limited to, the level of satisfaction of nursing home residents, their families, and employees. The department may use an independent contractor to conduct the survey.

(5) Any unexpended penalty money, at the end of the year, shall carry forward to the following year.

Sec. 1683. The department shall promote activities that preserve the dignity and rights of terminally ill and chronically ill individuals. Priority shall be given to programs, such as hospice, that focus on individual dignity and quality of care provided persons with terminal illness and programs serving persons with chronic illnesses that reduce the rate of suicide through the advancement of the knowledge and use of improved, appropriate pain management for these persons; and initiatives that train health care practitioners and faculty in managing pain, providing palliative care, and suicide prevention.

Sec. 1684. (1) Of the funds appropriated in part 1 for the Medicaid home- and community-based services waiver program, the payment rate allocated for administrative expenses for fiscal year 2007-2008 shall continue at the rate implemented in fiscal year 2005-2006 after the \$2.00 per person per day mandated reduction.

(2) The savings realized from continuing the reduced administrative rate shall be reallocated to increase enrollment in the waiver program and to provide direct services to eligible program participants.

Sec. 1685. All nursing home rates, class I and class III, must have their respective fiscal year rate set 30 days prior to the beginning of their rate year. Rates may take into account the most recent cost report prepared and certified by the preparer, provider corporate owner or representative as being true and accurate, and filed timely, within 5 months of the fiscal year end in accordance with Medicaid policy. If the audited version of the last report is available, it shall be used. Any rate factors based on the filed cost report may be retroactively adjusted upon completion of the audit of that cost report.

Sec. 1686. (1) The department shall submit a report by April 30, 2008 to the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies on the progress of 4 Medicaid long-term care single point of entry services pilot projects. The department shall also submit a final plan to the house of representatives and senate subcommittees on community health and the house and senate fiscal agencies 60 days prior to any expansion of the program.

(2) In addition to the report required under subsection (1), the department shall report all of the following to the house of representatives and senate appropriations subcommittees on community health and the house of representatives and senate fiscal agencies by September 30, 2008:

(a) The total cost of the single point of entry program.

(b) The total cost of each designated single point of entry.

(c) The total amount of Medicaid dollars saved because of the program.

(d) The total number of emergent single point of entry cases handled and the average length of time for placement in long-term care for those cases.

(e) The total number of single point of entry cases involving transfer from hospital settings to long-term care settings and the average length of time for placement of those cases in long-term care settings.

(3) It is the intent of the legislature that funding for the single point of entry for long-term care ends on September 30, 2009.

(4) As used in this section, "single point of entry" means a system that enables consumers to access Medicaid long-term care services and supports through 1 agency or organization and that promotes consumer education and choice of long-term care options.

Sec. 1688. The department shall not impose a limit on per unit reimbursements to service providers that provide personal care or other services under the Medicaid home- and community-based services waiver program for the elderly and disabled. The department's per day per client reimbursement cap calculated in the aggregate for all services provided under the Medicaid home- and community-based services waiver is not a violation of this section.

Sec. 1689. (1) Priority in enrolling additional persons in the Medicaid home- and community-based services waiver program shall be given to those who are currently residing in nursing homes or who are eligible to be admitted to a nursing home if they are not provided home- and community-based services. The department shall use screening and assessment procedures to assure that no additional Medicaid eligible persons are admitted to nursing homes who would be more appropriately served by the Medicaid home- and community-based services waiver program.

(2) Within 30 days of the end of each fiscal quarter, the department shall provide a report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies that details existing and future allocations for the home- and community-based services waiver program by regions as well as the associated expenditures. The report shall include information regarding the net cost savings from moving individuals from a nursing home to the home- and community-based services waiver program, the number of individuals transitioned from nursing homes to the home- and community-based services waiver program, the number of individuals on waiting lists by region for the program, and the amount of funds transferred during the fiscal quarter. The report shall also include the number of Medicaid individuals served and the number of days of care for the home- and community-based services waiver program and in nursing homes.

