

No. 78
STATE OF MICHIGAN
JOURNAL
OF THE
House of Representatives
93rd Legislature
REGULAR SESSION OF 2005

House Chamber, Lansing, Tuesday, September 20, 2005.

1:00 p.m.

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

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

| | | | |
|----------------------|-----------------------|----------------------|-------------------------|
| Accavitti—present | Emmons—present | Leland—present | Robertson—present |
| Acciavatti—present | Espinoza—present | Lemmons, III—present | Rocca—present |
| Adamini—present | Farhat—present | Lemmons, Jr.—present | Sak—present |
| Amos—present | Farrah—present | Lipsey—present | Schuitmaker—present |
| Anderson—present | Gaffney—present | Marleau—present | Shaffer—present |
| Angerer—present | Garfield—present | Mayes—present | Sheen—present |
| Ball—present | Gillard—present | McConico—present | Sheltrown—present |
| Baxter—present | Gleason—present | McDowell—present | Smith, Alma—present |
| Bennett—present | Gonzales—present | Meisner—present | Smith, Virgil—present |
| Bieda—present | Gosselin—present | Meyer—present | Spade—present |
| Booher—present | Green—present | Miller—present | Stahl—present |
| Brandenburg—present | Hansen—present | Moolenaar—present | Stakoe—present |
| Brown—present | Hildenbrand—present | Moore—present | Steil—present |
| Byrnes—present | Hood—present | Mortimer—present | Stewart—present |
| Byrum—present | Hoogendyk—present | Murphy—present | Taub—present |
| Casperson—present | Hopgood—present | Newell—present | Tobocman—present |
| Caswell—present | Huizenga—present | Nitz—present | Vagnozzi—present |
| Caul—present | Hummel—present | Nofs—present | Van Regenmorter—present |
| Cheeks—present | Hune—present | Palmer—present | Vander Veen—present |
| Clack—present | Hunter—present | Palsrok—present | Walker—present |
| Clemente—present | Jones—present | Pastor—present | Ward—excused |
| Condino—present | Kahn—present | Pavlov—present | Waters—present |
| Cushingberry—present | Kehrl—present | Pearce—present | Wenke—present |
| DeRoche—present | Kolb—present | Phillips—present | Whitmer—present |
| Dillon—present | Kooiman—present | Plakas—present | Williams—present |
| Donigan—present | LaJoy—present | Polidori—present | Wojno—present |
| Drolet—present | Law, David—present | Proos—present | Zelenko—present |
| Elsenheimer—present | Law, Kathleen—present | | |

Rep. John R. Pastor, from the 19th District, offered the following invocation:

“Good and gracious Creator of all, we come before You with hearts full of gratitude, minds full of noble intentions and hands ready to serve.

We thank You for the many gifts we take for granted. We thank You for our life, our family, our freedom, home, food and basic necessities. May we be willing to share our resources in order to help those in need.

We ask You to let us use our gifts of intelligence and knowledge to make decisions that uphold the ideals of our nation and our state in meeting the needs of its citizens.

Let us be willing to serve our constituents by listening to them and keeping their welfare foremost in our deliberations and hands-on actions.

We pray in a special way for those in need of our prayer, for those giving themselves in public service and the men and women serving in our Armed Forces.

For our world we pray for peace and ask that You help us be instruments not only of peace, but of hope, faith, joy, light, pardon and love as we begin anew each day.

We make our prayer in Your name. Amen.”

Rep. Palmer moved that Rep. Ward be excused from today’s session.
The motion prevailed.

Motions and Resolutions

Reps. Kehrl, Hopgood, Polidori, Vagnozzi, Plakas, Accavitti, Anderson, Bieda, Booher, Brown, Byrnes, Byrum, Condino, Cushingberry, Farrah, Gillard, Gonzales, Gosselin, Kolb, Lemmons, Jr., Lipsey, Mayes, Miller, Sak, Alma Smith, Spade, Stewart, Tobocman, Waters and Zelenko offered the following resolution:

House Resolution No. 128.

A resolution to memorialize the President of the United States and the United States Congress to protect American consumers from exorbitant prices of gasoline.

Whereas, Michigan drivers are stunned by the rapid increases in gasoline prices. Service station employees often make daily trips up their ladders to post record-breaking increases in gasoline prices. Recently, Michigan’s statewide average on regular unleaded gasoline has exceeded \$3.00 per gallon. This price is more than a dollar higher than the same time last year; and

Whereas, A number of factors both close to home and global in nature have combined to create our current predicament. Oil industry observers point to a number of factors causing prices to skyrocket, from increased global demand and lower supplies to refinery closings and poor decisions by the oil industry executives; and

Whereas, Compounded by the recent natural disaster, Hurricane Katrina, our national production and refinery capacity has diminished for the near future. Petroleum analysts suggest that it could take many months before the damaged refineries in the nation’s Gulf Coast region come back on line. This delay will squeeze the motoring public even further because gasoline stockpiles are already severely limited; and

Whereas, The widespread impact of the gasoline price increases makes it imperative for federal authorities to take action. Individuals and businesses face painful changes if prices remain at these levels for long. Families are already facing serious financial problems. These financial crises will magnify across our state and nation unless prices return to more reasonable ranges and a lasting solution is found; now, therefore, be it

Resolved by the House of Representatives, That we memorialize the President of the United States and the United States Congress to protect American consumers from exorbitant prices of gasoline; and be it further

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

The resolution was referred to the Committee on Government Operations.

Reps. Green, Accavitti, Anderson, Booher, Brown, Byrnes, Byrum, Gillard, Gonzales, Gosselin, Hansen, Hopgood, Kolb, Kooiman, Marleau, Meyer, Miller, Mortimer, Nofs, Proos, Sak, Shaffer, Alma Smith, Stewart, Tobocman, Vagnozzi, Vander Veen and Zelenko offered the following resolution:

House Resolution No. 129.

A resolution designating September 2005 as Michigan Preparedness Month.

Whereas, Emergency preparedness is the shared responsibility of the entire nation. Every community, business, and individual has a role to plan in preparing for emergencies; and

Whereas, The U. S. Department of Homeland Security has designated September as National Preparedness Month, to provide an opportunity to highlight the importance of emergency preparedness and encourage all Americans to take steps to be better prepared for emergencies in their homes, businesses, and schools; and

Whereas, Federal, state, and local officials, and the private sector are working to deter, prevent, and respond to all types of emergencies. These activities, along with an active American community, contribute to a level of national preparedness that is critical to securing homeland; and

Whereas, National Preparedness Month is a nationwide coordinated effort that allows Americans to learn more about ways to prepare for all types of emergencies from natural disasters to potential terrorist attacks; and

Whereas, The U.S. Department of Homeland Security and the American Red Cross urge all Americans to take time during September 2005 to get an emergency supply kit, make a family emergency plan, be informed about different threats and their appropriate responses, and get involved in preparing their community; now, therefore, be it

Resolved by the House of Representatives, That the members of this legislative body designate September 2005 as Michigan Preparedness Month. We, along with the U.S. Department of Homeland Security and the Red Cross chapters across Michigan, recognize the importance of preparing for and responding to emergencies.

Pending the reference of the resolution to a committee,

Rep. Hildenbrand moved that Rule 77 be suspended and the resolution be considered at this time.

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

The question being on the adoption of the resolution,

The resolution was adopted.

Reports of Select Committees

Senate Bill No. 264, entitled

A bill to make appropriations for the department of agriculture for the fiscal year ending September 30, 2006; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to require reports, audits, and plans; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by certain state agencies.

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

The Conference Report was read as follows:

First Conference Report

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

Senate Bill No. 264, entitled

A bill to make appropriations for the department of agriculture for the fiscal year ending September 30, 2006; 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, 2006; 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, 2006, 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 | 691.0 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|---------------------------------------------------------------------|---------------------------------------------|
| GROSS APPROPRIATION..... | \$ 119,198,400 |
| 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..... | 87,300 |
| IDG from MDEQ, MAEAP..... | 150,000 |
| IDG from MDEQ, type II well survey..... | 16,300 |
| IDG from MDLEG (LCC), liquor quality testing fees..... | 185,900 |
| IDG from MDNR, district forestry and wildlife program..... | 1,000,000 |
| Total interdepartmental grants and intradepartmental transfers..... | 10,368,200 |
| ADJUSTED GROSS APPROPRIATION..... | \$ 108,830,200 |
| Federal revenues: | |
| DAG, multiple grants..... | 29,795,800 |
| EPA, multiple grants..... | 2,436,300 |
| HHS-FDA..... | 349,600 |
| Total federal revenues..... | 32,581,700 |
| Special revenue funds: | |
| Total local revenues..... | 0 |
| Private - slow-the-spread foundation..... | 138,700 |
| Total private revenues..... | 138,700 |
| Agricultural preservation fund..... | 900,000 |
| Agriculture equine industry development fund..... | 16,473,700 |
| Agriculture pollution prevention fund..... | 100 |
| Civil penalties..... | 45,700 |
| Commodity inspection fees..... | 888,300 |
| Gasoline inspection and testing fund..... | 2,468,700 |
| Groundwater and freshwater protection fund..... | 4,936,800 |
| Horticulture fund..... | 74,700 |
| Industry support funds..... | 534,500 |
| Licensing and inspection fees..... | 6,689,400 |
| Nonretail liquor fees..... | 625,200 |
| Pseudorabies and swine brucellosis fund..... | 15,600 |
| Refined petroleum fund..... | 3,191,100 |
| State services fee fund..... | 8,535,600 |
| Testing fees..... | 405,000 |
| Upper Peninsula state fair revenue..... | 1,338,400 |
| Weights and measures regulation fees..... | 624,300 |
| Total other state restricted revenues..... | 47,747,100 |
| State general fund/general purpose..... | \$ 28,362,700 |
| Sec. 102. EXECUTIVE | |
| Full-time equated unclassified positions..... | 6.0 |
| Full-time equated classified positions..... | 52.0 |
| Commission and boards..... | \$ 47,300 |
| Unclassified positions—6.0 FTE positions..... | 354,000 |
| Executive direction—10.0 FTE positions..... | 1,040,600 |
| Management services—35.5 FTE positions..... | 2,718,100 |
| Statistical reporting service—4.0 FTE positions..... | 345,600 |
| Emergency management—2.5 FTE positions..... | 226,200 |
| Human resource optimization user charges..... | 29,500 |
| GROSS APPROPRIATION..... | \$ 4,761,300 |
| Appropriated from: | |
| Special revenue funds: | |
| Gasoline inspection and testing fund..... | 55,000 |
| Industry support funds..... | 30,000 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|--------------------------------------------------------------|---------------------------------------------|
| Nonretail liquor fees | 8,800 |
| Refined petroleum fund | 221,500 |
| State services fee fund | 561,300 |
| Upper Peninsula state fair revenue..... | 9,000 |
| State general fund/general purpose | \$ 3,875,700 |
| Sec. 103. DEPARTMENTWIDE | |
| Rent and building occupancy charges | \$ 1,388,400 |
| GROSS APPROPRIATION..... | \$ 1,388,400 |
| Appropriated from: | |
| Federal revenues: | |
| DAG, multiple grants | 100,500 |
| EPA, multiple grants | 61,200 |
| HHS-FDA | 13,100 |
| Special revenue funds: | |
| Agricultural preservation fund | 23,900 |
| Groundwater and freshwater protection fund | 9,500 |
| Licensing and inspection fees | 59,700 |
| Nonretail liquor fees | 7,900 |
| Refined petroleum fund | 114,000 |
| State services fee fund | 304,600 |
| State general fund/general purpose | \$ 694,000 |
| Sec. 104. FOOD AND DAIRY | |
| Full-time equated classified positions | 107.0 |
| Food safety and quality assurance—107.0 FTE positions | \$ 10,830,300 |
| Local public health operations | 8,878,700 |
| GROSS APPROPRIATION..... | \$ 19,709,000 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG from MDCH, local public health operations..... | 8,878,700 |
| Federal revenues: | |
| DAG, multiple grants | 24,800 |
| HHS-FDA | 203,700 |
| Special revenue funds: | |
| Civil penalties | 45,700 |
| Licensing and inspection fees | 3,187,900 |
| State general fund/general purpose | \$ 7,368,200 |
| Sec. 105. ANIMAL INDUSTRY | |
| Full-time equated classified positions | 49.0 |
| Animal health and welfare—22.5 FTE positions..... | \$ 2,316,100 |
| Bovine tuberculosis program—26.5 FTE positions | 5,707,800 |
| GROSS APPROPRIATION..... | \$ 8,023,900 |
| Appropriated from: | |
| Federal revenues: | |
| DAG, multiple grants | 1,251,000 |
| HHS-FDA | 68,800 |
| Special revenue funds: | |
| Agriculture equine industry development fund..... | 2,354,000 |
| Licensing and inspection fees | 102,000 |
| Pseudorabies and swine brucellosis fund | 15,600 |
| State general fund/general purpose | \$ 4,232,500 |
| Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT | |
| Full-time equated classified positions | 231.8 |
| Pesticide and plant pest management—119.8 FTE positions..... | \$ 12,665,300 |
| Emerald ash borer control program—112.0 FTE positions..... | 23,660,600 |
| Michigan State University..... | 210,000 |
| GROSS APPROPRIATION..... | \$ 36,535,900 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|----------------------------------------------------------------------|---------------|
| Appropriated from: | |
| Federal revenues: | |
| DAG, multiple grants | 25,809,100 |
| EPA, multiple grants | 1,610,600 |
| HHS-FDA | 64,000 |
| Special revenue funds: | |
| Private - slow-the-spread foundation..... | 138,700 |
| Commodity inspection fees | 888,300 |
| Horticulture fund | 74,700 |
| Industry support funds | 319,900 |
| Licensing and inspection fees | 3,220,500 |
| State general fund/general purpose | \$ 4,410,100 |
| Sec. 107. ENVIRONMENTAL STEWARDSHIP | |
| Full-time equated classified positions..... | 47.0 |
| Environmental stewardship—32.7 FTE positions..... | \$ 2,702,100 |
| Groundwater and freshwater protection program—8.3 FTE positions..... | 5,026,600 |
| Farmland and open space preservation—6.0 FTE positions | 902,500 |
| Cooperative resources management initiative program | 1,000,000 |
| Agriculture pollution prevention program..... | 400,100 |
| Local conservation districts | 1,516,800 |
| Migrant labor housing..... | 100 |
| Aquifer protection program..... | 50,000 |
| GROSS APPROPRIATION..... | \$ 11,598,200 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG from MDEQ, aquifer protection and dispute resolution..... | 50,000 |
| IDG from MDEQ, biosolids..... | 87,300 |
| IDG from MDEQ, MAEAP..... | 150,000 |
| IDG from MDEQ, type II well survey | 16,300 |
| IDG from MDNR, district forestry and wildlife program..... | 1,000,000 |
| Federal revenues: | |
| DAG, multiple grants..... | 400,000 |
| EPA, multiple grants | 424,500 |
| Special revenue funds: | |
| Agricultural preservation fund | 875,900 |
| Agriculture pollution prevention fund..... | 100 |
| Groundwater and freshwater protection fund | 4,927,200 |
| State general fund/general purpose | \$ 3,666,900 |
| Sec. 108. LABORATORY PROGRAM | |
| Full-time equated classified positions..... | 148.0 |
| Laboratory services—60.5 FTE positions | \$ 5,365,300 |
| USDA monitoring—18.0 FTE positions..... | 1,990,000 |
| Consumer protection program—69.5 FTE positions..... | 4,883,800 |
| GROSS APPROPRIATION..... | \$ 12,239,100 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG from MDLEG (LCC), liquor quality testing fees..... | 183,100 |
| Federal revenues: | |
| DAG, multiple grants..... | 2,011,400 |
| EPA, multiple grants | 340,000 |
| Special revenue funds: | |
| Gasoline inspection and testing fund..... | 2,386,700 |
| Refined petroleum fund | 2,855,600 |
| State services fee fund | 503,200 |
| Testing fees..... | 405,000 |
| Weights and measures regulation fees..... | 624,300 |
| State general fund/general purpose | \$ 2,929,800 |

For Fiscal Year
Ending Sept. 30,
2006

Sec. 109. AGRICULTURE DEVELOPMENT

| | | |
|---------------------------------------------------|-----|---------------------|
| Full-time equated classified positions | 8.0 | |
| Agriculture development—5.0 FTE positions | | \$ 868,800 |
| Grape and wine program—3.0 FTE positions | | 662,600 |
| Export market development program | | 50,000 |
| Michigan agricultural surplus system..... | | 630,500 |
| Michigan FFA association..... | | 80,000 |
| Michigan 4-H foundation | | 20,000 |
| GROSS APPROPRIATION..... | | \$ 2,311,900 |
| Appropriated from: | | |
| Federal revenues: | | |
| DAG, multiple grants | | 199,000 |
| Special revenue funds: | | |
| Agriculture equine industry development fund..... | | 100,000 |
| Industry support funds | | 154,600 |
| Nonretail liquor fees | | 608,000 |
| State services fee fund | | 350,700 |
| State general fund/general purpose | | \$ 899,600 |

Sec. 110. FAIRS AND EXPOSITIONS

| | | |
|---------------------------------------------------------------|------|----------------------|
| Full-time equated classified positions..... | 16.5 | |
| Upper Peninsula state fair—7.0 FTE positions..... | | \$ 1,328,500 |
| Fairs, racing and producer security—9.5 FTE positions..... | | 1,077,400 |
| Building and track improvement - county and state fairs | | 963,200 |
| Premiums - county and state fairs | | 1,614,000 |
| Purses and supplements - fairs/licensed tracks | | 3,031,700 |
| Quarterhorse programs | | 40,900 |
| Licensed tracks - light horse racing | | 130,000 |
| Standardbred breeders' awards..... | | 1,273,000 |
| Standardbred purses and supplements - licensed tracks..... | | 2,305,700 |
| Standardbred sire stakes..... | | 1,040,000 |
| Thoroughbred sire stakes | | 1,063,100 |
| Standardbred training and stabling..... | | 44,900 |
| Thoroughbred program..... | | 3,092,400 |
| Thoroughbred owners' awards | | 159,900 |
| Distribution of outstanding winning tickets | | 700,000 |
| GROSS APPROPRIATION..... | | \$ 17,864,700 |
| Appropriated from: | | |
| Special revenue funds: | | |
| Agriculture equine industry development fund..... | | 13,864,800 |
| Industry support funds | | 30,000 |
| Licensing and inspection fees | | 119,300 |
| State services fee fund | | 2,522,100 |
| Upper Peninsula state fair revenue..... | | 1,328,500 |
| 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..... | | \$ 3,296,400 |
| GROSS APPROPRIATION..... | | \$ 3,296,400 |
| Appropriated from: | | |
| Special revenue funds: | | |
| State services fee fund | | 3,296,400 |
| State general fund/general purpose | | \$ 0 |

Sec. 112. INFORMATION TECHNOLOGY

| | | |
|----------------------------------------------------|--|---------------------|
| Information technology services and projects | | \$ 1,469,600 |
| GROSS APPROPRIATION..... | | \$ 1,469,600 |

For Fiscal Year
Ending Sept. 30,
2006

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..... | 154,900 |
| Gasoline inspection and testing fund..... | 27,000 |
| Groundwater and freshwater protection fund | 100 |
| Nonretail liquor fees | 500 |
| State services fee fund | 997,300 |
| Upper Peninsula state fair revenue..... | 900 |
| State general fund/general purpose | \$ 285,900 |

PART 2
PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2005-2006 is \$76,109,800.00 and state spending from state resources to be paid to local units of government for fiscal year 2005-2006 is \$3,316,800.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF AGRICULTURE

| | |
|-----------------------------------------------------|---------------------|
| Groundwater and freshwater protection program | \$ 1,800,000 |
| Local conservation districts | 1,516,800 |
| TOTAL | \$ 3,316,800 |

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) "MDLEG (LCC)" means the Michigan department of labor and economic growth - liquor control commission.
- (l) "MDEQ" means the Michigan department of environmental quality.
- (m) "MDNR" means the Michigan department of natural resources.

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

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

(2) The state budget director 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 by the thirtieth of each month 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 month 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. (1) 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.

(2) In addition to the requirements in subsection (1), the purchase of goods or services, or both, if competitively priced and of comparable quality shall be Michigan goods or services, or both, if available. The department shall also encourage the use of Michigan produced agricultural products by all state agencies and departments if competitively priced and of comparable quality and if available.

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 of 1987, 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, 2006. 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 or coyote, 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 for the fiscal year ending September 30, 2006 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.

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 analysis 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 60 days prior to the effective date of any proposed changes to the fees authorized under this section.

(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. From the funds appropriated in section 108, not less than \$3,800,000.00 shall be used for the motor fuel quality program to ensure motor fuel quality and quantity. Notwithstanding the provisions of section 205, the department shall hire additional field and laboratory staff for the motor fuel quality program.

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, 2006, 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, 2006, 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 2004-2005 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.

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.

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 \$19,200.00 to support basic operations, unless the district resides in a county consisting of multiple districts, in which case a \$19,200.00 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.

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, \$30,000.00 shall be provided to the northwest Michigan horticultural research station.

Sec. 704. Indirect costs may not be charged against the FFA grant in section 109 by any administering agency. The grant shall not be used by the administering agency to supplant existing resources dedicated to the FFA organization. The grant only shall be used, awarded, or expended for additional leadership activities, awards, or training programs that encourage agriculture as a career.

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 funds for the purpose of developing new and enhancing existing export markets for Michigan agricultural products.

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. (1) From the amount appropriated in section 110 for purses and supplements – fairs/licensed tracks, \$280,000.00 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.

(2) From the amount appropriated in section 110 for purses and supplements – fairs/licensed tracks, \$172,000.00 is to be divided equally and used for state purse supplements at the Fedele Fauri futurity race and the Michigan futurity race.

(3) The appropriation in section 110 for licensed tracks - light horse racing shall be allocated as follows:

| | | |
|-----------------------------------------|----|--------|
| Arabian and Appaloosa horse racing..... | \$ | 32,500 |
| Quarter horse racing..... | | 97,500 |

Sec. 803. Included in the appropriation made in section 110 for the thoroughbred program is \$30,500.00 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 show 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. 816. From the appropriation in section 110 for fairs, racing and producer security, \$20,000.00 shall be granted to the communications alliance to network thoroughbred ex-racehorses (CANTER) to support racehorse rehabilitation programs.

Sec. 817. The unexpended and unencumbered balance of the appropriation for building and track improvement – licensed tracks, contained in section 110 of 2004 PA 353 shall lapse to the Michigan agriculture equine industry development fund and shall be available for appropriation in the fiscal year ending September 30, 2006.

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.

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, 2006; 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
Jim Barcia
Conferees for the Senate

Goeff Hansen
Howard Walker
Gretchen Whitmer
Conferees for the House

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

Senate Bill No. 271, entitled

A bill to make appropriations for the family independence agency and certain state purposes related to public welfare services for the fiscal year ending September 30, 2006; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; and to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, and officers.

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

The Conference Report was read as follows:

First Conference Report

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

Senate Bill No. 271, entitled

A bill to make appropriations for the department of human services and certain state purposes related to public welfare services for the fiscal year ending September 30, 2006; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; and to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, and officers.

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 human services and certain state purposes related to public welfare services for the fiscal year ending September 30, 2006; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; and to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, 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 the department for the fiscal year ending September 30, 2006, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF HUMAN SERVICES

APPROPRIATION SUMMARY:

| | | |
|----------------------------------------------------------------------|---------------|------------------|
| Full-time equated classified positions | 10,281.0 | |
| Unclassified positions | 5.0 | |
| Total full-time equated positions | 10,286.0 | |
| GROSS APPROPRIATION | | \$ 4,428,025,000 |
| Interdepartmental grant revenues: | | |
| Total interdepartmental grants and intradepartmental transfers | 2,439,200 | |
| ADJUSTED GROSS APPROPRIATION | | \$ 4,425,585,800 |
| Federal revenues: | | |
| Total federal revenues | 3,213,153,000 | |
| Special revenue funds: | | |
| Total private revenues | 8,918,600 | |
| Total local revenues | 51,076,200 | |
| Total other state restricted revenues | 71,176,100 | |
| State general fund/general purpose | | \$ 1,081,261,900 |

Sec. 102. EXECUTIVE OPERATIONS

| | | |
|----------------------------------------------------------------|-------|---------------|
| Total full-time equated positions..... | 438.3 | |
| Full-time equated unclassified positions | 5.0 | |
| Full-time equated classified positions | 433.3 | |
| Unclassified salaries—5.0 FTE positions | | \$ 537,200 |
| Salaries and wages—300.3 FTE positions..... | | 15,412,600 |
| Contractual services, supplies, and materials | | 5,969,300 |
| Demonstration projects—15.0 FTE positions | | 6,916,900 |
| Inspector general salaries and wages—106.0 FTE positions | | 5,301,200 |
| Electronic benefit transfer EBT..... | | 7,333,600 |
| Office of professional development—12.0 FTE positions | | 2,521,500 |
| State office of administrative hearings and rules..... | | 3,038,300 |
| GROSS APPROPRIATION..... | | \$ 47,030,600 |

Appropriated from:

| | | |
|------------------------------------------|------------|---------------|
| Federal revenues: | | |
| Total federal revenues | 29,008,600 | |
| Special revenue funds: | | |
| Total private revenues | 1,219,300 | |
| Total local revenues | 200,000 | |
| State general fund/general purpose | | \$ 16,602,700 |

Sec. 103. CHILD SUPPORT ENFORCEMENT

| | | |
|--------------------------------------------------------------------|-------|----------------|
| Full-time equated classified positions | 212.7 | |
| Child support enforcement operations—207.7 FTE positions | | \$ 20,869,400 |
| Legal support contracts | | 140,284,400 |
| Child support incentive payments | | 32,409,600 |
| Child support distribution computer system—5.0 FTE positions | | 13,670,100 |
| Child support arrearage settlement program administration | | 497,100 |
| GROSS APPROPRIATION..... | | \$ 207,730,600 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|----------------------------------------------------------------------------------|---------------|
| Appropriated from: | |
| Federal revenues: | |
| Total federal revenues | 193,710,900 |
| Special revenue funds: | |
| Total local revenues | 340,000 |
| Total restricted revenues | 880,800 |
| State general fund/general purpose | \$ 12,798,900 |
| Sec. 104. COMMUNITY ACTION AND ECONOMIC OPPORTUNITY | |
| Full-time equated classified positions | 11.0 |
| Bureau of community action and economic opportunity—11.0 FTE positions | \$ 1,458,800 |
| Community services block grant | 27,384,600 |
| Weatherization assistance | 18,671,000 |
| GROSS APPROPRIATION | \$ 47,514,400 |
| Appropriated from: | |
| Federal revenues: | |
| Total federal revenues | 47,514,400 |
| Special revenue funds: | |
| State general fund/general purpose | \$ 0 |
| Sec. 105. ADULT AND FAMILY SERVICES | |
| Full-time equated classified positions | 49.2 |
| Executive direction and support—6.0 FTE positions | \$ 480,900 |
| Employment and training support services | 16,529,100 |
| Domestic violence prevention and treatment—5.5 FTE positions | 14,589,900 |
| Rape prevention and services | 2,600,000 |
| Guardian contract | 600,000 |
| Adult services policy and administration—6.0 FTE positions | 587,500 |
| Income support policy and administration—31.7 FTE positions | 5,913,900 |
| Wage employment verification reporting | 1,087,500 |
| Urban and rural empowerment/enterprise zones | 100 |
| Nutrition education | 8,569,900 |
| Homeless prevention and elder law of Michigan food for the elderly project | 200,000 |
| Marriage initiative | 500,000 |
| Fatherhood initiative | 500,000 |
| GROSS APPROPRIATION | \$ 52,158,800 |
| Appropriated from: | |
| Federal revenues: | |
| Total federal revenues | 46,148,800 |
| Special revenue funds: | |
| State general fund/general purpose | \$ 6,010,000 |
| Sec. 106. CHILD AND FAMILY SERVICES | |
| Full-time equated classified positions | 87.0 |
| Salaries and wages—29.7 FTE positions | \$ 1,715,200 |
| Contractual services, supplies, and materials | 1,034,800 |
| Refugee assistance program—2.9 FTE positions | 12,683,700 |
| Foster care payments | 144,408,500 |
| Wayne County foster care payments | 62,546,500 |
| Adoption subsidies | 226,158,900 |
| Adoption support services—7.7 FTE positions | 14,317,000 |
| Youth in transition—2.0 FTE positions | 13,219,400 |
| Interstate compact | 300,000 |
| Children's benefit fund donations | 21,000 |
| Teenage parent counseling—2.3 FTE positions | 3,808,400 |
| Families first | 17,448,100 |
| Child safety and permanency plan | 16,900,700 |
| Strong families/safe children | 13,395,300 |
| Child protection/community partners—18.3 FTE positions | 5,805,900 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|------------------------------------------------------------------------------------------|---------------------------------------------|
| Zero to three | 4,000,000 |
| Family group decision making | 2,454,700 |
| Family reunification program..... | 4,062,700 |
| Family preservation and prevention services administration—12.0 FTE positions..... | 2,012,900 |
| Black child and family institute | 100,000 |
| Children’s trust fund administration—4.3 FTE positions | 505,500 |
| Children’s trust fund grants..... | 3,615,000 |
| Attorney general contracts | 2,916,100 |
| Prosecuting attorney contracts | 1,061,700 |
| Child care fund | 173,737,900 |
| Child care fund administration—5.8 FTE positions | 817,600 |
| County juvenile officers..... | 3,757,600 |
| Community support services—2.0 FTE positions..... | 1,489,900 |
| GROSS APPROPRIATION..... | \$ 734,295,000 |
| Appropriated from: | |
| Federal revenues: | |
| Total federal revenues | 428,905,300 |
| Special revenue funds: | |
| Private - children’s benefit fund donations..... | 21,000 |
| Private - collections | 3,840,600 |
| Local funds - county payback | 24,538,000 |
| Children’s trust fund | 3,314,400 |
| State general fund/general purpose | \$ 273,675,700 |
| Sec. 107. JUVENILE JUSTICE SERVICES | |
| Full-time equated classified positions | 706.7 |
| High security juvenile services—301.0 FTE positions | \$ 26,541,700 |
| Medium security juvenile services—254.0 FTE positions..... | 18,818,400 |
| Low security juvenile services—34.0 FTE positions..... | 2,907,700 |
| Juvenile justice day program—37.0 FTE positions | 3,279,900 |
| Juvenile justice field staff, administration and maintenance—60.0 FTE positions | 8,659,500 |
| Federally funded activities—13.7 FTE positions..... | 1,781,700 |
| W.J. Maxey memorial fund | 45,000 |
| Juvenile accountability incentive block grant—3.0 FTE positions | 2,705,400 |
| Committee on juvenile justice administration—4.0 FTE positions..... | 482,600 |
| Committee on juvenile justice grants | 5,000,000 |
| GROSS APPROPRIATION..... | \$ 70,221,900 |
| Appropriated from: | |
| Federal revenues: | |
| Total federal revenues | 11,688,200 |
| Special revenue funds: | |
| Total private revenues | 645,000 |
| Local funds - county payback | 25,488,000 |
| State general fund/general purpose | \$ 32,400,700 |
| Sec. 108. LOCAL OFFICE STAFF AND OPERATIONS | |
| Full-time equated classified positions | 8,004.7 |
| Field staff, salaries and wages—7,863.9 FTE positions | \$ 358,610,500 |
| Contractual services, supplies, and materials | 17,639,400 |
| Medical/psychiatric evaluations | 4,300,000 |
| Donated funds positions—11.0 FTE positions..... | 762,300 |
| Training and program support—41.0 FTE positions..... | 6,337,700 |
| Food stamp reinvestment—78.8 FTE positions | 11,365,300 |
| Wayne County gifts and bequests..... | 100,000 |
| Volunteer services and reimbursement | 1,544,900 |
| SSI advocates—10.0 FTE positions | 833,300 |
| GROSS APPROPRIATION..... | \$ 401,493,400 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|--------------------------------------------------------------------------|----------------|
| Appropriated from: | |
| IDG from DCH - medical services administration | 923,600 |
| ADJUSTED GROSS APPROPRIATION | \$ 400,569,800 |
| Appropriated from: | |
| Federal revenues: | |
| Total federal revenues | 250,018,900 |
| Special revenue funds: | |
| Local funds - donated funds..... | 205,800 |
| Private funds - donated funds..... | 163,000 |
| Private funds - hospital contributions..... | 2,929,700 |
| Private funds - Wayne County gifts | 100,000 |
| Supplemental security income recoveries..... | 833,300 |
| State general fund/general purpose | \$ 146,319,100 |
| Sec. 109. DISABILITY DETERMINATION SERVICES | |
| Full-time equated classified positions.....568.4 | |
| Disability determination operations—545.9 FTE positions | \$ 76,411,800 |
| Medical consultation program—18.4 FTE positions | 2,850,600 |
| Retirement disability determination—4.1 FTE positions | 820,800 |
| GROSS APPROPRIATION..... | \$ 80,083,200 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG from DMB - office of retirement systems | 1,109,800 |
| ADJUSTED GROSS APPROPRIATION | \$ 78,973,400 |
| Appropriated from: | |
| Federal revenues: | |
| Total federal revenues | 76,094,100 |
| State general fund/general purpose | \$ 2,879,300 |
| Sec. 110. CENTRAL SUPPORT ACCOUNTS | |
| Rent | \$ 44,016,700 |
| Occupancy charge | 11,431,800 |
| Travel..... | 5,603,500 |
| Equipment..... | 145,300 |
| Worker's compensation | 4,279,000 |
| Advisory commissions | 17,900 |
| Human resources optimization user charges..... | 561,000 |
| Payroll taxes and fringe benefits | 217,242,000 |
| GROSS APPROPRIATION..... | \$ 283,297,200 |
| Appropriated from: | |
| IDG from DCH - medical services administration | 405,800 |
| ADJUSTED GROSS APPROPRIATION | \$ 282,891,400 |
| Appropriated from: | |
| Federal revenues: | |
| Total federal revenues | 184,017,400 |
| Special revenue funds: | |
| Local funds - county payback | 304,400 |
| State general fund/general purpose | \$ 98,569,600 |
| Sec. 111. OFFICE OF CHILDREN AND ADULT LICENSING | |
| Full-time equated classified positions.....208.0 | |
| AFC, children's welfare and day care licensure—208.0 FTE positions | \$ 21,754,300 |
| GROSS APPROPRIATION..... | \$ 21,754,300 |
| Appropriated from: | |
| Federal revenues: | |
| Total federal revenues | 11,458,000 |
| Special revenue funds: | |
| Restricted - licensing fees..... | 620,900 |
| Restricted - health fees and collections | 111,200 |
| State general fund/general purpose | \$ 9,564,200 |

For Fiscal Year
Ending Sept. 30,
2006

Sec. 112. PUBLIC ASSISTANCE

| | |
|---------------------------------------------------------------|-------------------------|
| Family independence program | \$ 392,121,800 |
| State disability assistance payments | 34,589,600 |
| Food assistance program benefits | 1,218,740,900 |
| State supplementation | 59,535,200 |
| State supplementation administration | 2,493,200 |
| Low-income home energy assistance program | 116,467,700 |
| Food bank council of Michigan emergency food provisions | 525,000 |
| Homeless shelter contracts | 11,646,700 |
| Multicultural assimilation funding | 1,715,500 |
| Indigent burial | 5,909,300 |
| Emergency services local office allocations | 21,865,500 |
| Day care services | 465,438,600 |
| GROSS APPROPRIATION | \$ 2,331,049,000 |

Appropriated from:

Federal revenues:

| | |
|------------------------------|---------------|
| Total federal revenues | 1,821,543,200 |
|------------------------------|---------------|

Special revenue funds:

| | |
|-----------------------------------------------|----------------|
| Child support collections | 47,710,700 |
| Supplemental security income recoveries | 9,104,800 |
| Public assistance recoupment revenue | 2,500,000 |
| State general fund/general purpose | \$ 450,190,300 |

Sec. 113. INFORMATION TECHNOLOGY

| | |
|----------------------------------------------------|-----------------------|
| Information technology services and projects | \$ 80,253,300 |
| Child support automation | 71,143,300 |
| GROSS APPROPRIATION | \$ 151,396,600 |

Appropriated from:

Interdepartmental grant revenues:

Appropriated from:

Federal revenues:

| | |
|------------------------------|-------------|
| Total federal revenues | 113,045,200 |
|------------------------------|-------------|

Special revenue funds:

| | |
|--------------------------------------------|---------------|
| Total other state restricted revenue | 6,100,000 |
| State general fund/general purpose | \$ 32,251,400 |

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 2005-2006 is \$1,152,438,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2005-2006 is \$90,607,800.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF HUMAN SERVICES

PERMANENCY FOR CHILDREN

| | |
|--------------------------------|---------------|
| Child care fund. | \$ 85,218,400 |
| County juvenile officers | 3,269,100 |

OPPORTUNITY FOR ADULTS TO LIVE AND WORK IN THE COMMUNITY

| | |
|--------------------------------|----------------------|
| State disability program | 2,120,300 |
| TOTAL | \$ 90,607,800 |

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) "AFC" means adult foster care.
- (b) "Department" means the department of human services.
- (c) "FTE" means full-time equated.
- (d) "GED" means general educational development.

(e) "Temporary assistance for needy families" or "TANF" or "title IV-A" means part A of title IV of the social security act, 42 USC 601 to 604, 605 to 608, and 609 to 619.

(f) "Title IV-D" means part D of title IV of the social security act, 42 USC 651 to 655, and 656 to 669b.

(g) "Title IV-E" means part E of title IV of the social security act, 42 USC 670 to 673, 673b to 679, and 679b.

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

(2) The state budget director 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 appropriations committees and the senate and house fiscal agencies and policy offices on the number of exceptions to the hiring freeze approved during the previous month and the reasons to justify the exception.

Sec. 207. At least 60 days before beginning any effort to privatize services, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. Sanctions, suspensions, conditions for provisional license status, and other penalties shall not be more stringent for private service providers than for public entities performing equivalent or similar services. Private service providers or licensees shall not be granted preferential treatment or deemed automatically in compliance with administrative rules based on whether they have collective bargaining agreements with direct care workers. Private service providers or licensees without collective bargaining agreements shall not be subjected to additional requirements or conditions of licensure based on their lack of such collective bargaining agreements. 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 9 months.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This shall include transmission of reports via electronic mail, including a link to the Internet site, to the recipients identified for each reporting requirement, or it may include placement of reports on the Internet or Intranet site. On an annual basis, the department shall provide a cumulative listing of the reports to the house and senate appropriations subcommittees and the house and senate fiscal agencies and policy offices.

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 value.

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. 212. 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 or current year revenues that are in excess of the authorized amount.

Sec. 213. (1) The department may retain all of the state's share of food assistance overissuance collections as an offset to general fund/general purpose costs. Retained collections shall be applied against federal funds deductions in all appropriation units where department costs related to the investigation and recoupment of food assistance overissuances are incurred. Retained collections in excess of such costs shall be applied against the federal funds deducted in the executive operations appropriation unit.

(2) The department shall report to the legislature during the senate and house budget hearings on the status of the food stamp error rate. The report shall include at least all of the following:

(a) An update on federal sanctions and federal requirements for reinvestment due to the food stamp error rate.

(b) Review of the status of training for employees who administer the food assistance program.

(c) An outline of the past year's monthly status of worker to food stamp cases and monthly status of worker to food stamp applications.

(d) Information detailing the effect and change in staffing due to the early retirement option.

(e) Corrective action through policy, rules, and programming being taken to reduce the food stamp error rate.

(f) Any other information regarding the food stamp error rate, including information pertaining to technology and computer applications used for the food assistance program.

Sec. 214. (1) The department shall submit a report to the chairpersons of the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget director on the details of allocations within program budgeting line items and within the salaries and wages line items in all appropriation units. The report shall include a listing, by account, dollar amount, and fund source, of salaries and wages; longevity and insurance; retirement; contractual services, supplies, and materials; equipment; travel; and grants within each program line item appropriated for the fiscal year ending September 30, 2006.

(2) On a bimonthly basis, the department shall report on the number of FTEs in pay status by type of staff.

Sec. 215. (1) If a legislative objective of this act or the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, cannot be implemented without loss of federal financial participation because implementation would conflict with or violate federal regulations, the department shall notify the state budget director, the house and senate appropriations committees, and the house and senate fiscal agencies and policy offices of that fact.

(2) The department shall provide the senate and house appropriation subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget director with the citation and a copy of any federal statute, regulation, policy, or directive that the department determines presents a conflict as described in subsection (1). The department shall apply for any available waiver or relief from federal requirements or sanctions that would allow it to comply with state law without federal penalty.