(3) The department shall develop a system to collect and analyze information regarding individuals on the home- and community-based services waiver waiting list to identify the community supports they receive, including, but not limited to, adult home help, food stamps, and housing assistance services and to determine the extent to which these community supports help individuals remain in their home and avoid entry into a nursing home. The department shall provide a progress report on implementation to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies by June 1, 2008.

Sec. 1691. The funding increase provided in fiscal year 2006-2007 for the adult home help program shall be passed through to adult home help workers subject to the following conditions:

(a) Adult home help workers providing care under the adult home help program shall receive a wage of at least \$7.50 per hour in all counties, effective April 1, 2008.

(b) The department, in conjunction with the department of human services, shall revise any policies, rules, procedures, or regulations that may be an administrative barrier to the implementation of the wage adjustments described in this section.

Sec. 1692. (1) The department of community health is authorized to pursue reimbursement for eligible services provided in Michigan schools from the federal Medicaid program. The department and the state budget director are authorized to negotiate and enter into agreements, together with the department of education, with local and intermediate school districts regarding the sharing of federal Medicaid services funds received for these services. The department is authorized to receive and disburse funds to participating school districts pursuant to such agreements and state and federal law.

(2) From the funds appropriated in part 1 for medical services school services payments, the department is authorized to do all of the following:

(a) Finance activities within the medical services administration related to this project.

(b) Reimburse participating school districts pursuant to the fund-sharing ratios negotiated in the state-local agreements authorized in subsection (1).

(c) Offset general fund costs associated with the medical services program.

Sec. 1693. The special Medicaid reimbursement appropriation in part 1 may be increased if the department submits a medical services state plan amendment pertaining to this line item at a level higher than the appropriation. The department is authorized to appropriately adjust financing sources in accordance with the increased appropriation.

Sec. 1694. The department of community health shall distribute \$695,000.00 to children's hospitals that have a high indigent care volume. The amount to be distributed to any given hospital shall be based on a formula determined by the department of community health.

Sec. 1695. (1) The department shall evaluate the impact of implementing a case mix reimbursement system for nursing facilities. The department shall consult with representatives from the department, the health care association of Michigan, the Michigan county medical care facilities council, and the Michigan association of homes and services for the aging.

(2) The department shall provide a progress report to the senate and house appropriations subcommittees on community health and to the senate and house fiscal agencies by August 1, 2008.

Sec. 1697. (1) As may be allowed by federal law or regulation, the department may use funds provided by a local or intermediate school district, which have been obtained from a qualifying health system, as the state match required for receiving federal Medicaid or children health insurance program funds. Any such funds received shall be used only to support new school-based or school-linked health services.

(2) A qualifying health system is defined as any health care entity licensed to provide health care services in the state of Michigan, that has entered into a contractual relationship with a local or intermediate school district to provide or manage school-based or school-linked health services.

Sec. 1699. The department may make separate payments directly to qualifying hospitals serving a disproportionate share of indigent patients in the amount of \$50,000,000.00, and to hospitals providing graduate medical education training programs. If direct payment for GME and DSH is made to qualifying hospitals for services to Medicaid clients, hospitals will not include GME costs or DSH payments in their contracts with HMOs.

Sec. 1710. Any proposed changes by the department to the MIChoice home and community-based services waiver program screening process shall be provided to the members of the house and senate appropriations subcommittees on community health 30 days prior to implementation of the proposed changes.

Sec. 1711. (1) The department shall maintain the 2-tier reimbursement methodology for Medicaid emergency physicians professional services that was in effect on September 30, 2002, subject to the following conditions:

(a) Payments by case and in the aggregate shall not exceed 70% of Medicare payment rates.

(b) Total expenditures for these services shall not exceed the level of total payments made during fiscal year 2001-2002, after adjusting for Medicare copayments and deductibles and for changes in utilization.

(2) To ensure that total expenditures stay within the spending constraints of subsection (1)(b), the department shall develop a utilization adjustor for the basic 2-tier payment methodology. The adjustor shall be based on a good faith estimate by the department as to what the expected utilization of emergency room services will be during fiscal year 2007-2008, given changes in the number and category of Medicaid recipients. If expenditure and utilization data indicate that the amount and/or type of emergency physician professional services are exceeding the department's estimate, the utilization adjustor shall be applied to the 2-tier reimbursement methodology in such a manner as to reduce aggregate expenditures to the fiscal year 2001-2002 adjusted expenditure target.