Sec. 217. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2006 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 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 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. 218. (1) The department shall prepare a semiannual report on the TANF federal block grant. The report shall include projected expenditures for the current fiscal year, an accounting of any previous year funds carried forward, and a summary of all interdepartmental or interagency agreements relating to the use of TANF funds. The report shall be forwarded to the state budget director and the house and senate appropriations subcommittees on the department budget and the house and senate fiscal agencies and policy offices within 10 days after presentation of the executive budget and within 10 days after the May consensus revenue estimating conference.

(2) The state budget director shall give prior written notice to the members of the house and senate appropriations subcommittees for the department and to the house and senate fiscal agencies and policy offices of any proposed changes in utilization or distribution of TANF funding or the distribution of TANF maintenance of effort spending relative to the amounts reflected in the annual appropriations acts of all state agencies where TANF funding is appropriated. The written notice shall be given not less than 30 days before any changes being made in the funding allocations. This prior notice requirement also applies to new plans submitted in response to federal TANF reauthorization or replacement by an equivalent federal law.

Sec. 220. (1) In contracting with faith-based organizations for mentoring or supportive services, and in all contracts for services, the department shall ensure that no funds provided directly to institutions or organizations to provide services and administer programs shall be used or expended for any sectarian activity, including sectarian worship, instruction, or proselytization.

(2) If an individual requests the service and has an objection to the religious character of the institution or organization from which the individual receives or would receive services or assistance, the department shall provide the individual within a reasonable time after the date of the objection with assistance or services and which are substantially the same as the service the individual would have received from the organization.

(3) The department shall ensure that faith-based organizations are able to apply and compete for services, programs, or contracts that they are qualified and suitable to fulfill. The department shall not disqualify faith-based organizations solely on the basis of the religious nature of their organization or their guiding principles or statements of faith.

(4) The department shall follow guidelines related to faith-based involvement established in 42 USC 604a.

Sec. 221. If the revenue collected by the department from private and local sources exceeds the amount spent from amounts appropriated in part 1, the revenue may be carried forward, with approval from the state budget director, into the subsequent fiscal year.

Sec. 223. The department shall make a determination of Medicaid eligibility not later than 60 days after all information to make the determination is received from the applicant when disability is an eligibility factor. For all other Medicaid applicants, the department shall make a determination of Medicaid eligibility not later than 45 days after all information to make the determination is received from the applicant.

Sec. 224. The department shall approve or deny a Medicaid application for a patient of a nursing home within 45 days after the receipt of the necessary information.

Sec. 225. The department shall develop a rapid redetermination process for nursing home residents whose Medicaid stay is greater than 90 days. This process shall be implemented not later than January 1, 2006.

Sec. 227. The department, with the approval of the state budget director, is authorized to realign sources of financing authorizations in order to maximize temporary assistance for needy families' maintenance of effort countable expenditures. This realignment of financing shall not be made until 15 days after notifying the chairs of the house and senate appropriations subcommittees on the department budget and house and senate fiscal agencies, and shall not produce an increase or decrease in any line-item expenditure authorization.

Sec. 259. (1) 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. User fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

(2) During the annual budget presentation, the department shall report on the interagency agreement with the department of information technology to the senate and house appropriations subcommittees for the department budget, house and senate fiscal agencies, and policy offices. The report shall include the base service priorities in the agreement including, but not limited to, the following:

(a) Name and description of base service.

(b) Detail goals and objectives related to each base service.

(c) Cost of each base service.

(d) Time frame for implementation or completion of base service.

(e) Impact, if any, on caseload management by local office staff, and on service to individual or family clients in local offices.

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. The department, in conjunction with the county department of human services boards of directors and the department of management and budget, shall develop a plan to restructure local offices. This plan shall include an emphasis on maximization of service while maintaining a reduction in administrative cost. Duplication of services shall be identified and solutions to remove the duplication shall be detailed in the plan. Any plan presented shall ensure that the department provides a presence and services in every county. The plan shall be submitted to the senate and house appropriations subcommittees for the department budget by January 15, 2006 and shall include an implementation date during the 2005-2006 fiscal year. The savings resulting from this plan may be allocated to the counties generating the savings to fund additional frontline workers at the county office level and additional staff to reduce wait time for Medicaid eligibility determinations.

Sec. 262. The department, in conjunction with county department of human services boards of directors and the department of management and budget, shall develop a plan to assist local services delivery effectiveness and efficiency by maximizing use of state resources while responding to unique needs in geographic regions of the state. It is the intent of the legislature that the savings resulting from this plan beyond the \$832,100.00 reduction imposed in part 1 from the field staff, salaries and wages line item be allocated to county offices to fund additional frontline workers. The department shall submit a detailed consolidation plan to the house and senate appropriations subcommittees for the department budget by January 1, 2006.

Sec. 264. The department shall not take disciplinary action against an employee for communicating with a member of the legislature or his or her staff.

Sec. 269. If title IV-D-related child support collections are escheated, the state budget director is authorized to adjust the sources of financing for the funds appropriated in part 1 for legal support contracts to reduce federal authorization by 66% of the escheated amount and increase general fund/general purpose authorization by the same amount. This budget adjustment is required to offset the loss of federal revenue due to the escheated amount being counted as title IV-D program income in accordance with federal regulations at 45 CFR 304.50.

Sec. 270. (1) The department shall develop a plan to provide client-centered results-oriented programs and services for each of the following programs:

- (a) Day care assistance.
- (b) Family independence program.
- (c) Adoption subsidy.
- (d) Foster care.
- (e) Juvenile justice services.

(2) The plan shall include detailed information to be compiled on an annual basis by the department on the following for each program listed in subsection (1):

- (a) The average cost per recipient served by the program.
- (b) Measurable performance indicators for each program.
- (c) Desired outcomes or results and goals for each program that can be measured on an annual basis, or desired results for a defined number of years.
- (d) Monitored results for each program.
- (e) Innovations for each program that may include savings or reductions in administrative costs.

(3) During the annual budget presentation, the department shall provide the senate and house appropriations subcommittees on the department budget the information listed in subsection (2).

Sec. 271. (1) The department shall report to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees on human services, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director on the progress of child and family services reviews (CFSR). The reviews, conducted in the state by the children's bureau of the United States department of health and human services, are intended to assess the department's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115, with the ultimate goal of improving the state child welfare system and the safety, permanency, and child and family service outcomes to children and families. The report shall be submitted October 1, January 1, April 1, and July 1.

(2) The report required under subsection (1) shall include the findings and progress of all of the following:

- (a) Changes made by the courts with respect to court forms and court rules to meet the statutory requirement.
- (b) Department policy changes within the areas of foster care, juvenile justice, and adoption to meet the statutory requirements.
- (c) Recommendations made by a workgroup composed of department and other agency stakeholders.
- (d) A summary of the 7 systemic factors that determine the state's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115.
- (e) A summary of the 7 data outcome indicators used to determine the state's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115, including the length of time required to achieve family reunification for foster care cases.
- (f) Federal recommendations made to the state, including recommendations to the courts.
- (g) Federal penalties assessed against the state for noncompliance.
- (h) Status of the performance improvement plan submitted to the federal government.

Sec. 272. (1) The department shall report to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees on human services, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director on the result of the title IV-E foster care eligibility reviews. The reviews, conducted in the state by the United States department of health and human services, are intended to assess the department's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115, ensuring the department's case files and payments records meet federal regulations, including standards on eligibility for placement reimbursement and the allowable payment rate. The report shall be submitted October 1, January 1, April 1, and July 1.

(2) The report required under subsection (1) shall include the findings and progress of all of the following:

- (a) Training programs conducted by the department, the child welfare institute, the Michigan judicial institute, and any private agencies that have been authorized to provide training.
- (b) Changes made by the courts on court forms and rules used in meeting the statutory requirements.
- (c) Department policy changes that impact meeting the statutory requirements for foster care and adoption, including juvenile justice programs.
- (d) Recommendations made by a department workgroup composed of representatives from the department and other departments and agencies.

- (e) Federal recommendations submitted to the state, including recommendations to the courts.
- (f) Federal penalties assessed against the state.

Sec. 273. (1) The department shall report no later than October 1, 2005 on each specific policy change made to implement enacted legislation to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees on human services, and the senate and house fiscal agencies and policy offices.

(2) On an annual basis, the department shall provide a cumulative list of all policy changes in the following areas: child welfare services, child support, work first, work requirements, adult and child safety, local staff program responsibilities, and day care. The list shall be distributed to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees dealing with human services, and the senate and house fiscal agencies and policy offices.

(3) Not later than July 1, 2006, the department shall report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget director the annual regulatory plan submitted to the state office of administrative hearings and rules pursuant to section 53 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.253. The annual regulatory reform plan shall not include proposals for rule promulgation that exceed the statutory authority granted to the department.

(4) Funds for the preparation of the regulatory reform plan shall be provided solely in section 102 of the funds appropriated in part 1. Funds appropriated in part 1 shall not be used to prepare regulatory plans or promulgate rules that would exceed statutory authority granted to the department. If the department fails to provide statutory authority and additional information for its regulatory reform plan pursuant to section 39(1) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.239, no funds shall be expended for the further preparation of that plan or the promulgation of rules in that plan.

(5) Funds appropriated in part 1 shall not be used to prepare regulatory plans or promulgate rules that fail to reduce the disproportionate economic impact on small businesses pursuant to section 40 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.240.

(6) Funds appropriated in part 1 shall not be used to prepare regulatory plans or promulgate rules that would grant preferences to private providers of services based on whether they had collective bargaining agreements with workers.

Sec. 274. The department shall report to the house and senate appropriations subcommittees on the department budget, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director as part of the annual budget presentation on each federal grant this state was eligible to apply for, listing both grants applied for and not applied for. This report will cover grants exceeding \$100,000.00, related to fatherhood and marriage initiatives, teen pregnancy prevention, kinship care, before- and after-school programs, family preservation and prevention, homeless prevention, and youth in transition.

Sec. 278. (1) The department shall contract with 1 or more private consulting firms for revenue maximization services for all caseload services currently provided by the department. A contract under this section shall specify that the contractor locate waste, fraud, error, and abuse within the department's services and programs.

(2) A contractor shall not charge the department a fee for services provided under subsection (1). However, a contractor shall receive a negotiated percentage of the savings not to exceed 33.3% of the gross savings achieved from implementation of a recommendation made by the contractor under this section.

(3) The department shall retain up to \$5,000,000.00 of savings achieved through the revenue maximization services contract as an offset to general fund/general purpose costs. Additional savings shall be allocated within the department for the following purposes:

- (a) Technology programs that help maintain an effective and efficient computer system for caseworkers.
- (b) Additional staff in order to reduce worker-to-case ratios.

(4) The department shall provide a report to the senate and house appropriations subcommittees on the department budget, senate and house standing committees on human services matters, senate and house fiscal agencies and policy offices, and state budget director by December 31, 2005 on the waste, fraud, error, and abuse located under subsection (1). By April 1, 2006, the department shall provide a progress report including the specific changes implemented to achieve savings under this section and the timetable for implementation of the remaining changes.

Sec. 279. All contracts relating to human services entered into or renewed by the department on or after October 1, 2005 shall be performance-based contracts that employ a client-centered results-oriented process that is based on measurable performance indicators and desired outcomes and includes the annual assessment of the quality of services provided. During the annual budget presentation, the department shall provide the senate and house appropriations subcommittees on the department budget with the measurable performance indicators, desired outcomes, and the assessment of the quality of services provided for each contract relating to human services entered into by the department during fiscal year 2005-2006.

Sec. 280. The department shall submit a report to the house and senate appropriations subcommittees for the department budget, the house and senate fiscal agencies, the house and senate policy offices, and the state budget director by February 1, 2006 on the status of the department's information technology improvement initiatives. The report shall include details on the following:

- (a) The amounts expended during the previous fiscal year and the first quarter of the current fiscal year by project.

(b) The amounts of appropriations carried forward from previous fiscal years for information technology improvement projects.

(c) A narrative describing the projects and activities undertaken during the previous fiscal year and during the first quarter of the current fiscal year.

EXECUTIVE OPERATIONS

Sec. 301. Not later than September 30 of each year, the department shall submit for public hearing to the chairpersons of the house and senate appropriations subcommittees dealing with appropriations for the department budget the proposed use and distribution plan for community services block grant funds appropriated in part 1 for the succeeding fiscal year.

Sec. 302. The department shall develop a plan based on recommendations from the department of civil rights and from Native American organizations to assure that the community services block grant funds are equitably distributed. The plan must be developed by October 31, 2005, and the plan shall be delivered to the appropriations subcommittees on the department budget in the senate and house, the senate and house fiscal agencies, and the state budget director.

Sec. 303. (1) Of the funds appropriated in part 1 for community services block grants, \$2,350,000.00 represents TANF funding earmarked for community action agencies.

(2) In addition to the money referred to in subsection (1), the department shall award up to \$500,000.00 in competitive grants to organizations based on their education and outreach with the earned income tax credit (EITC). Organizations shall be given preference based on their emphasis on clients who have never filed for the EITC, clients with children, and clients for whom receipt of the EITC will make it easier for them to move off public assistance.

(3) In addition to the money referred to in subsection (1), the department shall award up to \$250,000.00 in competitive grants to organizations that seek to provide programs combining education on the EITC with programs building skills for strong marriages, fatherhood, or parenting.

Sec. 304. From funds appropriated in part 1 for demonstration projects, the department shall expend up to \$78,500.00 in TANF to fund a school-based crisis intervention demonstration project in Pontiac.

ADULT AND FAMILY SERVICES (SELF-SUFFICIENCY)

Sec. 415. (1) In expending money appropriated in part 1 for the fatherhood initiative, the department may contract with independent contractors from various counties, including, but not limited to, faith-based and nonprofit organizations. The independent contractors shall provide at least 10% in matching funds, through any combination of local, state, or federal funds or in-kind or other donations. An independent contractor that cannot secure matching funds shall not be excluded from consideration for the fatherhood program.

(2) The department may choose providers that will work with counties to help eligible fathers under TANF guidelines to acquire skills that will enable them to increase their responsible behavior toward their children and the mothers of their children. An increase of financial support for their children should be a very high priority as well as emotional support.

(3) A fatherhood initiative program established under this section shall minimally include at least 3 of the following components: promoting responsible, caring, and effective parenting through counseling; mentoring and parental education; enhancing the abilities and commitment of unemployed or low-income fathers to provide material support for their families and to avoid or leave welfare programs by assisting them to take advantage of job search programs, job training, and education to improve their work habits and work skills; improving fathers' ability to effectively manage family business affairs by means such as education, counseling, and mentoring in household matters; infant care; effective communication and respect; anger management; children's financial support; and drug-free lifestyle.

(4) The department is authorized to make allocations of TANF funds, of not more than 20% per county, under this section only to agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements.

(5) Upon receipt of the promotion of responsible fatherhood funds from the United States department of health and human services, the department shall use the program criteria set forth in subsection (3) to implement the program with the federal funds.

Sec. 416. (1) In expending money appropriated in part 1 for the marriage initiative, the department may contract with independent contractors from various counties, including, but not limited to, faith-based and nonprofit organizations. The independent contractors shall provide at least 10% in matching funds, through any combination of local, state, or federal funds or in-kind or other donations. An independent contractor that cannot secure matching funds shall not be excluded from consideration for a marriage initiative program.

(2) The department may choose providers to work with counties that will work to support and strengthen marriages of those eligible under the TANF guidelines. The areas of work may include, but are not limited to, marital counseling, domestic violence counseling, family counseling, effective communication, and anger management as well as parenting skills to improve the family structure.

(3) A marriage initiative program established under this section may include, but is not limited to, 1 or more of the following: public advertising campaigns on the value of marriage and the skills needed to increase marital stability and

health; education in high schools on the value of marriage, relationship skills, and budgeting; premarital, marital, family, and domestic violence counseling; effective communication; marriage mentoring programs which use married couples as role models and mentors in at-risk communities; anger management; and parenting skills to improve the family structure.

(4) The department is authorized to make allocations of TANF funds, of not more than 20% per county, under this section only to agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements.

(5) Upon receipt of the healthy marriage promotion grant from the United States department of health and human services, the department shall use the program criteria set forth in subsection (3) to implement the program with the federal funds.

Sec. 418. From the funds appropriated in part 1 for employment and training support services, the department may expand the availability of individual development accounts (IDAs) with \$200,000.00 for allocation to qualified IDA programs established through the Michigan IDA partnership to serve TANF eligible households in Michigan. The Michigan IDA partnership shall encourage each TANF eligible household served to claim the federal earned income tax credit (EITC) and to incorporate all or part of any tax credit received in the household's IDA savings plan, and shall provide the household with information concerning available free tax assistance resources. In addition, the Michigan IDA partnership and its program sites shall participate in community EITC coalitions established under the plan to increase the EITC participation of TANF families referenced in section 666. The same amount shall be appropriated annually to further expand IDA opportunities to low-income families to become more financially self-sufficient through financial education, saving, wise investment in home ownership, postsecondary education, small business development, or a combination of those programs.

Sec. 419. The department in collaboration with the Michigan state university center for urban affairs and its partner organizations, the Michigan credit union league and the national federation of community development credit unions, shall further the work begun in fiscal year 1999-2000 that implemented the individual development accounts programs in the growing number of low-income designated credit unions, i.e., community development credit unions (CDCUs) located in this state's poorest communities. This further work will extend capacity-building and technical assistance services to existing and emerging CDCUs serving low-income populations and will include:

(a) Creation of a Michigan-based support system for the capacity-building of existing and emerging CDCUs serving low-income individuals and families, including development and testing of training, technical assistance, and professional development initiatives and related materials, and other capacity-building services to Michigan CDCUs.

(b) Other related support to assist existing and emerging CDCUs in becoming self-supporting institutions to assist impoverished Michigan residents in becoming economically independent.

(c) Training and technical assistance to CDCUs in the development of support services, such as economic literacy, credit counseling, budget counseling, and asset management programs for low-income individuals and families.

Sec. 420. From the funds appropriated in part 1 for employment and training support services, the department may allocate \$40,000.00 in TANF for welfare to career innovation grants to replicate the Kent County model with Cascade engineering.

Sec. 421. The department shall allow private nationally accredited foster care and adoption agencies to conduct their own staff training, based on current department policies and procedures provided that the agency trainer and training materials are accredited by the department, and that the agency documents to the department that the training was provided. The department shall provide access to any training materials requested by the private agencies to facilitate this training. The intent of the legislature is to reduce training and travel costs for both the department and the private agencies.

Sec. 423. (1) From the money appropriated in part 1 for food for the elderly, the department shall allocate money to assist the state's elderly population to participate in the food assistance program. The money may be used as state matching funds to acquire available United States department of agriculture funding to provide outreach program activities, such as eligibility screening and information services, as part of a statewide food stamp helpline.

(2) The department may accept any private money that may be donated to the department to support food stamp outreach efforts in this state. The department shall request a waiver from the United States department of agriculture to permit the donated private money to be used as a match to obtain additional federal food stamp outreach funds from the United States department of agriculture. The department shall use both the private donated money and any federal match funds that may be available as a result of the donated money to contract for additional outreach services as authorized by the department's United States department of agriculture-approved food stamp outreach plan.

(3) The department shall make available \$25,000.00 for a food stamp error rate reduction project in Muskegon County and \$25,000.00 for a food stamp error rate reduction project in Kent County.

Sec. 424. Of the funds appropriated in part 1 for employment and training, \$200,000.00 in TANF funds may be used for the effective family formation program by the child and family resource council in Kent County for the purpose of instructing unwed parents in developing family formation and sustaining behaviors.

CHILD AND FAMILY SERVICES (PERMANENCY FOR CHILDREN)

Sec. 501. The following goal is established by state law. During fiscal year 2005-2006, not more than 3,000 children supervised by the department shall remain in foster care longer than 24 months. The department shall give priority to reducing the number of children under 1 year of age in foster care. By January 15, 2006, the department shall report to the senate and house appropriations subcommittees for the department budget, the senate and house fiscal agencies and policy offices, and the state budget director on the number of children supervised by the department and by private agencies who remain in foster care between 12 and 24 months, and those who remain in foster care longer than 24 months.

Sec. 502. From the funds appropriated in part 1 for foster care, the department shall provide 50% reimbursement to Indian tribal governments for foster care expenditures for children who are under the jurisdiction of Indian tribal courts and who are not otherwise eligible for federal foster care cost sharing.

Sec. 503. The department shall continue adoption subsidy payments to families after the eighteenth birthday of an adoptee who meets the following criteria:

- (a) Has not yet graduated from high school or passed a high school equivalency examination.
- (b) Is making progress toward completing high school.
- (c) Has not yet reached his or her nineteenth birthday.
- (d) Is not eligible for federal supplemental security income (SSI) payments.

Sec. 504. The department's ability to satisfy appropriation deducts in part 1 for foster care private collections shall not be limited to collections and accruals pertaining to services provided only in the current fiscal year but shall include revenues collected during the fiscal year in excess of the amount specified in part 1.

Sec. 508. (1) In addition to the amount appropriated in part 1 for children's trust fund grants, money granted or money received as gifts or donations to the children's trust fund created by 1982 PA 249, MCL 21.171 to 21.172, is appropriated for expenditure in an amount not to exceed \$800,000.00.

(2) The state child abuse and neglect prevention board may initiate a joint project with another state agency to the extent that the project supports the programmatic goals of both the state child abuse and neglect prevention board and the state agency. The department may invoice the state agency for shared costs of a joint project in an amount authorized by the state agency, and the state child abuse and neglect prevention board may receive and expend funds for shared costs of a joint project in addition to those authorized by part 1.

(3) From the funds appropriated in part 1 for children's trust fund, the department may utilize interest and investment revenue from the current fiscal year only for programs, administration, services, or all sanctioned by the child abuse and neglect prevention board.

Sec. 509. (1) From the funds appropriated in part 1, the department shall not expend funds to preserve or reunite a family, unless there is a court order requiring the preservation or reuniting of the family or the court denies the petition, if either of the following would result:

- (a) A child would be living in the same household with a parent or other adult who has been convicted of criminal sexual conduct against a child.
- (b) A child would be living in the same household with a parent or other adult against whom there is a substantiated charge of sexual abuse against a child.

(2) Notwithstanding subsection (1), this section shall not prohibit counseling or other services provided by the department, if the service is not directed toward influencing the child to remain in an abusive environment, justifying the actions of the abuser, or reuniting the family.

Sec. 510. The department shall not be required to put up for bids contracts with service providers if currently only 1 provider in the service area exists.

Sec. 513. The department shall not expend funds appropriated in part 1 to pay for the placement of a child in an out-of-state facility unless all of the following conditions are met:

- (a) There is no appropriate placement available in this state within 100 miles of the child's home, while an out-of-state placement does exist within 100 miles of the child's home.
- (b) The out-of-state facility meets all of the licensing standards of this state for a comparable facility.
- (c) The out-of-state facility meets all of the applicable licensing standards of the state in which it is located.
- (d) The department has done an on-site visit to the out-of-state facility, reviewed the facility records, and reviewed licensing records and reports on the facility and believes that the facility is an appropriate placement for the child.

Sec. 514. The department shall make a comprehensive report concerning children's protective services (CPS) to the legislature, including the senate and house policy offices and the state budget director, by January 1, 2006, that shall include all of the following:

- (a) Statistical information including, at a minimum, all of the following:
 - (i) The total number of reports of abuse or neglect investigated under the child protection law, 1975 PA 238, MCL 722.621 to 722.638, and the number of cases classified under category I or category II and the number of cases classified under category III, category IV, or category V.

(ii) Characteristics of perpetrators of abuse or neglect and the child victims, such as age, relationship, socioeconomic status, race, and ethnicity and whether the perpetrator exposed the child victim to criminal drug activity, including the manufacture of illicit drugs, that exposed the child victim to significant health and environmental hazards.

(iii) The mandatory reporter category in which the individual who made the report fits, or other categorization if the individual is not within a group required to report under the child protection law, 1975 PA 238, MCL 722.621 to 722.638.

(b) New policies related to children's protective services including, but not limited to, major policy changes and court decisions affecting the children's protective services system during the immediately preceding 12-month period.

(c) The number of cases in category III closed during the time period covered by the report categorized as follows:

(i) Transfer to foster care.

(ii) Risk of further child abuse or neglect has been reduced to an acceptable level.

(d) The department policy, or changes to the department policy, regarding termination of parental rights or foster placement for children who have been exposed to the production of illicit drugs in their dwelling place or a place frequented by the children.

Sec. 515. From the funds appropriated in part 1 for foster care payments and Wayne County foster care payments and related administrative costs, the department shall implement a performance based managed care approach to contracting for foster care services with private, nonprofit agencies. The goal of these contracts shall be to provide incentives for agencies to improve the process of placing children in permanent placements and reducing the time children spend in foster care. The department shall report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget office on this foster care permanency program and make recommendations for program expansion to all the counties of this state no later than August 30, 2006. The department shall develop these recommendations with sufficient detail that permanency programs may be implemented as soon as possible after September 30, 2006.

Sec. 517. (1) From the funds appropriated in part 1, the department is authorized to allocate funds to multipurpose collaborative bodies to address issues raised in the Binsfeld children's commission report issued in July 1996. Priority for activities and services will be given to at-risk children and families and cases classified by the department as category III or category IV under sections 8 and 8d of the child protection law, 1975 PA 238, MCL 722.628 and 722.628d.

(2) Funds appropriated in part 1 for zero to three may be used to fund community-based collaborative prevention services designed to do any of the following:

(a) Foster positive parenting skills especially for parents of children under 3 years of age.

(b) Improve parent/child interaction.

(c) Promote access to needed community services.

(d) Increase local capacity to serve families at risk.

(e) Improve school readiness.

(f) Support healthy family environments that discourage alcohol, tobacco, and other drug use.

(3) The appropriation provided for in subsection (2) is to fund secondary prevention programs as defined in the children's trust fund's preapplication materials for fiscal year 2005-2006 direct services grants.

(4) Projects funded through the appropriation provided for in subsection (2) shall meet all of the following criteria:

(a) Be awarded through a joint request for proposal process established by the department in conjunction with the children's trust fund and the state human services directors.

(b) Be secondary prevention initiatives. Funds are not intended to be expended in cases in which neglect or abuse has been substantiated.

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

(d) Provide a 25% local match of which not more than 10% is in-kind goods or services unless the maximum percentage is waived by the state human services directors.

(5) As used in this section, "state human services directors" means the director of the department of community health, the director of the department of education, and the director of the department.

Sec. 523. (1) From the funds appropriated in part 1 for youth in transition, domestic violence prevention and treatment, and teenage parent counseling, the department is authorized to make allocations of TANF funds only to the agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements.

(2) The agencies receiving teenage parent counseling TANF funds shall report to the department on both of the following:

(a) Whether program services have impacted the following issue areas:

(i) The number of teen participants having fewer repeat pregnancies.

(ii) The completion rate for high school diplomas or GEDs.

(iii) The teen participants' rate of self-sufficiency.

(iv) The number of father participants.

(b) How many teens participate in the programs and have access to any or all of the following services:

(i) Adult supervised, supportive living arrangements.

(ii) Pregnancy prevention services or referrals.

(iii) Required completion of high school or receipt of GED, including child care to assist young mothers to focus on achievement.

(iv) Support services, including, but not limited to, health care, transportation, and counseling.

(v) Parenting and life-skills training.

(vi) Education, job training, and employment services.

(vii) Transition services in order to achieve self-sufficiency.

(viii) Instruction on self-protection.

(3) Agencies receiving teenage parent counseling funds shall provide at least 10% in matching funds, through any combination of local, state, or federal funds or in-kind or other donations.

Sec. 524. The department shall report on prevention programs for which funds are appropriated in part 1 to the senate and house appropriations subcommittees on the department budget during the annual budget presentation. The report shall contain all of the following for each program:

(a) The average cost per recipient served.

(b) Measurable performance indicators.

(c) Desired outcomes or results and goals that can be measured on an annual basis, or desired results for a defined number of years.

(d) Monitored results.

(e) Innovations that may include savings or reductions in administrative costs.

Sec. 531. (1) From the funds appropriated in part 1, the department shall make claims for and pay to local units of government a portion of federal title IV-E revenues earned as a result of eligible costs incurred by local units of government.

(2) The department shall make payments under subsection (1) only to local units of government that have entered into formal agreements with the department. The agreement must include all of the following:

(a) Provide for the department to retain 50% of the federal revenues earned.

(b) Provide for department review and approval of the local unit's plan for allocating costs to title IV-E.

(c) Provide for the local unit of government to submit bills at times, and in the format, specified by the department.

(d) Specify that the local unit of government is responsible for meeting all federal title IV-E regulation requirements, including reporting requirements, with regard to the activities and costs being billed to title IV-E.

(e) Provide for the local unit of government to pay the state for the amount of any federal revenues paid to the local unit that may subsequently be disallowed by the federal government.

(f) Be signed by the director of the department, the chief executive officer of the local government agency providing the title IV-E services, the chair of the county board of commissioners, and the chief executive officer of the county.

Sec. 532. (1) The department, in collaboration with representatives of private child and family agencies, shall continue to review policies, practices, and procedures involving the annual licensing review and the annual contract compliance review conducted by the department regarding child placing agencies and child caring institutions. The review shall include efforts to identify duplication of staff activities and information sought from child placing agencies and child caring institutions in the annual review process.

(2) The department shall develop a streamlined licensing contract compliance review process where possible, including potential for utilizing deeming status for nationally accredited agencies. The department shall report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget director on or before January 15, 2006 on the implementation of the licensing and contract compliance review process.

Sec. 533. (1) The department shall make payments to private nonprofit child placing facilities for title IV-E out-of-home care services within 30 days of receiving all necessary documentation from those agencies.

(2) The department shall explore various types of automated payments to private nonprofit child placing facilities to improve speed and accuracy of payments.

Sec. 536. The department shall not implement a geographically based assignment system for foster care unless determined to be in the best interests of the foster children.

Sec. 537. (1) The department shall offer private nonprofit licensed agencies the first opportunity to provide foster care services for new foster children entering the system in a county when the department's direct care caseload for foster care is greater than 20 cases per foster care worker. This section only applies if the private nonprofit licensed agency has an available placement at the time the child needs to be placed, the placement is not contrary to the best interests of the child or the child's siblings, and the private nonprofit licensed agency has a direct care caseload for foster care that is no greater than 20 cases per foster care caseworker.

(2) The department, in conjunction with private child placing agencies, shall develop a methodology for measuring goals, objectives, and performance standards for the delivery of foster care and adoption services. These goals,

objectives, and performance standards shall apply to both public and private delivery of child welfare services, and data shall be collected from both private and public child welfare programs that can be used to evaluate performance achievements, including, but not limited to, the following:

- (a) Average caseload per foster care worker.
- (b) Average cost per case to the department and any other governmental agency.
- (c) Range of services provided.
- (d) Program outcomes, including the average length of stay in residential treatment and foster care.

(3) The department shall submit a quarterly report to the legislature, beginning December 31, 2005, outlining the progress of the development of the goals, objectives, and performance standards, as well as the information collected through the implementation of the measurement program.

(4) The department, in collaboration with child placing agencies, shall develop a strategy for implementing the requirements of MCL 400.115o. As part of the implementation strategy, the department caseworkers responsible for the preparation of recommendations to the court for juvenile placements shall provide, as part of the placement recommendation, information regarding the requirements.

Sec. 539. The department shall work in collaboration with representatives from private nonprofit child placing agencies to ensure appropriate placement for children who have been adjudicated abused, neglected, or delinquent and for whom residential treatment is required. The department and the representatives from the private nonprofit child placing agencies shall focus on statewide placement criteria to address the best interest of the child in need of services. The placement criteria shall include a continuum of care settings and options as appropriate for each child and his or her needs at specific times, including home placements, relative placements, shelter placements, and other options.

Sec. 540. Counties shall be subject to 50% charge-back for the use of alternative regional detention services, if those detention services do not fall under the basic provision of section 117e of the social welfare act, 1939 PA 280, MCL 400.117e, or if a county operates those detention services programs primarily with professional rather than volunteer staff.

Sec. 541. In order to be reimbursed for child care fund expenditures, counties are required to submit department-developed reports to enable the department to document potential federally claimable expenditures. This requirement is in accordance with the reporting requirements specified in section 117a(7) of the social welfare act, 1939 PA 280, MCL 400.117a.

Sec. 542. As a condition of receiving funds appropriated in part 1 for the child care fund, by February 15, 2006, counties shall have an approved service spending plan for the fiscal year ending September 30, 2006. Counties must submit the service spending plan to the department by December 15, 2005 for approval.

Sec. 544. The department shall consider approval of pilot projects with applications pending for accelerated residential treatment.

Sec. 545. (1) The department shall implement a new specialized foster care system based upon the report and recommendations required in section 545(2) of 2004 PA 344.

(2) The department shall report to the senate and house appropriations subcommittees for the department budget on the number of new specialized foster care programs required under section 545(3) of 2004 PA 344 not later than January 15, 2006. If no new specialized foster care programs have been authorized, the department shall provide an explanation, a list of all applicants who applied but were denied, and a strategic plan to provide for new specialized foster care programs.

(3) The department shall use money appropriated in part 1 for foster care payments and Wayne County foster care payments to reduce rate disparities between providers of similar services in different geographic areas and to serve as demonstration projects for further efforts in reducing these disparities in future years.

Sec. 548. (1) The director of the department shall convene a task force to study the disproportionate representation of African-American and other children of color in the child welfare and juvenile justice systems of this state. The department shall collaborate with private sector entities to develop a methodology for the task force to follow in conducting the study and to seek public or private funding for the task force. At a minimum, the task force shall examine the level of involvement of African-American and other children of color at each stage in the systems, including the points of entry and each point at which a treatment decision is made and the outcomes for children exiting the systems.

(2) The task force convened under subsection (1) shall consist of experts in social work, law, child welfare, psychology, or related fields, and shall be appointed as follows:

- (a) Two members appointed by the senate majority leader.
- (b) Two members appointed by the speaker of the house.
- (c) Three members appointed by the governor, including a representative of the department.

(3) The task force created under subsection (1) shall report to the department on the results of the study required by subsection (1) and make administrative and legislative recommendations for appropriate program services to reduce existing disparities and bias in the systems and improve the long-term outcomes for children of color who are served by the systems.

(4) By December 31, 2006, the department shall report the results of the study received under subsection (3) to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees with jurisdiction over families and human services issues, the senate and house fiscal agencies and policy offices, and the state budget office.

Sec. 549. The department shall meet with personnel employed by the office of the children's ombudsman and the state court administrative office's foster care review board to investigate streamlining the oversight process for child welfare services. The intent of the legislature is to ensure appropriate and adequate oversight while reducing duplication and redundancy between government offices.

Sec. 550. (1) The department shall develop, in cooperation with the department of community health or other appropriate medical or health experts, materials for distribution to foster care parents and families on the health risks to children from use of tobacco and secondhand smoke.

(2) The department, using public and private resources, shall implement a pilot program to offer foster care parents nicotine patches or other smoking cessation products to reduce the health risk to foster children.

(3) The department shall report to the senate and house appropriations subcommittees for the department budget on the results of the pilot program implemented under subsection (2) not later than September 30, 2006.

Sec. 551. The department shall submit a report not later than September 30, 2006 to the senate and house appropriations subcommittees on the department budget that includes the number of children in foster homes where parents smoke, the subsequent health costs incurred, and what the impact would be on foster care recruitment if being a nonsmoker was a requirement for foster parenting.

Sec. 552. (1) The director of the department shall convene a task force to be known as the interdepartmental task force on services to at-risk youth transitioning to adulthood. The task force shall perform all of the following with respect to services to at-risk youth:

(a) Assess currently available services.

(b) Determine the extent of coordination and cooperation among currently available programs and services administered by the department and by other departments and agencies of this state.

(c) Identify methods to enhance coordination of current services delivery.

(d) Identify potential available public and private resources and services.

(e) Develop a plan to ensure that all current public and private resources and services are effectively organized and available.

(f) Recommend actions to enhance services.

(2) The director of the department shall seek participation on the task force created under subsection (1) from all of the following:

(a) The director of the department of community health or the director's designee.

(b) The director of the department of labor and economic growth or the director's designee.

(c) The superintendent of public instruction or the superintendent's designee.

(d) The state court administrator or his or her designee.

(e) The association for children's mental health.

(f) The children's chapter of the courts of Michigan.

(g) The Michigan probate judges association.

(h) The Michigan community mental health boards.

(i) Fight crime: invest in kids – Michigan.

(j) The Michigan association of school administrators.

(k) The Michigan association of united ways.

(l) The Michigan council on crime and delinquency.

(m) The Michigan federation for children and families.

(n) The Michigan network for youth and families.

(o) Michigan's children.

(p) The school–community health alliance of Michigan.

(q) The student advocacy center of Michigan.

(r) The Skillman foundation.

(s) The W.K. Kellogg foundation.

(t) The C.S. Mott foundation.

(u) The Frey foundation.

(v) The Annie E. Casey foundation.

(w) Youth and adults who are currently or were formerly served by 1 or more services provided by the department to at-risk youth.

(x) Representatives of faith-based organizations.

(3) By June 30, 2006, the task force created under subsection (1) shall report to the department. The report shall include the task force findings, assessments, plan, and recommendations under subsection (2).

(4) By September 30, 2006, the department shall provide to the senate and house of representatives standing committees with primary jurisdiction over human service matters, the senate and house of representatives appropriations subcommittees for the department budget, the senate and house fiscal agencies and policy offices, and the state budget office the task force's report under subsection (3) and identify any actions the department has taken or intends to take as a result of the report.

PUBLIC ASSISTANCE (ADULTS LIVE AND WORK IN THE COMMUNITY)

Sec. 601. (1) The department may terminate a vendor payment for shelter upon written notice from the appropriate local unit of government that a recipient's rental unit is not in compliance with applicable local housing codes or when the landlord is delinquent on property tax payments. A landlord shall be considered to be in compliance with local housing codes when the department receives from the landlord a signed statement stating that the rental unit is in compliance with local housing codes and that statement is not contradicted by the recipient and the local housing authority. The department shall terminate vendor payments if a taxing authority notifies the department that taxes are delinquent.

(2) Whenever a client agrees to the release of his or her name and address to the local housing authority, the department shall request from the local housing authority information regarding whether the housing unit for which vendoring has been requested meets applicable local housing codes. Vendoring shall be terminated for those units that the local authority indicates in writing do not meet local housing codes until such time as the local authority indicates in writing that local housing codes have been met.

(3) In order to participate in the rent vendoring programs of the department, a landlord shall cooperate in weatherization and conservation efforts directed by the department or by an energy provider participating in an agreement with the department when the landlord's property has been identified as needing services.

Sec. 603. (1) The department, as it determines is appropriate, shall enter into agreements with energy providers by which cash assistance recipients and the energy providers agree to permit the department to make direct payments to the energy providers on behalf of the recipient. The payments may include heat and electric payment requirements from recipient grants and amounts in excess of the payment requirements.

(2) The department shall establish caps for natural gas, wood, electric heat service, deliverable fuel heat services, and for electric service based on available federal funds.

(3) The department shall review and adjust the standard utility allowance for the state food assistance program to ensure that it reflects current energy costs in the state.

Sec. 604. (1) The department shall operate a state disability assistance program. Except as provided in subsection (3), persons eligible for this program shall include needy citizens of the United States or aliens exempted from the supplemental security income citizenship requirement who are at least 18 years of age or emancipated minors meeting 1 or more of the following requirements:

(a) A recipient of supplemental security income, social security, or medical assistance due to disability or 65 years of age or older.

(b) A person with a physical or mental impairment which meets federal supplemental security income disability standards, except that the minimum duration of the disability shall be 90 days. Substance abuse alone is not defined as a basis for eligibility.

(c) A resident of an adult foster care facility, a home for the aged, a county infirmary, or a substance abuse treatment center.

(d) A person receiving 30-day postresidential substance abuse treatment.

(e) A person diagnosed as having acquired immunodeficiency syndrome.

(f) A person receiving special education services through the local intermediate school district.

(g) A caretaker of a disabled person as defined in subdivision (a), (b), (e), or (f) above.

(2) Applicants for and recipients of the state disability assistance program shall be considered needy if they:

(a) Meet the same asset test as is applied to applicants for the family independence program.

(b) Have a monthly budgetable income that is less than the payment standards.

(3) Except for a person described in subsection (1)(c) or (d), a person is not disabled for purposes of this section if his or her drug addiction or alcoholism is a contributing factor material to the determination of disability. "Material to the determination of disability" means that, if the person stopped using drugs or alcohol, his or her remaining physical or mental limitations would not be disabling. If his or her remaining physical or mental limitations would be disabling, then the drug addiction or alcoholism is not material to the determination of disability and the person may receive state disability assistance. Such a person must actively participate in a substance abuse treatment program, and the assistance must be paid to a third party or through vendor payments. For purposes of this section, substance abuse treatment includes receipt of inpatient or outpatient services or participation in alcoholics anonymous or a similar program.

(4) A refugee or asylee who loses his or her eligibility for the federal supplemental security income program by virtue of exceeding the maximum time limit for eligibility as delineated in 8 USC 1612 and who otherwise meets the eligibility criteria under this section shall be eligible to receive benefits under the state disability assistance program.