Sec. 1712. (1) Subject to the availability of funds, the department shall implement a rural health initiative. Available funds shall first be allocated as an outpatient adjustor payment to be paid directly to hospitals in rural counties in proportion to each hospital's Medicaid and indigent patient population. Additional funds, if available, shall be allocated for defibrillator grants, EMT training and support, or other similar programs.

(2) Except as otherwise specified in this section, "rural" means a county, city, village, or township with a population of not more than 30,000, including those entities if located within a metropolitan statistical area.

Sec. 1716. The department shall seek to maintain a constant enrollment level within the Medicaid adult benefits waiver program throughout fiscal year 2007-2008.

Sec. 1717. (1) The department shall create 2 pools for distribution of disproportionate share hospital funding. The first pool, totaling \$45,000,000.00, shall be distributed using the distribution methodology used in fiscal year 2003-2004. The second pool, totaling \$5,000,000.00, shall be distributed to nonpublic unaffiliated hospitals and hospital systems that received less than \$900,000.00 in disproportionate share hospital payments in fiscal year 2003-2004 based on a formula that is weighted proportional to the product of each eligible system's Medicaid revenue and each eligible system's Medicaid utilization, except that no payment of less than \$1,000.00 shall be made.

(2) By September 30, 2008, the department shall report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on the new distribution of funding to each eligible hospital from the 2 pools.

Sec. 1718. The department shall provide each Medicaid adult home help beneficiary or applicant with the right to a fair hearing when the department or its agent reduces, suspends, terminates, or denies adult home help services. If the department takes action to reduce, suspend, terminate, or deny adult home help services, it shall provide the beneficiary or applicant with a written notice that states what action the department proposes to take, the reasons for the intended action, the specific regulations that support the action, and an explanation of the beneficiary's or applicant's right to an evidentiary hearing and the circumstances under which those services will be continued if a hearing is requested.

Sec. 1720. The department shall continue its Medicare recovery program.

Sec. 1721. The department shall conduct a review of Medicaid eligibility pertaining to funds prepaid to a nursing home or other health care facility that are subsequently returned to an individual who becomes Medicaid eligible and shall report its findings to the members of the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies not later than May 15, 2008. Included in its report shall be recommendations for policy and procedure changes regarding whether any funds prepaid to a nursing home or other health care facility that are subsequently returned to an individual, after the date of Medicaid eligibility and patient pay amount determination, shall be considered as a countable asset and recommendations for a mechanism for departmental monitoring of those funds.

Sec. 1722. (1) From the funds appropriated in part 1 for special Medicaid reimbursement payments, the department is authorized to make a disproportionate share payment of \$33,167,700.00 for health services provided by Hutzell Hospital.

(2) The funding authorized under subsection (1) shall only be expended if the necessary Medicaid matching funds are provided by, or on behalf of, the hospital as allowable state match.

Sec. 1724. The department shall allow licensed pharmacies to purchase injectable drugs for the treatment of respiratory syncytial virus for shipment to physicians' offices to be administered to specific patients. If the affected patients are Medicaid eligible, the department shall reimburse pharmacies for the dispensing of the injectable drugs and reimburse physicians for the administration of the injectable drugs.

Sec. 1725. The department shall continue to work with the department of human services to reduce Medicaid eligibility errors related to basic eligibility requirements and income requirements.

Sec. 1728. The department shall make available to qualifying Medicaid recipients, not based on Medicare guidelines, freestanding electrical lifting and transferring devices.

Sec. 1731. (1) Subject to subsection (2), the department shall continue an asset test to determine Medicaid eligibility for individuals who are parents, caretaker relatives, or individuals between the ages of 18 and 21 and who are not required to be covered under federal Medicaid requirements.

(2) Pending federal approval, regardless of the results of the asset test established under subsection (1), an individual who is between the ages of 18 and 21 and is not required to be covered under the federal Medicaid requirements is not eligible for the state Medicaid program if his or her parent, parents, or legal guardian has health care coverage for him or her or has access to health care coverage for him or her.

Sec. 1732. The department shall assure that, if proposed modifications to the quality assurance assessment program for nursing homes are not implemented, the projected general fund/general purpose savings shall not be achieved through reductions in nursing home reimbursement rates.

Sec. 1733. The department shall seek additional federal funds to permit the state to provide financial support for electronic prescribing and other health information technology initiatives.

Sec. 1734. The department shall seek federal funds that will permit the state to provide financial incentives for positive health behavior practiced by Medicaid recipients. The structure of this incentive program may be similar to programs in other states that authorize monetary rewards to be deposited in individual accounts for Medicaid recipients who demonstrate positive changes in health behavior.

Sec. 1735. (1) The department shall establish a committee that will attempt to identify possible Medicaid program savings associated with the creation of a preferred provider program or an alternative program for durable medical equipment.

(2) To assure quality and access, the preferred provider program shall involve providers who can offer a broad statewide network of services and who are accredited by the joint commission on accreditation of health care organizations or the accreditation commission for health care, inc.

(3) This committee shall include, at minimum, representatives from each of the contracted Medicaid HMOs, the medical services administration, the Michigan state medical society, the Michigan osteopathic society, the Michigan home health association, the Michigan health and hospital association, and 2 accredited providers.

(4) By October 1, 2007, the department shall report to the senate and house of representatives subcommittees on community health and the state budget director on possible durable medical equipment contracting opportunities and anticipated Medicaid program savings.

(5) The department shall provide a copy of any proposed Medicaid policy changes for durable medical equipment to the house of representatives and senate subcommittees on community health, the senate and house fiscal agencies, and the state budget director at least 30 days prior to implementation.

Sec. 1739. The department shall continue to establish medical outcome targets for the 10 most prevalent and costly ailments affecting Medicaid recipients. The department may use indicators that recipients are successfully managing chronic disease, measures of recipient compliance with treatment plans, and studies of the proportion of Medicaid providers who follow established best practices in treating chronic disease as possible medical outcome target measures. The department shall make bonus payments, independent of HMO rate adjustments utilized in fiscal year 2005-2006, available to Medicaid HMOs that meet these outcome targets.

Sec. 1740. From the funds appropriated in part 1 for health plan services, the department shall assure that all GME funds are promptly distributed to qualifying hospitals using a methodology developed in consultation with the graduate medical education advisory group. The advisory group shall include representatives of the Michigan health and hospital association and Michigan association of health plans.

Sec. 1741. The department shall continue to provide nursing homes the opportunity to receive interim payments upon their request. The department shall make efforts to ensure that the interim payments are as similar to expected cost-settled payments as possible.

Sec. 1742. The department shall allow the retention of \$1,000,000.00 in special Medicaid reimbursement funding by any public hospital that meets each of the following criteria:

- (a) The hospital participates in the intergovernmental transfers.
- (b) The hospital is not affiliated with a university.
- (c) The hospital provides surgical services.
- (d) The hospital has at least 10,000 Medicaid bed days.

Sec. 1747. In order to be reimbursed for adult home help services provided to Medicaid recipients, the matching of adult home help providers with service recipients shall be coordinated by the local county department of human services.

Sec. 1749. Effective September 30, 2007, the department shall require all Medicaid health plans to use the same standard billing formats.

Sec. 1752. The department shall provide a Medicaid health plan with any information that may assist the Medicaid health plan in determining whether another party may be responsible, in whole or in part, for the payment of health benefits.