Sec. 605. The level of reimbursement provided to state disability assistance recipients in licensed adult foster care facilities shall be the same as the prevailing supplemental security income rate under the personal care category.

Sec. 606. County family independence agencies shall require each recipient of state disability assistance who has applied with the social security administration for supplemental security income to sign a contract to repay any assistance rendered through the state disability assistance program upon receipt of retroactive supplemental security income benefits.

Sec. 607. The department's ability to satisfy appropriation deductions in part 1 for state disability assistance/supplemental security income recoveries and public assistance recoupment revenues shall not be limited to recoveries and accruals pertaining to state disability assistance, or family independence assistance grant payments provided only in the current fiscal year, but shall include all related net recoveries received during the current fiscal year.

Sec. 608. Adult foster care facilities providing domiciliary care or personal care to residents receiving supplemental security income or homes for the aged serving residents receiving supplemental security income shall not require those residents to reimburse the home or facility for care at rates in excess of those legislatively authorized. To the extent permitted by federal law, adult foster care facilities and homes for the aged serving residents receiving supplemental security income shall not be prohibited from accepting third-party payments in addition to supplemental security income provided that the payments are not for food, clothing, shelter, or result in a reduction in the recipient's supplemental security income payment.

Sec. 609. The state supplementation level under the supplemental security income program for the personal care/adult foster care and home for the aged categories shall not be reduced during the fiscal year beginning October 1, 2005 and ending September 30, 2006.

Sec. 610. In developing good cause criteria for the state emergency relief program, the department shall grant exemptions if the emergency resulted from unexpected expenses related to maintaining or securing employment.

Sec. 611. (1) The department shall not require providers of burial services to accept state payment for indigent burials as payments in full. Each provider shall be permitted to collect additional payment from relatives or other persons on behalf of the deceased. The total in additional payments shall not exceed \$2,600.00.

(2) Any additional payment collected pursuant to subsection (1) shall not increase the maximum charge limit for state payment as established by law.

Sec. 612. For purposes of determining housing affordability eligibility for state emergency relief, a group is considered to have sufficient income to meet ongoing housing expenses if their total housing obligation does not exceed 75% of their total net income.

Sec. 613. From the funds appropriated in part 1 for state emergency relief, the maximum allowable charge limit for indigent burials shall be \$909.00. The funds shall be distributed as follows: \$579.00 for funeral directors; \$192.00 for cemeteries or crematoriums; and \$138.00 for the provider of the vault.

Sec. 614. The funds available in part 1 for burial services shall be available if the deceased was an eligible recipient and an application for emergency relief funds was made within 10 days of the burial or cremation of the deceased person. Each provider of burial services shall be paid directly by the department.

Sec. 615. Except as required by federal law or regulations, funds appropriated in part 1 shall not be used to provide public assistance to a person who is an illegal alien. This section shall not prohibit the department from entering into contracts with food banks or emergency shelter providers who may, as a normal part of doing business, provide food or emergency shelter to individuals.

Sec. 616. The appropriation in part 1 for the weatherization program shall be expended in such a manner that at least 25% of the households weatherized under the program shall be households of families receiving 1 or more of the following:

- (a) Family independence assistance.
- (b) State disability assistance.
- (c) Food assistance.
- (d) Supplemental security income.

Sec. 617. In operating the family independence program with funds appropriated in part 1, the department shall not approve as a minor parent's adult supervised household a living arrangement in which the minor parent lives with his or her partner as the supervising adult.

Sec. 618. The department may only reduce, terminate, or suspend assistance provided under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, without prior notice in 1 or more of the following situations:

- (a) The only eligible recipient has died.
- (b) A recipient member of a program group or family independence assistance group has died.
- (c) A recipient child is removed from his or her family home by court action.
- (d) A recipient requests in writing that his or her assistance be reduced, terminated, or suspended.
- (e) A recipient has been approved to receive assistance in another state.
- (f) A change in either state or federal law that requires automatic grant adjustments for classes of recipients.
- (g) The only eligible recipient in the household has been incarcerated.

Sec. 619. The department shall exempt from the denial of title IV-A assistance and food assistance benefits, contained in 21 USC 862a, any individual who has been convicted of a felony that included the possession, use, or distribution of a controlled substance, after August 22, 1996, provided that the individual is not in violation of his or her probation or parole requirements. Benefits shall be provided to such individuals as follows:

- (a) A third-party payee or vendor shall be required for any cash benefits provided.
- (b) An authorized representative shall be required for food assistance receipt.

Sec. 621. Funds appropriated in part 1 may be used to support multicultural assimilation and support services. The department shall distribute all of the funds described in this section based on assessed community needs.

Sec. 627. (1) From the funds appropriated in part 1 for day care services, the department may contract to administer an amount not to exceed \$1,350,000.00 for the "enhance quality improvement program" (EQUIP) grants. A priority for the expenditure of EQUIP funds shall be given to providers to expand access to child care, specifically 24-hour care, care for children of parents working evening or night shifts, and weekend care. A child care program shall not be eligible for an EQUIP grant unless 25% or more of its clients receive day care payments from the department.

(2) From the funds appropriated in part 1 for day care services, the department may establish an additional fund of at least \$350,000.00 for a grant pool for an "enhance quality improvement program" (EQUIP) specifically to establish new family and group home day care providers.

Sec. 631. The department shall maintain policies and procedures to achieve all of the following:

- (a) The identification of individuals on entry into the system who have a history of domestic violence, while maintaining the confidentiality of that information.
- (b) Referral of persons so identified to counseling and supportive services.
- (c) In accordance with a determination of good cause, the waiving of certain requirements of family independence programs where compliance with those requirements would make it more difficult for the individual to escape domestic violence or would unfairly penalize individuals who have been victims of domestic violence or who are at risk of further domestic violence.

Sec. 635. Within 6 business days of receiving all information necessary to process an application for payments for child day care, the department shall determine whether the child day care provider to whom the payments, if approved, would be made, is listed on the child abuse and neglect central registry. If the provider is listed on the central registry, the department shall immediately send written notice denying the applicant's request for child day care payments.

Sec. 640. (1) From the funds appropriated in part 1 for day care services, the department may continue to provide infant and toddler incentive payments to child day care providers serving children from 0 to 2-1/2 years of age who meet licensing or training requirements.

- (2) The use of the funds under this section should not be considered an ongoing commitment of funding.

Sec. 641. In collaboration with Central Michigan University, the department shall develop and disseminate read, educate, and develop youth (R.E.A.D.Y) kits to parents of preschool and kindergarten children to provide these parents with information about how they can prepare their children for reading success.

Sec. 643. As a condition of receipt of federal TANF funds, homeless shelters shall collaborate with the department to obtain necessary TANF eligibility information on families as soon as possible after admitting a family to the homeless shelter. From the funds appropriated in part 1 for homeless shelter contracts, the department is authorized to make allocations of TANF funds only to the agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. Homeless shelters that do not report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements will not receive reimbursements which exceed the per diem amount they received in fiscal year 2000. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

Sec. 645. An individual or family is considered homeless, for purposes of eligibility for state emergency relief, if living temporarily with others in order to escape domestic violence. For purposes of this section, domestic violence is defined and verified in the same manner as in the department's policies on good cause for not cooperating with child support and paternity requirements.

Sec. 648. From the funds appropriated in part 1 for public assistance, the department may make assistance payments to recipients beyond the 5-year limit set by the personal responsibility and work opportunity reconciliation act of 1996, Public Law 104-193, 110 Stat. 2105, providing the recipient is complying with asset, income, and participation standards set as a condition of eligibility to receive assistance and clearly demonstrates that he or she is making progress in becoming self-sufficient.

Sec. 653. From the funds appropriated in part 1 for food assistance, an individual who is the victim of domestic violence and does not qualify for any other exemption may be exempt from the 3-month in 36-month limit on receiving food assistance under 7 USC 2015. This exemption can be extended an additional 3 months upon demonstration of continuing need.

Sec. 657. (1) The department shall fund a statewide before- or after-school program to provide youth with a safe, engaging environment to motivate and inspire learning outside the traditional classroom setting. Before- or after-school program eligibility is limited to geographic areas near school buildings that do not meet federal no child left behind

annual yearly progress (AYP) requirements and that include the before- or after-school programs in the AYP plans as a means to improve outcomes. Before-school programs are limited to elementary school-aged children. Effective before- or after-school programs combine academic, enrichment, and recreation activities to guide learning and inspire children and youth in various activities. The before- or after-school programs can meet the needs of the communities served by the programs.

(2) The department shall work in collaboration with independent contractors to put into practice a program establishing quality before- or after-school programs for children in kindergarten to ninth grades. In order for an independent contractor to receive TANF funds, a child served must be a member of a family with an income that does not exceed 200% of the federal poverty guidelines published by the United States department of health and human services.

(3) The department shall, through a competitive bid process, provide grants or contracts up to \$5,000,000.00 in TANF funds for the program based on community needs. A county shall receive no more than 20% of the funds appropriated in part 1 for this program. From the funds appropriated in part 1 for before- or after-school programs within day care services, the department is authorized to make allocations of funds only to the agencies that report necessary data to the department for the purpose of meeting TANF and maintenance of effort eligibility reporting requirements. The use of funds under this section should not be considered an ongoing commitment of funding.

(4) The before- or after-school programs shall include academic assistance, including assistance with reading and writing, and at least 3 of the following topics:

- (a) Abstinence-based pregnancy prevention.
- (b) Chemical abuse and dependency including nonmedical services.
- (c) Gang violence prevention.
- (d) Preparation toward future self-sufficiency.
- (e) Leadership development.
- (f) Case management or mentoring.
- (g) Parental involvement.
- (h) Anger management.

(5) The department may enter into grants or contracts with independent contractors including, but not limited to, faith-based organizations, boys or girls clubs, schools, or nonprofit organizations. The department shall grant priority in funding independent contractors who secure at least 25% in matching funds. The matching funds may either be fulfilled through local, state, or federal funds, and/or through in-kind or other donations.

(6) A referral to a program may be made by, but is not limited to, any of the following: a teacher, counselor, parent, police officer, judge, or social worker.

(7) By January 30, 2006, the department before- or after-school program expenditures shall be audited and the department shall work in collaboration with independent contractors to provide a report on the before- or after-school program to the senate and house standing committees dealing with human services, the senate and house appropriations subcommittees for the department budget, the senate and house fiscal agencies, and the senate and house policy offices. The report shall include the number of participants and the average cost per participant, as well as changes noted in program participants in any of the following categories:

- (a) Juvenile crime.
- (b) Aggressive behavior.
- (c) Academic achievement.
- (d) Development of new skills and interests.
- (e) School attendance and dropout rates.
- (f) Behavioral changes in school.

Sec. 660. From the funds appropriated in part 1 for food bank funding, the department is authorized to make allocations of TANF funds only to the agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. The agencies that do not report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements will not receive allocations in excess of those received in fiscal year 2000. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

Sec. 665. The department shall partner with the department of transportation to use TANF and other sources of available funding to support public transportation needs of TANF-eligible individuals. This partnership shall place a priority on transportation needs for employment or seeking employment or medical or health-related transportation.

Sec. 666. The department shall continue efforts to increase the participation of eligible family independence program recipients in the federal earned income tax credit. The department shall report on the efforts to increase participation to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees on human services, the senate and house fiscal agencies and policy offices, and the state budget director no later than December 31, 2005.

Sec. 668. (1) In coordination with the Michigan alliance of boys and girls clubs, the department may expend \$250,000.00 in TANF funds to make allocations for a statewide collaborative project to develop a community-based program available to children ages 6 to 15.

(2) The department shall make allocations of TANF funds under this section only to agencies that report necessary data to the department for the purpose of meeting the TANF eligibility reporting requirements. The use of TANF funds under this section should not be considered an ongoing commitment.

(3) The department shall grant priority in funding to programs that provide at least 10% in matching funds. The matching funds requirement shall be fulfilled through any combination of local, state, or federal funds or in-kind or other donations. A program that cannot meet the matching requirement shall not be excluded from applying for a contract.

Sec. 669. (1) The department shall distribute cash and food assistance to recipients electronically by using debit cards.

(2) The department shall allocate up to \$7,167,500.00 for the annual clothing allowance. The allowance shall be granted to all eligible children as defined by the department.

Sec. 670. The funds appropriated in part 1 for kinship care in the fiscal year ending September 30, 2006 reflect the legislature's commitment to reduce the benefit discrepancy between kinship care and a similar family size within the family independence agency program (FIP). The legislature recognizes the commitment of relatives to provide family continuity, nurturance, and care for this special population of children who can no longer remain in their parents' care due to abuse, neglect, or other social problems.

Sec. 673. The department shall immediately send notification to a client participating in the state child day care program and his or her child day care provider if the client's eligibility is reduced or eliminated.

Sec. 674. The department shall develop and implement a plan to reduce waste, fraud, and abuse within the child day care program, including feasibility for expanding wage match and employer verification, unannounced home call verification at day care sites, compliance with recommendations of the auditor general in the May 2005 performance audit of the child day care and child welfare licensing divisions, and other process changes. Beginning December 31, 2005, the department shall report annually to the senate and house appropriations subcommittees for the department budget, the senate and house fiscal agencies and policy offices, and the state budget director on plan details and implementation status.

Sec. 675. The department shall utilize the most recent market rate survey to explore potential costs to implement a child day care rate structure that more accurately reflects the costs of care by vicinity. By March 1, 2006, the department shall report the results of the analysis to the senate and house subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget office.

Sec. 676. (1) The department shall collaborate with the state board of education to extend the duration of 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.

(2) From the funds appropriated in part 1, \$25,000.00 may be used to support the Michigan after-school partnership and 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 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.

(3) 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 senate and house committees on appropriations, the senate and house fiscal agencies and policy offices, and the state budget director.

Sec. 677. The department shall establish a state goal for the percentage of family independence program (FIP) cases involved in employment activities. The percentage established shall not be less than 50%. On a quarterly basis, the department shall report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget director on the current percentage of FIP cases involved in employment activities. If the FIP case percentage is below the goal for more than 2 consecutive quarters, the department shall develop a plan to increase the percentage of FIP cases involved in employment related activities. The department shall deliver the plan during the next annual budget presentation to the senate and house appropriations subcommittees on the department budget.

Sec. 678. The department shall provide the senate and house of representatives appropriations subcommittees on the department budget with the cost and revenue implications for the early childhood investment corporation (ECIC) at least 3 months before a request for a transfer or supplemental appropriation. Additionally, all contracts entered into shall be bid out through a statewide request-for-proposal process, and the department shall report to the senate and house of representatives appropriations subcommittees on the department budget on the selection criteria for establishing contracts with intermediate school districts at least 30 days prior to the issuance of a request for a proposal. The department shall report to the senate and house of representatives appropriations subcommittees on the department budget by October 1, 2005 at least the following information related to the status of the ECIC:

(a) The cost.

(b) The implementation plan.

- (c) The projected funding sources.
- (d) All contracts entered into by the department.

Sec. 679. By January 1, 2006, the department shall implement 1 pilot program in 4 to 6 of the departmentally recognized shelter areas to assist long-term family independence program recipients to achieve self-sufficiency. The pilot programs shall not include policies that result in weakened exemptions for work participation or weakened sanctions for noncompliance with work requirements. The department shall report, by June 1, 2006, to the house and senate appropriations committees and house and senate fiscal agencies the policies established, the sanctions applied to participants, an assessment of barriers to employment, and services needed to address those barriers. The pilot report shall also include recommendations to reduce the number of recipient caseloads receiving cash assistance for more than 48 months. The pilot shall also include any legislatively enacted changes to sections 57f and 57g of the social welfare act, 1939 PA 280, MCL 400.57f and 400.57g.

JUVENILE JUSTICE SERVICES (REHABILITATION)

Sec. 702. Expansion of facilities funded under part 1 for juvenile justice services shall not be authorized by the joint capital outlay subcommittee of the appropriations committees until the department has held a public hearing in the community where the facility proposed to be expanded is located.

Sec. 705. (1) The department, in conjunction with private juvenile justice residential programs, shall develop a methodology for measuring goals, objectives, and performance standards for the delivery of juvenile justice residential programs. These goals, objectives, and performance standards shall apply to both public and private delivery of juvenile justice residential programs, and data shall be collected from both private and public juvenile justice residential programs that can be used to evaluate performance achievements, including, but not limited to, the following:

- (a) Admission and release data and other information related to demographics of population served.
- (b) Program descriptions and information related to treatment, educational services, and conditions of confinement.
- (c) Program outcomes including recidivism rates for youth served by the facility.

(2) The department during the annual budget presentation shall outline the progress of the development of the goals, objectives, and performance standards, as well as the information collected through the implementation of the performance measurement program. The presentation shall include all of the following:

- (a) Trends in census and population demographics.
- (b) Program outcomes.
- (c) Staff and resident safety.
- (d) Facility profile.
- (e) Fiscal information necessary for qualitative understanding of program operations and comparative costs of public and private facilities.

Sec. 714. (1) The department shall provide technical assistance for counties to develop information networks including, but not limited to, serious habitual offenders comprehensive action program (SHOCAP), juvenile justice on-line technology (JJOLT), and juvenile violent reporting system (JVRS).

(2) The department shall assist counties in identifying funding sources for the networks, including, but not limited to, the child care fund and the juvenile accountability incentive block grant.

(3) The local units of government shall report to the department on expenditures of their juvenile justice information networks in concert with their requests for reimbursement from the child care fund.

(4) The department shall report to the senate and house appropriations subcommittees for the department budget, the senate and house fiscal agencies and policy offices, and the state budget director by January 15, 2006 on department efforts to encourage county information networks development described in subsection (1).

Sec. 715. (1) It is the intent of the legislature that the primary function of the juvenile justice system shall be to promote the protection of individuals and communities through the reduction of juvenile crime.

(2) The department shall report to the senate and house appropriations subcommittees for the department budget, the senate and house fiscal agencies and policy offices, and the state budget director by October 30, 2005 on the status of implementing recommendations of the 2001 joint house and senate task force on juvenile justice, including, but not limited to, the following:

- (a) Mentoring programs that focus on improving communication and collaboration, encourage quality mentoring programs, recruitment of mentors, and increasing public awareness of and participation in programs for at-risk youth.
- (b) Discussion of programs relating to juvenile information networks as an Internet-based communication tool that assists with case management of juvenile offenders in the area.
- (c) Discussion of the possibility of implementing a program modeled after the "Wisconsin citizenship initiative" to collaborate with the before- or after-school programs offered under the authority of this act.
- (d) Exploration of the option of a summit conducted via the Internet to discuss measures relating to the prevention and intervention of at-risk youth.
- (e) Discussion of California's "8% early intervention" program that focuses on aggressive early intervention and treatment of young, high at-risk juvenile offenders and their families.

- (f) Multisystem therapy.
- (g) Youth service projects.
- (h) Community services projects.

Sec. 719. The department shall notify the legislature at least 30 days before closing or making any change in the status of a state juvenile justice facility.

Sec. 720. (1) The goal of high security juvenile services funded in part 1 shall be to protect the general public from dangerous juvenile offenders while providing rehabilitation services to those offenders to safely prepare them for entry into society.

(2) The department shall take into consideration the recommendations on a methodology for measuring goals, objectives, and performance standards developed in conjunction with private providers of juvenile justice residential programs required in section 705 of 2004 PA 344.

(3) The department shall allocate money to public and private providers of high security juvenile services based on their ability to demonstrate results in all of the following:

- (a) Lower recidivism rates.
- (b) Higher school completion rates or GED completion rates.
- (c) Shorter average stays in a residential facility.
- (d) Lower average cost per resident.
- (e) Availability of appropriate services to residents.

(4) The department shall comply with section 115o of the social welfare act, 1939 PA 280, MCL 400.115o, regarding placement of juvenile offenders, and shall refer to that statutory requirement in making referral recommendations to courts for secure residential programs.

(5) The department shall require, if possible and practical, that aftercare services for a juvenile offender be provided by the same organization or provider that provided residential care for that juvenile.

Sec. 721. (1) The goal of medium or low security juvenile services shall be effective treatment of juvenile offenders to safely prepare them for entry into society.

(2) The department shall allocate money to public and private providers of medium or low security juvenile services based on their ability to demonstrate results in all of the following:

- (a) Reduced rates of recidivism.
- (b) Higher rates of high school or GED completion.
- (c) Shorter average stays in a residential facility.
- (d) Availability of appropriate services to residents.

(3) The department shall comply with section 115o of the social welfare act, 1939 PA 280, MCL 400.115o, regarding the placement of juvenile offenders, and shall refer to that statutory requirement in making referral recommendations to courts for residential treatment programs.

(4) The department shall require, if possible and practical, that aftercare services for a juvenile offender be provided by the same program or provider that provided treatment for the juvenile in residential care.

Sec. 722. (1) The goal of juvenile justice day programs shall be the effective treatment and rehabilitation of juvenile offenders in appropriate community settings.

(2) The department shall allocate money to public and private providers of juvenile justice day programs based on their ability to demonstrate results in all of the following:

- (a) Reduced rates of recidivism.
- (b) Higher rates of high school or GED completion.
- (c) Availability of appropriate services to offenders.

Sec. 723. A provider of juvenile services may receive funding for services of different security levels if the provider has appropriate services for each security level and adequate measures to separate residents of each security level.

LOCAL OFFICE SERVICES

Sec. 750. The department shall maintain out-stationed eligibility specialists in community-based organizations and hospitals in the same locations as in fiscal year 2003-2004.

Sec. 751. (1) From the funds appropriated in part 1, the department shall implement school-based family resource centers based on the following guidelines:

- (a) The center is supported by the local school district.
- (b) The programs and information provided at the center do not conflict with sections 1169, 1507, and 1507b of the revised school code, 1976 PA 451, MCL 380.1169, 380.1507, and 380.1507b.
- (c) Notwithstanding subdivision (b), the center shall provide information regarding crisis pregnancy centers or adoption service providers in the area.

(2) The department shall notify the senate and house subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget office of family resource center expansion efforts and shall provide all of the following at the beginning of the selection process or no later than 5 days after eligible schools receive opportunity notification:

- (a) A list of eligible schools.

- (b) The selection criteria to be used.
- (c) The projected number to be opened.
- (d) The financial implications for expansion, including funding sources.

Sec. 753. The department shall implement the recommendations of the 2004 public private partnership initiative's training committee to define, design, and implement a train-the-trainer program to certify private agency staff to deliver child welfare staff training, explore the use of e-learning technologies, and include consumers in the design and implementation of training. The intent of the legislature is to reduce training and travel costs for both the department and the private agencies. The department shall report no later than December 1, 2005 on each specific policy change made to implement enacted legislation and the plans to implement the recommendations, including time lines, to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees on human services matters, the senate and house fiscal agencies and policy offices, and the state budget director.

DISABILITY DETERMINATION SERVICES

Sec. 801. The department disability determination services in agreement with the department of management and budget office of retirement systems will develop the medical information and make recommendations for medical disability retirement for state employees, state police, judges, and school teachers.

CHILD SUPPORT ENFORCEMENT

Sec. 901. (1) From the federal money received for child support incentive payments, up to \$15,397,400.00 shall be retained by the state and expended for legal support contracts and child support program expenses.

(2) If the child support incentive payment to the state from the federal government is less than was paid in fiscal year 2000-2001, the payment to counties shall be prorated in a like percentage amount reflecting reduced revenue.

(3) If the child support incentive payment to the state from the federal government is greater than that amount retained by the state in subsection (1), the funds above the amount retained in subsection (1) shall be paid to the counties in a proportionate distribution similar to the local match supplement paid in fiscal year 2003-2004.

(4) If the child support payment to the state from the federal government is greater than the amount retained by the state in subsection (1) plus the amount necessary to pay counties a local match supplement equal to that paid in fiscal year 2003-2004, the additional funds shall be subject to appropriation by the legislature.

(5) The department may, if cost beneficial to the state and counties, withhold from submitting to the federal office of child support administrative expenses eligible for federal financial participation. The department may recoup earned, but unclaimed, federal funds from the resulting increased federal child support incentive. The recoupment by the department shall be made prior to distribution of the increased incentive to the counties. Any incentive funds retained by the state under this section shall be separate and apart from incentive funds retained in any other section of this act.

Sec. 902. (1) Of the funds appropriated in part 1 for the child support computer system (MiCSES), \$17,800,000.00 shall be used to fix and improve the system. This shall be in addition to funds appropriated for the maintenance and operation of the system. This appropriation assumes the collection of \$6,100,000.00 in new restricted funds from the child support arrearage settlement program, and federal matching funds of \$11,700,000.00.

(2) The department shall consult with the department of treasury and any outside consultant with collections expertise under contract with the department of treasury to develop a plan to maximize the collection of child support and child support arrearage settlement for the purposes of this section.

(3) If collections from the revenue sources identified to fix and improve the system fall short of the money appropriated in subsection (1), the department shall reduce expenditures to match those collections.

(4) If collections from the state restricted revenue sources identified to fix and improve the system exceed the amount appropriated in subsection (1) and paid to the federal government, by a sum greater than \$610,000.00, the revenue above \$6,710,000.00 shall be allocated to counties to restore funding for legal support contracts. If collections from the restricted revenue sources and payments to the federal government exceed \$7,140,767.00, the department and representatives from counties and the friends of court shall meet and agree upon recommendations for use of the additional revenue. The additional revenue shall be subject to appropriation by the legislature.

(5) The department, through the child support leadership group, shall provide quarterly reports to the legislature concerning money expended and improvements made as a result of this section.

(6) Unexpended funds for child support automation improvements at the end of the fiscal year are intended to be carried forward for continued work on improvements. These funds 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. 903. The department may facilitate with the department of community health a program under which the departments independently or jointly contract with local friend of the court offices to update and maintain the child support statewide database with health insurance information in cases in which the court has ordered a party to the case to maintain health insurance coverage for the minor child or children involved in the case and to assist in the recovery of money paid by the state for health care costs that are otherwise recoverable from a party to the case. The program shall be in addition to a program or programs under existing contract between either or both of the departments with

a private entity on September 1, 2005. The program shall be entirely funded with state and federal funds from money first recovered or through costs that are avoided by charging the insurance coverage for minor children from state programs to private insurance.

Sec. 904. The department is prohibited from charging back to the counties any of the fees paid that are charged by the internal revenue service or the department of treasury related to the tax intercept and offset programs. The state share of those fees shall be paid from money otherwise provided for office of child support programs.

Sec. 905. Of the funds appropriated in part 1 for child support collections, \$1,000,000.00 shall be allocated to counties for the local match for friend of the court services legal support contracts and to payments to county prosecutors for related legal services.

OFFICE OF CHILDREN AND ADULT LICENSING

Sec. 1001. The department shall assess fees in the licensing and regulation of child care organizations as defined in 1973 PA 116, MCL 722.111 to 722.128, and adult foster care facilities as defined in the adult foster care facility licensing act, 1979 PA 218, MCL 400.701 to 400.737. Fees collected by the department shall be used exclusively for the purpose of licensing and regulating child care organizations and adult foster care facilities.

Sec. 1002. The department shall furnish the clerk of the house, the secretary of the senate, the senate and house fiscal agencies and policy offices, the state budget office, and all members of the house and senate appropriations committees with a summary of any evaluation reports and subsequent approvals or disapprovals of juvenile residential facilities operated by the department, as required by section 6 of 1973 PA 116, MCL 722.116. If no evaluations are conducted during the fiscal year, the department shall notify the fiscal agencies and all members of the appropriate subcommittees of the house and senate appropriations committees.

Sec. 1003. If federal funds become available to support a lead testing program, the department shall, before issuing a license for a day care facility and as part of licensing review and facility inspection, require documentation verifying that the facility has been inspected for lead hazards and that any lead hazards identified have been remediated.

Sec. 1005. The department shall develop a plan for a performance based licensing system. The plan shall include an approach that emphasizes site visits for new licensees and licensees with violations or filed complaints and random, but not required, site visits for licensees who have been in business for 5 years or more with no violations or filed complaints. The plan shall direct the licensing staff and field consultants to prioritize resources and site reviews on new licensees and those with documented complaints. The plan shall include an implementation date for fiscal year 2005-2006 and be submitted, by January 31, 2006, to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget director.

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 human services and certain state purposes related to public welfare services for the fiscal year ending September 30, 2006; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; and to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, and officers.

Bill Hardiman
Thomas M. George
Martha G. Scott
Conferees for the Senate

Rick Shaffer
Roger Kahn
Chris Kolb
Conferees for the House

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

Senate Bill No. 272, 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, 2006; 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 Senate has adopted the report of the Committee of Conference and ordered that the bill be given immediate effect.

The Conference Report was read as follows:

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **Senate Bill No. 272, 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, 2006; 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, civil service, information technology, management and budget, state, and treasury, the executive office, and the legislative branch for the fiscal year ending September 30, 2006; 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, civil service, 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, 2006, 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 | 48.0 | |
| Full-time equated classified positions | 7,061.4 | |
| GROSS APPROPRIATION..... | | \$ 2,914,403,600 |
| Interdepartmental grant revenues: | | |
| Total interdepartmental grants and intradepartmental transfers | 573,818,400 | |
| ADJUSTED GROSS APPROPRIATION | | \$ 2,340,585,200 |
| Federal revenues: | | |
| Total federal revenues | 52,977,000 | |
| Special revenue funds: | | |
| Total local revenues | 2,725,400 | |
| Total private revenues | 550,100 | |
| Total other state restricted revenues | 1,687,569,800 | |
| State general fund/general purpose | | \$ 596,762,900 |

Sec. 102. DEPARTMENT OF ATTORNEY GENERAL

(1) APPROPRIATION SUMMARY

| | | |
|----------------------------------------------------------------------|------------|----------------------|
| Full-time equated unclassified positions | 6.0 | |
| Full-time equated classified positions | 560.0 | |
| GROSS APPROPRIATION..... | | \$ 64,720,400 |
| Interdepartmental grant revenues: | | |
| Total interdepartmental grants and intradepartmental transfers | 13,408,400 | |
| ADJUSTED GROSS APPROPRIATION | | \$ 51,312,000 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|--------------------------------------------------------------------|---------------------------------------------|
| Federal revenues: | |
| Total federal revenues | 8,799,400 |
| Special revenue funds: | |
| Total local revenues | 0 |
| Total private revenues | 0 |
| Total other state restricted revenues | 11,011,400 |
| State general fund/general purpose | \$ 31,501,200 |
| (2) ATTORNEY GENERAL OPERATIONS | |
| Full-time equated unclassified positions | 6.0 |
| Full-time equated classified positions | 560.0 |
| Attorney general | 124,900 |
| Unclassified positions—5.0 FTE positions..... | 476,300 |
| Attorney general operations—520.0 FTE positions..... | 58,975,800 |
| Child support enforcement—25.0 FTE positions..... | 2,336,400 |
| Prosecuting attorneys coordinating council—15.0 FTE positions..... | 1,780,100 |
| PACC, training project | 325,000 |
| GROSS APPROPRIATION..... | \$ 64,018,500 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG from MDCH, health services..... | 1,690,200 |
| IDG from MDHS | 2,928,000 |
| IDG from MDLEG, financial and insurance services..... | 1,016,100 |
| IDG from MDLEG, public utility assessments..... | 1,869,300 |
| IDG from MDMB, risk management revolving fund..... | 1,256,800 |
| IDG from MDOT, comprehensive transportation fund | 145,900 |
| IDG from MDOT, state aeronautics fund | 144,000 |
| IDG from MDOT, state trunkline fund..... | 2,861,400 |
| IDG from MDSP, Michigan justice training fund..... | 325,000 |
| IDG from Michigan gaming control board..... | 931,700 |
| IDG from treasury, land reutilization fund..... | 240,000 |
| Federal revenues: | |
| DAG, state administrative match grant/food stamps | 368,800 |
| DED-OPSE, student loan, federal lender allowance..... | 304,600 |
| DOL-ETA, unemployment insurance | 1,488,100 |
| DOL-OSHA, occupational safety and health..... | 261,300 |
| EPA, multiple grants | 267,100 |
| Federal funds | 2,049,800 |
| HHS, medical assistance, medigant | 597,400 |
| HHS-OS, state Medicaid fraud control units | 3,462,300 |
| Special revenue funds: | |
| Antitrust enforcement collections..... | 595,600 |
| Attorney general's operations fund | 797,300 |
| Auto repair facilities fees..... | 214,500 |
| Collections revenue..... | 649,800 |
| Corporate fees and security fees | 140,300 |
| Environmental response fund..... | 723,300 |
| Franchise fees | 268,800 |
| Game and fish protection fund..... | 704,600 |
| Liquor purchase revolving fund | 943,400 |
| Manufactured housing fees | 209,200 |
| Michigan state housing development authority fees..... | 525,300 |
| Oil and gas privilege fee revenue..... | 159,500 |
| Prisoner reimbursement..... | 421,800 |
| Prosecuting attorneys training fees..... | 340,000 |
| Real estate enforcement fund..... | 226,000 |
| Retirement funds..... | 694,300 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|----------------------------------------------------------------------|---------------------------------------------|
| Second injury fund..... | 951,000 |
| Self-insurers security fund..... | 160,500 |
| Silicosis and dust disease fund..... | 490,800 |
| State building authority revenue | 90,100 |
| State hospital authority | 340,000 |
| State lottery fund | 228,000 |
| Tobacco settlement trust fund | 386,800 |
| Utility consumers fund..... | 513,100 |
| Waterways fund | 92,000 |
| Worker’s compensation administrative revolving fund..... | 145,400 |
| State general fund/general purpose | \$ 30,799,300 |
| (3) INFORMATION TECHNOLOGY | |
| Information technology services and projects | \$ 701,900 |
| GROSS APPROPRIATION..... | \$ 701,900 |
| Appropriated from: | |
| State general fund/general purpose | \$ 701,900 |
| 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..... | \$ 13,158,500 |
| Interdepartmental grant revenues: | |
| Total interdepartmental grants and intradepartmental transfers | 0 |
| ADJUSTED GROSS APPROPRIATION | \$ 13,158,500 |
| Federal revenues: | |
| Total federal revenues | 1,049,800 |
| Special revenue funds: | |
| Total local revenues | 0 |
| Total private revenues | 0 |
| Total other state restricted revenues | 0 |
| State general fund/general purpose | \$ 12,108,700 |
| (2) CIVIL RIGHTS OPERATIONS | |
| Full-time equated unclassified positions..... | 5.0 |
| Full-time equated classified positions..... | 136.0 |
| Unclassified positions—5.0 FTE positions..... | 264,100 |
| Civil rights operations—136.0 FTE positions | 12,110,300 |
| Human resources optimization user charges..... | 29,500 |
| GROSS APPROPRIATION..... | \$ 12,403,900 |
| Appropriated from: | |
| Federal revenues: | |
| EEOC, state and local antidiscrimination agency contracts..... | 650,000 |
| HUD, grant | 399,800 |
| State general fund/general purpose | \$ 11,354,100 |
| (3) INFORMATION TECHNOLOGY | |
| Information technology services and projects | \$ 754,600 |
| GROSS APPROPRIATION..... | \$ 754,600 |
| Appropriated from: | |
| State general fund/general purpose | \$ 754,600 |
| Sec. 104. DEPARTMENT OF CIVIL SERVICE | |
| (1) APPROPRIATION SUMMARY | |
| Full-time equated classified positions..... | 240.5 |
| GROSS APPROPRIATION..... | \$ 35,941,600 |
| Interdepartmental grant revenues: | |
| Total interdepartmental grants and intradepartmental transfers | 5,670,900 |
| ADJUSTED GROSS APPROPRIATION | \$ 30,270,700 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|----------------------------------------------------------------------------|---------------------------------------------|
| Federal revenues: | |
| Total federal revenues | 4,779,100 |
| Special revenue funds: | |
| Total local revenues | 1,700,000 |
| Total private revenues | 150,000 |
| Total other state restricted revenues | 16,539,200 |
| State general fund/general purpose | \$ 7,102,400 |
| (2) CIVIL SERVICE OPERATIONS | |
| Full-time equated classified positions.....240.5 | |
| Agency services—109.5 FTE positions..... | 11,151,300 |
| Human resources/administrative support—45.0 FTE positions | 9,195,400 |
| Employee benefits—31.0 FTE positions | 5,660,900 |
| Audit and compliance—25.0 FTE positions..... | 2,845,600 |
| Training | 1,300,000 |
| Human resources optimization—30.0 FTE positions..... | 2,000,000 |
| GROSS APPROPRIATION..... | \$ 32,153,200 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG, training charges..... | 1,300,000 |
| IDG, 1% special funds | 1,300,000 |
| IDG, human resources optimization user charges..... | 2,000,000 |
| Federal revenues: | |
| Federal funds 1% | 3,637,100 |
| Special revenue funds: | |
| Local funds 1% | 1,700,000 |
| Private funds 1% | 150,000 |
| Freedom of information fees | 1,100 |
| State restricted funds 1% | 7,274,500 |
| State sponsored group insurance | 2,650,000 |
| State sponsored group insurance, flexible spending accounts and COBRA..... | 5,660,900 |
| State general fund/general purpose | \$ 6,479,600 |
| (3) INFORMATION TECHNOLOGY | |
| Information technology services and projects | \$ 3,788,400 |
| GROSS APPROPRIATION..... | \$ 3,788,400 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG, human resources optimization user charges..... | 1,070,900 |
| Federal revenues: | |
| Federal funds 1% | 1,142,000 |
| Special revenue funds: | |
| State restricted funds 1% | 812,400 |
| State sponsored group insurance, flexible spending accounts and COBRA..... | 140,300 |
| State general fund/general purpose | \$ 622,800 |
| Sec. 105. EXECUTIVE OFFICE | |
| (1) APPROPRIATION SUMMARY | |
| Full-time equated unclassified positions.....10.0 | |
| Full-time equated classified positions.....74.2 | |
| GROSS APPROPRIATION..... | \$ 5,375,500 |
| Interdepartmental grant revenues: | |
| Total interdepartmental grants and intradepartmental transfers | 0 |
| ADJUSTED GROSS APPROPRIATION | \$ 5,375,500 |
| Federal revenues: | |
| Total federal revenues | 0 |
| Special revenue funds: | |
| Total local revenues | 0 |
| Total private revenues | 0 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|----------------------------------------------------------------------|---------------------------------------------|
| Total other state restricted revenues | 0 |
| State general fund/general purpose | \$ 5,375,500 |
| (2) EXECUTIVE OFFICE OPERATIONS | |
| Full-time equated unclassified positions | 10.0 |
| Full-time equated classified positions | 74.2 |
| Governor | 177,000 |
| Lieutenant governor | 123,900 |
| Executive office—74.2 FTE positions | 4,224,800 |
| Unclassified positions—8.0 FTE positions | 849,800 |
| GROSS APPROPRIATION | \$ 5,375,500 |
| Appropriated from: | |
| State general fund/general purpose | \$ 5,375,500 |
| Sec. 106. DEPARTMENT OF INFORMATION TECHNOLOGY | |
| (1) APPROPRIATION SUMMARY | |
| Full-time equated unclassified positions | 6.0 |
| Full-time equated classified positions | 1,760.4 |
| GROSS APPROPRIATION | \$ 365,194,400 |
| Interdepartmental grant revenues: | |
| Total interdepartmental grants and intradepartmental transfers | 365,194,400 |
| 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 | 1,760.4 |
| Unclassified positions—6.0 FTE positions | 300,000 |
| Enterprisewide services—75.0 FTE positions | 24,062,500 |
| Health and human services—775.6 FTE positions | 203,164,200 |
| Education services—38.9 FTE positions | 3,070,600 |
| Public protection—300.0 FTE positions | 33,644,500 |
| Resources services—171.1 FTE positions | 16,961,000 |
| Transportation services—107.0 FTE positions | 27,353,300 |
| General services—292.8 FTE positions | 56,638,300 |
| GROSS APPROPRIATION | \$ 365,194,400 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG from department of agriculture | 1,475,600 |
| IDG from department of attorney general | 718,300 |
| IDG from department of civil rights | 754,600 |
| IDG from department of civil service | 3,800,400 |
| IDG from department of community health | 30,468,800 |
| IDG from department of corrections | 14,076,000 |
| IDG from department of education | 2,532,900 |
| IDG from department of environmental quality | 6,814,800 |
| IDG from Michigan gaming control board | 1,143,500 |
| IDG from department of history, arts, and libraries | 808,600 |
| IDG from department of human services | 133,619,800 |
| IDG from department of labor and economic growth | 42,486,200 |
| IDG from bureau of state lottery | 4,397,000 |
| IDG from department of management and budget | 25,268,900 |
| IDG from department of military and veterans affairs | 1,119,300 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|----------------------------------------------------------------------|---------------------------------------------|
| IDG from department of natural resources | 8,846,000 |
| IDG from department of state | 22,225,500 |
| IDG from department of state police..... | 20,894,900 |
| IDG from department of transportation..... | 27,460,400 |
| IDG from department of treasury..... | 16,282,900 |
| State general fund/general purpose | \$ 0 |
| Sec. 107. LEGISLATURE | |
| (1) APPROPRIATION SUMMARY | |
| GROSS APPROPRIATION..... | \$ 129,731,900 |
| Interdepartmental grant revenues: | |
| Total interdepartmental grants and intradepartmental transfers | 2,301,500 |
| ADJUSTED GROSS APPROPRIATION | \$ 127,430,400 |
| Federal revenues: | |
| Total federal revenues | 0 |
| Special revenue funds: | |
| Total local revenues | 0 |
| Total private revenues | 400,000 |
| Total other state restricted revenues | 2,356,500 |
| State general fund/general purpose | \$ 124,673,900 |
| (2) LEGISLATURE | |
| Senate | \$ 29,543,100 |
| Senate automated data processing | 2,618,000 |
| Senate fiscal agency..... | 3,144,400 |
| House of representatives | 45,743,200 |
| House automated data processing..... | 2,079,200 |
| House fiscal agency | 3,042,600 |
| Legislative auditor general..... | 15,977,500 |
| GROSS APPROPRIATION..... | \$ 102,148,000 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG from department of corrections | 500,000 |
| 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: | |
| Construction lien fund..... | 7,200 |
| Contract audit administration fees..... | 52,700 |
| Correctional industries revolving fund | 31,300 |
| Game and fish protection fund | 21,400 |
| Marine safety fund..... | 1,900 |
| Michigan economic development corporation | 41,200 |
| Michigan education trust fund..... | 30,000 |
| Michigan state fair revolving fund..... | 33,000 |
| Michigan state housing development authority fees | 22,100 |
| Michigan strategic fund | 37,500 |
| Michigan veterans' trust fund | 24,400 |
| Motor transport revolving fund | 4,700 |
| Office services revolving fund | 6,800 |
| State services fee fund | 926,900 |
| Waterways fund | 5,600 |
| State general fund/general purpose | \$ 98,599,800 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|----------------------------------------------------------------------|-----------------------|
| (3) LEGISLATIVE COUNCIL | |
| Legislative council..... | \$ 10,271,900 |
| Legislative service bureau automated data processing | 1,411,700 |
| Worker’s compensation | 136,600 |
| National association dues | 100,500 |
| GROSS APPROPRIATION | \$ 11,920,700 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| Special revenue funds: | |
| Private - gifts and bequests revenues | 400,000 |
| State general fund/general purpose | \$ 11,520,700 |
| (4) LEGISLATIVE RETIREMENT SYSTEM | |
| General nonretirement expenses..... | \$ 4,449,900 |
| GROSS APPROPRIATION | \$ 4,449,900 |
| Appropriated from: | |
| Special revenue funds: | |
| Court fees | 1,109,800 |
| State general fund/general purpose | \$ 3,340,100 |
| (5) PROPERTY MANAGEMENT | |
| Capitol building | \$ 2,305,700 |
| Cora Anderson building | 7,963,400 |
| Farnum building and other properties | 944,200 |
| GROSS APPROPRIATION | \$ 11,213,300 |
| Appropriated from: | |
| State general fund/general purpose | \$ 11,213,300 |
| Sec. 108. DEPARTMENT OF MANAGEMENT AND BUDGET | |
| (1) APPROPRIATION SUMMARY | |
| Full-time equated unclassified positions | 6.0 |
| Full-time equated classified positions | 745.0 |
| GROSS APPROPRIATION | \$ 231,914,100 |
| Interdepartmental grant revenues: | |
| Total interdepartmental grants and intradepartmental transfers | 153,786,800 |
| ADJUSTED GROSS APPROPRIATION | \$ 78,127,300 |
| Federal revenues: | |
| Total federal revenues | 0 |
| Special revenue funds: | |
| Total local revenues | 0 |
| Total private revenues | 0 |
| Total other state restricted revenues | 42,909,400 |
| State general fund/general purpose | \$ 35,217,900 |
| (2) MANAGEMENT AND BUDGET SERVICES | |
| Full-time equated unclassified positions | 5.0 |
| Full-time equated classified positions | 594.5 |
| Unclassified positions—5.0 FTE positions..... | 570,800 |
| Executive operations—21.0 FTE positions..... | 2,351,800 |
| Administrative services—63.5 FTE positions | 6,226,500 |
| Budget and financial management—113.5 FTE positions | 9,849,000 |
| Office of the state employer—24.0 FTE positions | 2,683,500 |
| Design and construction services—40.0 FTE positions | 5,010,100 |
| Business support services—91.5 FTE positions | 7,862,000 |
| Building operation services—241.0 FTE positions | 86,644,700 |
| Building occupancy charges, rent, and utilities | 4,161,700 |
| Human resources optimization user charges..... | 29,500 |
| Motor vehicle fleet..... | 56,574,800 |
| GROSS APPROPRIATION | \$ 181,964,400 |