Sec. 1756. The department shall establish and implement a specialized case and care management program to serve the most costly Medicaid beneficiaries who are not enrolled in a health plan and are noncompliant with medical management, including persons with chronic diseases and mental health diagnoses, high prescription drug utilizers, members demonstrating noncompliance with previous medical management, and neonates. The case and care management program shall, at a minimum, provide a performance payment incentive for physicians who manage the recipient's care and health costs in the most effective way. The department may also develop additional contractual arrangements with 1 or more Medicaid HMOs for the provision of specialized case management services. Contracts with Medicaid HMOs may include provisions requiring collection of data related to Medicaid recipient compliance. Measures of patient compliance may include the proportion of clients who fill their prescriptions, the rate of clients who do not show for scheduled medical appointments, and the proportion of clients who use their medication.

Sec. 1757. The department shall direct the department of human services to obtain proof from all Medicaid recipients that they are legal United States citizens or otherwise legally residing in this country before approving Medicaid eligibility.

Sec. 1758. The department shall submit a report on the number of individuals who receive the emergency services only Medicaid benefit and the annual amount of Medicaid expenditures for this population to the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies by April 1, 2008.

Sec. 1759. The department shall implement the following policy changes included in the federal deficit reduction act of 2005, Public Law 109-171:

- (a) Lengthening the look back policy for asset transfers from 3 to 5 years.
- (b) Changing the penalty period to begin the day an individual applies for Medicaid.

(c) Individuals with more than \$500,000.00 in home equity do not qualify for Medicaid.

(d) Utilize the Medicaid false claim act, 1977 PA 72, MCL 400.601 to 400.613, to collect an enhanced state share of damages collected from entities that have been successfully prosecuted for filing a fraudulent Medicaid claim.

Sec. 1761. (1) The department shall distribute all funds recovered by the medical services administration from prior and future Medicaid access to care initiative payments exceeding the hospital upper payment limit for inpatient and outpatient services to a hospital that meets any of the following characteristics:

(a) Is located in a rural county as determined by the most recent United States census or is located in a city or a village or township with a population of not more than 12,000 in a county with a population with not more than 70,000 as of the official federal 2000 decennial census.

(b) Is a Medicare sole community hospital.

(c) Is a Medicare dependent hospital and rural referral center hospital.

(2) The distribution under subsection (1) shall be based upon each hospital's Medicaid fee-for-service and HMO payments as developed in consultation with rural hospitals and the Michigan health and hospital association.

Sec. 1763. From the funds appropriated in part 1 for health plan services, Medicaid health plans in southeast Michigan shall participate in a risk adverse, budget-neutral 10-month production pilot with a Michigan-based service provider when an interoperable hub that provides secure aggregation and access to medication history data through the use of an existing, outsourced health information exchange infrastructure has been developed. The infrastructure will provide cross domain single sign-on allowing for realtime, data aggregation across disparate organizations and systems. The pilot project shall include a methodology to identify and measure savings generated by the pilot project. Medicaid health plan payments for the project shall not exceed the savings achieved.

Sec. 1764. The department shall annually certify rates paid to Medicaid health plans as being actuarially sound in accordance with federal requirements and shall provide a copy of the rate certification and approval immediately to the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies.

Sec. 1767. The department shall study and evaluate the impact of the change in the way in which the Medicaid program pays pharmacists for prescriptions from average wholesale price to average manufacturer price as required by the federal deficit reduction act of 2005, Public Law 109-171. By March 1, 2008, the department shall submit a report of its study to the senate and house of representatives appropriations subcommittees on community health and the senate and house fiscal agencies. If the department finds that there is a negative impact on the pharmacists, the department shall reexamine the current pharmaceutical dispensing fee structure established under section 1620 and include in the report recommendations and proposals to counter the negative impact of that federal legislation.

Sec. 1770. In conjunction with the consultation requirements of the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, and except as otherwise provided in this section, the department shall attempt to make the effective date for a proposed Medicaid policy bulletin or adjustment to the Medicaid provider manual on October 1, January 1, April 1, or July 1 after the end of the consultation period. The department may provide an effective date for a proposed Medicaid policy bulletin or adjustment to the Medicaid provider manual other than provided for in this section if necessary to be in compliance with federal or state law, regulations, or rules or with an executive order of the governor.

Sec. 1772. From the funds appropriated in part 1, the department shall establish a program on or before July 1, 2008, the primary goal of which is to enroll all children in foster care in Michigan in a Medicaid health maintenance organization.