For Fiscal Year
Ending Sept. 30,
2006

Appropriated from:

Interdepartmental grant revenues:

| | |
|--------------------------------------------------------|------------|
| IDG from MDOT, state aeronautics fund | 31,500 |
| IDG from MDOT, comprehensive transportation fund | 59,800 |
| IDG from MDOT, state trunkline fund..... | 1,173,800 |
| IDG from building occupancy and parking charges | 89,468,800 |
| IDG from department of labor and economic growth..... | 100,000 |
| IDG from motor transport fund..... | 56,574,800 |
| IDG from MDCH..... | 235,000 |
| IDG from user fees | 5,024,900 |

Special revenue funds:

| | |
|------------------------------------------------------------------|---------------|
| Game and fish protection fund..... | 211,100 |
| Health management funds..... | 1,648,100 |
| Marine safety fund..... | 21,100 |
| Special revenue, internal service, and pension trust funds | 8,190,600 |
| State building authority revenue | 560,500 |
| State lottery fund | 110,900 |
| Waterways fund | 49,600 |
| State general fund/general purpose | \$ 18,503,900 |

(3) STATEWIDE APPROPRIATIONS

| | |
|---------------------------------------------|------------|
| Professional development fund - MPES | \$ 125,000 |
| Professional development fund - AFSCME..... | 100,000 |
| GROSS APPROPRIATION..... | \$ 225,000 |

Appropriated from:

Interdepartmental grant revenues:

| | |
|------------------------------------------|---------|
| IDG from employer contributions | 225,000 |
| State general fund/general purpose | \$ 0 |

(4) SPECIAL PROGRAMS

| | |
|--------------------------------------------------------------------------------------------------------------|---------------|
| Full-time equated classified positions | 141.5 |
| Building occupancy charges - property management services for executive/legislative building occupancy | 1,859,500 |
| Retirement services—127.5 FTE positions..... | 15,804,900 |
| Office of children’s ombudsman—14.0 FTE positions..... | 1,334,400 |
| GROSS APPROPRIATION..... | \$ 18,998,800 |

Appropriated from:

Special revenue funds:

| | |
|------------------------------------------|--------------|
| Deferred compensation | 1,505,400 |
| Pension trust funds..... | 14,299,500 |
| State general fund/general purpose | \$ 3,193,900 |

(5) STATE FAIR

| | |
|--------------------------------------------------------|--------------|
| Full-time equated unclassified positions | 1.0 |
| Full-time equated classified positions..... | 9.0 |
| Unclassified positions—1.0 FTE positions..... | 89,200 |
| Michigan state fair operations—9.0 FTE positions | 5,367,800 |
| Michigan state fair information technology..... | 88,800 |
| GROSS APPROPRIATION..... | \$ 5,545,800 |

Appropriated from:

Special revenue funds:

| | |
|--------------------------------------------|-----------|
| State exposition and fairgrounds fund..... | 5,545,800 |
| State general fund/general purpose | \$ 0 |

(6) INFORMATION TECHNOLOGY

| | |
|----------------------------------------------------|---------------|
| Information technology services and projects | \$ 25,180,100 |
| GROSS APPROPRIATION..... | \$ 25,180,100 |

Appropriated from:

Interdepartmental grant revenues:

| | |
|---------------------------------------------|-------|
| IDG from MDOT, state aeronautics fund | 1,100 |
|---------------------------------------------|-------|

| | For Fiscal Year Ending Sept. 30, 2006 |
|----------------------------------------------------------------------|---------------------------------------------|
| IDG from MDOT, comprehensive transportation fund | 2,100 |
| IDG from MDOT, state trunkline fund..... | 47,500 |
| IDG from building occupancy and parking charges | 655,700 |
| 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..... | 4,273,900 |
| Pension trust funds..... | 2,867,000 |
| Special revenue, internal service, and pension trust funds | 3,554,600 |
| State building authority revenue | 9,700 |
| State lottery fund | 4,600 |
| Waterways fund | 2,000 |
| State general fund/general purpose | \$ 13,520,100 |
| 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..... | \$ 197,378,400 |
| Interdepartmental grant revenues: | |
| Total interdepartmental grants and intradepartmental transfers | 20,000,000 |
| ADJUSTED GROSS APPROPRIATION | \$ 177,378,400 |
| Federal revenues: | |
| Total federal revenues | 2,943,300 |
| Special revenue funds: | |
| Total local revenues | 0 |
| Total private revenues | 100 |
| Total other state restricted revenues..... | 160,937,200 |
| State general fund/general purpose | \$ 13,497,800 |
| (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 | 2,575,300 |
| GROSS APPROPRIATION..... | \$ 3,159,400 |
| Appropriated from: | |
| Special revenue funds: | |
| Auto repair facilities fees..... | 57,500 |
| Driver fees | 111,500 |
| Expedient service fees..... | 49,200 |
| Look-up fees..... | 702,800 |
| Parking ticket court fines | 7,800 |
| Personal identification card fees | 11,600 |
| Reinstatement fees - operator licenses | 124,700 |
| Transportation administration collection fund..... | 1,476,900 |
| Vehicle theft prevention fees..... | 33,800 |
| State general fund/general purpose | \$ 583,600 |
| (3) DEPARTMENT SERVICES | |
| Full-time equated classified positions..... | 176.3 |
| Operations—167.8 FTE positions | 23,659,800 |
| Assigned claims assessments—6.5 FTE positions..... | 714,700 |
| Motorcycle safety education administration—2.0 FTE positions | 370,000 |
| Motorcycle safety grants | 1,200,000 |
| GROSS APPROPRIATION..... | \$ 25,944,500 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|-------------------------------------------------------|----------------|
| Appropriated from: | |
| Federal revenues: | |
| Federal funds | 54,300 |
| Special revenue funds: | |
| Abandoned vehicle fees | 650,000 |
| Assigned claims assessments | 714,700 |
| Auto repair facilities fees | 405,000 |
| Child support clearance fees | 33,400 |
| Driver fees | 834,800 |
| Expedient service fees | 242,200 |
| Look-up fees | 7,538,300 |
| Marine safety fund | 72,700 |
| Motorcycle safety fund | 1,570,100 |
| Off-road vehicle title fees | 7,500 |
| Parking ticket court fines | 51,400 |
| Personal identification card fees | 81,000 |
| Reinstatement fees - operator licenses | 523,800 |
| Scrap tire fund | 66,900 |
| Snowmobile registration fee revenue | 17,200 |
| Transportation administration collection fund | 12,818,100 |
| Vehicle theft prevention fees | 237,500 |
| State general fund/general purpose | \$ 25,600 |
| (4) REGULATORY SERVICES | |
| Full-time equated classified positions | 241.1 |
| Operations—241.1 FTE positions | 21,368,700 |
| County clerk education and training fund | 100,000 |
| GROSS APPROPRIATION | \$ 21,468,700 |
| Appropriated from: | |
| Federal revenues: | |
| Federal funds | 98,600 |
| Special revenue funds: | |
| Auto repair facilities fees | 4,468,000 |
| Commercial driver training school fees | 67,800 |
| Driver fees | 1,178,600 |
| Expedient service fees | 32,000 |
| Look-up fees | 4,146,400 |
| Notary education and training fund | 100,000 |
| Notary fee fund | 300,000 |
| Parking ticket court fines | 19,900 |
| Personal identification card fees | 45,900 |
| Reinstatement fees - operator licenses | 1,639,900 |
| Transportation administration collection fund | 7,633,000 |
| Vehicle theft prevention fees | 1,520,700 |
| State general fund/general purpose | \$ 217,900 |
| (5) CUSTOMER DELIVERY SERVICES | |
| Full-time equated classified positions | 1,377.7 |
| Branch operations—957.4 FTE positions | 70,599,900 |
| Central operations—404.1 FTE positions | 35,084,700 |
| 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 | \$ 109,933,700 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG from MDOT, Michigan transportation fund | 20,000,000 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|---------------------------------------------------------------|---------------|
| Federal revenues: | |
| Federal funds | 2,790,400 |
| Special revenue funds: | |
| Private funds | 100 |
| Auto repair facilities fees | 89,300 |
| Child support clearance fees | 381,500 |
| Driver fees | 13,212,300 |
| Expedient service fees | 2,760,700 |
| Look-up fees | 18,193,500 |
| Marine safety fund | 1,099,500 |
| Michigan state police auto theft fund | 111,900 |
| Mobile home commission fees | 457,500 |
| Off-road vehicle title fees | 117,900 |
| Parking ticket court fines | 1,538,600 |
| Personal identification card fees | 1,468,800 |
| Reinstatement fees - operator licenses | 1,110,300 |
| Snowmobile registration fee revenue | 322,100 |
| Transportation administration collection fund | 42,387,700 |
| Vehicle theft prevention fees | 202,300 |
| State general fund/general purpose | \$ 3,689,300 |
| (6) ELECTION REGULATION | |
| Full-time equated classified positions | 28.5 |
| Election administration and services—25.5 FTE positions | 2,696,900 |
| Fees to local units | 69,800 |
| Qualified voter file—3.0 FTE positions | 1,833,900 |
| GROSS APPROPRIATION | \$ 4,600,600 |
| Appropriated from: | |
| State general fund/general purpose | \$ 4,600,600 |
| (7) DEPARTMENTWIDE APPROPRIATIONS | |
| Building occupancy charges/rent | \$ 9,578,200 |
| Worker's compensation | 504,800 |
| GROSS APPROPRIATION | \$ 10,083,000 |
| Appropriated from: | |
| Special revenue funds: | |
| Auto repair facilities fees | 142,000 |
| Driver fees | 436,800 |
| Expedient service fees | 14,400 |
| Look-up fees | 1,935,600 |
| Parking ticket court fines | 470,800 |
| Transportation administration collection fund | 4,400,300 |
| State general fund/general purpose | \$ 2,683,100 |
| (8) INFORMATION TECHNOLOGY | |
| Information technology services and projects | \$ 22,188,500 |
| GROSS APPROPRIATION | \$ 22,188,500 |
| Appropriated from: | |
| Special revenue funds: | |
| Administrative order processing fee | 10,900 |
| Auto repair facilities fees | 178,200 |
| Child support clearance fees | 16,100 |
| Driver fees | 1,312,600 |
| Expedient service fees | 447,200 |
| Look-up fees | 2,701,500 |
| Parking ticket court fines | 82,100 |
| Personal identification card fees | 863,300 |
| Reinstatement fees - operator licenses | 462,400 |
| Transportation administration collection fund | 14,246,700 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|-------------------------------------------------------------------------|---------------------------------------------|
| Vehicle theft prevention fees..... | 169,800 |
| State general fund/general purpose | \$ 1,697,700 |
| Sec. 110. DEPARTMENT OF TREASURY | |
| (1) APPROPRIATION SUMMARY | |
| Full-time equated unclassified positions..... | 9.0 |
| Full-time equated classified positions | 1,691.5 |
| GROSS APPROPRIATION..... | \$ 1,870,988,800 |
| Interdepartmental grant revenues: | |
| Total interdepartmental grants and intradepartmental transfers | 13,456,400 |
| ADJUSTED GROSS APPROPRIATION | \$ 1,857,532,400 |
| Federal revenues: | |
| Total federal revenues | 35,405,400 |
| Special revenue funds: | |
| Total local revenues | 1,025,400 |
| Total private revenues | 0 |
| Total other state restricted revenues | 1,453,816,100 |
| State general fund/general purpose | \$ 367,285,500 |
| (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..... | 767,500 |
| GROSS APPROPRIATION..... | \$ 1,580,100 |
| Appropriated from: | |
| Special revenue funds: | |
| State lottery fund | 155,400 |
| State services fee fund | 184,900 |
| State general fund/general purpose | \$ 1,239,800 |
| (3) DEPARTMENTWIDE APPROPRIATIONS | |
| Travel..... | \$ 1,415,900 |
| Rent and building occupancy charges - property management services..... | 5,008,000 |
| Worker's compensation insurance premium | 337,000 |
| GROSS APPROPRIATION..... | \$ 6,760,900 |
| Appropriated from: | |
| Special revenue funds: | |
| Delinquent tax collection revenue | 3,432,700 |
| State general fund/general purpose | \$ 3,328,200 |
| (4) LOCAL GOVERNMENT PROGRAMS | |
| Full-time equated classified positions..... | 91.0 |
| Supervision of the general property tax law—68.0 FTE positions | 10,938,000 |
| Property tax assessor training—4.0 FTE positions | 398,700 |
| Local finance—19.0 FTE positions | 2,242,300 |
| Pari-mutuel audits | 240,000 |
| GROSS APPROPRIATION..... | \$ 13,819,000 |
| Appropriated from: | |
| Special revenue funds: | |
| Local - assessor training fees | 398,700 |
| Local - audit charges..... | 536,700 |
| Local - equalization study charge-backs..... | 40,000 |
| Local - revenue from local government | 50,000 |
| Land reutilization fund..... | 6,814,000 |
| Municipal finance fees..... | 435,400 |
| State education tax collections | 50,000 |
| State services fee fund | 240,000 |
| State general fund/general purpose | \$ 5,254,200 |

For Fiscal Year
Ending Sept. 30,
2006

(5) TAX PROGRAMS

| | | |
|-----------------------------------------------------|-------|----------------------|
| Full-time equated classified positions..... | 776.0 | |
| Customer contact—186.0 FTE positions..... | | 13,725,100 |
| Tax compliance—339.0 FTE positions..... | | 29,494,900 |
| Tax policy—37.0 FTE positions..... | | 4,112,300 |
| Revenue enhancement program—60.0 FTE positions..... | | 6,590,000 |
| Tax processing—150.0 FTE positions..... | | 14,842,700 |
| Home heating assistance..... | | 2,036,800 |
| Bottle bill implementation..... | | 250,000 |
| New hire reporting..... | | 1,545,000 |
| Tobacco tax collection—4.0 FTE positions..... | | 316,600 |
| GROSS APPROPRIATION..... | | \$ 72,913,400 |

Appropriated from:

Interdepartmental grant revenues:

| | | |
|--------------------------------------------------|--|-----------|
| IDG, data/collection services fees..... | | 250,900 |
| IDG from MDHS..... | | 1,545,000 |
| IDG from MDOT, Michigan transportation fund..... | | 8,028,300 |
| IDG from MDOT, state aeronautics fund..... | | 62,500 |

Federal revenues:

| | | |
|--------------------------------------------|--|-----------|
| HHS-SSA, low-income energy assistance..... | | 2,036,800 |
|--------------------------------------------|--|-----------|

Special revenue funds:

| | | |
|---------------------------------------------|--|---------------|
| Bottle deposit fund..... | | 250,000 |
| Delinquent tax collection revenue..... | | 49,011,300 |
| Tobacco tax collection and enforcement..... | | 316,600 |
| Tobacco tax revenue..... | | 360,500 |
| Waterways fund..... | | 75,900 |
| State general fund/general purpose..... | | \$ 10,975,600 |

(6) BANKING AND MANAGEMENT SERVICES

| | | |
|-------------------------------------------------------------------------|-------|----------------------|
| Full-time equated classified positions..... | 329.5 | |
| Human resources, program management, purchasing—31.0 FTE positions..... | | 3,100,100 |
| Mail operations—20.0 FTE positions..... | | 1,981,200 |
| Economic and revenue forecasting—15.5 FTE positions..... | | 1,352,500 |
| Unclaimed property—21.0 FTE positions..... | | 3,383,600 |
| Human resources optimization user charges..... | | 44,300 |
| Collections—170.0 FTE positions..... | | 16,093,300 |
| Finance and accounting—32.0 FTE positions..... | | 1,619,800 |
| Receipts processing—40.0 FTE positions..... | | 2,716,900 |
| GROSS APPROPRIATION..... | | \$ 30,291,700 |

Appropriated from:

Interdepartmental grant revenues:

| | | |
|---------------------------------------------|--|-----------|
| IDG from MDHS, title IV-D..... | | 580,000 |
| IDG, levy/warrant cost assessment fees..... | | 1,848,800 |
| IDG, state agency collection fees..... | | 545,800 |

Special revenue funds:

| | | |
|-----------------------------------------|--|--------------|
| Delinquent tax collection revenue..... | | 14,383,600 |
| Escheats revenue..... | | 3,383,600 |
| Garnishment fees..... | | 490,300 |
| Justice system fund..... | | 581,600 |
| Treasury fees..... | | 177,500 |
| State general fund/general purpose..... | | \$ 8,300,500 |

(7) FINANCIAL PROGRAMS

| | | |
|----------------------------------------------------------------|-------|----------------------|
| Full-time equated classified positions..... | 211.0 | |
| Investments—75.0 FTE positions..... | | 13,660,500 |
| Michigan merit award administration—6.0 FTE positions..... | | 1,636,800 |
| Michigan education savings program..... | | 1,000,000 |
| Common cash and debt management—11.5 FTE positions..... | | 1,059,000 |
| Student financial assistance programs—118.5 FTE positions..... | | 34,863,100 |
| GROSS APPROPRIATION..... | | \$ 52,219,400 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|------------------------------------------------------------------|---------------------------------------------|
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG, fiscal agent service fees | 167,700 |
| Federal revenues: | |
| DED-OPSE, federal lenders allowance | 10,124,000 |
| DED-OPSE, higher education act of 1965, insured loans..... | 22,711,700 |
| Special revenue funds: | |
| College work study | 46,300 |
| Michigan merit award trust fund..... | 3,036,500 |
| Retirement funds..... | 12,496,300 |
| School bond fees..... | 468,000 |
| Treasury fees..... | 1,311,200 |
| State general fund/general purpose | \$ 1,857,700 |
| (8) DEBT SERVICE | |
| Water pollution control bond and interest redemption..... | \$ 2,592,400 |
| Quality of life bond | 63,500,000 |
| Clean Michigan initiative..... | 22,909,000 |
| GROSS APPROPRIATION..... | \$ 89,001,400 |
| Appropriated from: | |
| Special revenue funds: | |
| Cleanup and redevelopment funds | 12,200,000 |
| Refined petroleum fund | 23,914,500 |
| State general fund/general purpose | 52,886,900 |
| (9) GRANTS | |
| Grants to counties in lieu of taxes..... | \$ 10,000 |
| Convention facility development distribution..... | 58,850,000 |
| Senior citizen cooperative housing tax exemption program | 17,900,000 |
| Commercial mobile radio service payments..... | 31,320,000 |
| Health and safety fund grants..... | 25,000,000 |
| Qualified agricultural loan payments | 2,210,000 |
| Renaissance zone reimbursement | 2,268,000 |
| GROSS APPROPRIATION..... | \$ 137,558,000 |
| Appropriated from: | |
| Special revenue funds: | |
| Commercial mobile radio service fees | 31,320,000 |
| Convention facility development fund | 58,850,000 |
| Health and safety fund | 25,000,000 |
| State general fund/general purpose | \$ 22,388,000 |
| (10) STATE LOTTERY | |
| Full-time equated classified positions.....173.0 | |
| Lottery operations—173.0 FTE positions..... | 18,777,500 |
| Human resources optimization user charges..... | 29,500 |
| Promotion and advertising | 18,622,000 |
| Lottery information technology services and projects | 4,397,000 |
| GROSS APPROPRIATION..... | 41,826,000 |
| Appropriated from: | |
| Special revenue funds: | |
| State lottery fund | 41,826,000 |
| 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 | 18,118,600 |
| Human resources optimization user charges..... | 14,800 |
| Casino gaming information technology services and projects | 1,143,500 |
| GROSS APPROPRIATION..... | \$ 19,326,900 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|-----------------------------------------------------------------------|-------------------------|
| Appropriated from: | |
| Casino gambling agreements..... | 383,500 |
| State services fee fund | 18,943,400 |
| State general fund/general purpose | \$ 0 |
| (12) REVENUE SHARING | |
| Constitutional state general revenue sharing grants..... | \$ 692,550,000 |
| Statutory state general revenue sharing grants | 423,350,000 |
| Special census revenue sharing payments | 500,000 |
| Special grants..... | 212,000 |
| GROSS APPROPRIATION..... | \$ 1,116,612,000 |
| Appropriated from: | |
| Sales tax..... | 1,115,900,000 |
| State general fund/general purpose | \$ 712,000 |
| (13) INFORMATION TECHNOLOGY | |
| Treasury operations information technology services and projects..... | \$ 16,282,900 |
| GROSS APPROPRIATION..... | \$ 16,282,900 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG from MDOT, Michigan transportation fund..... | 427,400 |
| Federal revenues: | |
| DED-OPSE, higher education act of 1965, insured loans..... | 532,900 |
| Special revenue funds: | |
| Delinquent tax collection revenue | 9,926,700 |
| Land reutilization fund..... | 20,000 |
| Michigan merit award trust fund..... | 400,400 |
| Retirement funds..... | 635,000 |
| State general fund/general purpose | \$ 4,340,500 |
| (14) STATE BUILDING AUTHORITY RENT | |
| State building authority rent - state agencies | \$ 63,555,500 |
| State building authority rent - department of corrections | 70,555,900 |
| State building authority rent - universities | 122,148,600 |
| State building authority rent - community colleges..... | 16,537,100 |
| GROSS APPROPRIATION..... | \$ 272,797,100 |
| Appropriated from: | |
| Special revenue funds: | |
| Commercial mobile radio suppliers fund..... | 15,000,000 |
| Roosevelt parking facility reimbursement..... | 275,000 |
| State lottery fund | 1,520,000 |
| State general fund/general purpose | \$ 256,002,100 |

**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 2005-2006 is \$2,284,332,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2005-2006 is \$1,236,855,300.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF STATE

| | |
|-----------------------------------------|------------|
| Fees to local units | \$ 69,800 |
| Motorcycle safety education grants..... | 924,000 |
| Subtotal..... | \$ 993,800 |

DEPARTMENT OF TREASURY

| | |
|----------------------------------------------------------|---------------|
| Senior citizen cooperative housing tax exemption | \$ 17,900,000 |
| Grants to counties in lieu of taxes..... | 10,000 |
| Health and safety fund grants..... | 25,000,000 |
| Constitutional state general revenue sharing grants..... | 692,550,000 |
| Statutory state general revenue sharing grants | 423,350,000 |

| | |
|---------------------------------------------------------|-------------------------|
| Convention facility development fund distribution | 58,850,000 |
| Commercial mobile radio service payments | 15,221,500 |
| Renaissance zone reimbursements..... | 2,268,000 |
| Special grants..... | 212,000 |
| Special census revenue sharing payments | 500,000 |
| Subtotal..... | \$ 1,235,861,500 |
| TOTAL GENERAL GOVERNMENT | \$ 1,236,855,300 |

(2) Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources for fiscal year 2005-2006 is estimated at \$27,195,968,300.00 in the 2005-2006 appropriations acts and total state spending from state sources paid to local units of government for fiscal year 2005-2006 is estimated at \$15,706,115,100.00. The state-local proportion is estimated at 57.75% of total state spending from state resources.

(3) If payments to local units of government and state spending from state sources for fiscal year 2005-2006 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 2005-2006 to the senate and house of representatives standing committees on appropriations within 30 days after the final book-closing for fiscal year 2005-2006.

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) "GF/GP" means general fund/general purpose.
- (l) "HHS" means the United States department of health and human services.
- (m) "HHS-OS" means the HHS office of the secretary.
- (n) "HHS-SSA" means the HHS social security administration.
- (o) "HUD" means the United States department of housing and urban development.
- (p) "IDG" means interdepartmental grant.
- (q) "MAIN" means the Michigan administrative information network.
- (r) "MCL" means the Michigan Compiled Laws.
- (s) "MDCH" means the Michigan department of community health.
- (t) "MDCS" means the Michigan department of civil service.
- (u) "MDHS" means the Michigan department of human services.
- (v) "MDLEG" means the Michigan department of labor and economic growth.
- (w) "MDMB" means the Michigan department of management and budget.
- (x) "MDOT" means the Michigan department of transportation.
- (y) "MDSP" means the Michigan department of state police.
- (z) "MPES" means the Michigan professional employees society.
- (aa) "PA" means public act.
- (bb) "PACC" means the prosecuting attorneys coordinating council.

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 shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that

exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Sec. 208. Unless otherwise specified, departments and agencies receiving appropriations in part 1 shall use the Internet to fulfill the reporting requirements of this act. This 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.

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:

| | 2004 | 2005 |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Michigan personal income (millions)..... | \$322,636 | \$337,477 |
| less: transfer payments..... | 49,101 | 51,949 |
| Subtotal | <u>273,535</u> | <u>285,528</u> |
| Divided by: Detroit CPI for 12 months ending June 30..... | 1.837 | 1.878 |
| Equals: Real adjusted Michigan personal income | \$148,903 | \$152,038 |
| Percentage change | | 2.1% |
| Percentage change in excess of 2% | | 0.1% |
| Multiplied by: estimated GF/GP revenue in FY 2004-2005 (millions).. | | 7,994.0 |
| Equals: countercyclical budget and economic stabilization fund calculation for the fiscal year ending September 30, 2006 | | \$8.0 |

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, 2006 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 chairs and members of the senate and house of representatives 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. General fund appropriations in this act shall not be expended for items in cases where federal funding is available for the same expenditures.

Sec. 219. The department of management and budget shall reduce statewide contractual general fund expenditures by \$30,000,000.00. The state budget director is authorized to take any actions necessary to properly record expenditure reductions as part of the financial transactions for the fiscal year ending September 30, 2006. Within 30 days of final book-closing for FY 2005-2006, the state budget director shall provide a report to the senate and house of representatives standing committees on appropriations and the house and senate fiscal agencies itemizing the sources of reductions under this section.

Sec. 220. Funds appropriated in this act shall not be used to administer a committee or to solicit or obtain contributions for a committee. As used in this section, "committee" means that term as defined in section 3 of the Michigan campaign finance act, 1976 PA 388, MCL 169.203.

DEPARTMENT OF ATTORNEY GENERAL

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. Any unobligated antitrust enforcement revenue, securities fraud revenue, consumer protection or class action enforcement revenues, or attorney fees recovered by the department of attorney general, not to exceed \$1,000,000.00, may be carried forward and are available for appropriation to the department of attorney general in the succeeding fiscal year.

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 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 are 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 \$421,800.00 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. Any unexpended funds at the end of the fiscal year are carried forward for expenditure in the following fiscal year up to the maximum authorization of \$500,000.00.

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.

DEPARTMENT OF CIVIL RIGHTS

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.

DEPARTMENT OF CIVIL SERVICE

Sec. 502. (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 2005 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. 503. 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. 504. 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.

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 will 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) Funds accepted by the department of information technology under subsection (1) are appropriated and allotted when received and may be expended upon receipt.

(3) The privacy policy adopted by the department of information technology shall include the following provisions:

(a) Instruction on how visitors can set their browsers to be warned before each cookie is written to a visitor's computer.

(b) The e-Michigan office will also include instructions for visitors to inform them how to view and remove cookies on their personal computers.

(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 will 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.

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 \$3,450,000.00 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 are 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, 2008.

Sec. 584. The department of information technology shall coordinate a study with the department of human services, the department of community health, the department of labor and economic growth, the department of education, and the department of state police identifying all information and referral services for state government, including, but not limited to, 1-800 help lines. The report will summarize the purpose, scope, and cost of each service and identify potential cost savings to the state of Michigan through the shared use of 2-1-1. The 2-1-1 number is the 3-digit dialing code designated by the federal communications system for health and human service information and referral. The report shall be delivered to the senate and house appropriation subcommittees on general government by no later than April 7, 2006.

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.

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, along with funds previously appropriated for property management, 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, 2007.

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, along with funds previously appropriated for automated data processing, 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, 2007.

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.

Sec. 611. 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. 612. (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. 613. From the funds appropriated in part 1 to the legislative auditor general, the legislative 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. 614. 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 auditor general policy on responding to legislative requests.

Sec. 615. From the funds appropriated in part 1 to the legislative auditor general from the department of corrections, it is the intent of the legislature that the legislative auditor general contract with Standard and Poors for an evaluation and comparison of each correctional facility, including, but not limited to, its physical plant, staffing, programming, security levels, and costs.

DEPARTMENT OF MANAGEMENT AND BUDGET

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 detail 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) It is the intent of the legislature that the department will determine the feasibility of using driver record information upon the issuance of state cars to state employees in order to ensure responsibility and safety.

(5) 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 develop a plan regarding 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.

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 181.261, 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.

DEPARTMENT OF STATE

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 \$315,900.00 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. (1) At least 60 days prior to the announcement of secretary of state branch office closings, consolidations, or relocations, 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 analysis 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.

(2) Prior to October 4, 2005, the department of state shall provide a report to the senate and house of representatives standing committees on appropriations subcommittees on general government regarding the department's branch optimization plan that was announced on April 26, 2004. The report shall include a listing of all closed offices detailing savings by office, including lease, utilities, and all other savings associated with the closed office. The department shall provide the same level of detail regarding costs for new leased facilities and expansions of current leased space.

Sec. 815a. The department shall develop a project plan which includes new strategies for increasing the number of transactions completed online by Michigan residents. Copies of the strategic plan 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. 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 \$3,450,000.00 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 are 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, 2008.

Sec. 820. The department of state shall explore the feasibility of locating the Keweenaw County secretary of state branch office with the Keweenaw County department of human services office.

DEPARTMENT OF TREASURY **OPERATIONS**

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 the 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. 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 2005. 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, 2006 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) 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 2004. Reimbursements shall be made in amounts to each eligible recipient not later than 60 days after the department of treasury certifies to the department that it 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 211.157.

(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. 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. 944. The department of treasury shall develop a pilot application for an online credit only preparation and filing system for homestead property and home heating credit filers. The system shall be available for the 2005 tax year and shall be provided at no cost to the individuals who use the system to prepare and file these credits.

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 additional \$6,590,000.00 included in part 1 for the revenue enhancement program, \$5,840,000.00 shall be used for revenue collection enhancement activities including auditing functions. With the exception of current contract obligations under which contractors are performing audits under the supervision of the department of treasury, the \$5,840,000.00 shall only be used to hire state classified civil service positions and may not be used to contract out services.

(2) The department of treasury shall submit quarterly progress reports related to 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. The senate and house appropriation subcommittees on general government shall hold a joint public hearing 6 months after the beginning of the fiscal year regarding complaints and progress related to personal property tax audits conducted under this program.

(3) The \$750,000.00 balance of the \$6,590,000.00 shall be used for the principal residence exemption compliance program. By November 1, 2005, the department of treasury shall submit a detailed spending plan regarding expenditure of the \$750,000.00. The plan shall include improvements to the current program administered by the department pursuant to 2003 PA 105, and projected collections related to program improvements. The department shall also submit quarterly progress reports that detail the number of audits, number of exemptions denied, and the distribution of revenue received. The legislative auditor general shall complete a performance audit of the principal residence exemption compliance program prior to April 1, 2006. Revenue generated to the state from principal residence audits conducted under the principal residence exemption compliance program shall be used to reimburse the state general fund for the \$750,000.00 appropriation prior to any other allocation.

Sec. 948. The department shall develop a strategic plan which provides for the electronic filing of all tax returns, including, but not limited to, state income tax and single business tax returns, free of charge. The strategic plan shall include the date on which free electronic filing will be made available for tax filers. Copies of the strategic plan 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.

REVENUE SHARING

Sec. 950. (1) 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 townships, cities, and villages on a population basis as specified by law. The appropriation in part 1 for statutory state general revenue sharing grants to townships, cities, and villages shall be reduced by an amount equal to any additional constitutional revenue sharing appropriations authorized in this section.

(2) The appropriation in part 1 for statutory state general revenue sharing grants shall be distributed according to the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921. Undistributed funds shall lapse to the general fund.

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, 2006.

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.

Sec. 956. The department of treasury shall transmit special census revenue sharing payments to eligible cities, villages, and townships under the Glenn Steil revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

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. 962. (1) The funds appropriated in part 1 to the bureau of state lottery shall not be used to directly or indirectly associate professional or amateur sports figures with the lottery or its products.

(2) The prohibition in subsection (1) does not apply to the use of NASCAR drivers in conjunction with the promotion of instant ticket products. By November 1, 2005, the bureau of state lottery shall provide a report detailing the amount of revenue generated under this subsection to the senate and house of representatives standing committees on appropriations subcommittees on general government. The report shall include the cost of obtaining the use of NASCAR drivers, other administrative costs, and net revenue deposited in the state school aid fund.

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, 102 Stat. 2467.

(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 of this act 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.

STATE BUILDING AUTHORITY

Sec. 980. (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, 2006 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, 2006. 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. 981. (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. 982. (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. 983. The department of management and budget shall provide the JCOS and the fiscal agencies a report relative to the status of construction projects associated with state building authority bonds on September 30 of each year, 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.

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 2005-2006

| | Fund | Beginning Unreserved Fund Balance | Estimated Revenue | Ending Balance |
|---------------------------------------------------------|------|--------------------------------------------|----------------------|-------------------|
| OPERATING FUNDS | | | | |
| General fund/general purpose..... | 0110 | 0.0 | 8,977.7 | 0.4 |
| General fund/special purpose | | 35.1 | 13,833.6 | 91.6 |
| Special Revenue Funds: | | | | |
| Countercyclical budget and economic stabilization | 0111 | 0.0 | 0.0 | 0.0 |
| Game and fish protection | 0112 | 3.0 | 61.8 | 0.0 |
| Michigan employment security act administration | 0113 | 5.0 | 123.4 | 6.8 |
| State aeronautics | 0114 | 0.0 | 158.1 | 0.0 |
| Michigan veterans' benefit trust..... | 0115 | 0.0 | 2.2 | 0.0 |
| State trunkline..... | 0116 | 0.0 | 1,949.9 | 0.0 |
| Michigan state waterways | 0117 | 8.6 | 24.5 | 0.0 |
| Blue Water Bridge..... | 0118 | 0.0 | 15.0 | 0.0 |
| Michigan transportation..... | 0119 | 0.0 | 2,034.1 | 0.0 |
| Comprehensive transportation | 0120 | 0.0 | 315.5 | 0.0 |
| School aid | 0122 | 1.9 | 12,757.4 | 0.0 |
| Marine safety | 0123 | 0.0 | 4.9 | 0.0 |
| Game and fish protection trust | 0124 | 6.0 | 10.0 | 6.0 |
| State park improvement..... | 0125 | 3.2 | 35.3 | 1.4 |
| Forest development | 0126 | 10.5 | 27.1 | 9.2 |
| Michigan civilian conservation corps endowment | 0128 | 0.2 | 1.0 | 0.0 |
| Michigan natural resources trust..... | 0129 | 40.0 | 31.2 | 33.5 |
| Michigan state parks endowment | 0130 | 6.1 | 14.4 | 3.0 |
| Safety education and training | 0131 | 4.8 | 7.1 | 4.7 |
| Bottle deposit..... | 0136 | 0.0 | 32.3 | 0.0 |
| State construction code | 0138 | 2.5 | 9.4 | (3.3) |
| Children's trust..... | 0139 | 1.0 | 4.1 | 0.7 |
| State casino gaming | 0140 | 1.2 | 31.1 | 1.2 |
| Homeowner construction lien recovery | 0141 | 3.1 | 0.4 | 2.6 |
| Michigan nongame fish and wildlife | 0143 | 0.3 | 0.5 | 0.1 |
| Michigan merit award trust | 0154 | 1.3 | 215.1 | 0.0 |
| Tobacco settlement trust..... | 0155 | 0.0 | 72.4 | 0.0 |
| TOTALS..... | | \$133.8 | \$40,749.5 | \$157.9 |

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, civil service, information technology, management and budget, state, and treasury, the executive office, and the legislative branch for the fiscal year ending September 30, 2006; 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.

Valde Garcia
Michelle McManus
Michael Switalski
Conferees for the Senate

Daniel Acciavatti
Shelley Goodman Taub
Lee Gonzales
Conferees for the House

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

Senate Bill No. 281, entitled

A bill to make appropriations for the state transportation department and certain transportation purposes for the fiscal year ending September 30, 2006; to provide for the imposition of fees; to provide for reports; to create certain funds and programs; to prescribe requirements for certain railroad and bus facilities; to prescribe certain powers and duties of certain state departments and officials and local units of government; and to provide for the expenditure of the appropriations.

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

The Conference Report was read as follows:

First Conference Report

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

Senate Bill No. 281, entitled

A bill to make appropriations for the state transportation department and certain transportation purposes for the fiscal year ending September 30, 2006; to provide for the imposition of fees; to provide for reports; to create certain funds and programs; to prescribe requirements for certain railroad and bus facilities; to prescribe certain powers and duties of certain state departments and officials and local units of government; and to provide for the expenditure of the appropriations.

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 state transportation department and certain transportation purposes for the fiscal year ending September 30, 2006; to provide for the imposition of fees; to provide for reports; to create certain funds and programs; to prescribe requirements for certain railroad and bus facilities; to prescribe certain powers and duties of certain state departments and officials and local units of government; and to provide for the expenditure of the appropriations.

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 state transportation department and certain state purposes designated in this act for the fiscal year ending September 30, 2006, from the funds indicated in this part. The following is a summary of the appropriations in this part:

STATE TRANSPORTATION DEPARTMENT

APPROPRIATION SUMMARY:

| | | |
|----------------------------------------------------------------------|---------------|-------------------------|
| Full-time equated unclassified positions | 6.0 | |
| Full-time equated classified positions | 3,022.3 | |
| GROSS APPROPRIATION..... | | \$ 3,411,460,000 |
| Interdepartmental grant revenues: | | |
| Total interdepartmental grants and intradepartmental transfers | | 0 |
| ADJUSTED GROSS APPROPRIATION | | \$ 3,411,460,000 |
| Federal revenues: | | |
| DOT, federal transit act..... | 59,200,000 | |
| DOT-FHWA, highway research, planning, and construction | 1,147,342,100 | |
| DOT-FRA, local rail service assistance | 100,000 | |
| DOT-FRA, rail passenger/HSGT | 1,000,000 | |
| Total federal revenues | 1,207,642,100 | |
| Special revenue funds: | | |
| Local funds | 6,100,000 | |
| Total local revenues | 6,100,000 | |
| Total private revenues | 0 | |
| Blue Water Bridge fund | 16,206,000 | |
| Comprehensive transportation fund..... | 240,217,100 | |
| Economic development fund..... | 56,277,700 | |
| Intercity bus equipment fund | 1,000,000 | |
| Local bridge fund..... | 34,115,800 | |
| Michigan transportation fund | 1,086,986,200 | |

| | For Fiscal Year Ending Sept. 30, 2006 |
|-----------------------------------------------------------------------------|---------------------------------------------|
| Rail preservation fund..... | 2,000,000 |
| State aeronautics fund..... | 14,114,700 |
| State trunkline fund..... | 746,800,400 |
| Total other state restricted revenues..... | 2,197,717,900 |
| State general fund/general purpose | \$ 0 |
| Sec. 102. DEBT SERVICE | |
| State trunkline..... | \$ 187,117,200 |
| Economic development | 14,730,100 |
| Local bridge fund..... | 3,000,000 |
| Blue Water Bridge..... | 2,383,300 |
| Airport safety and protection plan..... | 3,686,100 |
| Comprehensive transportation..... | 29,826,800 |
| GROSS APPROPRIATION..... | \$ 240,743,500 |
| Appropriated from: | |
| Federal revenues: | |
| DOT-FHWA, highway research, planning, and construction | 103,200,000 |
| Special revenue funds: | |
| Blue Water Bridge fund | 2,383,300 |
| Comprehensive transportation fund..... | 28,843,600 |
| Economic development fund..... | 14,730,100 |
| Local bridge fund..... | 3,000,000 |
| State aeronautics fund..... | 4,669,300 |
| State trunkline fund..... | 83,917,200 |
| State general fund/general purpose | \$ 0 |
| Sec. 103. COLLECTION, ENFORCEMENT, AND OTHER AGENCY SUPPORT SERVICES | |
| MTF grant to department of environmental quality..... | \$ 986,600 |
| MTF grant to department of state for collection of revenue and fees..... | 20,000,000 |
| MTF grant to department of treasury | 8,238,800 |
| MTF grant to legislative auditor general..... | 204,300 |
| STF grant to department of attorney general..... | 2,861,400 |
| STF grant to department of civil service..... | 2,000,000 |
| STF grant to department of history, arts, and libraries..... | 139,600 |
| STF grant to department of management and budget..... | 1,221,300 |
| STF grant to department of state police | 7,667,300 |
| STF grant to department of treasury | 183,900 |
| STF grant to legislative auditor general | 474,600 |
| SAF grant to department of attorney general | 144,000 |
| SAF grant to department of civil service | 50,000 |
| SAF grant to department of history, arts, and libraries | 3,800 |
| SAF grant to department of management and budget..... | 32,600 |
| SAF grant to department of treasury | 73,800 |
| SAF grant to legislative auditor general..... | 19,600 |
| CTF grant to attorney general..... | 145,900 |
| CTF grant to department of civil service | 90,000 |
| CTF grant to department of history, arts, and libraries | 6,300 |
| CTF grant to department of management and budget..... | 61,900 |
| CTF grant to department of treasury | 4,800 |
| CTF grant to legislative auditor general..... | 25,200 |
| GROSS APPROPRIATION..... | \$ 44,635,700 |
| Appropriated from: | |
| Special revenue funds: | |
| Comprehensive transportation fund..... | 334,100 |
| Michigan transportation fund..... | 29,429,700 |
| State aeronautics fund..... | 323,800 |
| State trunkline fund..... | 14,548,100 |
| State general fund/general purpose | \$ 0 |

For Fiscal Year
Ending Sept. 30,
2006

Sec. 104. EXECUTIVE DIRECTION

| | | |
|-------------------------------------------------------|------|---------------------|
| Full-time equated unclassified positions | 6.0 | |
| Full-time equated classified positions | 31.3 | |
| Director | | \$ 140,400 |
| Chief deputy | | 114,400 |
| Communications director | | 74,300 |
| Governmental affairs director | | 93,600 |
| UPTRAN director | | 41,900 |
| Commission advisor..... | | 67,600 |
| Asset management council..... | | 1,626,400 |
| Commission audit | | |
| Salaries and fringe benefits—31.3 FTE positions | | 3,169,200 |
| Travel..... | | 56,700 |
| Other operational expenses | | 64,700 |
| Subtotal - commission audit..... | | 3,290,600 |
| GROSS APPROPRIATION..... | | \$ 5,449,200 |

Appropriated from:

Special revenue funds:

| | | |
|------------------------------------------|--|-----------|
| Michigan transportation fund | | 1,626,400 |
| State trunkline fund..... | | 3,822,800 |
| State general fund/general purpose | | \$ 0 |

Sec. 105. BUSINESS SUPPORT

| | | |
|---------------------------------------------------------------|------|----------------------|
| Full-time equated classified positions | 57.5 | |
| Executive office | | |
| Salaries and fringe benefits—10.5 FTE positions | | \$ 1,031,700 |
| Travel..... | | 69,300 |
| Other operational expenses | | 116,400 |
| Subtotal - executive office | | 1,217,400 |
| Communications | | |
| Salaries and fringe benefits—12.0 FTE positions | | 984,500 |
| Travel..... | | 40,100 |
| Other operational expenses | | 191,200 |
| Subtotal - communications..... | | 1,215,800 |
| Governmental affairs | | |
| Salaries and fringe benefits—3.0 FTE positions | | 312,400 |
| Travel..... | | 3,000 |
| Other operational expenses | | 17,500 |
| Subtotal - governmental affairs | | 332,900 |
| Human resources | | |
| Salaries and fringe benefits—23.0 FTE positions | | 2,234,600 |
| Travel..... | | 18,200 |
| Other operational expenses | | 208,800 |
| Subtotal - human resources | | 2,461,600 |
| Economic development and enhancement programs | | |
| Salaries and fringe benefits—9.0 FTE positions | | 889,500 |
| Travel..... | | 24,600 |
| Other operational expenses | | 71,800 |
| Subtotal - economic development and enhancement programs..... | | 985,900 |
| Property management..... | | 6,404,200 |
| Human resources optimization user charges..... | | 109,100 |
| Worker's compensation | | 2,619,000 |
| GROSS APPROPRIATION..... | | \$ 15,345,900 |

Appropriated from:

Special revenue funds:

| | | |
|----------------------------------------|--|-----------|
| Comprehensive transportation fund..... | | 1,161,200 |
| Economic development fund..... | | 500,700 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|--------------------------------------------------------------|---------------------------------------------|
| State aeronautics fund | 231,600 |
| State trunkline fund..... | 13,452,400 |
| State general fund/general purpose | \$ 0 |
| Sec. 106. INFORMATION TECHNOLOGY | |
| Information technology services and projects | \$ 25,000,000 |
| GROSS APPROPRIATION..... | \$ 25,000,000 |
| Appropriated from: | |
| Federal revenues: | |
| DOT-FHWA, highway research, planning, and construction | 555,100 |
| Special revenue funds: | |
| Blue Water Bridge fund | 46,300 |
| Comprehensive transportation fund..... | 230,800 |
| Economic development fund..... | 37,100 |
| Michigan transportation fund..... | 239,800 |
| State aeronautics fund..... | 141,600 |
| State trunkline fund..... | 23,749,300 |
| State general fund/general purpose | \$ 0 |
| Sec. 107. FINANCE, CONTRACTS, AND SUPPORT SERVICES | |
| Full-time equated classified positions..... | 253.5 |
| Financial operations | |
| Salaries and fringe benefits—80.0 FTE positions | \$ 6,500,900 |
| Travel..... | 32,700 |
| Other operational expenses | 840,000 |
| Subtotal - financial operations | 7,373,600 |
| Contract services | |
| Salaries and fringe benefits—34.1 FTE positions | 2,708,800 |
| Travel..... | 17,000 |
| Other operational expenses | 211,200 |
| Subtotal - contract services | 2,937,000 |
| Technical and support services | |
| Salaries and fringe benefits—72.4 FTE positions | 6,159,400 |
| Travel..... | 158,600 |
| Other operational expenses | 1,856,800 |
| Subtotal - technical and support services | 8,174,800 |
| Performance excellence | |
| Salaries and fringe benefits—12.0 FTE positions | 1,105,200 |
| Travel..... | 12,500 |
| Other operational expenses | 205,400 |
| Subtotal - performance excellence | 1,323,100 |
| Welcome center operations | |
| Salaries and fringe benefits—55.0 FTE positions | 3,678,700 |
| Travel..... | 50,500 |
| Other operational expenses | 842,500 |
| Subtotal - welcome center operations..... | 4,571,700 |
| GROSS APPROPRIATION..... | \$ 24,380,200 |
| Appropriated from: | |
| Special revenue funds: | |
| Michigan transportation fund | 1,344,100 |
| State trunkline fund..... | 23,036,100 |
| State general fund/general purpose | \$ 0 |
| Sec. 108. TRANSPORTATION PLANNING | |
| Full-time equated classified positions..... | 174.0 |
| Statewide planning services | |
| Salaries and fringe benefits—122.0 FTE positions..... | \$ 11,284,000 |
| Travel..... | 150,000 |
| Other operational expenses | 500,000 |
| Subtotal - statewide planning services | 11,934,000 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|------------------------------------------------------------------------|---------------------------------------------|
| Data collection services | |
| Salaries and fringe benefits—52.0 FTE positions | 4,754,100 |
| Travel..... | 350,000 |
| Other operational expenses | 746,000 |
| Subtotal - data collection services..... | 5,850,100 |
| Specialized planning services and local studies | 17,280,000 |
| Grants to regional planning councils..... | 488,800 |
| GROSS APPROPRIATION..... | \$ 35,552,900 |
| Appropriated from: | |
| Federal revenues: | |
| DOT-FHWA, highway research, planning, and construction | 22,000,000 |
| Special revenue funds: | |
| Comprehensive transportation fund..... | 1,260,300 |
| Michigan transportation fund | 6,586,300 |
| State aeronautics fund..... | 261,900 |
| State trunkline fund..... | 5,444,400 |
| State general fund/general purpose | \$ 0 |
| Sec. 109. DESIGN AND ENGINEERING SERVICES | |
| Full-time equated classified positions | 1,533.4 |
| Engineering services | |
| Salaries and fringe benefits—803.2 FTE positions..... | \$ 38,110,200 |
| Travel..... | 1,856,400 |
| Other operational expenses | 10,904,500 |
| Subtotal - engineering services | 50,871,100 |
| Program services | |
| Salaries and fringe benefits—719.7 FTE positions..... | 31,119,800 |
| Travel..... | 968,500 |
| Other operational expenses | 5,428,300 |
| Subtotal - program services..... | 37,516,600 |
| Intelligent transportation systems operations —10.5 FTE positions..... | 9,665,000 |
| GROSS APPROPRIATION..... | \$ 98,052,700 |
| Appropriated from: | |
| Federal revenues: | |
| DOT-FHWA, highway research, planning, and construction | 7,000,000 |
| Special revenue funds: | |
| Michigan transportation fund..... | 5,257,600 |
| State trunkline fund..... | 85,795,100 |
| State general fund/general purpose | \$ 0 |
| Sec. 110. HIGHWAY MAINTENANCE | |
| Full-time equated classified positions | 815.6 |
| State trunkline operations | |
| Salaries and fringe benefits—815.6 FTE positions..... | \$ 59,798,800 |
| Travel..... | 1,704,300 |
| Other operational expenses | 61,460,800 |
| Subtotal - state trunkline operations..... | 122,963,900 |
| Contract operations | 137,104,000 |
| GROSS APPROPRIATION..... | \$ 260,067,900 |
| Appropriated from: | |
| Special revenue funds: | |
| State trunkline fund..... | 260,067,900 |
| State general fund/general purpose | \$ 0 |
| Sec. 111. ROAD AND BRIDGE PROGRAMS | |
| State trunkline federal aid and road and bridge construction..... | \$ 996,562,100 |
| Local federal aid and road and bridge construction..... | 258,992,000 |
| Grants to local programs..... | 33,000,000 |
| Rail grade crossing | 3,000,000 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|--------------------------------------------------------------|---------------------------------------------|
| Local bridge fund..... | 31,115,800 |
| County road commissions | 645,023,600 |
| Cities and villages..... | 359,629,500 |
| GROSS APPROPRIATION | \$ 2,327,323,000 |
| Appropriated from: | |
| Federal revenues: | |
| DOT-FHWA, highway research, planning, and construction | 1,014,587,000 |
| Special revenue funds: | |
| Local funds | 5,000,000 |
| Blue Water Bridge fund | 3,000,000 |
| Local bridge fund..... | 31,115,800 |
| Michigan transportation fund | 1,040,653,100 |
| State trunkline fund..... | 232,967,100 |
| State general fund/general purpose | \$ 0 |
| Sec. 112. BLUE WATER BRIDGE | |
| Full-time equated classified positions.....35.0 | |
| Salaries and fringe benefits—35.0 FTE positions | \$ 2,656,400 |
| Travel..... | 20,000 |
| Other operational expenses | 8,100,000 |
| GROSS APPROPRIATION | \$ 10,776,400 |
| Appropriated from: | |
| Special revenue funds: | |
| Blue Water Bridge fund | 10,776,400 |
| State general fund/general purpose | \$ 0 |
| Sec. 113. TRANSPORTATION ECONOMIC DEVELOPMENT FUND | |
| Forest roads | \$ 5,040,000 |
| Rural county urban system..... | 2,500,000 |
| Target industries/economic redevelopment..... | 17,966,200 |
| Urban county congestion..... | 7,751,800 |
| Rural county primary | 7,751,800 |
| GROSS APPROPRIATION | \$ 41,009,800 |
| Appropriated from: | |
| Special revenue funds: | |
| Economic development fund..... | 41,009,800 |
| State general fund/general purpose | \$ 0 |
| Sec. 114. AERONAUTICS SERVICES | |
| Full-time equated classified positions.....56.0 | |
| Airport improvement services | |
| Salaries and fringe benefits—30.0 FTE positions | \$ 2,690,400 |
| Travel..... | 125,300 |
| Other operational expenses | 276,500 |
| Subtotal - airport improvement services..... | 3,092,200 |
| Aviation services | |
| Salaries and fringe benefits—26.0 FTE positions | 2,361,500 |
| Travel..... | 82,100 |
| Other operational expenses | 1,950,700 |
| Subtotal - aviation services | 4,394,300 |
| Air service program | 1,000,000 |
| GROSS APPROPRIATION | \$ 8,486,500 |
| Appropriated from: | |
| Special revenue funds: | |
| State aeronautics fund | 8,486,500 |
| State general fund/general purpose | \$ 0 |
| Sec. 115. PUBLIC TRANSPORTATION AND FREIGHT SERVICES | |
| Full-time equated classified positions.....66.0 | |
| Freight and safety services | |
| Salaries and fringe benefits—36.0 FTE positions | \$ 3,253,900 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|------------------------------------------------------------|---------------------------------------------|
| Travel..... | 113,600 |
| Other operational expenses | 458,300 |
| Subtotal - freight and safety services | 3,825,800 |
| Passenger transportation services | |
| Salaries and fringe benefits—30.0 FTE positions | 2,683,500 |
| Travel..... | 81,600 |
| Other operational expenses | 227,800 |
| Subtotal - passenger transportation services..... | 2,992,900 |
| GROSS APPROPRIATION..... | \$ 6,818,700 |
| Appropriated from: | |
| Special revenue funds: | |
| Comprehensive transportation fund..... | 4,969,500 |
| Michigan transportation fund | 1,849,200 |
| State general fund/general purpose | \$ 0 |
| Sec. 116. BUS TRANSIT DIVISION: STATUTORY OPERATING | |
| Local bus operating..... | \$ 163,276,100 |
| Nonurban operating/capital | 14,600,000 |
| GROSS APPROPRIATION..... | \$ 177,876,100 |
| Appropriated from: | |
| Federal revenues: | |
| DOT, federal transit act..... | 14,400,000 |
| Special revenue funds: | |
| Local funds | 200,000 |
| Comprehensive transportation fund..... | 163,276,100 |
| State general fund/general purpose | \$ 0 |
| Sec. 117. INTERCITY PASSENGER AND FREIGHT | |
| Freight property management..... | \$ 1,000,000 |
| Detroit/Wayne County port authority | 500,000 |
| Intercity bus equipment..... | 1,800,000 |
| Rail passenger service..... | 8,200,000 |
| Freight preservation and development..... | 3,942,900 |
| Rail infrastructure loan program | 100,000 |
| Intercity bus service development..... | 4,850,000 |
| Marine passenger services..... | 400,000 |
| Terminal development..... | 1,551,300 |
| GROSS APPROPRIATION..... | \$ 22,344,200 |
| Appropriated from: | |
| Federal revenues: | |
| DOT, federal transit act..... | 3,500,000 |
| DOT-FRA, local rail service assistance..... | 100,000 |
| DOT-FRA, rail passenger/HSGT | 1,000,000 |
| Special revenue funds: | |
| Local funds | 50,000 |
| Comprehensive transportation fund..... | 14,694,200 |
| Intercity bus equipment fund | 1,000,000 |
| Rail preservation fund..... | 2,000,000 |
| State general fund/general purpose | \$ 0 |
| Sec. 118. PUBLIC TRANSPORTATION DEVELOPMENT | |
| Specialized services | \$ 8,200,100 |
| Municipal credit program..... | 2,000,000 |
| Bus capital | 46,852,200 |
| Van pooling..... | 195,000 |
| Service initiatives | 1,750,000 |
| Transportation to work..... | 8,600,000 |
| GROSS APPROPRIATION..... | \$ 67,597,300 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|------------------------------------------|------------|
| Appropriated from: | |
| Federal revenues: | |
| DOT, federal transit act..... | 41,300,000 |
| Special revenue funds: | |
| Local funds | 850,000 |
| Comprehensive transportation fund..... | 25,447,300 |
| 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 2005-2006 is \$2,197,717,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2005-2006 is \$1,278,389,700.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF TRANSPORTATION

| | |
|--------------------------------------------------|------------------|
| Grants to local programs..... | \$ 33,000,000 |
| Economic development fund..... | 23,003,600 |
| Grants to cities and villages..... | 359,629,500 |
| Grants to county road commissions | 645,023,600 |
| Local bridge fund..... | 31,115,800 |
| Grants to regional planning councils..... | 488,800 |
| Local bus operating..... | 163,276,100 |
| Bus capital | 16,352,200 |
| Marine passenger service | 400,000 |
| Detroit/Wayne County port authority | 500,000 |
| Municipal credit program..... | 2,000,000 |
| Specialized services | 3,600,100 |
| Total payments to local units of government..... | \$ 1,278,389,700 |

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 article:

- (a) "CTF" means comprehensive transportation fund.
- (b) "Department" means the department of transportation.
- (c) "DOT" means the United States department of transportation.
- (d) "DOT-FHWA" means DOT, federal highway administration.
- (e) "DOT-FRA" means DOT, federal railroad administration.
- (f) "DOT-FRA, rail passenger/HSST" means DOT, federal railroad administration, high-speed ground transportation.
- (g) "EDF" means economic development fund.
- (h) "FTE" means full-time equated.
- (i) "MTF" means Michigan transportation fund.
- (j) "RIF" means recreation improvement fund.
- (k) "SAF" means state aeronautics fund.
- (l) "STF" means state trunkline fund.

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

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

(2) The state budget director 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 by the thirtieth of each month 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 month and the reasons to justify the exception.

Sec. 207. At least 90 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 6 months. As used in this section, "privatize" or "privatization" means the transfer of state highway maintenance functions or activities currently performed by department forces, or by boards of county road commissioners, county boards of commissioners, or local units of government under contract with the department, to private contractors.

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

Sec. 209. Funds appropriated in part 1 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.

Sec. 210. The director of each department receiving appropriations in part 1 may 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 encourage firms with which the department contracts to subcontract with certified businesses in deprived and depressed communities for services, supplies, or both.

Sec. 211. The departments and state agencies receiving appropriations under this article shall receive and retain copies of all reports funded from appropriations in part 1. These departments and state agencies shall follow federal and state guidelines for short-term and long-term retention of these reports and records.

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

Sec. 260. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2006 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. 261. A department or state agency shall not take disciplinary action against an employee for communicating with a member of the legislature or their staff.

DEPARTMENTAL SECTIONS

Sec. 301. (1) The department may establish a fee schedule and collect fees sufficient to cover the costs to issue the permits that the department is authorized by law to issue upon request, and for fees associated with freedom of

information requests. Unless otherwise authorized by statute, all fee revenue shall be credited to the state trunkline fund to recover the direct and indirect costs of receiving, reviewing, and processing the requests.

(2) A bridge authority shall hold 3 public hearings on an increase in any toll charged by the authority at least 30 days before the toll change will become effective. Two of the hearings shall be held within 5 miles of the bridge over which the bridge authority has jurisdiction. One hearing shall be held in Lansing. Public hearings held under this section shall be conducted in accordance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, and shall be conducted so as to provide a reasonable opportunity for public comment, including both spoken and written comments.

Sec. 303. On request, the department shall provide to a legislator, in writing, a report on the amount of money to be received by each city and village and the county road commission of each county, that is included in whole or in part within the legislator's legislative district.

Sec. 304. If, as a requirement of bidding on a highway project, the department requires a contractor to submit financial or proprietary documentation as to how the bid was calculated, that bid documentation shall be kept confidential and shall not be disclosed other than to a department representative without the contractor's written consent. The department may disclose the bid documentation if necessary to address or defend a claim by a contractor.

Sec. 305. The department shall permit space on public passenger transportation properties to be occupied by public or private tenants on a competitive market rate basis. The department shall require that revenue from the tenants be placed in an account to be used to pay the costs to maintain the property.

Sec. 306. Biennially, the auditor general shall conduct an audit of charges to transportation funds by state departments for the 2 preceding fiscal years, with the first such audit including the fiscal years ending September 30, 2006 and September 30, 2007. The auditor general shall prepare a detailed report, with recommendations and conclusions, including a list of services charged to transportation funds, the appropriateness of those charges, the cost allocation methodologies used in determining the level of funding, and any unreimbursed costs. The report shall be provided, upon request, to any member of the senate and house of representatives, senate and house fiscal agencies, and the state budget director 6 months after publication of the state of Michigan comprehensive annual financial report.

Sec. 307. Before February 1 of each year, the department will provide to the legislature, the state budget office, and the house and senate fiscal agencies its rolling 5-year plan listing by county or by county road commission all highway construction projects for the fiscal year and all expected projects for the ensuing fiscal years.

Sec. 308. The department and local road agencies that receive appropriations under this act shall pursue compliance with contract specifications for construction and maintenance of state highways and local roads and streets. Work shall not be accepted and paid for until it complies with contract requirements. Contractors with unsatisfactory performance ratings shall be restricted from future bidding through the prequalification process established by the department or a local road agency. The department, county road commissions, and cities and villages shall report to the house of representatives and senate appropriations subcommittees on transportation on their respective activities under this section.

Sec. 309. The department shall reduce administrative costs and provide the maximum funding possible for construction projects.

Sec. 310. The department shall provide in a timely manner copies of the agenda and approved minutes of monthly transportation commission meetings to the members of the house and senate appropriations subcommittees on transportation, the house and senate fiscal agencies, and the state budget director.

Sec. 311. The department shall not use funds appropriated under part 1 on behalf of a local governmental unit to pay the amount required for that local governmental unit to participate in the federal advance construction program.

Sec. 312. At the close of the fiscal year, any unencumbered and unexpended balance in the state trunkline fund shall remain in the state trunkline fund and shall carry forward and is appropriated for federal aid road and bridge programs for projects contained in the annual state transportation program.

Sec. 313. (1) From funds appropriated in part 1, the department may increase a state infrastructure bank program and grant or loan funds in accordance with regulations of the state infrastructure bank program of the United States department of transportation. The state infrastructure bank is to be administered by the department for the purpose of providing a revolving, self-sustaining resource for financing transportation infrastructure projects.

(2) In addition to funds provided in subsection (1), money received by the state as federal grants, repayment of state infrastructure bank loans, or other reimbursement or revenue received by the state as a result of projects funded by the program and interest earned on that money shall be deposited in the revolving state infrastructure bank fund and shall be available for transportation infrastructure projects. At the close of the fiscal year, any unencumbered funds remaining in the state infrastructure bank fund shall remain in the fund and be carried forward into the succeeding fiscal year.

Sec. 314. The department shall provide a report prepared by the department's internal auditor on the activities of the internal auditor for the previous fiscal year. The report shall be due on February 1, 2006 and shall be submitted to the senate and house of representatives appropriations committees, the senate and house fiscal agencies, the director of the state budget office, and the auditor general. This report shall include a list of all of the following:

(a) All work activities conducted by the internal auditor, including a listing of all audits, reviews, and investigations.

(b) The time charged to each work activity, including time charged to each audit, review, or investigation.

(c) A listing of which audits, reviews, and investigations have been completed and which audits, reviews, and investigations have had reports of the results issued.

Sec. 319. The department shall post signs at each rest area to identify the agency or contractor responsible for maintenance of the rest area. The signs shall include a department telephone number and shall indicate that unsafe or unclean conditions at the rest area may be reported to that telephone number.

Sec. 324. From the funds appropriated in part 1, \$500,000.00 from the state trunkline fund shall be used for enhanced construction zone traffic law enforcement and the "give 'em a brake" campaign. The funding shall be used to reimburse law enforcement agencies for costs associated with construction zone traffic enforcement. The funding shall be provided based on approved memoranda of understanding between the department and participating law enforcement agencies.

Sec. 334. The department shall continue its program to increase the use of women- and minority-owned businesses in state and local road construction projects. This program shall comprise, at a minimum, outreach and education efforts to inform women- and minority-owned firms of department competitive bidding processes and requirements, and an assessment of the availability of surety for women- and minority-owned businesses. The department shall report by March 31, 2006, to the house and senate appropriations subcommittees on transportation and the house and senate fiscal agencies of its progress in complying with this section.

Sec. 353. The department shall review its contractor payment process and ensure that all prime contractors are paid promptly. The department shall ensure that prime contractors are in compliance with special provision 109.10 regarding the prompt payment of subcontractors.

Sec. 357. When presented with complete local federal aid project submittals, the department shall complete all necessary reviews and inspections required to let local federal aid projects within 120 days of receipt. The department shall implement a system for monitoring the local federal aid project review process.

Sec. 361. The department will notify the senate and house appropriations subcommittees on transportation, the senate and house fiscal agencies, and the state budget director of any changes to the services or function of the multi-modal transportation services program as approved by the state transportation commission.

Sec. 363. From the funds appropriated in part 1, sufficient funds shall be granted to Michigan Technological University to complete a study of the distribution and nature of log truck accidents and the characteristics of log trucks and log loads. The study shall consider alternative designs for log trucks and trailers, including crib vehicles on which logs are loaded lengthwise. The findings of this study shall be forwarded to the house and senate appropriations committees, the house and senate fiscal agencies, and the state budget director. A final report of the study shall be provided to the senate and house appropriations subcommittees on transportation no later than September 15, 2006. This appropriation represents the final amount of state funding provided for this study.

Sec. 365. No funds appropriated in part 1 may be expended for the development of design plans or for the construction of either Practical Alternative 5 or Practical Alternative 5 modified, as identified in US-131 Improvement Study in St. Joseph County. It is the intention of the legislature that the department proceed with the construction of a full limited access freeway development within the US-131 planning corridor from the Indiana state line to north of the city of Three Rivers to Lovers Lane. The highway location must be determined with public input and using Practical Alternative numbers 1 through 4.

Sec. 370. (1) From the funds appropriated in part 1, no later than April 1, 2006, the director shall develop a complaint process to enforce the charter service prohibition contained in section 10e of 1951 PA 51, MCL 247.660e. The complaint process shall be independent from the charter service complaint process administered by the federal department of transportation, federal transit administration under 49 CFR part 604. The process shall allow complainants to file written complaints with the director, either through the United States mail or through the department's Internet site. The process shall allow complainants and respondents to provide evidence to the director regarding the alleged complaint. The director shall dispose of all complaints within 120 days after receipt.

(2) If the director determines that an eligible authority or an eligible governmental agency as defined under section 10c of 1951 PA 51, MCL 247.660c, has violated section 10e of 1951 PA 51, MCL 247.660e, the director shall withhold 10% of the funding received by the eligible authority or eligible governmental agency from the appropriation in part 1 for local bus operating, retroactive to the date that the complaint alleging violation of the charter prohibition was received by the director. For each subsequent violation of section 10e of 1951 PA 51, MCL 247.660e, the director shall withhold 20% of the funding received by the eligible authority or eligible governmental agency from the appropriation in part 1 for local bus operating.

Sec. 374. The department shall produce and distribute all employee newsletters electronically.

Sec. 375. The department is prohibited from reimbursing contractors or consultants for costs associated with groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded, in whole or in part, by revenue appropriated in part 1.

Sec. 376. No later than October 15, 2005, the department shall report to the senate and house of representatives appropriations subcommittees on transportation on the status of the 17 projects that were initially deferred in the department's 5-year plan in 2003 and subsequently restored.

Sec. 379. The department shall not spend any comprehensive transportation fund revenue appropriated in part 1 on operational planning for an eligible authority or eligible governmental agency in accordance with section 10b(3) of 1951 PA 51, MCL 247.660b.

Sec. 380. (1) The department only shall use those appropriations contained in sections 114 and 115 to support the operations of the multi-modal transportation services bureau. Except as provided in subsection (2), the department is prohibited from charging any costs associated with the multi-modal transportation services bureau to any appropriation in part 1, other than the appropriations contained in sections 114 and 115, regardless of their funding source without an approved legislative transfer or an enacted supplemental appropriations bill.

(2) Funds not appropriated in sections 114 and 115 may be used to fund costs associated with multi-modal transportation services, aeronautics, or freight safety services activities related to federally eligible costs for project management, inspection, and administration of federally funded projects and for construction of safety inspections of rail projects.

Sec. 381. No funds appropriated in part 1 shall be used to pay for the costs associated with the production or airing of a television program by the department, unless the program addresses traffic or safety advisories.

Sec. 383. (1) The department, with assistance from the departments of state police, natural resources, and military and veterans affairs, shall prepare a quarterly report on all travel by executive branch employees on state-owned, noncombat aircraft. The report shall include, by department, the name of the traveler, the travel origination location, the travel destination location, type of aircraft, and the total estimated costs associated with the air travel.

(2) From the funds appropriated in part 1, the department is prohibited from transporting employees of institutions of higher education on state-owned aircraft.

(3) From the funds appropriated in part 1, the department is prohibited from transporting legislators or legislative staff on state-owned aircraft without prior approval from the senate majority leader and/or the speaker of the house of representatives.

(4) From the funds appropriated in part 1, the department is prohibited from transporting local government employees on state-owned aircraft.

(5) It is the intent of the legislature that state elected officials use commercial or other private air service, unless air travel on state-owned aircraft is part of official state business.

Sec. 384. (1) From the funds appropriated in part 1, the department shall prepare a report on the operations of intelligent transportation service centers for the preceding fiscal year. The report shall include a description of all operations by service center location, a listing of contractor services provided at each service center location, and a listing of organizations, both private and public, that have access to the information generated at each service center location. The report shall be submitted to the senate and house of representatives appropriations transportation subcommittees by December 1, 2005.

(2) By December 1, 2005, the department shall submit copies to the senate and house of representatives appropriations transportation subcommittees of all agreements, including memoranda of understanding, between the department and all private and public organizations that have access to each service center location.

(3) By December 1, 2005, the department shall establish uniform policies for public and private access to each service center location. Copies of these policies shall be submitted to the senate and house of representatives appropriations transportation subcommittees.

Sec. 385. From funds appropriated in part 1, the department shall report on the impacts of emerald ash borer infestation on state trunkline rights of way. The report shall identify areas of infestation, remediation efforts, and actual and projected costs of remediation. The report shall be submitted to the senate and house of representatives appropriations subcommittees on transportation no later than February 1, 2006.

Sec. 387. The department shall publish and disseminate to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies all plans related to the upgrade of the I-96/M-59 interchanges by April 1, 2006.

FEDERAL

Sec. 401. When the department receives authorization from the federal government to commit transportation funds pursuant to federal appropriations, it shall present to the senate and house of representatives appropriations transportation subcommittees and the senate and house fiscal agencies, the federal amounts and categories authorized and the department's recommendation for distribution of these funds. If a recommendation or recommendations are not approved within 30 business days by both the senate and house of representatives appropriations transportation subcommittees, then the recommendation or recommendations shall be considered as disapproved. If either the senate or house of representatives appropriations transportation subcommittees disapproves the proposed distribution, then the senate and house of representatives appropriations transportation subcommittees and the department shall hold a joint meeting to develop a final distribution.

MICHIGAN TRANSPORTATION FUND

Sec. 501. The money received under the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43, and not appropriated to the department of labor and economic growth or the department of state police is deposited in the Michigan transportation fund.

Sec. 502. The department of treasury shall perform audits and make investigations of the disposition of all state funds received by county road commissions or county boards of commissioners, as applicable, and cities and villages for transportation purposes to determine compliance with the terms and conditions of 1951 PA 51, MCL 247.651 to 247.675. County road commissions or county boards of commissioners, as applicable, and cities and villages shall make available to the department of treasury the pertinent records for the audit.

Sec. 503. (1) The funds appropriated in part 1 for the economic development and local bridge programs shall not lapse at the end of the fiscal year but shall carry forward each fiscal year for the purposes for which appropriated in accordance with 1987 PA 231, MCL 247.901 to 247.913, and section 10(5) of 1951 PA 51, MCL 247.660.

(2) Interest earned in the department of transportation economic development fund and local bridge fund shall remain in the respective funds and shall be allocated to the respective programs based on actual interest earned at the end of each fiscal year.

(3) The department of transportation economic development fund and local bridge fund may receive and expend federal, local, or private funds or restricted source funds such as interest earnings for projects that are consistent with the programmatic mission of the respective funds in addition to funds appropriated in part 1.

(4) None of the funds statutorily dedicated to the transportation economic development fund and local bridge fund shall be diverted to other projects.

Sec. 504. (1) Funds from the Michigan transportation fund (MTF) shall be distributed to the comprehensive transportation fund (CTF), the economic development fund (EDF), the recreation improvement fund (RIF), and the state trunkline fund (STF), in accordance with this act and part 711 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.71101 to 324.71108, and may only be used as specified in this act, 1951 PA 51, MCL 247.651 to 247.675, and part 711 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.71101 to 324.71108.

(2) The amounts appropriated and transferred to various state agencies from part 1 shall be expended from the transportation funds pursuant to annual contracts between the department and state agencies providing tax and fee collection and other services applicable to transportation funds. The contracts shall be executed prior to the transfer of these funds. The contracts shall provide, but are not limited to, the following data applicable to each state agency:

(a) Estimated costs to be recovered from transportation funds.

(b) Description of services financed with transportation funds.

(c) Detailed cost allocation methods that are appropriate to the type of services being provided and the activities financed with transportation funds.

(3) Two months after publication of the state of Michigan comprehensive annual financial report, each state agency receiving an interdepartment and statutory contract from the department shall submit a written report to the department, the state budget director, and the house and senate fiscal agencies stating by spending authorization account the amount of estimated funds contracted with the department, the amount of funds expended, the amount of funds returned to the transportation funds, and any unreimbursed transportation-related costs incurred but not billed to transportation funds. A copy of the report shall be submitted to the auditor general and the report shall be subject to audit by the auditor general.

STATE TRUNKLINE FUND

Sec. 601. The department shall work with the road construction industry and engineering consulting community to develop performance and road construction warranties for construction contracts. The development of warranties shall include warranties on materials, workmanship, performance criteria, and design/build projects. The department will report by September 30 of each calendar year to the house of representatives and senate appropriations subcommittees on transportation, the state budget director, and the house and senate fiscal agencies on the status of efforts to develop performance and road construction warranties.

Sec. 602. If the department uses manufactured pipe for road construction drainage, the department shall require that pipe used under certain load-bearing conditions beneath the roadway meets the standards established by the American society for testing and materials (ASTM) or American association of state highway and transportation officials (AASHTO). The department may also use the mandrel test for manufactured pipe 60 days after installation and provide a summary of the results of these inspections to the house of representatives and senate appropriations subcommittees on transportation and house and senate fiscal agencies.

Sec. 603. The department shall use traffic congestion as 1 of the criteria in determining the priorities for designating which roads shall be remediated in its 5-year road plan, which must be submitted on or before February 1, 2006. Criteria for evaluating traffic congestion shall include, but not be limited to, coordination with local, county, and regional planning, improvement in traffic operations, improvement in physical roadway conditions, accident reduction, and coordination with area public transportation planning.

Sec. 607. Funding shall be made available for the remediation of unsafe pedestrian crossings on state highways. Funds from this appropriation may be expended only as matching funds for up to 50% of project cost with additional project funding to be provided by local units of government or through private contributions. Selected projects shall require the approval of the transportation commission. Maintenance of pedestrian overpasses constructed from funds

made available through this appropriation shall be the responsibility of a local unit of government or public or private institutions of higher education.

Sec. 608. From the amounts appropriated in part 1 for forest roads from the transportation economic development fund, \$40,000.00 shall be used for the purpose of establishing 2 additional truck inspection stations. The department shall work directly with representatives of the timber industry to educate truck drivers on the use of the stations. The department shall report on the status of this program.

Sec. 610. It is the intent of the legislature that the department have as a priority the removal of dead deer and other large animal remains from the traveled portion and shoulder of state highways. The department, and counties that perform state highway maintenance under contract, shall remove animal remains, wherever practicable, away from the traveled portion and shoulder of state highways.

Sec. 611. From the appropriations in part 1, the department shall use high-quality pavement marking materials for all state trunkline projects with a design life of 10 years or greater. The department shall coordinate with material suppliers, equipment manufacturers, and application contractors to ensure cost-effective improvements in durability and retro-reflectivity. The department shall identify pilot projects for demonstration of wet reflective characteristics. The department shall submit a report to both the house and senate appropriations committees and the house and senate fiscal agencies by January 31, 2007, that provides a report on the wet reflective pilot projects and the use of high-quality pavement marking materials in coordination with material suppliers, equipment manufacturers, and application contractors.

Sec. 612. The department shall establish guidelines governing incentives and disincentives provided under contracts for state trunkline projects. The guidelines shall include specific financial information concerning incentives and disincentives. On or before January 1, 2006, the department shall prepare a report for the immediately preceding fiscal year regarding contract incentives and disincentives. This report shall include a list, by project, of the contractors that received contract incentives and/or disincentives, the amount of the incentives and/or disincentives, and the number of days that each project was completed either ahead or past the contracted completion date. This report shall be provided to the senate and house appropriations subcommittees on transportation, the senate and house standing committees on transportation, and the senate and house fiscal agencies.

Sec. 617. From the funds appropriated in part 1, the department shall proceed with the construction of a full interchange at the intersection of M-48 and I-75 in Chippewa County. The department shall develop design plans and award the construction contract for this project during the fiscal year ending September 30, 2006.

Sec. 621. From the funds appropriated in part 1, the department shall install a traffic light on US-31 at the intersection with Bay Harbor in Emmet County.