Sec. 1773. The department shall establish and implement a bid process to identify a single private contractor to provide Medicaid covered nonemergency transportation services in each county with a population over 750,000 individuals.

Sec. 1774. The department shall provide the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies by March 1, 2008 a report that details all of the following:

(a) Expenditure of money follows the person funds to date.

(b) Estimated general fund savings generated through use of money follows the person.

(c) Total number of individuals receiving services through the money follows the person grant.

Sec. 1775. (1) The department shall study the feasibility of using managed care to deliver Medicaid long-term care services. The study shall focus upon the following:

(a) If there is a sufficient number of organizations interested in providing these services.

(b) The extent of services provided through Medicaid managed long-term care.

(c) Estimated changes in Medicaid long-term care expenditure associated with implementing managed care for these services.

(2) The department shall report the results of this study to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies by June 1, 2008.

Sec. 1776. If the department continues to utilize the Medicare outpatient prospective payment system methodology to reimburse hospitals for Medicaid clients seen in the outpatient setting including the emergency room, then the Medicaid reduction factor utilized by the department to compute the amount of payment made by Medicaid health plans to hospitals must be revenue neutral and actuarially sound.

Sec. 1777. From the funds appropriated in part 1 for long-term care services, the department shall permit, in accordance with applicable federal and state law, nursing homes to use dining assistants to feed eligible residents if legislation to permit the use of dining assistants is enacted into law. The department shall not be responsible for costs associated with training dining assistants.

Sec. 1778. The department, in cooperation with the Michigan health and hospital association, shall implement a disproportionate share hospital payment that allocates a total of \$50,000,000.00 to small and rural hospitals and a total of \$10,000,000.00 to hospital facilities with neonatal intensive care units and pediatric intensive care units. The department shall share the payment methodology with the state budget director, members of the house and senate appropriations subcommittees on community health, and the house and senate fiscal agencies 30 days prior to submission of the plan to the federal government.

Sec. 1780. If congressional action results in an increase in Michigan’s federal medical assistance percentage in fiscal year 2008, it is the intent of the legislature that a portion of this new funding be used to augment physician primary care codes fee screens and hospital neonatal and pediatric intensive care unit payments.

Sec. 1781. The department may conduct a pilot project to demonstrate improvements in the efficiency and effectiveness of the plan first program, long-term care programs, and other programs as identified by the department. In conducting the pilot project, the department shall consult with other affected programs and agencies. In conducting the pilot, the department or its designee shall have direct access to the department of human services eligibility, budget, and registration systems for purposes of initial processing, including taking applications, assisting applicants in completing the application, providing information and referrals, obtaining required documentation to complete processing of the application, and assuring the information contained on the application form is complete. To the extent practical and desirable, trusted third-party data sources may be accessed to verify income and asset information during the financial eligibility determination process. The department shall issue a report to the legislature summarizing the results of the pilot project and recommendations for the future.(attached)

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 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.

Gary McDowell
George Cushingberry, Jr.
Bruce Caswell
Conferees for the House

Roger Kahn
John Pappageorge
Deborah Cherry
Conferees for the Senate

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

Roll Call No. 455

Yeas—35

- | | | | |
|----------|---------------|-------------|--------------|
| Allen | Clark-Coleman | Jacobs | Richardville |
| Anderson | Clarke | Jansen | Schauer |
| Barcia | Cropsey | Jelinek | Scott |
| Basham | Garcia | Kahn | Stamas |
| Birkholz | George | Kuipers | Switalski |
| Bishop | Gilbert | McManus | Thomas |
| Brater | Gleason | Olshove | Van Woerkom |
| Brown | Hardiman | Pappageorge | Whitmer |
| Cherry | Hunter | Prusi | |

Nays—3

- | | | |
|--------|-----------|---------|
| Cassis | Patterson | Sanborn |
|--------|-----------|---------|

Excused—0

Not Voting—0

In The Chair: Richardville

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

Recess

Senator Cropsey moved that the Senate recess subject to the call of the Chair.
The motion prevailed, the time being 9:10 p.m.