Sec. 622. From the funds appropriated in part 1, the department shall proceed with the construction of improvements to the M-37 corridor between 100th Street and 84th Street in Caledonia Township, Kent County, as recommended in the department's corridor traffic study. The improvements shall include traffic signalization at the intersections of M-37 and Glengarry Drive, and M-37 and 100th Street, and the construction of a turning lane along the length of the corridor.

Sec. 623. Upon passage of House Bill No. 4564 of the 93rd Legislature, there is appropriated from the funds in section 111 for state trunkline federal aid and road and bridge construction \$137,500.00 for the costs associated with the removal of a barricade on Tienken Road in Oakland County. The department shall make these funds available for this project only if each city, Rochester Hills and Auburn Hills, provides a 50% match to the amount of state funding for this project.

Sec. 624. From the funds appropriated in part 1, the department shall address the structural problems with the M-25 bridge in Hume Township resulting from the Schram drain.

Sec. 625. From the funds appropriated in part 1, the department shall conduct a feasibility study regarding the construction of a full interchange between exits 212 and 215 on I-75 in Ogemaw County at M-30. The study shall be completed and the findings communicated to the senate and house of representatives appropriations subcommittees on transportation by February 1, 2006.

Sec. 628. Funds appropriated in part 1 shall not be used to transfer investment management functions from the Mackinac Bridge Authority to the state treasurer. All bridge operating functions currently performed by the Mackinac Bridge Authority remain within the Mackinac Bridge Authority established under section 2 of 1950 (Ex Sess) PA 21, MCL 254.302. The legislature concurs with the finding of the Governor's Mackinac Bridge Task Force established under Executive Order No. 1986-14 that the Mackinac Bridge Authority remain in existence and continue to operate and maintain the bridge in the future.

Sec. 633. From the funds appropriated in part 1, the department shall install a traffic signal on M-99 at the intersection with Spicerville highway in Eaton County.

Sec. 636. From the funds appropriated in part 1, the department shall construct a full interchange on I-69 at Graham Road in Lapeer County.

Sec. 637. From the funds appropriated in part 1, the department shall construct a nonmotorized vehicle bridge that crosses the Boardman River between Hull Street and 10th Street in Traverse City.

Sec. 638. From the funds appropriated in part 1, the department shall proceed with the construction of a full interchange on I-96 and Latson Road in Livingston County.

Sec. 639. The department shall develop a plan and schedule to place signs on state highways that direct motorists to drive on the right half of the roadway in accordance with section 634 of the Michigan vehicle code, 1949 PA 300, MCL 257.634.

Sec. 640. The department shall develop a plan and schedule to place signs on state highways that direct motorists to yield the right-of-way to approaching emergency vehicles in accordance with section 653 of the Michigan vehicle code, 1949 PA 300, MCL 257.653.

Sec. 641. From the funds appropriated in part 1, the department shall reconstruct the interchange at US-127 and Mission Road in Union Township, Isabella County.

Sec. 643. From the funds appropriated in part 1, sufficient funds are appropriated to match any federal congressional high-priority projects which may be designated for the completion of 2 segments of US-127 from Ithaca to St. Johns to a limited access freeway.

Sec. 644. From the funds appropriated in part 1, the department shall reduce congestion on I-75 from 8 Mile Road to M-24/Lapeer Road.

Sec. 645. From the funds appropriated in part 1, the department shall complete safety and intersection improvements at Woodward and Lincoln Street in the city of Birmingham.

Sec. 646. From the funds appropriated in part 1, the department shall complete improvements to the median of Square Lake Road between Franklin and Woodward in Bloomfield Township.

Sec. 647. From the funds appropriated in part 1, \$500,000.00 is appropriated for the preservation and maintenance for roads and trails under the authority of the Mackinac state park commission.

Sec. 648. From the funds appropriated in part 1, the department shall proceed with the construction of intersection improvements, including lane widening and construction of turning lanes on US-2 at County Road 521 in Delta County.

Sec. 649. Upon completion of reconstruction of the interchange on I-96 at Beck Road, the department shall proceed with the reconstruction of the interchange on I-96 at Wixom Road in Oakland County.

Sec. 650. From the funds appropriated in part 1, the department shall complete safety and intersection improvements at Ford Road and Beck Road in Canton Township.

Sec. 651. From the funds appropriated in part 1, the department shall construct additional traffic lanes on both eastbound and westbound M-59 from Crooks Road in Rochester Hills to Ryan Road in Macomb County.

Sec. 652. From the funds appropriated in part 1, the department shall proceed with the construction of an interchange on I-75 at Milbocker and McCoy Roads in the city of Gaylord and the construction of a bridge over I-75 connecting Van Tyle Road and S. Wisconsin Avenue in the city of Gaylord.

Sec. 653. From the funds appropriated in part 1, the department shall work with local officials from Spaulding Township, Saginaw County, to address flooding problems associated with the Flint River bridge on M-13.

Sec. 654. (1) It is the intent of the legislature that the Mackinac Bridge Authority work to protect the long-term viability of the Mackinac Bridge.

(2) From the funds appropriated in part 1, the department shall submit a quarterly report, beginning January 1, 2006, regarding departmental activities associated with the Mackinac Bridge. The report shall be provided to all members of the Mackinac Bridge Authority, the senate and house of representatives transportation committees, the senate and house of representatives appropriations subcommittees on transportation, and the fiscal agencies. The report shall include the following information:

(a) All expenditures of bridge toll revenue by the department.

(b) All expenditures by the department from other state funding sources for bridge maintenance, insurance, or bridge planning activities.

(c) The department's most recent bridge inspection report.

(d) Copies of all contracts which the department has entered into involving any aspect of the oversight of the bridge.

(3) In addition to the report required under subsection 2, from the funds appropriated in part 1, the department shall provide, upon request by any member of the Mackinac Bridge Authority, all information pertinent to the maintenance, operation, insurance, financing, or future planning of the Mackinac Bridge. This information shall be provided within 10 working days of the request. The Mackinac Bridge Authority shall be granted full disclosure of all pertinent information so that it may fulfill its role of protecting the long-term viability of the bridge.

COMPREHENSIVE TRANSPORTATION FUND

Sec. 701. Except as otherwise provided for in this section, money that is received by the state as a lease payment for state-owned intercity bus equipment is not money to be deposited in the comprehensive transportation fund under section 10b of 1951 PA 51, MCL 247.660b, but is money that is deposited in an intercity bus equipment fund for appropriation for the purchase and repair of intercity bus equipment. Proceeds received by the state from the sale of intercity bus equipment are deposited in an intercity bus equipment fund for appropriation for the purchase and repair of intercity bus equipment. Security deposits from the lease of state-owned intercity bus equipment not returned to the

lessee of the equipment under terms of the lease agreement are deposited in an intercity bus equipment fund for appropriation for the repair of intercity bus equipment. At the close of the fiscal year, any funds remaining in the intercity bus equipment fund shall remain in the fund and be carried forward into the succeeding fiscal year.

Sec. 702. Money that is received by the state as repayment for loans made for rail or water freight capital projects, and as a result of the sale of property or equipment used or projected to be used for rail or water freight projects shall be deposited in the fund created by section 17 of the state transportation preservation act of 1976, 1976 PA 295, MCL 474.67. At the close of the fiscal year, any funds remaining in the rail preservation fund shall remain in the fund and be carried forward into the succeeding fiscal year.

Sec. 703. After receiving notification from a railroad company pursuant to section 8 of the state transportation preservation act of 1976, 1976 PA 295, MCL 474.58, the department shall immediately notify the house of representatives and senate appropriations subcommittees on transportation and the state budget office that the railroad company has filed with the appropriate governmental agencies for abandonment of a line.

Sec. 705. Funds appropriated in part 1 for the rail infrastructure loan program shall be credited to the rail infrastructure loan fund established in section 15a of the state transportation preservation act of 1976, 1976 PA 295, MCL 474.65a.

Sec. 706. The Detroit/Wayne County port authority shall issue a complete operations assessment and a financial disclosure statement. The operations assessment shall include operational goals for the next 5 years and recommendations to improve land acquisition and development efficiency. The report shall be completed and submitted to the house of representatives and senate appropriations subcommittees on transportation, the state budget director, and the house and senate fiscal agencies by February 15 of each fiscal year for the prior fiscal year.

Sec. 707. (1) For the fiscal year ending September 30, 2006, each eligible authority and each eligible governmental agency which provides public transportation services in urbanized areas with a Michigan population of less than or equal to 100,000 and nonurbanized areas under section 5311 of title 49 of the United States Code, 49 USC 5311, shall receive a grant of up to 60% of its eligible operating expenses. Each eligible authority and each eligible government agency which provides public transportation services in urbanized areas with a Michigan population of greater than 100,000 under section 5307 of title 49 of the United States Code, 49 USC 5307, shall receive a grant of up to 50% of its eligible operating expenses.

(2) If the department determines that the Detroit transportation corporation is an eligible governmental agency as defined in section 10c(c) of 1951 PA 51, MCL 247.660c, and is eligible for operating grants under section 10e of 1951 PA 51, MCL 247.660e, the Detroit transportation corporation shall receive an operating grant not to exceed the amount of the distribution it received for eligible operating expenses for the fiscal year ending September 30, 1997 as provided in section 10e(4)(a)(v) of 1951 PA 51, MCL 247.660e. The funding plan for capital construction costs of the Detroit people mover project as described and provided under 1984 PA 243, 1985 PA 111, 1986 PA 207, 1987 PA 136, 1988 PA 271, 1989 PA 54, and 1990 PA 202 represents the only funding plan for cost overruns and there is no provision or expectation of other state money of any nature or character whatsoever for the construction or operation of the project.

(3) No funds appropriated in part 1 or in part 1 of 2004 PA 361 may be distributed, expended, or encumbered for operating or capital assistance to the Detroit transportation corporation prior to a resolution by the regional transit coordinating council established under the metropolitan transportation authorities act of 1967, 1967 PA 204, MCL 124.401 to 124.426, indicating how such funds would be treated in relation to article V of the regional transit coordinating council bylaws. Any state operating assistance for which the Detroit transportation corporation has applied which has not been distributed or expended by September 30, 2005 may not be encumbered for the Detroit transportation corporation but shall be redistributed to other eligible authorities and eligible governmental agencies in accordance with section 10e of 1951 PA 51, MCL 247.660e.

Sec. 708. If funds appropriated in part 1 are used to provide state-owned or state-leased buses to private intercity bus carriers, the department shall charge not less than \$1,000.00 per bus per year for their use.

Sec. 709. (1) The following bus routes are designated as an essential corridor in Michigan:

| | |
|--------------------------------------------------|------------------------------------------------------------------|
| Between St. Ignace and Escanaba | US-2 |
| Between Escanaba and Duluth | US-2 through Ironwood to the state line |
| Between Calumet and Escanaba | US-41 |
| Between Escanaba and Milwaukee | US-41 through Menominee to the state line |
| Between St. Ignace and Sault Ste. Marie | I-75 |
| Between Detroit and Chicago | I-94 from Detroit to the state line |
| Between Detroit and Muskegon | I-96 |
| Between Grand Rapids, Holland, and Benton Harbor | I-196 to I-94 |
| Between Muskegon and Grand Rapids | US-31, I-96 |
| Between Detroit and Bay City | I-75 |
| Between Bay City and Mount Pleasant | US-10, M-20 |
| Between Jackson and Traverse City | US-127, US-27, I-75, Grayling, Gaylord, M-72 to Traverse City |

| | |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Between Jackson and Indianapolis | I-69, I-94 to the state line through Albion, Marshall, and Coldwater |
| Between Houghton Lake and Cadillac | M-55 and M-66 |
| Between Detroit and Toledo | I-75 to the state line |
| Between the Indiana state line and Traverse City | US-31 and I-196 |
| Between Detroit and Port Huron | I-375 and I-94 |
| Between Toledo and Bay City | US-23, I-75, and I-675, I-75 |
| Between Bay City and Chicago | I-75, Flint, I-69, I-94, Battle Creek, I-94 to the state line |
| Between Flint and Lansing | I-69, M-21, Owosso, M-52, I-69 |
| Between Bay City and St. Ignace | I-75, US-23 |
| Between Grand Rapids and St. Ignace | US-131, Cadillac, M-115, Mesick, M-37 to Traverse City, US-31, Acme, M-72, Kalkaska, US-131, Boyne Falls, M-75, Walloon Lake, US-131, Petoskey, US-31, I-75, St. Ignace |
| Between Kalamazoo and Grand Rapids | US-131 |

(2) Any changes to the essential corridor list in subsection (1) shall be approved by the house and senate appropriations subcommittees on transportation.

(3) No entity shall receive operating assistance for a scheduled regular route service which is competing with another private or public carrier over the same route.

Sec. 710. Local transit agencies shall not establish new routes that duplicate existing routes served by intercity carriers when providing services under regional transportation service programs. Private intercity carriers shall be provided an opportunity to bid by local public transit agencies on services funded through the regional transportation service program. The department shall withhold all funding provided to a local public transit agency under section 10e(4)(a) of 1951 PA 51, MCL 247.660e, if the local public transit agency fails to provide intercity carriers with an opportunity to bid on services funded through the regional transportation service program.

Sec. 711. (1) From the funds appropriated in part 1 from the comprehensive transportation fund for rail passenger service, the department shall negotiate with a rail carrier to provide rail service between Grand Rapids and Chicago and between Port Huron and Chicago on a 7-day basis, consistent with the other provisions of this section.

(2) Any state subsidy for rail passenger service between Grand Rapids and Chicago and between Port Huron and Chicago shall be limited to the direct operating costs of rail passenger service between Grand Rapids and Chicago and between Port Huron and Chicago. Direct operating costs shall include the costs that are needed to provide staffing for passenger service kiosks at Port Huron, Flint, and East Lansing stations. Any state funding provided under this section shall not exceed \$6,100,000.00.

(3) The rail carrier shall, as a condition to receiving a state operating subsidy, establish a system to monitor, collect, and resolve customer complaints and shall make the information available to the department, the house and senate appropriations subcommittees on transportation, and the house and senate fiscal agencies.

(4) The department shall submit a report to both the house and senate appropriations committees and the house and senate fiscal agencies by January 1, 2006 that provides a 5-year history on services, ridership, and subsidies.

(5) Future state support for the service between Grand Rapids and Chicago and Port Huron and Chicago is dependent on the department's ability to provide a plan and a contract for services that increase ridership and revenue, reduce operating costs, and improve on-time performance. The department shall include a section in the report required in subsection (4) detailing efforts to reduce the dependence on state operating subsidies and projected operating expenses for the next 2 years, and recommending service alternatives, for the Grand Rapids to Chicago service and the Port Huron to Chicago service.

(6) No state subsidy shall be provided from the funds appropriated in part 1 if the chosen rail carrier is Amtrak and Amtrak discontinued service or any portion of the service between Port Huron and Chicago or Grand Rapids and Chicago during the preceding fiscal year, unless the discontinuance of service was for track maintenance or was caused by acts of God.

(7) Notwithstanding subsection (2), it is the intent of the legislature that an additional \$1,000,000.00 from the comprehensive transportation fund shall be made available to the state subsidy for rail passenger service between Grand Rapids and Chicago and between Port Huron and Chicago if there is a signed contract to relocate Amtrak maintenance facilities to Michigan.

Sec. 714. (1) The department, in cooperation with local transit agencies, shall work to ensure that demand-response services are provided throughout Michigan. The department shall continue to work with local units of government to address the unmet transit needs in Michigan.

(2) The department shall report by March 1, 2006 on its efforts to implement this section over the past 2 years.

Sec. 719. The department may provide advances to local road authorities from the rail grade crossing account pursuant to section 11(1)(g) of 1951 PA 51, MCL 247.661, for the construction of grade separations. Money that is received by the state as a repayment of the advance, including interest on the advance, shall be returned to the rail grade crossing account and be available for the local grade crossing program for advances for the construction of grade separations pursuant to section 11(1)(g) of 1951 PA 51, MCL 247.661.

Sec. 721. For federal transit administration bus acquisition capital grants matched with CTF funds appropriated in part 1, transit agencies shall have 4 years from the federal approval date to carry out their projects. Contract line items unobligated 4 years after the federal approval date may be matched with CTF funds only up to 15% in the fifth and subsequent years. "Unobligated" means any line item in the contract that is not committed to a third party or purchase order. A waiver shall be granted by the department for an additional year with documented justification from the transit agency accompanied by a resolution from the board or authority seeking a waiver. If a transit agency does not carry out a line item activity in a specific authorization and the transit agency requests funds in a new authorization for that same activity, the line item shall be matched at up to 15%. This section applies only to bus acquisition capital grants. Lapsed funds under this section shall remain in the CTF.

Sec. 722. From the funds appropriated in part 1 for transportation to work from the CTF, sufficient funds shall be used as a match for job access reverse commute grants for local transit agencies.

Sec. 728. From the funds appropriated in section 117 for freight preservation and development, \$250,000.00 shall be used for crossing upgrades and bridge deck replacement on the Huron subdivision of the lake state rail company.

Sec. 729. From the funds appropriated in section 117 for intercity bus service development, \$100,000.00 shall be used for lost ridership support and/or marketing efforts to increase awareness of intercity bus service, increase ridership on intercity bus carriers, and improve coordination of intercity bus service in Michigan.

Sec. 730. The department shall sell all state-owned intercity bus equipment within 6 months of termination of lease agreements with intercity bus carriers. The proceeds from the sale of state-owned intercity bus equipment under this section shall be deposited in the intercity bus equipment fund, consistent with section 701.

Sec. 731. The department shall charge public transit agencies and intercity bus carriers equal rates per square foot for leasing space in state-owned intermodal facilities.

Sec. 732. (1) From the funds appropriated in part 1 for local bus operating, eligible authorities and eligible governmental agencies receiving grants under section 10e of 1951 PA 51, MCL 247.660e, shall equip vehicles with necessary operational lifts and certify to the department, in a format specified by the department, that those lifts are maintained and cycled on a regularly scheduled basis to ensure operability consistent with authority granted to the department under 1951 PA 51, MCL 247.651 to 247.675.

(2) By October 29, 2005, eligible authorities and eligible governmental agencies shall forward to the department, the senate and house appropriations subcommittees on transportation, the senate and house fiscal agencies, and the state budget director a report on the status of their fleet with respect to operational lifts pursuant to subsection (1). Eligible authorities and eligible governmental agencies shall specifically include information in the report on the number and percentage of the fleet with operational lifts, and the number and percentage of the fleet with operational lifts that are not in working order.

(3) An eligible authority or eligible governmental agency that reports, pursuant to subsection (2) that vehicles currently eligible for or in active service have lifts that are not operational, shall certify to the department by December 31, 2005 that the nonoperational lifts have been repaired or replaced and are operational.

(4) By April 1, 2006, the department director shall certify, in writing, to the senate and house appropriations subcommittees on transportation, senate and house fiscal agencies, and the state budget director that the information provided by each eligible authority or eligible governmental agency under subsections (2) and (3) is accurate to the best of the director's knowledge. In the event that the department director finds that the information provided by each eligible authority or eligible governmental agency under subsections (2) and (3) is inaccurate, the director shall notify the eligible authority or eligible governmental agency of the inaccuracies and require submission of a corrected report.

(5) Eligible authorities and eligible governmental agencies who report, pursuant to subsection (2), nonoperational lifts on vehicles currently eligible for or in active service, and who are unable to certify, pursuant to subsection (3), that lifts have been repaired or replaced by December 31, 2005, shall not receive 25% of their monthly local bus operating grant, beginning January 1, 2006. Persons 65 years of age or older and persons with disabilities shall be exempt from fare box charges for the period an eligible authority or eligible governmental agency has funds withheld pursuant to this subsection.

(6) If the eligible authority or eligible governmental agency certifies on or before April 30, 2006 that lifts reported as nonoperational pursuant to subsections (3) and (4) are now operational, funds withheld during the period subsequent to December 31, 2005 shall be forwarded to the applicable eligible authority or eligible governmental agency. If the applicable lifts are not operational by April 30, 2006, funds withheld pursuant to subsection (4) shall be forfeited and deposited to the comprehensive transportation fund.

(7) The department shall report to the senate and house appropriations subcommittees on transportation, senate and house fiscal agencies, and the state budget director on September 30, 2006, regarding actions taken with respect to implementation of this section.

(8) The department shall ensure that transit agencies have adequate wheelchair lifts available on demand response vehicles to meet the needs of persons with disabilities.

Sec. 734. (1) The department shall ensure that all public transit agencies provide the highest quality public transit service by moving people in a cost-effective, safe, and user-friendly manner that maintains and attracts residents and businesses.

(2) Public transit agencies receiving funds under part 1 shall do all of the following:

(a) Provide efficient, cost-effective, safe, well-maintained, reliable, customer-driven transportation services.

(b) Provide a quality work environment that has and fulfills employee performance, productivity, and development standards.

(c) Identify and capture all available funding or create cost-effective programs to eliminate debt and have a balanced budget.

(d) Maintain sufficient local and community funding.

(e) Support business development by providing transportation to areas of employment and commerce, emerging or established businesses, and health care facilities.

Sec. 736. From the funds appropriated in part 1, the department shall work with intercity rail and bus passenger carriers to coordinate intercity passenger transportation in Michigan. The department shall assist in the coordination of intercity routes, schedules, and facilities.

Sec. 737. It is the intent of the legislature that the department proceed with the construction of a Birmingham/Troy intermodal passenger facility.

Sec. 738. From the funds appropriated in part 1, freight preservation and development, the department shall resurface state-owned rail track from mile post 65.8 in Owosso to mile post 74.2 in Oakley and shall perform track rehabilitation from mile post 74.2 in Oakley to mile post 78.2 in Chesaning.

Sec. 739. Eligible authorities and eligible governmental agencies receiving grants from funds appropriated in this act shall not assign buses longer than 40 feet to fixed route service if a reasonable estimate of ridership does not warrant the use of such large-capacity vehicles.

AERONAUTICS FUND

Sec. 801. At the close of the fiscal year, any unobligated and unexpended balance in the state aeronautics fund created in the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208, shall lapse to the state aeronautics fund and be appropriated by the legislature in the immediately succeeding fiscal year.

Sec. 805. State aeronautics funds appropriated in part 1 for airport safety and protection plan debt service are transferred to the comprehensive transportation fund and are appropriated for the purpose of reimbursing comprehensive transportation fund debt service obligations for the airport safety and protection plan program.

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 transportation department and certain transportation purposes for the fiscal year ending September 30, 2006; to provide for the imposition of fees; to provide for reports; to create certain funds and programs; to prescribe requirements for certain railroad and bus facilities; to prescribe certain powers and duties of certain state departments and officials and local units of government; and to provide for the expenditure of the appropriations.

Shirley Johnson
Tony Stamas
Jim Barcia
Conferees for the Senate

Shelley Goodman Taub
Daniel Acciavatti
Conferees for the House

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

Reports of Standing Committees

The Committee on Appropriations, by Rep. Hummel, Chair, reported

Senate Bill No. 470, entitled

A bill to amend 1961 PA 236, entitled "Revised judicature act of 1961," by amending sections 321, 5756, 8371, and 8420 (MCL 600.321, 600.5756, 600.8371, and 600.8420), sections 321 and 8420 as amended by 2003 PA 138 and sections 5756 and 8371 as amended by 2003 PA 178.

With the recommendation that the substitute (H-1) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. Hummel, Pastor, Kooiman, Amos, Brandenburg, Caswell, Farhat, Moolenaar, Shaffer, Steil, Taub, Walker, Booher, Caul, Hansen, Kahn, Whitmer, Brown, Kolb, Sak, Cushingberry, Williams, Plakas, Alma Smith, Phillips and Gonzales

Nays: None

The Committee on Appropriations, by Rep. Hummel, Chair, reported

Senate Bill No. 548, entitled

A bill to amend 1972 PA 222, entitled "An act to provide for an official personal identification card; to provide for its form, issuance and use; to regulate the use and disclosure of information obtained from the card; to prescribe the powers and duties of the secretary of state; to prescribe fees; to prescribe certain penalties for violations; and to provide an appropriation for certain purposes," by amending section 7 (MCL 28.297), as added by 1997 PA 99.

With the recommendation that the following amendment be adopted and that the bill then pass.

1. Amend page 2, line 4, after "**OCTOBER 1,**" by striking out "**2004**" and inserting "**2005**".

The bill and amendment were referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. Hummel, Pastor, Kooiman, Stewart, Amos, Brandenburg, Caswell, Farhat, Moolenaar, Shaffer, Steil, Taub, Walker, Booher, Caul, Hansen, Kahn, Whitmer, Brown, Kolb, Sak, Cushingberry, Williams, Plakas, Alma Smith, Phillips and Gonzales

Nays: None

The Committee on Appropriations, by Rep. Hummel, Chair, reported

Senate Bill No. 549, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending sections 208b and 232 (MCL 257.208b and 257.232), section 208b as amended by 2000 PA 159 and section 232 as amended by 2000 PA 192.

With the recommendation that the following amendments be adopted and that the bill then pass.

1. Amend page 2, line 1, after "**OCTOBER 1,**" by striking out "**2004**" and inserting "**2005**".

2. Amend page 5, line 7, after "**OCTOBER 1,**" by striking out "**2004**" and inserting "**2005**".

The bill and amendments were referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. Hummel, Pastor, Kooiman, Stewart, Amos, Brandenburg, Caswell, Farhat, Moolenaar, Shaffer, Steil, Taub, Walker, Booher, Caul, Hansen, Kahn, Whitmer, Brown, Kolb, Sak, Cushingberry, Williams, Plakas, Alma Smith, Phillips and Gonzales

Nays: None

The Committee on Appropriations, by Rep. Hummel, Chair, reported

Senate Bill No. 550, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending sections 80130, 80315, 81114, and 82156 (MCL 324.80130, 324.80315, 324.81114, and 324.82156), as amended by 1997 PA 102.

With the recommendation that the following amendments be adopted and that the bill then pass.

1. Amend page 2, line 1, after "**OCTOBER 1,**" by striking out "**2004**" and inserting "**2005**".

2. Amend page 3, line 10, after "**OCTOBER 1,**" by striking out "**2004**" and inserting "**2005**".

3. Amend page 4, line 17, after "**OCTOBER 1,**" by striking out "**2004**" and inserting "**2005**".

4. Amend page 6, line 2, after "**OCTOBER 1,**" by striking out "**2004**" and inserting "**2005**".

The bill and amendments were referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. Hummel, Pastor, Kooiman, Stewart, Amos, Brandenburg, Caswell, Farhat, Moolenaar, Shaffer, Steil, Taub, Walker, Booher, Caul, Hansen, Kahn, Whitmer, Brown, Kolb, Sak, Cushingberry, Williams, Plakas, Alma Smith, Phillips and Gonzales

Nays: None

The Committee on Appropriations, by Rep. Hummel, Chair, reported

Senate Concurrent Resolution No. 26.

A concurrent resolution approving the conveyance of property to the State Building Authority and approving a lease between the State of Michigan and the State Building Authority relative to the Department of Corrections Kinross Correctional Facility New Power Plant.

(For text of concurrent resolution, see House Journal No. 73, p. 1319.)

With the recommendation that the concurrent resolution be adopted.

The concurrent resolution was laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Hummel, Pastor, Kooiman, Stewart, Amos, Brandenburg, Caswell, Farhat, Moolenaar, Shaffer, Steil, Taub, Walker, Booher, Caul, Hansen, Kahn, Whitmer, Brown, Kolb, Sak, Cushingberry, Williams, Plakas, Alma Smith, Phillips and Gonzales

Nays: None

COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Hummel, Chair, of the Committee on Appropriations, was received and read:

Meeting held on: Tuesday, September 20, 2005

Present: Reps. Hummel, Pastor, Kooiman, Stewart, Amos, Brandenburg, Caswell, Farhat, Moolenaar, Shaffer, Steil, Taub, Walker, Booher, Caul, Hansen, Kahn, Whitmer, Brown, Kolb, Sak, Cushingberry, Williams, Plakas, Alma Smith, Phillips and Gonzales

Absent: Reps. Acciavatti and Cheeks

Excused: Reps. Acciavatti and Cheeks

The Committee on Family and Children Services, by Rep. Stahl, Chair, reported

House Bill No. 5110, entitled

A bill to amend 1973 PA 116, entitled "An act to provide for the protection of children through the licensing and regulation of child care organizations; to provide for the establishment of standards of care for child care organizations; to prescribe powers and duties of certain departments of this state and adoption facilitators; to provide penalties; and to repeal acts and parts of acts," by amending section 1 (MCL 722.111), as amended by 2002 PA 696.

With the recommendation that the substitute (H-1) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. Stahl, Pearce, Vander Veen, Hoogendyk, Spade, Polidori and Lemmons, Jr.

Nays: None

COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Stahl, Chair, of the Committee on Family and Children Services, was received and read:

Meeting held on: Tuesday, September 20, 2005

Present: Reps. Stahl, Pearce, Vander Veen, Hoogendyk, Spade, Polidori and Lemmons, Jr.

Absent: Reps. Sheen and Clack

Excused: Reps. Sheen and Clack

The Committee on Commerce, by Rep. Huizenga, Chair, reported

Senate Bill No. 298, entitled

A bill to amend 1972 PA 284, entitled "Business corporation act," by amending section 1062 (MCL 450.2062), as amended by 1997 PA 118.

With the recommendation that the substitute (H-2) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. Huizenga, Baxter, Emmons, Palsrok, Wenke, Green, Hildenbrand, Jones, David Law, Marleau, Pavlov, Schuitmaker, Meisner, Murphy, Bennett and Accavitti

Nays: None

The Committee on Commerce, by Rep. Huizenga, Chair, reported

Senate Bill No. 521, entitled

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending section 30 (MCL 206.30), as amended by 2004 PA 394.

With the recommendation that the substitute (H-1) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. Huizenga, Baxter, Emmons, Palsrok, Wenke, Green, Hildenbrand, Jones, David Law, Marleau, Pavlov, Schuitmaker, Meisner, Murphy, Bennett and Accavitti

Nays: None

COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Huizenga, Chair, of the Committee on Commerce, was received and read:

Meeting held on: Tuesday, September 20, 2005

Present: Reps. Huizenga, Baxter, Emmons, Palsrok, Wenke, Green, Hildenbrand, Jones, David Law, Marleau, Pavlov, Schuitmaker, Meisner, Murphy, Bennett and Accavitti

Absent: Reps. Tobocman, Dillon and McConico

Excused: Reps. Tobocman, Dillon and McConico

The Committee on Government Operations, by Rep. Drolet, Chair, reported

House Bill No. 4962, entitled

A bill to amend 1984 PA 431, entitled "The management and budget act," by amending section 298c (MCL 18.1298c), as added by 1988 PA 306.

Without amendment and with the recommendation that the bill pass.

The bill was referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. Drolet, Hoogendyk, Gosselin, Garfield and Lipsey

Nays: Rep. Lemmons, III

COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Drolet, Chair, of the Committee on Government Operations, was received and read:

Meeting held on: Tuesday, September 20, 2005

Present: Reps. Drolet, Hoogendyk, Gosselin, Garfield, Tobocman, Lipsey and Lemmons, III

Absent: Rep. Sheen

Excused: Rep. Sheen

Announcement by the Clerk of Printing and Enrollment

The Clerk announced the enrollment printing and presentation to the Governor on Friday, September 16, for her approval of the following bills:

Enrolled House Bill No. 4402 at 2:54 p.m.**Enrolled House Bill No. 4928 at 2:56 p.m.****Enrolled House Bill No. 4930 at 2:58 p.m.****Enrolled House Bill No. 4932 at 3:00 p.m.****Enrolled House Bill No. 4934 at 3:02 p.m.****Enrolled House Bill No. 4936 at 3:04 p.m.****Enrolled House Bill No. 4937 at 3:06 p.m.****Enrolled House Bill No. 4958 at 3:08 p.m.****Enrolled House Bill No. 4991 at 3:10 p.m.**

The Clerk announced that the following bills and joint resolution had been printed and placed upon the files of the members on Friday, September 16:

House Bill Nos. 5181 5182 5183 5184 5185 5186 5187 5188 5189**Senate Bill Nos. 757 758****Senate Joint Resolution G**

The Clerk announced the enrollment printing and presentation to the Governor on Tuesday, September 20, for her approval of the following bills:

Enrolled House Bill No. 4996 at 1:27 p.m.**Enrolled House Bill No. 4484 at 1:29 p.m.**

The Clerk announced that the following Senate bills had been received on Tuesday, September 20:

Senate Bill Nos. 248 423

By unanimous consent the House returned to the order of

Messages from the Senate**House Bill No. 4469, entitled**

A bill to amend 1978 PA 368, entitled "Public health code," by amending section 10104 (MCL 333.10104), as amended by 2003 PA 62.

The Senate has passed the bill, ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The House agreed to the full title.

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

House Bill No. 4963, entitled

A bill to amend 2000 PA 77, entitled "An act to amend 1949 PA 300, entitled "An act to provide for the registration, titling, sale, transfer, and regulation of certain vehicles operated upon the public highways of this state or any other place open to the general public or generally accessible to motor vehicles and distressed vehicles; to provide for the licensing of dealers; to provide for the examination, licensing, and control of operators and chauffeurs; to provide for the giving of proof of financial responsibility and security by owners and operators of vehicles; to provide for the imposition, levy, and collection of specific taxes on vehicles, and the levy and collection of sales and use taxes, license fees, and permit fees; to provide for the regulation and use of streets and highways; to create certain funds; to provide penalties and sanctions for a violation of this act; to provide for civil liability of owners and operators of vehicles and service of process on residents and nonresidents; to provide for the levy of certain assessments; to provide for the enforcement of this act; to provide for the creation of and to prescribe the powers and duties of certain state and local agencies; to repeal all other acts or parts of acts inconsistent with this act or contrary to this act; and to repeal certain parts of this act on a specific date," by amending sections 625, 803^l, 804, and 904 (MCL 257.625, 257.803^l, 257.804, and 257.904), sections 625 and 904 as amended by 1999 PA 73, 803^l as amended by 1998 PA 68, and section 804 as amended by 1995 PA 129, and by adding sections 6d, 17b, 30b, 811d, 811e, 811f, 811g, and 811h; and to repeal acts and parts of acts," by repealing enacting section 1.

The Senate has passed the bill and ordered that it be given immediate effect.

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

House Bill No. 4673, entitled

A bill to amend 1931 PA 328, entitled "The Michigan penal code," (MCL 750.1 to 750.568) by adding section 317a.

The Senate has substituted (S-1) the bill.

The Senate has passed the bill as substituted (S-1), ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

House Bill No. 4865, entitled

A bill to amend 1931 PA 328, entitled "The Michigan penal code," (MCL 750.1 to 750.568) by adding section 217f.

The Senate has substituted (S-2) the bill.

The Senate has passed the bill as substituted (S-2), ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

House Bill No. 4866, entitled

A bill to amend 1927 PA 175, entitled "The code of criminal procedure," by amending section 16^l of chapter XVII (MCL 777.16^l), as amended by 2003 PA 16.

The Senate has amended the bill as follows:

1. Amend page 2, line 6, after "**SERVICE**" by striking out "**PROVIDER**" and inserting "**PERSONNEL**".

The Senate has passed the bill as amended, ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

Senate Bill No. 248, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending sections 217d, 801, 811d, 811e, 811f, 811g, 811h, 811i, 811j, 811k, 811^l, and 811n (MCL 257.217d, 257.801, 257.811d, 257.811e, 257.811f, 257.811g, 257.811h, 257.811i, 257.811j, 257.811k, 257.811^l, and 257.811n), sections 217d and 811h as amended by 2003 PA 152, section 801 as amended by 2004 PA 427, sections 811d, 811f, and 811g as added by 2000 PA 77, section 811e as amended by 2001 PA 124, section 811i as added by 2000 PA 74, section 811j as added by 2000 PA 71, section 811k as added by 2000 PA 73, section 811^l as added by 2000 PA 70, and section 811n as added by 2000 PA 79, and by adding sections 811m, 811o, and 811p; and to repeal acts and parts of acts.

The Senate has passed the bill.

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

Senate Bill No. 423, entitled

A bill to amend 1927 PA 175, entitled "The code of criminal procedure," by amending section 16p of chapter XVII (MCL 777.16p), as amended by 2000 PA 279.

The Senate has passed the bill.

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

Messages from the Governor

The following message from the Governor was received September 16, 2005 and read:

EXECUTIVE ORDER**No. 2005 – 23****STATE OF ENERGY EMERGENCY****WAIVER OF REGULATIONS RELATING TO MOTOR CARRIERS AND DRIVERS TRANSPORTING GASOLINE, DIESEL FUEL, JET FUEL, PROPANE, NATURAL GAS, COMPRESSED NATURAL GAS, AND ETHANOL**

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the Governor;

WHEREAS, under Section 4 of 1982 PA 191, MCL 10.84, during a declared State of Energy Emergency the Governor may by executive order suspend a statute, order, rule of a state agency, or specific provision of a statute, order, or rule if strict compliance with the statute, order, rule, or a specific provision of the statute, order, or rule will prevent, hinder, or delay necessary action in coping with an energy emergency;

WHEREAS, based on the effects of Hurricane Katrina, Executive Order 2005-16 declared a State of Energy Emergency in this state beginning on August 31, 2005;

WHEREAS, because Hurricane Katrina has temporarily halted the off-shore production of petroleum products in the Gulf of Mexico and damaged storage facilities and transportation infrastructure throughout the Gulf Coast region, the effects of Hurricane Katrina are being felt throughout the United States;

WHEREAS, the United States Department of Transportation Federal Motor Carrier Safety Administration has declared that a regional transportation emergency continues to exist in the highway transportation of certain petroleum products in both the Eastern Region of the United States (Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, Virginia, and West Virginia) and the Southern Region of the United States (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, New Mexico, Oklahoma, South Carolina, Tennessee, and Texas);

WHEREAS, as a result of a Revised Declaration of Regional Emergency, the Federal Motor Carrier Safety Administration, acting pursuant to 49 CFR 390.23, has exempted motor carriers and drivers transporting gasoline, diesel fuel, jet fuel, propane, natural gas, compressed natural gas, and ethanol to and from the Eastern Region and the Southern Region from 49 CFR Parts 390-399 to address emergency needs arising from the Hurricane Katrina disaster (such as fuel supply shortages). The exemption is effective from 1:00 p.m. EDT, September 14, 2005 until 11:59 p.m. EDT, October 5, 2005;

WHEREAS, the federal exemption for motor carriers or drivers extends outside of the Eastern Region or Southern Region of the United States to any portion of a trip that occurs outside of the Eastern or Southern Regions;

NOW, THEREFORE, I, JENNIFER M. GRANHOLM, Governor of the State of Michigan, by virtue of the power and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law, order the following:

1. Motor carriers and drivers transporting gasoline, diesel fuel, jet fuel, propane, natural gas, compressed natural gas, and ethanol to and from the Eastern Region or the Southern Region of the United States to address emergency needs arising from the impact of Hurricane Katrina, such as fuel supply shortages, are exempt from compliance with any applicable state statute, order, or rule substantially similar to 49 CFR Parts 390-399. Any such provision of a state statute, order, or rule is suspended. The exemption and suspension under this Order is effective until 11:59 p.m. EDT, October 5, 2005.

2. No other petroleum products are covered by this Order.

3. Nothing in this Order shall be construed as an exemption from applicable controlled substances and alcohol use and testing requirements (49 CFR Part 382 and any similar state statute, order, or rule), the commercial driver's license requirements (49 CFR Part 383 and any similar state statute, order, or rule), the financial responsibility requirements

(49 CFR Part 387 and any similar state statute, order, or rule), applicable size and weight requirements, or any portion of federal regulations not specifically identified.

4. Motor carriers or drivers currently subject to an out-of-service order are not eligible for the exemption and suspension until the out-of-service order expires or the conditions for rescission have been satisfied.

5. The Federal Motor Carrier Safety Administration has required that drivers for motor carriers operating under the Revised Declaration of Regional Emergency issued under federal regulations have a copy of the federal Revised Declaration of Regional Emergency in their possession. Copies of the two applicable federal revised declarations are attached to this Order.

6. The Motor Carrier Division of the Department of State Police shall coordinate state compliance with this Order.

This Order is effective until the earliest of any of the following:

a. A finding by the Governor that the State of Energy Emergency declared under Executive Order 2005-16 no longer exists.

b. Rescission of this Order.

c. 11:59 p.m. EDT, Wednesday, October 5, 2005.

This Order is effective upon filing.

[SEAL]

Given under my hand and the Great Seal of the State of Michigan this 16th day of September, in the year of our Lord, two thousand and five.

Jennifer M. Granholm

Governor

By the Governor:

Terri L. Land

Secretary of State

The message was referred to the Clerk.

Introduction of Bills

Reps. McConico, Lemmons, III, Cushingberry, Farrah, Tobocman, Leland and Lemmons, Jr. introduced

House Bill No. 5190, entitled

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," by amending sections 525, 543, and 1114 (MCL 436.1525, 436.1543, and 436.2114), section 525 as amended by 2004 PA 266 and section 1114 as added by 2004 PA 134, and by adding sections 1116 and 1117.

The bill was read a first time by its title and referred to the Committee on Regulatory Reform.

Reps. Donigan, Meisner, Vagnozzi, Gonzales, Hopgood, Anderson, Brandenburg, Condino, Sheltroun, Kathleen Law, Alma Smith, Plakas, Tobocman, Byrum, Waters, Cushingberry, Zelenko and Bieda introduced

House Bill No. 5191, entitled

A bill to amend 1984 PA 431, entitled "The management and budget act," (MCL 18.1101 to 18.1594) by adding section 260.

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

Reps. Hummel, Steil, Pastor, Stahl, Hildenbrand, Shaffer, Vander Veen, Pavlov, Acciavatti, Baxter, Mortimer, Zelenko, Elsenheimer, Marleau, Schuitmaker, Amos, Casperson and Farhat introduced

House Bill No. 5192, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending sections 43517, 43520, and 43525 (MCL 324.43517, 324.43520, and 324.43525), sections 43517 and 43520 as added by 1995 PA 57 and section 43525 as amended by 1996 PA 585.

The bill was read a first time by its title and referred to the Committee on Conservation, Forestry, and Outdoor Recreation.

Reps. Baxter, David Law, Acciavatti, Marleau, Hildenbrand, Gleason, Rocca and Nitz introduced

House Bill No. 5193, entitled

A bill to amend 1994 PA 295, entitled "Sex offenders registration act," by amending section 5 (MCL 28.725), as amended by 2004 PA 240.

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

Reps. Baxter, David Law, Acciavatti, Marleau, Hildenbrand, Gleason, Rocca and Nitz introduced **House Bill No. 5194, entitled**

A bill to amend 1953 PA 232, entitled "Corrections code of 1953," by amending section 36 (MCL 791.236), as amended by 2003 PA 75.

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

By unanimous consent the House returned to the order of
Second Reading of Bills

House Bill No. 4335, entitled

A bill to amend 1965 PA 203, entitled "Commission on law enforcement standards act," by amending section 9 (MCL 28.609), as amended by 2004 PA 379.

Was read a second time, and the question being on the adoption of the proposed substitute (H-2) previously recommended by the Committee on Judiciary,

The substitute (H-2) was adopted, a majority of the members serving voting therefor.

Rep. Newell moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

House Bill No. 5026, entitled

A bill to regulate warranties on motor vehicle protection products; to provide for the powers and duties of certain state officers and entities; and to prescribe civil sanctions.

Was read a second time, and the question being on the adoption of the proposed substitute (H-1) previously recommended by the Committee on Insurance,

The substitute (H-1) was adopted, a majority of the members serving voting therefor.

Rep. Emmons moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.



Rep. Palmer moved that Rep. DeRoche be excused temporarily from today's session.
The motion prevailed.

By unanimous consent the House returned to the order of
Third Reading of Bills

Senate Bill No. 370, entitled

A bill to amend 1993 PA 92, entitled "Seller disclosure act," by amending section 7 (MCL 565.957), as amended by 2003 PA 130.

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

Roll Call No. 421

Yeas—106

| | | | |
|------------|----------|--------------|---------------|
| Accavitti | Espinoza | Lemmons, III | Robertson |
| Acciavatti | Farhat | Lemmons, Jr. | Rocca |
| Adamini | Farrah | Lipsey | Sak |
| Amos | Gaffney | Marleau | Schuitmaker |
| Anderson | Garfield | Mayer | Shaffer |
| Angerer | Gillard | McConico | Sheen |
| Ball | Gleason | McDowell | Sheltrown |
| Baxter | Gonzales | Meisner | Smith, Alma |
| Bennett | Green | Meyer | Smith, Virgil |
| Bieda | Hansen | Miller | Spade |

| | | | |
|--------------|-------------|-----------|-----------------|
| Baxter | Gleason | McConico | Sheltrown |
| Bennett | Gonzales | McDowell | Smith, Alma |
| Bieda | Gosselin | Meisner | Smith, Virgil |
| Booher | Green | Meyer | Spade |
| Brandenburg | Hansen | Miller | Stahl |
| Brown | Hildenbrand | Moolenaar | Stakoe |
| Byrnes | Hood | Moore | Steil |
| Byrum | Hoogendyk | Mortimer | Stewart |
| Casperson | Hopgood | Murphy | Taub |
| Caswell | Huizenga | Newell | Tobocman |
| Caul | Hummel | Nitz | Vagnozzi |
| Cheeks | Hune | Nofs | Van Regenmorter |
| Clack | Hunter | Palmer | Vander Veen |
| Clemente | Jones | Palsrok | Walker |
| Condino | Kahn | Pastor | Waters |
| Cushingberry | Kehrl | Pavlov | Wenke |
| Dillon | Kolb | Pearce | Whitmer |
| Donigan | Kooiman | Phillips | Williams |
| Drolet | LaJoy | Plakas | Wojno |
| Elsenheimer | Law, David | Polidori | Zelenko |

Nays—0

In The Chair: Kooiman

The House agreed to the full title of the bill.

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

Rep. Waters moved that Rep. Murphy be excused temporarily from today's session.
The motion prevailed.

Third Reading of Bills

House Bill No. 5050, entitled

A bill to amend 1974 PA 198, entitled "An act to provide for the establishment of plant rehabilitation districts and industrial development districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to impose and provide for the disposition of an administrative fee; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide penalties," by amending section 9 (MCL 207.559), as amended by 1999 PA 140.

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

Roll Call No. 423

Yeas—107

| | | | |
|------------|----------|---------------|-------------|
| Accavitti | Emmons | Law, Kathleen | Robertson |
| Acciavatti | Espinoza | Leland | Rocca |
| Adamini | Farhat | Lemmons, III | Sak |
| Amos | Farrah | Lemmons, Jr. | Schuitmaker |
| Anderson | Gaffney | Lipsey | Shaffer |
| Angerer | Garfield | Marleau | Sheen |

| | | | |
|--------------|-------------|-----------|-----------------|
| Ball | Gillard | Mayes | Sheltrown |
| Baxter | Gleason | McConico | Smith, Alma |
| Bennett | Gonzales | McDowell | Smith, Virgil |
| Bieda | Gosselin | Meisner | Spade |
| Booher | Green | Meyer | Stahl |
| Brandenburg | Hansen | Miller | Stakoe |
| Brown | Hildenbrand | Moolenaar | Steil |
| Byrnes | Hood | Moore | Stewart |
| Byrum | Hoogendyk | Mortimer | Taub |
| Casperson | Hopgood | Newell | Tobocman |
| Caswell | Huizenga | Nitz | Vagnozzi |
| Caul | Hummel | Nofs | Van Regenmorter |
| Cheeks | Hune | Palmer | Vander Veen |
| Clack | Hunter | Palsrok | Walker |
| Clemente | Jones | Pastor | Waters |
| Condino | Kahn | Pavlov | Wenke |
| Cushingberry | Kehrl | Pearce | Whitmer |
| Dillon | Kolb | Phillips | Williams |
| Donigan | Kooiman | Plakas | Wojno |
| Drolet | LaJoy | Polidori | Zelenko |
| Elsenheimer | Law, David | Proos | |

Nays—0

In The Chair: Kooiman

The House agreed to the title of the bill.

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

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

Second Reading of Bills

Senate Bill No. 301, entitled

A bill to amend 1972 PA 222, entitled “An act to provide for an official personal identification card; to provide for its form, issuance and use; to regulate the use and disclosure of information obtained from the card; to prescribe the powers and duties of the secretary of state; to prescribe fees; to prescribe certain penalties for violations; and to provide an appropriation for certain purposes,” by amending sections 1 and 2 (MCL 28.291 and 28.292), section 1 as amended by 1997 PA 99 and section 2 as amended by 2003 PA 143.

The bill was read a second time.

Rep. Hildenbrand moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Hildenbrand moved that the bill be placed on its immediate passage.

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

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 301, entitled

A bill to amend 1972 PA 222, entitled “An act to provide for an official personal identification card; to provide for its form, issuance and use; to regulate the use and disclosure of information obtained from the card; to prescribe the powers and duties of the secretary of state; to prescribe fees; to prescribe certain penalties for violations; and to provide an appropriation for certain purposes,” by amending sections 1 and 2 (MCL 28.291 and 28.292), section 1 as amended by 1997 PA 99 and section 2 as amended by 2003 PA 143.

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

Roll Call No. 424**Yeas—108**

| | | | |
|--------------|-------------|---------------|-----------------|
| Accavitti | Emmons | Law, Kathleen | Proos |
| Acciavatti | Espinoza | Leland | Robertson |
| Adamini | Farhat | Lemmons, III | Rocca |
| Amos | Farrah | Lemmons, Jr. | Sak |
| Anderson | Gaffney | Lipsey | Schuitmaker |
| Angerer | Garfield | Marleau | Shaffer |
| Ball | Gillard | Mayer | Sheen |
| Baxter | Gleason | McConico | Sheltrown |
| Bennett | Gonzales | McDowell | Smith, Alma |
| Bieda | Gosselin | Meisner | Smith, Virgil |
| Booher | Green | Meyer | Spade |
| Brandenburg | Hansen | Miller | Stahl |
| Brown | Hildenbrand | Moolenaar | Stakoe |
| Byrnes | Hood | Moore | Steil |
| Byrum | Hoogendyk | Mortimer | Stewart |
| Casperson | Hopgood | Murphy | Taub |
| Caswell | Huizenga | Newell | Tobocman |
| Caul | Hummel | Nitz | Vagnozzi |
| Cheeks | Hune | Nofs | Van Regenmorter |
| Clack | Hunter | Palmer | Vander Veen |
| Clemente | Jones | Palsrok | Walker |
| Condino | Kahn | Pastor | Waters |
| Cushingberry | Kehrl | Pavlov | Wenke |
| Dillon | Kolb | Pearce | Whitmer |
| Donigan | Kooiman | Phillips | Williams |
| Drolet | LaJoy | Plakas | Wojno |
| Elsenheimer | Law, David | Polidori | Zelenko |

Nays—0

In The Chair: Kooiman

The House agreed to the title of the bill.

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

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

By unanimous consent the House returned to the order of

Messages from the Senate**House Bill No. 4082, entitled**

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending sections 310, 806, and 809 (MCL 257.310, 257.806, and 257.809), section 310 as amended by 2004 PA 495, section 806 as amended by 2003 PA 152, and section 809 as amended by 1987 PA 238.

The Senate has substituted (S-3) the bill.

The Senate has passed the bill as substituted (S-3), ordered that it be given immediate effect and amended the title to read as follows:

A bill to amend 1949 PA 300, entitled "An act to provide for the registration, titling, sale, transfer, and regulation of certain vehicles operated upon the public highways of this state or any other place open to the general public or generally accessible to motor vehicles and distressed vehicles; to provide for the licensing of dealers; to provide for the examination, licensing, and control of operators and chauffeurs; to provide for the giving of proof of financial responsibility and security by owners and operators of vehicles; to provide for the imposition, levy, and collection of specific taxes on vehicles, and the levy and collection of sales and use taxes, license fees, and permit fees; to provide for the regulation and use of streets and highways; to create certain funds; to provide penalties and sanctions for a violation of this act; to provide for civil liability of owners and operators of vehicles and service of process on

residents and nonresidents; to provide for the levy of certain assessments; to provide for the enforcement of this act; to provide for the creation of and to prescribe the powers and duties of certain state and local agencies; to impose liability upon the state or local agencies; to provide appropriations for certain purposes; to repeal all other acts or parts of acts inconsistent with this act or contrary to this act; and to repeal certain parts of this act on a specific date," by amending sections 310, 801, 806, 809, and 810b (MCL 257.310, 257.801, 257.806, 257.809, and 257.810b), section 310 as amended by 2004 PA 495, section 801 as amended by 2004 PA 427, section 806 as amended by 2003 PA 152, section 809 as amended by 1987 PA 238, and section 810b as amended by 2004 PA 52.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

Rep. Hildenbrand moved that Rule 45 be suspended.

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

The question being on concurring in the substitute (S-3) made to the bill by the Senate,

Rep. Hildenbrand moved that consideration of the bill be postponed temporarily.

The motion prevailed.

House Bill No. 4470, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending sections 303, 307, and 812 (MCL 257.303, 257.307, and 257.812), sections 303 and 812 as amended by 2004 PA 362 and section 307 as amended by 2004 PA 502.

The Senate has amended the bill as follows:

1. Amend page 1, following "**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**" by inserting:

"SEC. 252C. (1) WHEN A VEHICLE IS REMOVED FROM PRIVATE PROPERTY AT THE DIRECTION OF A PERSON OTHER THAN THE REGISTERED OWNER OF THE VEHICLE OR A POLICE AGENCY, THE CUSTODIAN OF THE VEHICLE IMMEDIATELY SHALL NOTIFY THE POLICE AGENCY FROM WHOSE JURISDICTION THE VEHICLE WAS TOWED. THE CUSTODIAN SHALL SUPPLY THAT INFORMATION WHICH IS NECESSARY FOR THE POLICE AGENCY TO ENTER THE VEHICLE INTO THE LAW ENFORCEMENT INFORMATION NETWORK.

(2) UPON RECEIPT OF THE NOTIFICATION DESCRIBED IN SUBSECTION (1), THE POLICE AGENCY IMMEDIATELY SHALL DO ALL OF THE FOLLOWING:

(A) DETERMINE IF THE VEHICLE HAS BEEN REPORTED STOLEN.

(B) ENTER THE VEHICLE INTO THE LAW ENFORCEMENT INFORMATION NETWORK.

(3) THE OWNER OF THE VEHICLE REMOVED AS DESCRIBED IN SUBSECTION (1) MAY OBTAIN RELEASE OF THE VEHICLE BY PAYING THE ACCRUED TOWING AND STORAGE FEES TO THE CUSTODIAN OF THE VEHICLE. UPON RELEASE OF THE VEHICLE, THE CUSTODIAN SHALL NOTIFY THE POLICE AGENCY OF THE DISPOSITION OF THE VEHICLE.

(4) IF THE VEHICLE DESCRIBED IN SUBSECTION (1) IS NOT CLAIMED BY THE OWNER WITHIN 7 DAYS AFTER THE POLICE AGENCY HAS BEEN NOTIFIED BY THE CUSTODIAN THAT IT HAS BEEN TAKEN INTO CUSTODY, THE VEHICLE IS DEEMED ABANDONED AND THE PROCEDURES PRESCRIBED IN SECTION 252A(4)(C) TO (9) APPLY."

2. Amend page 20, following line 14, by inserting:

"Enacting section 1. Section 252c of the Michigan vehicle code, 1949 PA 300, MCL 257.252c, is repealed October 1, 2005." and renumbering the remaining enacting section.

The Senate has passed the bill as amended, ordered that it be given immediate effect and amended the title to read as follows:

A bill to amend 1949 PA 300, entitled "An act to provide for the registration, titling, sale, transfer, and regulation of certain vehicles operated upon the public highways of this state or any other place open to the general public or generally accessible to motor vehicles and distressed vehicles; to provide for the licensing of dealers; to provide for the examination, licensing, and control of operators and chauffeurs; to provide for the giving of proof of financial responsibility and security by owners and operators of vehicles; to provide for the imposition, levy, and collection of specific taxes on vehicles, and the levy and collection of sales and use taxes, license fees, and permit fees; to provide for the regulation and use of streets and highways; to create certain funds; to provide penalties and sanctions for a violation of this act; to provide for civil liability of owners and operators of vehicles and service of process on residents and nonresidents; to provide for the levy of certain assessments; to provide for the enforcement of this act; to provide for the creation of and to prescribe the powers and duties of certain state and local agencies; to impose liability upon the state or local agencies; to provide appropriations for certain purposes; to repeal all other acts or parts of acts inconsistent with this act or contrary to this act; and to repeal certain parts of this act on a specific date," by amending sections 303, 307, and 812 (MCL 257.303, 257.307, and 257.812), sections 303 and 812 as amended by 2004 PA 362 and section 307 as amended by 2004 PA 502, and by adding section 252c; and to repeal acts and parts of acts.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

Rep. Hildenbrand moved that Rule 45 be suspended.

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

The question being on concurring in the amendments made to the bill by the Senate,

The amendments were concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 425**Yeas—108**

| | | | |
|--------------|-------------|---------------|-----------------|
| Accavitti | Emmons | Law, Kathleen | Proos |
| Acciavatti | Espinoza | Leland | Robertson |
| Adamini | Farhat | Lemmons, III | Rocca |
| Amos | Farrah | Lemmons, Jr. | Sak |
| Anderson | Gaffney | Lipsey | Schuitmaker |
| Angerer | Garfield | Marleau | Shaffer |
| Ball | Gillard | Mayes | Sheen |
| Baxter | Gleason | McConico | Sheltrown |
| Bennett | Gonzales | McDowell | Smith, Alma |
| Bieda | Gosselin | Meisner | Smith, Virgil |
| Booher | Green | Meyer | Spade |
| Brandenburg | Hansen | Miller | Stahl |
| Brown | Hildenbrand | Moolenaar | Stakoe |
| Byrnes | Hood | Moore | Steil |
| Byrum | Hoogendyk | Mortimer | Stewart |
| Casperson | Hopgood | Murphy | Taub |
| Caswell | Huizenga | Newell | Tobocman |
| Caul | Hummel | Nitz | Vagnozzi |
| Cheeks | Hune | Nofs | Van Regenmorter |
| Clack | Hunter | Palmer | Vander Veen |
| Clemente | Jones | Palsrok | Walker |
| Condino | Kahn | Pastor | Waters |
| Cushingberry | Kehrl | Pavlov | Wenke |
| Dillon | Kolb | Pearce | Whitmer |
| Donigan | Kooiman | Phillips | Williams |
| Drolet | LaJoy | Plakas | Wojno |
| Elsenheimer | Law, David | Polidori | Zelenko |

Nays—0

In The Chair: Kooiman

The House agreed to the title as amended.

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

By unanimous consent the House returned to the order of

Reports of Select Committees**First Conference Report**

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

House Bill No. 4831, entitled

A bill to make, supplement, adjust, and consolidate appropriations for various state departments and agencies, the judicial branch, and the legislative branch for the fiscal year ending September 30, 2006; to provide for certain conditions on appropriations; and to provide for the expenditure of the appropriations.

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, supplement, adjust, and consolidate appropriations for various state departments and agencies for the fiscal year ending September 30, 2006; to supplement and adjust certain appropriations for the fiscal year ending September 30, 2005; to provide for certain conditions on appropriations; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

ARTICLE 2

COMMUNITY COLLEGES

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this article, 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, 2006, from the funds indicated in this part. The following is a summary of the appropriations in this part:

COMMUNITY COLLEGES

APPROPRIATION SUMMARY:

| | |
|----------------------------------------------------------------------|----------------|
| GROSS APPROPRIATION..... | \$ 281,327,400 |
| Interdepartmental grant revenues: | |
| Total interdepartmental grants and intradepartmental transfers | 0 |
| ADJUSTED GROSS APPROPRIATION | \$ 281,327,400 |
| Total federal revenues | 0 |
| Total local revenues | 0 |
| Total private revenues | 0 |
| Total other state restricted revenues | 0 |
| State general fund/general purpose | \$ 281,327,400 |

Sec. 102. OPERATIONS (PREPARED FOR JOBS)

| | |
|-----------------------------------------|----------------|
| Alpena Community College | \$ 4,777,100 |
| Bay de Noc Community College..... | 4,618,500 |
| Delta College | 12,917,100 |
| Glen Oaks Community College..... | 2,167,100 |
| Gogebic Community College | 3,951,500 |
| Grand Rapids Community College..... | 16,247,500 |
| Henry Ford Community College | 19,800,700 |
| Jackson Community College..... | 10,960,800 |
| Kalamazoo Valley Community College..... | 11,183,600 |
| Kellogg Community College..... | 8,786,700 |
| Kirtland Community College | 2,666,800 |
| Lake Michigan College | 4,728,900 |
| Lansing Community College..... | 28,097,100 |
| Macomb Community College..... | 29,978,600 |
| Mid Michigan Community College | 3,999,100 |
| Monroe County Community College..... | 3,890,800 |
| Montcalm Community College | 2,814,300 |
| C.S. Mott Community College..... | 14,205,400 |
| Muskegon Community College | 8,083,900 |
| North Central Michigan College | 2,738,100 |
| Northwestern Michigan College..... | 8,248,900 |
| Oakland Community College | 18,910,900 |
| St. Clair County Community College..... | 6,334,300 |
| Schoolcraft College..... | 11,098,900 |
| Southwestern Michigan College..... | 5,958,000 |
| Washtenaw Community College..... | 11,280,600 |
| Wayne County Community College | 14,582,200 |
| West Shore Community College | 2,077,300 |
| GROSS APPROPRIATION..... | \$ 275,104,700 |

Appropriated from:

| | |
|------------------------------------------|----------------|
| State general fund/general purpose | \$ 275,104,700 |
|------------------------------------------|----------------|

| | For Fiscal Year Ending Sept. 30, 2006 |
|--------------------------------------------------|---------------------------------------------|
| Sec. 103. GRANTS (PREPARED FOR JOBS) | |
| At-risk student success program..... | \$ 3,322,700 |
| Renaissance zone tax reimbursement funding | 2,900,000 |
| GROSS APPROPRIATION..... | \$ 6,222,700 |
| Appropriated from: | |
| State general fund/general purpose | \$ 6,222,700 |

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 2005-2006 is \$281,327,400.00 and state spending from state resources to be paid to local units of government for fiscal year 2005-2006 is \$281,327,400.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

| | |
|--------------------------------------------------|-----------------------|
| Operations..... | \$ 275,104,700 |
| At-risk student success program..... | 3,322,700 |
| Renaissance zone tax reimbursement program | 2,900,000 |
| TOTAL | \$ 281,327,400 |

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. 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 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. 208. The department of labor and economic growth shall work collaboratively with community colleges to develop an accelerated entrepreneurship curriculum, including an associate degree, to provide students with the skills and knowledge needed for creating their own businesses. The department shall annually submit a report on the results of its work with the community colleges under this section to the house and senate appropriations subcommittees on community colleges, the house and senate fiscal agencies, and the state budget director.

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.

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 article is appropriated for community colleges with fiscal years ending June 30, 2006, and shall be paid out of the state treasury and distributed by the state treasurer to the respective community colleges in 11 monthly installments on the sixteenth of each month, or the next succeeding business day, beginning with October 16, 2005. Each community college shall accrue its July and August 2006 payments to its institutional fiscal year ending June 30, 2006. However, if a community college fails to submit all verified Michigan community colleges activities classification structure data for school year 2004-2005 to the department of labor and economic growth by November 1, 2005, 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, 2005. The amount distributed to a community college or department shall not exceed the net state allocation authorized by this article.

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

(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. Any construction, renovation, or other capital outlay project that exceeds \$1,000,000.00 requires the approval of a use and finance statement by the joint capital outlay subcommittee (JCOS) pursuant to JCOS policy.

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

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

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

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

Sec. 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, 2006.

Sec. 236. (1) It is the intent of the legislature that any existing or new reciprocal tuition agreements entered into under 1972 PA 251, MCL 390.501 to 390.506, be submitted for review and approval by the house and senate appropriations committees at least once every 3 years.

(2) It is the intent of the legislature that, under any reciprocal tuition agreement approved by the house and senate appropriations committees, out-of-state students pay the in-state, out-of-district tuition and fee rate at any Michigan community college participating in the agreement.

Sec. 237. It is the intent of the legislature that a workgroup that includes members of the legislature and the Michigan community colleges association be formed to evaluate, discuss, and make recommendations regarding the possibility of state payments in lieu of taxes to community colleges whose districts contain land owned by state, federal, or local governments or land that is otherwise nontaxable. 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, 2006.

Sec. 238. It is the intent of the legislature that a workgroup that includes members of the legislature and the Michigan community colleges association be formed to evaluate, discuss, and make recommendations regarding the impact of expanding eligibility for the optional retirement plan established in section 3 of the optional retirement act of 1967, 1967 PA 156, MCL 38.383, to include faculty employed by community colleges on a part-time basis. 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, 2006.

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, 2006, to increase appropriations to state-supported 4-year universities in excess of the governor's original recommendation for the fiscal year ending September 30, 2006, will be accompanied by a similar action or proposal for state-supported community colleges.

Sec. 240. The legislature intends that not less than 70% of the economic development job training grant money be awarded to community colleges or a consortium of community colleges and other eligible applicants as provided in the budget that appropriated the economic development job training grant money. Further, the legislature intends that at least a portion of the total appropriation for economic development job training grants be awarded to community colleges that offer certified programs that are bureau of apprenticeship training certified. The Michigan economic development corporation shall report by November 1 of each year to the house and senate appropriations subcommittees on community colleges and the senate and house fiscal agencies the names of the community colleges awarded grant money under this section, the amount of the grants awarded, and the percentage awarded to bureau of apprenticeship training certified programs.

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. (1) A task force shall be formed by October 15, 2005 to review, evaluate, discuss, and make recommendations regarding performance indicators to be utilized in future budget years to guide decisions regarding state funding to community colleges. The task force shall consist of the following members:

(a) Two members of the Michigan house of representatives. One member shall be designated by the speaker of the house, and 1 member shall be designated by the house minority leader.

(b) Two members of the Michigan senate. One member shall be designated by the senate majority leader, and 1 member shall be designated by the senate minority leader.

(c) Four representatives of Michigan public community colleges. The Michigan community colleges association shall designate 1 representative from each of the 4 groups described in the activities classification structure data book published by the department of labor and economic growth under section 501.

(2) The task force described in subsection (1) shall consider at least all of the following performance indicators for community colleges in performing its duties under subsection (1):

(a) Total number of degrees and certificates awarded and subtotals of degrees and certificates awarded in high-cost areas.

(b) Total number of student contact hours provided and subtotals of student contact hours provided in high-cost areas.

(c) Expenditures for administration as a percentage of total operating fund expenditures.

(d) Licensure, certification, and registry exam pass rates and the number of individuals obtaining licensure or certification or passing a registry exam.

(e) Degree and certificate completion rates.

(f) Student transfer rates.

(g) Performance at transfer institutions.

(h) Student goal attainment.

(i) Placement and wage rates.

(j) Number of dual enrollment participants.

(k) Number of individuals participating in employer-sponsored training.

(3) The task force described in subsection (1) shall submit a report containing its findings and recommendations on the following topics to the house and senate appropriations subcommittees on community colleges, the house and senate fiscal agencies, and the state budget director by February 1, 2006:

(a) The most appropriate and reliable performance indicators to be utilized to guide decisions on state funding to community colleges.

(b) The most efficient methodology for connecting state funding to those indicators.

(4) The department of labor and economic growth shall work with the task force to establish mechanisms to collect and verify data for any indicators that the task force recommends but for which reliable data are not currently available.

(5) It is the intent of the legislature that state funding to community colleges will be based partially or wholly on performance indicators in future budget years.

Sec. 243. It is the intent of the legislature that if the estimate of fiscal year 2005-2006 general fund/general purpose revenues as determined at the January 2006 consensus revenue estimating conference is greater than the estimate as determined at the August 2005 consensus revenue estimating conference, the legislature will review the possibility of providing an increase of up to \$3,200,000.00 for fiscal year 2005-2006 community college operations funding.

STATE AID - OPERATIONS

Sec. 301. Unless otherwise stated, all data items used in determining state aid in this article 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 2003 Activities Classification Structure Manual for Michigan Community Colleges, 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 article 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 article for the same individuals for whom reimbursement is provided by the state correctional system.

Sec. 303. A community college selected for audit under section 502 whose audited activities classification structure data is significantly different than the data used to determine state aid under this article shall return any overappropriated money as provided in this subsection. The department of labor and economic growth shall compare formula computations for the audited colleges using pre- and post-audit data. If the state allocation is 2% or more than the post-audit allocation amount, the college shall return the excess money. The returned money shall be redistributed to all 28 community colleges, prorated on the base appropriations contained in part 1.

Sec. 304. It is the intent of the legislature to achieve full funding of the Gast-Mathieu fairness in funding formula.

Sec. 305. The funds appropriated in part 1 for community college operations are in addition to any funds appropriated for community college operations for state fiscal year 2004-2005 under section 701(3) of 2005 PA 11, which shall be recognized by the community colleges as revenue in their institutional 2005-2006 fiscal 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 2003 Activities Classification Structure Manual for Michigan Community Colleges. Of the amount appropriated in part 1 for the at-risk student success program, \$1,120,000.00 is allocated for base grants of \$40,000.00 each, to address the special needs of at-risk students at community colleges or the acquisition or upgrade of technology-related equipment and software.

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

(3) For the fiscal year ending September 30, 2006, the at-risk student success program money is allocated as follows:

| | | |
|-----------------------------------------|----|---------|
| Alpena Community College | \$ | 76,300 |
| Bay de Noc Community College..... | | 91,300 |
| Delta College | | 97,100 |
| Glen Oaks Community College..... | | 123,600 |
| Gogebic Community College | | 66,200 |
| Grand Rapids Community College..... | | 117,200 |
| Henry Ford Community College | | 146,300 |
| Jackson Community College..... | | 102,000 |
| Kalamazoo Valley Community College..... | | 89,700 |
| Kellogg Community College..... | | 155,100 |
| Kirtland Community College | | 125,800 |
| Lake Michigan College | | 154,900 |
| Lansing Community College..... | | 139,800 |
| Macomb Community College..... | | 83,600 |
| Mid Michigan Community College | | 134,400 |
| Monroe County Community College..... | | 94,000 |
| Montcalm Community College | | 66,700 |
| C.S. Mott Community College..... | | 102,600 |
| Muskegon Community College | | 149,700 |
| North Central Michigan College | | 115,900 |
| Northwestern Michigan College..... | | 123,100 |
| Oakland Community College | | 144,600 |
| St. Clair Community College | | 93,400 |
| Schoolcraft College..... | | 129,000 |
| Southwestern Michigan College..... | | 134,800 |
| Washtenaw Community College..... | | 161,700 |
| Wayne County Community College | | 174,900 |
| West Shore Community College | | 129,000 |

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

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

(b) Are diagnosed as learning disabled.

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

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

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

(7) Each community college shall report to the department of 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.

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, 2006, for use by the legislature during budget development for the fiscal year ending September 30, 2007.

Sec. 502. (1) The auditor general or an independent public accounting firm appointed by the auditor general shall audit data for the fiscal year ending on June 30, 2005, as submitted to the department of labor and economic growth by 7 randomly selected community colleges, selected by the auditor general. A community college shall maintain and provide those records necessary for the auditor general or certified public accountant appointed by the auditor general to determine the accuracy of the reported data. The audits shall be based upon the definitions and requirements contained in the 2001 Manual for Uniform Financial Reporting, Michigan Public Community Colleges and the 2003 Activities Classification Structure Manual for Michigan Community Colleges. Before the submission of a final audit report, a community college may appeal the findings of the preliminary report under an appeal process to be established by the auditor general. The auditor general shall submit a report of the findings to the house and senate appropriations committees, the department of labor and economic growth, and the state budget director before June 1, 2006.

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

(3) Not more than 60 days after an audit report is released by the office of the auditor general, the principal executive officer of the community college that was audited shall submit to the house and senate appropriations committees, the house and senate fiscal agencies, the department of 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. 503. The department of labor and economic growth shall review the taxonomy of the 7 community colleges selected for the audit under section 502 that is based on the 2003 Activities Classification Structure Manual for Michigan Community Colleges.

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, 2005. 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, 2005:

(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, 2006.

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, 2005, 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 2005-2006 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 2005-2006 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, 2005.

(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, 2006.

Sec. 510. A community college receiving funding under this article 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) It is the intent of the legislature that the frequency and scope of on-site visits, evaluations, audits, and similar activities be limited to that which is reasonably necessary to monitor the performance of community colleges and confirm the accuracy of reported data. On-site visits, evaluations, audits, and similar activities conducted to comply with the state plan approved by the United States department of education under the Perkins act shall be limited to those necessary to meet the requirements of the state plan.

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

(3) At least 30 days before submission of a new state plan to the United States department of education for approval under the Perkins act, the department of 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.

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

(5) As used in this section, "Perkins act" means the Carl D. Perkins vocational and applied technology education act, 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, 2006. The report shall include, but is not limited to, the following:

- (a) Estimated revenue losses for each community college for the calendar year 2005.
- (b) Confirmed revenue losses for each community college for the calendar years 2003 and 2004.
- (c) Other requirements requested by the house and senate appropriations subcommittees on community colleges.

ARTICLE 3
DEPARTMENT OF COMMUNITY HEALTH
PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this article, the amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2006, 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 | 4,668.6 | |
| Average population | 1,135.0 | |
| GROSS APPROPRIATION | | \$ 10,326,194,000 |
| Interdepartmental grant revenues: | | |
| Total interdepartmental grants and intradepartmental transfers | | 34,090,000 |
| ADJUSTED GROSS APPROPRIATION | | \$ 10,292,104,000 |
| Federal revenues: | | |
| Total federal revenues | | 5,533,597,400 |
| Special revenue funds: | | |
| Total local revenues | | 231,524,400 |
| Total private revenues | | 59,073,800 |
| Merit award trust fund | | 50,300,000 |
| Tobacco settlement trust fund | | 72,000,000 |
| Total other state restricted revenues | | 1,393,709,000 |
| State general fund/general purpose | | \$ 2,951,899,400 |

Sec. 102. DEPARTMENTWIDE ADMINISTRATION (HEALTH)

| | | |
|--------------------------------------------------------------------------|-------|---------------|
| Full-time equated unclassified positions | 6.0 | |
| Full-time equated classified positions | 207.0 | |
| Director and other unclassified—6.0 FTE positions | | \$ 581,500 |
| Community health advisory council | | 7,000 |
| Departmental administration and management—197.0 FTE positions | | 21,565,900 |
| Worker’s compensation program | | 8,558,700 |
| Rent and building occupancy | | 8,700,400 |
| Developmental disabilities council and projects—10.0 FTE positions | | 2,679,800 |
| GROSS APPROPRIATION | | \$ 42,093,300 |

Appropriated from:

| | | |
|---------------------------------------------|--|---------------|
| Federal revenues: | | |
| Total federal revenues | | 11,518,800 |
| Special revenue funds: | | |
| Total private revenues | | 35,900 |
| Total other state restricted revenues | | 3,419,300 |
| State general fund/general purpose | | \$ 27,119,300 |

Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES

ADMINISTRATION AND SPECIAL PROJECTS (HEALTH)

| | | |
|--------------------------------------------------------------------------------|-------|---------------|
| Full-time equated classified positions | 112.0 | |
| Mental health/substance abuse program administration—111.0 FTE positions | | \$ 11,959,200 |
| 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 | | 1,049,200 |
| Community residential and support services | | 2,971,200 |
| Highway safety projects | | 750,000 |
| Federal and other special projects | | 3,895,400 |
| Family support subsidy | | 17,935,000 |
| Housing and support services | | 7,237,200 |
| GROSS APPROPRIATION | | \$ 50,263,700 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|---------------------------------------------|---------------|
| Appropriated from: | |
| Federal revenues: | |
| Total federal revenues | 32,310,500 |
| Special revenue funds: | |
| Total private revenues | 190,000 |
| Total other state restricted revenues | 4,127,900 |
| State general fund/general purpose | \$ 13,635,300 |

Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES

PROGRAMS (HEALTH)

| | | |
|------------------------------------------------------------------------------|-----|------------------|
| Full-time equated classified positions..... | 9.5 | |
| Medicaid mental health services | | \$ 1,577,446,000 |
| Community mental health non-Medicaid services | | 312,598,300 |
| Medicaid adult benefits waiver | | 40,000,000 |
| Multicultural services..... | | 4,963,800 |
| Medicaid substance abuse services..... | | 33,486,700 |
| Respite services | | 1,000,000 |
| CMHSP, purchase of state services contracts | | 125,727,300 |
| Civil service charges | | 1,765,500 |
| Federal mental health block grant—2.5 FTE positions..... | | 15,345,200 |
| State disability assistance program substance abuse services | | 2,509,800 |
| Community substance abuse prevention, education, and treatment programs..... | | 85,219,100 |
| Children’s waiver home care program..... | | 19,549,800 |
| Omnibus reconciliation act implementation—7.0 FTE positions..... | | 12,475,700 |
| GROSS APPROPRIATION..... | | \$ 2,232,087,200 |

Appropriated from:

| | |
|---------------------------------------------|------------------|
| Federal revenues: | |
| Total federal revenues | 1,041,901,100 |
| Special revenue funds: | |
| Total local revenues | 26,072,100 |
| Total other state restricted revenues | 98,485,800 |
| State general fund/general purpose | \$ 1,065,628,200 |

Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES (HEALTH)

| | | |
|---------------------------------------------------------------------------------------------|---------|----------------|
| Total average population..... | 1,135.0 | |
| Full-time equated classified positions | 2,976.2 | |
| Caro regional mental health center - psychiatric hospital - adult—475.7 FTE positions | | \$ 40,325,200 |
| Average population..... | 205.0 | |
| Kalamazoo psychiatric hospital - adult—518.1 FTE positions | | 41,040,900 |
| Average population..... | 200.0 | |
| Walter P. Reuther psychiatric hospital - adult—444.6 FTE positions | | 40,211,100 |
| Average population..... | 240.0 | |
| Hawthorn center - psychiatric hospital - children and adolescents—224.4 FTE positions..... | | 20,077,900 |
| Average population..... | 66.0 | |
| Mount Pleasant center - developmental disabilities—496.0 FTE positions | | 38,780,500 |
| Average population..... | 199.0 | |
| Center for forensic psychiatry—493.0 FTE positions..... | | 46,871,200 |
| Average population..... | 225.0 | |
| Forensic mental health services provided to the department of corrections— | | |
| 313.4 FTE positions | | 32,844,800 |
| 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—11.0 FTE positions | | 637,600 |
| Severance pay | | 216,900 |
| Gifts and bequests for patient living and treatment environment | | 1,000,000 |
| GROSS APPROPRIATION..... | | \$ 265,257,000 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|-------------------------------------------------------------------------------------------|---------------|
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| Interdepartmental grant from the department of corrections..... | 32,844,800 |
| Federal revenues: | |
| Total federal revenues | 34,070,500 |
| Special revenue funds: | |
| CMHSP, purchase of state services contracts | 125,727,300 |
| Other local revenues | 15,146,200 |
| Total private revenues | 1,000,000 |
| Total other state restricted revenues | 10,157,100 |
| State general fund/general purpose | \$ 46,311,100 |
| Sec. 106. PUBLIC HEALTH ADMINISTRATION (HEALTH) | |
| Full-time equated classified positions..... | 83.4 |
| Public health administration—11.0 FTE positions | \$ 1,685,100 |
| Minority health grants and contracts | 1,550,000 |
| Vital records and health statistics—72.4 FTE positions | 7,458,800 |
| GROSS APPROPRIATION..... | \$ 10,693,900 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| Interdepartmental grant from the department of human services..... | 710,500 |
| Federal revenues: | |
| Total federal revenues | 2,765,100 |
| Special revenue funds: | |
| Total other state restricted revenues | 5,820,200 |
| State general fund/general purpose | \$ 1,398,100 |
| Sec. 107. HEALTH POLICY, REGULATION, AND PROFESSIONS (HEALTH) | |
| Full-time equated classified positions | 396.2 |
| Health systems administration—193.6 FTE positions | \$ 20,463,000 |
| Emergency medical services program state staff—8.5 FTE positions..... | 1,336,200 |
| Radiological health administration—25.0 FTE positions | 2,372,100 |
| Substance abuse program administration—4.0 FTE positions | 430,200 |
| Emergency medical services grants and services..... | 702,900 |
| Health professions—120.0 FTE positions | 13,030,400 |
| Health policy, regulation, and professions administration—25.7 FTE positions..... | 2,571,700 |
| Nurse scholarship, education, and research program—3.0 FTE positions | 823,100 |
| Certificate of need program administration—14.0 FTE positions..... | 1,683,400 |
| Rural health services—1.0 FTE position..... | 1,377,900 |
| Michigan essential health provider..... | 1,391,700 |
| Primary care services—1.4 FTE positions..... | 2,546,000 |
| GROSS APPROPRIATION..... | \$ 48,728,600 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| Interdepartmental grant from treasury | 113,900 |
| Federal revenues: | |
| Total federal revenues | 19,614,400 |
| Special revenue funds: | |
| Total private revenues | 150,000 |
| Total other state restricted revenues | 21,581,900 |
| State general fund/general purpose | \$ 7,268,400 |
| Sec. 108. INFECTIOUS DISEASE CONTROL (HEALTH) | |
| Full-time equated classified positions | 49.0 |
| AIDS prevention, testing, and care programs—12.0 FTE positions | \$ 31,502,000 |
| Immunization local agreements..... | 13,990,300 |
| Immunization program management and field support—15.0 FTE positions | 1,860,700 |
| Sexually transmitted disease control local agreements | 3,494,900 |
| Sexually transmitted disease control management and field support—22.0 FTE positions..... | 3,555,200 |
| GROSS APPROPRIATION..... | \$ 54,403,100 |