9:50 p.m.

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

By unanimous consent the Senate returned to the order of

Motions and Communications

Senator Cropsey moved that when the Senate adjourns today, it stand adjourned until Wednesday, October 31, at 12:30 a.m.

The motion prevailed.

Committee Reports

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Environmental Quality (HB 4358) submitted the following:
Meeting held on Monday, October 29, 2007, at 9:00 a.m., Room 424, Capitol Building
Present: Senators Garcia, Cropsey and Brater

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Labor and Economic Growth (SB 234) submitted the following:
Meeting held on Monday, October 29, 2007, at 9:00 a.m., Rooms 402 and 403, Capitol Building
Present: Senators Jansen (C), George and Scott

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Community Colleges (HB 4360) submitted the following:
Meeting held on Monday, October 29, 2007, at 9:30 a.m., Room 428, Capitol Building
Present: Senators Hardiman, McManus and Clark-Coleman

COMMITTEE ATTENDANCE REPORT

The Conference Committee on History, Arts, and Libraries (SB 231) submitted the following:
Meeting held on Monday, October 29, 2007, at 9:30 a.m., Rooms 402 and 403, Capitol Building
Present: Senators George (C), McManus and Clark-Coleman

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Military and Veterans Affairs (SB 235) submitted the following:
Meeting held on Monday, October 29, 2007, at 10:30 a.m., Room 405, Capitol Building
Present: Senators Garcia (C), Stamas and Barcia

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Natural Resources (HB 4354) submitted the following:
Meeting held on Monday, October 29, 2007, at 10:30 a.m., Room 424, Capitol Building
Present: Senators McManus, Jansen and Brater

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Judiciary (SB 233) submitted the following:
Meeting held on Monday, October 29, 2007, at 11:00 a.m., Rooms 402 and 403, Capitol Building
Present: Senator Cropsey (C), Kahn and Brater

COMMITTEE ATTENDANCE REPORT

The Conference Committee on State Police (SB 238) submitted the following:
Meeting held on Monday, October 29, 2007, at 11:00 a.m., Room 405, Capitol Building
Present: Senators Garcia (C), Stamas and Barcia

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Higher Education (HB 4350) submitted the following:
Meeting held on Monday, October 29, 2007, at 11:30 a.m., House Appropriations Room, 3rd Floor, Capitol Building
Present: Senators Stamas, George and Barcia

COMMITTEE ATTENDANCE REPORT

The Conference Committee on Education (HB 4346) submitted the following:
Meeting held on Monday, October 29, 2007, at 8:00 p.m., Room 426, Capitol Building
Present: Senator Jelinek, Brown and Switalski

COMMITTEE ATTENDANCE REPORT

The Conference Committee on K-12 School Aid (HB 4359) submitted the following:
Meeting held on Monday, October 29, 2007, at 8:30 p.m., Room 426, Capitol Building
Present: Senator Jelinek, Brown and Switalski

Scheduled Meetings

Appropriations - Wednesday, October 31, 2:00 p.m., Senate Appropriations Room, 3rd Floor, Capitol Building (373-6960)

Banking and Financial Institutions - Wednesday, October 31, 9:00 a.m., Room 210, Farnum Building (373-3543)

Economic Development and Regulatory Reform - Wednesday, October 31, 1:00 p.m., Rooms 402 and 403, Capitol Building (373-7670)

Education - Thursday, November 1, 2:30 p.m., Room 210, Farnum Building (373-6920)

Health Policy - Wednesday, October 31, 3:00 p.m., Senate Hearing Room, Ground Floor, Boji Tower (373-0793)

Natural Resources and Environmental Affairs - Wednesday, October 31, 1:00 p.m., Room 110, Farnum Building (373-3447)

Senator Cropsey moved that the Senate adjourn.
The motion prevailed, the time being 9:51 p.m.

In pursuance of the order previously made, the President pro tempore, Senator Richardville, declared the Senate adjourned until Wednesday, October 31, 2007, at 12:30 a.m.

CAROL MOREY VIVENTI
Secretary of the Senate