For Fiscal Year
Ending Sept. 30,
2006

Appropriated from:

Federal revenues:

| | |
|---------------------------------------------|--------------|
| Total federal revenues | 38,623,300 |
| Special revenue funds: | |
| Total private revenues | 3,250,500 |
| Total other state restricted revenues | 8,441,400 |
| State general fund/general purpose | \$ 4,087,900 |

Sec. 109. LABORATORY SERVICES (HEALTH)

| | |
|-----------------------------------------------|----------------------|
| Full-time equated classified positions | 121.0 |
| Bovine tuberculosis—2.0 FTE positions | \$ 500,000 |
| Laboratory services—119.0 FTE positions | 14,969,100 |
| GROSS APPROPRIATION | \$ 15,469,100 |

Appropriated from:

Interdepartmental grant revenues:

| | |
|----------------------------------------------------------|--------------|
| Interdepartmental grant from environmental quality | 420,800 |
| Federal revenues: | |
| Total federal revenues | 3,058,000 |
| Special revenue funds: | |
| Total other state restricted revenues | 5,232,800 |
| State general fund/general purpose | \$ 6,757,500 |

Sec. 110. EPIDEMIOLOGY (HEALTH)

| | |
|----------------------------------------------------------------------------|----------------------|
| Full-time equated classified positions | 127.5 |
| AIDS surveillance and prevention program | \$ 2,513,200 |
| Asthma prevention and control—2.3 FTE positions | 1,045,600 |
| Bioterrorism preparedness—76.1 FTE positions | 50,357,000 |
| Epidemiology administration—41.1 FTE positions | 6,575,700 |
| Newborn screening follow-up and treatment services—8.0 FTE positions | 3,836,200 |
| Tuberculosis control and recalcitrant AIDS program | 867,000 |
| GROSS APPROPRIATION | \$ 65,194,700 |

Appropriated from:

Federal revenues:

| | |
|---------------------------------------------|--------------|
| Total federal revenues | 59,081,200 |
| Special revenue funds: | |
| Total private revenues | 25,000 |
| Total other state restricted revenues | 4,024,700 |
| State general fund/general purpose | \$ 2,063,800 |

Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS (HEALTH)

| | |
|-----------------------------------------------------------------------|----------------------|
| Full-time equated classified positions | 7.0 |
| Implementation of 1993 PA 133, MCL 333.17015 | \$ 100,000 |
| Lead abatement program—7.0 FTE positions | 1,783,100 |
| Local health services | 220,000 |
| Local public health operations | 38,043,400 |
| Medical services cost reimbursement to local health departments | 3,110,000 |
| GROSS APPROPRIATION | \$ 43,256,500 |

Appropriated from:

Federal revenues:

| | |
|---------------------------------------------|---------------|
| Total federal revenues | 4,645,500 |
| Special revenue funds: | |
| Total other state restricted revenues | 491,100 |
| State general fund/general purpose | \$ 38,119,900 |

Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION (HEALTH)

| | |
|----------------------------------------------------------------|------------|
| Full-time equated classified positions | 51.5 |
| African-American male health initiative | \$ 106,700 |
| AIDS and risk reduction clearinghouse and media campaign | 1,576,000 |
| Alzheimer's information network | 440,000 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|----------------------------------------------------------------------------|----------------------|
| Cancer prevention and control program—14.3 FTE positions | 14,236,200 |
| Chronic disease prevention—1.0 FTE position | 4,575,700 |
| Diabetes and kidney program—9.1 FTE positions | 3,678,000 |
| Health education, promotion, and research programs—9.3 FTE positions | 728,600 |
| Injury control intervention project—1.0 FTE position | 527,900 |
| 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 | 584,900 |
| Smoking prevention program—13.1 FTE positions..... | 5,477,500 |
| Tobacco tax collection and enforcement | 610,000 |
| Violence prevention—2.0 FTE positions..... | 1,892,300 |
| GROSS APPROPRIATION..... | \$ 35,533,800 |

Appropriated from:

Federal revenues:

| | |
|---------------------------------------------|--------------|
| Total federal revenues | 19,655,800 |
| Special revenue funds: | |
| Total private revenues | 85,000 |
| Total other state restricted revenues | 14,689,200 |
| State general fund/general purpose | \$ 1,103,800 |

Sec. 113. FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

(HEALTH)

| | |
|------------------------------------------------------------------------------------------|----------------------|
| Full-time equated classified positions..... | 45.4 |
| Childhood lead program—5.8 FTE positions | \$ 2,522,300 |
| 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—39.6 FTE positions | 4,419,100 |
| Family planning local agreements..... | 12,270,300 |
| Local MCH services..... | 7,264,200 |
| Migrant health care | 272,200 |
| Pediatric AIDS prevention and control | 1,176,800 |
| Pregnancy prevention program..... | 5,846,100 |
| Prenatal care outreach and service delivery support..... | 3,049,300 |
| School health and education programs | 500,000 |
| Special projects | 5,784,900 |
| Sudden infant death syndrome program | 321,300 |
| GROSS APPROPRIATION..... | \$ 44,586,900 |

Appropriated from:

Federal revenues:

| | |
|---------------------------------------------|--------------|
| Total federal revenues | 31,305,600 |
| Special revenue funds: | |
| Total other state restricted revenues | 8,464,000 |
| State general fund/general purpose | \$ 4,817,300 |

Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION

PROGRAM (HEALTH)

| | |
|-------------------------------------------------------------------------------------------------------|-----------------------|
| Full-time equated classified positions..... | 41.0 |
| Women, infants, and children program administration and special projects— 41.0 FTE positions | \$ 6,498,800 |
| Women, infants, and children program local agreements and food costs..... | 179,272,000 |
| GROSS APPROPRIATION..... | \$ 185,770,800 |

Appropriated from:

Federal revenues:

| | |
|------------------------------------------|-------------|
| Total federal revenues | 132,538,400 |
| Special revenue funds: | |
| Total private revenues | 53,232,400 |
| State general fund/general purpose | \$ 0 |

For Fiscal Year
Ending Sept. 30,
2006

Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES (HEALTH)

| | | |
|---------------------------------------------------------------------------------|------|-----------------------|
| Full-time equated classified positions..... | 43.0 | |
| Children's special health care services administration—43.0 FTE positions | | \$ 3,828,700 |
| Amputee program | | 184,600 |
| Bequests for care and services | | 1,889,100 |
| Outreach and advocacy | | 3,773,500 |
| Conveyor contract..... | | 1,235,300 |
| Medical care and treatment | | 177,626,400 |
| GROSS APPROPRIATION..... | | \$ 188,537,600 |

Appropriated from:

Federal revenues:

| | | |
|------------------------------|--|------------|
| Total federal revenues | | 90,824,200 |
|------------------------------|--|------------|

Special revenue funds:

| | | |
|---------------------------------------------|----|------------|
| Total private revenues | | 1,000,000 |
| Total other state restricted revenues | | 2,450,000 |
| State general fund/general purpose | \$ | 94,263,400 |

Sec. 116. OFFICE OF DRUG CONTROL POLICY (SAFETY)

| | | |
|----------------------------------------------------------------------|------|----------------------|
| Full-time equated classified positions..... | 16.0 | |
| Drug control policy—16.0 FTE positions | | \$ 2,104,200 |
| Anti-drug abuse grants | | 24,970,300 |
| Interdepartmental grant to judiciary for drug treatment courts | | 1,800,000 |
| GROSS APPROPRIATION..... | | \$ 28,874,500 |

Appropriated from:

Federal revenues:

| | | |
|------------------------------|--|------------|
| Total federal revenues | | 28,516,200 |
|------------------------------|--|------------|

Special revenue funds:

| | | |
|------------------------------------------|----|---------|
| State general fund/general purpose | \$ | 358,300 |
|------------------------------------------|----|---------|

Sec. 117. CRIME VICTIM SERVICES COMMISSION (VULNERABLE)

| | | |
|---------------------------------------------------------|------|----------------------|
| Full-time equated classified positions..... | 10.0 | |
| Grants administration services—10.0 FTE positions | | \$ 1,044,900 |
| Justice assistance grants | | 13,000,000 |
| Crime victim rights services grants | | 9,655,300 |
| GROSS APPROPRIATION..... | | \$ 23,700,200 |

Appropriated from:

Federal revenues:

| | | |
|------------------------------|--|------------|
| Total federal revenues | | 14,622,200 |
|------------------------------|--|------------|

Special revenue funds:

| | | |
|---------------------------------------------|----|-----------|
| Total other state restricted revenues | | 9,078,000 |
| State general fund/general purpose | \$ | 0 |

Sec. 118. OFFICE OF SERVICES TO THE AGING (VULNERABLE)

| | | |
|---------------------------------------------------------------------|------|----------------------|
| Full-time equated classified positions..... | 36.5 | |
| Commission (per diem \$50.00) | | \$ 10,500 |
| Office of services to aging administration—36.5 FTE positions | | 5,181,700 |
| Community services..... | | 35,204,200 |
| Nutrition services..... | | 37,290,500 |
| Senior volunteer services | | 5,624,900 |
| Employment assistance | | 2,818,300 |
| Respite care program | | 7,600,000 |
| GROSS APPROPRIATION..... | | \$ 93,730,100 |

Appropriated from:

Federal revenues:

| | | |
|------------------------------|--|------------|
| Total federal revenues | | 52,162,700 |
|------------------------------|--|------------|

Special revenue funds:

| | | |
|---------------------------------------------|----|------------|
| Total private revenues | | 105,000 |
| Tobacco settlement trust fund | | 5,000,000 |
| Total other state restricted revenues | | 2,767,000 |
| State general fund/general purpose | \$ | 33,695,400 |

For Fiscal Year
Ending Sept. 30,
2006

Sec. 119. MEDICAL SERVICES ADMINISTRATION (HEALTH)

| | | |
|---------------------------------------------------------------|-------|----------------------|
| Full-time equated classified positions..... | 336.4 | |
| Medical services administration—336.4 FTE positions..... | | \$ 53,812,500 |
| Facility inspection contract - labor and economic growth..... | | 132,800 |
| MICHild administration..... | | 4,327,800 |
| GROSS APPROPRIATION..... | | \$ 58,273,100 |

Appropriated from:

Federal revenues:

| | | |
|-----------------------------|--|------------|
| Total federal revenues..... | | 41,640,700 |
|-----------------------------|--|------------|

Special revenue funds:

| | | |
|-----------------------------------------|----|------------|
| State general fund/general purpose..... | \$ | 16,632,400 |
|-----------------------------------------|----|------------|

Sec. 120. MEDICAL SERVICES (HEALTH)

| | | |
|-------------------------------------------------|-----------|----------------------|
| Hospital services and therapy..... | \$ | 1,146,145,700 |
| Hospital disproportionate share payments..... | | 50,000,000 |
| Physician services..... | | 265,150,300 |
| Medicare premium payments..... | | 268,143,100 |
| Pharmaceutical services..... | | 315,001,600 |
| Home health services..... | | 62,714,300 |
| Transportation..... | | 8,738,300 |
| Auxiliary medical services..... | | 104,116,300 |
| Ambulance services..... | | 12,855,200 |
| Long-term care services..... | | 1,885,038,300 |
| Elder prescription insurance coverage..... | | 3,900,000 |
| Health plan services..... | | 1,935,938,100 |
| MICHild program..... | | 47,875,600 |
| Medicaid adult benefits waiver..... | | 95,696,400 |
| Maternal and child health..... | | 20,279,500 |
| Social services to the physically disabled..... | | 1,344,900 |
| Federal Medicare pharmaceutical program..... | | 174,855,500 |
| County indigent care and third share plans..... | | 89,167,400 |
| Subtotal basic medical services program..... | | 6,486,960,500 |
| School-based services..... | | 68,621,100 |
| Special adjustor and special DSH payments..... | | 253,689,500 |
| Subtotal special medical services payments..... | | 322,310,600 |
| GROSS APPROPRIATION..... | \$ | 6,809,271,100 |

Appropriated from:

Federal revenues:

| | | |
|-----------------------------|--|---------------|
| Total federal revenues..... | | 3,856,139,300 |
|-----------------------------|--|---------------|

Special revenue funds:

| | | |
|--------------------------------------------|----|---------------|
| Total local revenues..... | | 64,578,800 |
| Merit award trust fund..... | | 50,300,000 |
| Tobacco settlement trust fund..... | | 67,000,000 |
| Total other state restricted revenues..... | | 1,191,463,900 |
| State general fund/general purpose..... | \$ | 1,579,789,100 |

Sec. 121. INFORMATION TECHNOLOGY (HEALTH)

| | | |
|---------------------------------------------------|-----------|-------------------|
| Information technology services and projects..... | \$ | 30,468,700 |
| Michigan Medicaid information system..... | | 100 |
| GROSS APPROPRIATION..... | \$ | 30,468,800 |

Appropriated from:

Federal revenues:

| | | |
|-----------------------------|--|------------|
| Total federal revenues..... | | 18,603,900 |
|-----------------------------|--|------------|

Special revenue funds:

| | | |
|--------------------------------------------|----|-----------|
| Total other state restricted revenues..... | | 3,014,700 |
| State general fund/general purpose..... | \$ | 8,850,200 |

For Fiscal Year
Ending Sept. 30,
2006

PART 1A
LINE-ITEM APPROPRIATIONS

Sec. 151. Subject to the conditions set forth in this article, the amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2005, from the funds indicated in this part:

DEPARTMENT OF COMMUNITY HEALTH

APPROPRIATION SUMMARY:

| | |
|----------------------------------------------------------------------|---------------|
| GROSS APPROPRIATION..... | \$ 18,800,000 |
| Interdepartmental grant revenues: | |
| Total interdepartmental grants and intradepartmental transfers | 0 |
| ADJUSTED GROSS APPROPRIATION | \$ 18,800,000 |
| Federal revenues: | |
| Total federal revenues | 10,638,900 |
| Special revenue funds: | |
| Total other state restricted revenues | 8,161,100 |
| State general fund/general purpose | \$ 0 |
| Sec. 152. MEDICAL SERVICES | |
| Long-term care services | \$ 18,800,000 |
| GROSS APPROPRIATION..... | \$ 18,800,000 |
| Appropriated from: | |
| Federal revenues: | |
| Total federal revenues | 10,638,900 |
| Special revenue funds: | |
| Total other state restricted revenues | 8,161,100 |
| 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 2005-2006 is \$4,467,908,400.00 and state spending from state resources to be paid to units of local government for fiscal year 2005-2006 is \$1,136,195,800.00. 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

| | |
|------------------------------------------------------------------------------|--------------|
| 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..... | 18,790,500 |
| Medicaid mental health services | 658,703,500 |
| Community mental health non-Medicaid services | 332,098,300 |
| Medicaid adult benefits waiver | 12,156,000 |
| Multicultural services..... | 4,963,800 |
| Medicaid substance abuse services..... | 14,530,300 |
| Respite services | 1,000,000 |
| Omnibus budget reconciliation act implementation..... | 2,882,500 |

HEALTH POLICY, REGULATION AND PROFESSIONS

| | |
|-------------------------|---------|
| Health professions..... | 275,000 |
| Rural health | 35,000 |

INFECTIOUS DISEASE CONTROL

| | |
|-------------------------------------------------------------|-----------|
| AIDS prevention, testing and care programs..... | 1,400,000 |
| Immunization local agreements..... | 2,200,000 |
| Sexually transmitted disease control local agreements | 421,800 |

LABORATORY SERVICES

| | |
|---------------------------|--------|
| Laboratory services | 54,000 |
|---------------------------|--------|

LOCAL HEALTH ADMINISTRATION AND GRANTS

| | |
|--------------------------------------|------------|
| Implementation of 1993 PA 133..... | 7,700 |
| Local public health operations | 38,043,400 |

| | |
|-------------------------------------------------------------------|-------------------------|
| CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION | |
| Cancer prevention and control program | 120,700 |
| Diabetes and kidney program..... | 295,800 |
| Smoking prevention program..... | 860,300 |
| FAMILY, MATERNAL, AND CHILDREN’S HEALTH SERVICES | |
| Childhood lead program..... | 50,000 |
| 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..... | 636,000 |
| School health and education programs | 500,000 |
| CHILDREN’S SPECIAL HEALTH CARE SERVICES | |
| Outreach and advocacy | 1,283,200 |
| MEDICAL SERVICES | |
| Transportation | 1,275,300 |
| OFFICE OF SERVICES TO THE AGING | |
| Community services..... | 14,854,300 |
| Nutrition services..... | 11,280,300 |
| Senior volunteer services | 1,153,400 |
| Respite care program | 4,400,000 |
| CRIME VICTIM SERVICES COMMISSION | |
| Crime victim rights services grants..... | 5,432,100 |
| TOTAL OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT..... | \$ 1,136,195,800 |

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 article:

- (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) “EPIC” means elder prescription insurance coverage program.
- (f) “EPSDT” means early and periodic screening, diagnosis, and treatment.
- (g) “FTE” means full-time equated.
- (h) “GME” means graduate medical education.
- (i) “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.
- (j) “HIV/AIDS” means human immunodeficiency virus/acquired immune deficiency syndrome.
- (k) “HMO” means health maintenance organization.
- (l) “IDEA” means individuals with disabilities education act.
- (m) “IDG” means interdepartmental grant.
- (n) “MCH” means maternal and child health.
- (o) “MICHild” means the program described in section 1670.
- (p) “MSS/ISS” means maternal and infant support services.
- (q) “Specialty prepaid health plan” means a program described in section 232b of the mental health code, 1974 PA 258, MCL 330.1232b.
- (r) “Title XVIII” means title XVIII of the social security act, 42 USC 1395 to 1395hhh.
- (s) “Title XIX” means title XIX of the social security act, 42 USC 1396 to 1396v.
- (t) “Title XX” means title XX of the social security act, 49 USC 1397 to 1397f.
- (u) “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, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining the vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Sec. 208. Unless otherwise specified, 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 the Internet or Intranet site.

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

(2) Funds appropriated in part 1 shall not be used for the purchase of out-of-state goods or services, or both, if competitively priced and comparable quality Michigan goods or services, or both, are available.

Sec. 211. If the revenue collected by the department from fees and collections exceeds the amount appropriated in part 1, the revenue may be carried forward with the approval of the state budget director into the subsequent fiscal year. The revenue carried forward under this section shall be used as the first source of funds in the subsequent fiscal year.

Sec. 212. (1) From the amounts appropriated in part 1, no greater than the following amounts are supported with federal maternal and child health block grant, preventive health and health services block grant, substance abuse block grant, healthy Michigan fund, and Michigan health initiative funds:

| | |
|-------------------------------------------------------------|---------------|
| (a) Maternal and child health block grant | \$ 21,162,400 |
| (b) Preventive health and health services block grant | 5,617,500 |
| (c) Substance abuse block grant..... | 60,509,900 |
| (d) Healthy Michigan fund..... | 43,512,700 |
| (e) Michigan health initiative..... | 10,121,200 |

(2) On or before February 1, 2006, 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 article.

(3) Upon the release of the fiscal year 2006-2007 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 2006-2007 executive budget proposal.

(4) The department shall provide to the same parties in subsection (2) all revenue source detail for consolidated revenue line item detail upon request to the department.

Sec. 213. The state departments, agencies, and commissions receiving tobacco tax funds from part 1 shall report by January 1, 2006, to the senate and house of representatives appropriations committees, the senate and house fiscal agencies, and the state budget director on the following:

- (a) Detailed spending plan by appropriation line item including description of programs.
- (b) Description of allocations or bid processes including need or demand indicators used to determine allocations.
- (c) Eligibility criteria for program participation and maximum benefit levels where applicable.
- (d) Outcome measures to be used to evaluate programs.
- (e) Any other information considered necessary by the house of representatives or senate appropriations committees or the state budget director.

Sec. 214. The use of state-restricted tobacco tax revenue received for the purpose of tobacco prevention, education, and reduction efforts and deposited in the healthy Michigan fund shall not be used for lobbying as defined in 1978 PA 472, MCL 4.411 to 4.431, and shall not be used in attempting to influence the decisions of the legislature, the governor, or any state agency.

Sec. 216. (1) In addition to funds appropriated in part 1 for all programs and services, there is appropriated for write-offs of accounts receivable, deferrals, and for prior year obligations in excess of applicable prior year appropriations, an amount equal to total write-offs and prior year obligations, but not to exceed amounts available in prior year revenues.

(2) The department's ability to satisfy appropriation deductions in part 1 shall not be limited to collections and accruals pertaining to services provided in fiscal year 2005-2006, but shall also include reimbursements, refunds, adjustments, and settlements from prior years.

(3) The department shall report by March 15, 2006 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, 2005 and May 1, 2006 all of the following:

- (a) A detailed description of each funded project.
- (b) The amount allocated for each project, the appropriation line item from which the allocation is funded, and the source of financing for each project.
- (c) The expected project duration.
- (d) A detailed spending plan for each project, including a list of all subgrantees and the amount allocated to each subgrantee.

(2) If a report required under subsection (1) is not received by the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on or before the date specified for that report, the disbursement of funds to the Michigan public health institute under this section shall stop. The disbursement of those funds shall recommence when the overdue report is received.

(3) On or before September 30, 2006, the department shall provide to the same parties listed in subsection (1) a copy of all reports, studies, and publications produced by the Michigan public health institute, its subcontractors, or the department with the funds appropriated in part 1 and allocated to the Michigan public health institute.

Sec. 220. All contracts with the Michigan public health institute funded with appropriations in part 1 shall include a requirement that the Michigan public health institute submit to financial and performance audits by the state auditor general of projects funded with state appropriations.

Sec. 223. The department of community health may establish and collect fees for publications, videos and related materials, conferences, and workshops. Collected fees shall be used to offset expenditures to pay for printing and mailing costs of the publications, videos and related materials, and costs of the workshops and conferences. The costs shall not exceed fees collected.

Sec. 259. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the 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. Upon submission of a Medicaid waiver, a Medicaid state plan amendment, or a similar proposal to the centers for Medicare and Medicaid services, the department shall notify the house of representatives and senate appropriations subcommittees on community health and the house and senate fiscal agencies of the submission.

Sec. 265. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. Federal and state guidelines for short-term and long-term retention of records shall be followed.

Sec. 266. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2006 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.

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.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 401. Funds appropriated in part 1 are intended to support a system of comprehensive community mental health services under the full authority and responsibility of local CMHSPs or specialty prepaid health plans. The department shall ensure that each CMHSP or specialty prepaid health plan provides all of the following:

(a) A system of single entry and single exit.

(b) A complete array of mental health services which shall include, but shall not be limited to, all of the following services: residential and other individualized living arrangements, outpatient services, acute inpatient services, and long-term, 24-hour inpatient care in a structured, secure environment.

(c) The coordination of inpatient and outpatient hospital services through agreements with state-operated psychiatric hospitals, units, and centers in facilities owned or leased by the state, and privately-owned hospitals, units, and centers licensed by the state pursuant to sections 134 through 149b of the mental health code, 1974 PA 258, MCL 330.1134 to 330.1149b.

(d) Individualized plans of service that are sufficient to meet the needs of individuals, including those discharged from psychiatric hospitals or centers, and that ensure the full range of recipient needs is addressed through the CMHSP's or specialty prepaid health plan's program or through assistance with locating and obtaining services to meet these needs.

(e) A system of case management to monitor and ensure the provision of services consistent with the individualized plan of services or supports.

(f) A system of continuous quality improvement.

(g) A system to monitor and evaluate the mental health services provided.

(h) A system that serves at-risk and delinquent youth as required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106.

Sec. 402. (1) From funds appropriated in part 1, final authorizations to CMHSPs or specialty prepaid health plans shall be made upon the execution of contracts between the department and CMHSPs or specialty prepaid health plans. The contracts shall contain an approved plan and budget as well as policies and procedures governing the obligations and responsibilities of both parties to the contracts. Each contract with a CMHSP or specialty prepaid health plan that the department is authorized to enter into under this subsection shall include a provision that the contract is not valid unless the total dollar obligation for all of the contracts between the department and the CMHSPs or specialty prepaid health plans entered into under this subsection for fiscal year 2005-2006 does not exceed the amount of money appropriated in part 1 for the contracts authorized under this subsection.

(2) The department shall immediately report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director if either of the following occurs:

(a) Any new contracts with CMHSPs or specialty prepaid health plans that would affect rates or expenditures are enacted.

(b) Any amendments to contracts with CMHSPs or specialty prepaid health plans that would affect rates or expenditures are enacted.

(3) The report required by subsection (2) shall include information about the changes and their effects on rates and expenditures.

Sec. 403. From the funds appropriated in part 1 for multicultural services, the department shall ensure that CMHSPs or specialty prepaid health plans continue contracts with multicultural services providers.

Sec. 404. (1) Not later than May 31 of each fiscal year, the department shall provide a report on the community mental health services programs to the members of the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director that includes the information required by this section.

(2) The report shall contain information for each CMHSP or specialty prepaid health plan and a statewide summary, each of which shall include at least the following information:

(a) A demographic description of service recipients which, minimally, shall include reimbursement eligibility, client population, age, ethnicity, housing arrangements, and diagnosis.

(b) 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.

(iii) The number of people requesting services who are on waiting lists for services.

(iv) The average length of time that people remained on waiting lists for services.

(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 2004-2005 for CMHSPs or specialty prepaid health plans.

(i) Contracts for mental health services entered into by CMHSPs or specialty prepaid health plans with providers, including amount and rates, organized by type of service provided.

(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 specialty prepaid health plan organized by Medicaid eligibility group, including per eligible individual expenditure averages.

(ii) Performance indicator information required to be submitted to the department in the contracts with CMHSPs or specialty prepaid health plans.

(3) The department shall include data reporting requirements listed in subsection (2) in the annual contract with each individual CMHSP or specialty prepaid health plan.

(4) The department shall take all reasonable actions to ensure that the data required are complete and consistent among all CMHSPs or specialty prepaid health plans.

Sec. 405. It is the intent of the legislature that the employee wage pass-through funded in previous years to the community mental health services programs for direct care workers in local residential settings and for paraprofessional and other nonprofessional direct care workers in day programs, supported employment, and other vocational programs shall continue to be paid to direct care workers.

Sec. 406. (1) The funds appropriated in part 1 for the state disability assistance substance abuse services program shall be used to support per diem room and board payments in substance abuse residential facilities. Eligibility of clients for the state disability assistance substance abuse services program shall include needy persons 18 years of age or older, or emancipated minors, who reside in a substance abuse treatment center.

(2) The department shall reimburse all licensed substance abuse programs eligible to participate in the program at a rate equivalent to that paid by the 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 specialty prepaid health plans to coordinate the care and services provided to individuals with both mental illness and substance abuse diagnoses.

(2) The department shall 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, 2006, the department shall report the following data from fiscal year 2004-2005 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 specialty prepaid health plan requires the CMHSP or specialty prepaid health plan to implement programs to encourage diversion of persons with serious mental illness, serious emotional disturbance, or developmental disability from possible jail incarceration when appropriate.

(2) Each CMHSP or specialty prepaid health plan shall have jail diversion services and shall work toward establishing working relationships with representative staff of local law enforcement agencies, including county prosecutors' offices, county sheriffs' offices, county jails, municipal police agencies, municipal detention facilities, and the courts. Written interagency agreements describing what services each participating agency is prepared to commit to the local jail diversion effort and the procedures to be used by local law enforcement agencies to access mental health jail diversion services are strongly encouraged.

Sec. 412. The department shall contract directly with the Salvation Army harbor light program to provide non-Medicaid substance abuse services at not less than the amount contracted for in fiscal year 2004-2005.

Sec. 414. Medicaid substance abuse treatment services shall be managed by selected CMHSPs or specialty prepaid health plans pursuant to the centers for Medicare and Medicaid services' approval of Michigan's 1915(b) waiver request to implement a managed care plan for specialized substance abuse services. The selected CMHSPs or specialty prepaid health plans shall receive a capitated payment on a per eligible per month basis to assure provision of medically necessary substance abuse services to all beneficiaries who require those services. The selected CMHSPs or specialty prepaid health plans shall be responsible for the reimbursement of claims for specialized substance abuse services. The CMHSPs or specialty prepaid health plans that are not coordinating agencies may continue to contract with a coordinating agency. Any alternative arrangement must be based on client service needs and have prior approval from the department.

Sec. 418. On or before the tenth of each month, the department shall report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the amount of funding paid to the CMHSPs or specialty prepaid health plans to support the Medicaid managed mental health care program in that month. The information shall include the total paid to each CMHSP or specialty prepaid health plan, per capita rate paid for each eligibility group for each CMHSP or specialty prepaid health plan, and number of cases in each eligibility group for each CMHSP or specialty prepaid health plan, and year-to-date summary of eligibles and expenditures for the Medicaid managed mental health care program.

Sec. 423. The department shall work cooperatively with the 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.

Sec. 424. Each community mental health services program or specialty prepaid health plan that contracts with the department to provide services to the Medicaid population shall adhere to the following timely claims processing and payment procedure for claims submitted by health professionals and facilities:

(a) A "clean claim" as described in section 111i of the social welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days after receipt of the claim by the community mental health services program or specialty prepaid health plan. A clean claim that is not paid within this time frame shall bear simple interest at a rate of 12% per annum.

(b) A community mental health services program or specialty prepaid health plan must state in writing to the health professional or facility any defect in the claim within 30 days after receipt of the claim.

(c) A health professional and a health facility have 30 days after receipt of a notice that a claim or a portion of a claim is defective within which to correct the defect. The community mental health services program or specialty prepaid health plan shall pay the claim within 30 days after the defect is corrected.

Sec. 425. By April 1, 2006, the department, in conjunction with the department of corrections, shall report the following data from fiscal year 2004-2005 on mental health and substance abuse services to the house of representatives and senate appropriations subcommittees on community health and corrections, the house and senate fiscal agencies, and the state budget office:

(a) The number of prisoners receiving substance abuse services, which shall include a description and breakdown of the type of substance abuse services provided to prisoners.

(b) The number of prisoners with a primary diagnosis of mental illness and the number of such prisoners receiving mental health services, which shall include a description and breakdown, minimally encompassing the categories of inpatient, residential, and outpatient care, of the type of mental health services provided to those prisoners.

(c) The number of prisoners with a primary diagnosis of mental illness and receiving substance abuse services, which shall include a description and breakdown, minimally encompassing the categories of inpatient, residential, and outpatient care, of the type of treatment provided to those prisoners.

(d) Data indicating if 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.

(e) Data indicating if 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.

Sec. 428. (1) Each CMHSP and affiliation of CMHSPs shall provide, from internal resources, local funds to be used as a bona fide part of the state match required under the Medicaid program in order to increase capitation rates for CMHSPs and affiliations of CMHSPs. These funds shall not include either state funds received by a CMHSP for services provided to non-Medicaid recipients or the state matching portion of the Medicaid capitation payments made to a CMHSP or an affiliation of CMHSPs.

(2) The distribution of the aforementioned increases in the capitation payment rates, if any, shall be based on a formula developed by a committee established by the department, including representatives from CMHSPs or affiliations of CMHSPs and department staff.

Sec. 435. A county required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide matching funds to a CMHSP for mental health services rendered to residents in its jurisdiction shall pay the matching funds in equal installments on not less than a quarterly basis throughout the fiscal year, with the first payment being made by October 1, 2005.

Sec. 439. (1) It is the intent of the legislature that the department, in conjunction with CMHSPs, support pilot projects that facilitate the movement of adults with mental illness from state psychiatric hospitals to community residential settings.

(2) The purpose of the pilot projects is to encourage the placement of persons with mental illness in community residential settings who may require any of the following:

(a) A secured and supervised living environment.

(b) Assistance in taking prescribed medications.

(c) Intensive case management services.

(d) Assertive community treatment team services.

(e) Alcohol or substance abuse treatment and counseling.

(f) Individual or group therapy.

(g) Day or partial day programming activities.

(h) Vocational, educational, or self-help training or activities.

(i) Other services prescribed to treat a person's mental illness to prevent the need for hospitalization.

(3) The pilot projects described in this section shall be completely voluntary.

(4) The department shall provide semiannual reports to the house of representatives and senate appropriations subcommittees on community health, the state budget office, and the house and senate fiscal agencies as to any activities undertaken by the department and CMHSPs for pilot projects implemented under this section.

Sec. 442. (1) It is the intent of the legislature that the \$40,000,000.00 in funding transferred from the community mental health non-Medicaid services line to support the Medicaid adult benefits waiver program be used to provide state match for increases in federal funding for primary care and specialty services provided to Medicaid adult benefits waiver enrollees and for economic increases for the Medicaid specialty services and supports program.

(2) The department shall assure that persons enrolled in the Medicaid adult benefits waiver program shall receive mental health services under the priority population sections of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106.

(3) Capitation payments to CMHSPs or specialty prepaid health plans for persons who become enrolled in the Medicaid adult benefits waiver program shall be made using the same rate methodology as payments for the current Medicaid beneficiaries.

(4) If enrollment in the Medicaid adult benefits waiver program does not achieve expectations and the funding appropriated for the Medicaid adult benefits waiver program for specialty services is not expended, the general fund balance shall be transferred back to the community mental health non-Medicaid services line. The department shall report quarterly to the senate and house of representatives appropriations subcommittees on community health a summary of eligible expenditures for the Medicaid adult benefits waiver program by CMHSPs or specialty prepaid health plans.

Sec. 450. The department shall continue a work group comprised of CMHSPs or specialty prepaid health plans and departmental staff to recommend strategies to streamline audit and reporting requirements for CMHSPs or specialty prepaid health plans. The charge to this work group shall include a requirement to develop a set of standards and criteria that satisfy all of the department's audit requirements that are to be used by any contractor performing services for CMHSPs or specialty prepaid health plans. The department shall by March 31, 2006 provide those proposed standards and criteria to the house of representatives and senate appropriations subcommittees on community health, the house fiscal agency, the senate fiscal agency, and the state budget director.

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. The prepaid inpatient health plans shall honor consumer choice to the fullest extent possible when providing Medicaid mental health services and support programs for individuals with mental illness, developmental disabilities, or substance abuse issues. Consumer choices shall include skill building assistance and work preparatory services provided in accredited community based rehabilitation organizations, as well as supported and integrated employment services. The prepaid inpatient health plans shall not arbitrarily eliminate any choices from the array of services available to consumers without reasonable justification that those services are not in the consumer's best interest.

Sec. 457. The department shall assure that implementation of the quality assurance assessment program for community mental health prepaid inpatient health plans shall not result in any net reduction in revenue for community mental health services. If the quality assurance assessment program is not implemented, if it is implemented and does not generate the anticipated revenue, or if it is reduced or eliminated at a later date, the department shall present a plan on how the projected general fund/general purpose savings will be achieved to the house of representatives and senate appropriations subcommittees on community health.

Sec. 458. By April 15, 2006, 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.

(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. 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 prepaid inpatient health plans (PIHPs), CMHSPs, and contracted organized provider systems that receive payment or reimbursement from funds appropriated under section 104 of part 1. The department shall develop these definitions, standards, and instructions in consultation with representatives of CMHSPs. By April 15, 2006, 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.

Sec. 462. The department shall establish a work group comprised of representatives of the department, CMHSPs, legislature, and any other persons considered appropriate to develop a plan to achieve funding equity for all CMHSPs that receive funds appropriated under the community mental health non-Medicaid services line. The funding equity plan shall establish, at a minimum, a payment schedule or scale to ensure that each CMHSP is paid or reimbursed equally based on the recipient's diagnosis or individual plan of service sufficient to meet his or her needs, or both. The department shall submit the written plan 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, 2006.

Sec. 463. The department shall establish 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. By March 1, 2006, 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 department's progress in designing and implementing a program effectiveness evaluation system for coordinating agencies and service providers.

Sec. 464. It is the intent of the legislature that revenue received by the department from liquor license fees be expended exclusively 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.

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, 2006 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 specialty prepaid health plans shall provide semiannual reports to the department on the following information:

- (a) The number of days of care purchased from state hospitals and centers.
- (b) The number of days of care purchased from private hospitals in lieu of purchasing days of care from state hospitals and centers.
- (c) The number and type of alternative placements to state hospitals and centers other than private hospitals.
- (d) Waiting lists for placements in state hospitals and centers.

(2) The department shall semiannually report the information in subsection (1) to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

Sec. 605. (1) The department shall not implement any closures or consolidations of state hospitals, centers, or agencies until CMHSPs or specialty prepaid health plans have programs and services in place for those persons currently in those facilities and a plan for service provision for those persons who would have been admitted to those facilities.

(2) All closures or consolidations are dependent upon adequate department-approved CMHSP plans that include a discharge and aftercare plan for each person currently in the facility. A discharge and aftercare plan shall address the person's housing needs. A homeless shelter or similar temporary shelter arrangements are inadequate to meet the person's housing needs.

(3) Four months after the certification of closure required in section 19(6) of the state employees' retirement act, 1943 PA 240, MCL 38.19, the department shall provide a closure plan to the house of representatives and senate appropriations subcommittees on community health 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 specialty prepaid health plans responsible for providing services for persons previously served by the operations.

Sec. 606. The department may collect revenue for patient reimbursement from first- and third-party payers, including Medicaid 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.

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, 2006, 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 surgeon general 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 work with grantees supported through the appropriation in part 1 for 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 nurse 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 article 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 \$2,296,000.00 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.

INFECTIOUS DISEASE CONTROL

Sec. 801. In the expenditure of funds appropriated in part 1 for AIDS programs, the department and its subcontractors shall ensure that adolescents receive priority for prevention, education, and outreach services.

Sec. 802. In developing and implementing AIDS provider education activities, the department may provide funding to the Michigan state medical society to serve as lead agency to convene a consortium of health care providers, to design needed educational efforts, to fund other statewide provider groups, and to assure implementation of these efforts, in accordance with a plan approved by the department.

Sec. 803. The department shall continue the AIDS drug assistance program maintaining the prior year eligibility criteria and drug formulary. This section is not intended to prohibit the department from providing assistance for improved AIDS treatment medications.

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, 2005, the department shall have the authority to assess a penalty from the local health department's operational accounts in an amount equal to no more than 5% of the local health department's local public health operations funding. This penalty shall only be assessed to the local county that requests the dissolution of the health department.

Sec. 903. The department shall provide a report annually to the house of representatives and senate appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the expenditures and activities undertaken by the lead abatement program. The report shall include, but is not limited to, a funding allocation schedule, expenditures by category of expenditure and by subcontractor, revenues received, description of program elements, and description of program accomplishments and progress.

Sec. 904. (1) Funds appropriated in part 1 for local public health operations shall be prospectively allocated to local health departments to support immunizations, infectious disease control, sexually transmitted disease control and prevention, hearing screening, vision services, food protection, public water supply, private groundwater supply, and on-site sewage management. Food protection shall be provided in consultation with the Michigan department of agriculture. Public water supply, private groundwater supply, and on-site sewage management shall be provided in consultation with the Michigan department of environmental quality.

(2) Local public health departments will be held to contractual standards for the services in subsection (1).

(3) Distributions in subsection (1) shall be made only to counties that maintain local spending in fiscal year 2005-2006 of at least the amount expended in fiscal year 1992-1993 for the services described in subsection (1).

(4) By April 1, 2006, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health, the senate or house fiscal agency, or the state budget director on the planned allocation of the funds appropriated for local public health operations.

Sec. 905. From the funds appropriated in part 1 for local public health operations, local health departments shall offer hearing screening and vision services at a reduced level than that provided in fiscal year 2004-2005. Local health departments shall target these services to preschool and early elementary aged schoolchildren.

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.

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. Before April 1, 2006, 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 2004-2005.

Sec. 1105. For all programs for which an appropriation is made in part 1, the department shall contract with those local agencies best able to serve clients. Factors to be used by the department in evaluating agencies under this section shall include ability to serve high-risk population groups; ability to serve low-income clients, where applicable; availability of, and access to, service sites; management efficiency; and ability to meet federal standards, when applicable.

Sec. 1106. Each family planning program receiving federal title X family planning funds shall be in compliance with all performance and quality assurance indicators that the United States bureau of community health services specifies in the family planning annual report. An agency not in compliance with the indicators shall not receive supplemental or reallocated funds.

Sec. 1106a. (1) Federal abstinence money expended in part 1 for the purpose of promoting abstinence education shall provide abstinence education to teenagers most likely to engage in high-risk behavior as their primary focus, and may include programs that include 9- to 17-year-olds. Programs funded must meet all of the following guidelines:

(a) Teaches the gains to be realized by abstaining from sexual activity.

(b) Teaches abstinence from sexual activity outside of marriage as the expected standard for all school-age children.

(c) Teaches that abstinence is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other health problems.

(d) Teaches that a monogamous relationship in the context of marriage is the expected standard of human sexual activity.

(e) Teaches that sexual activity outside of marriage is likely to have harmful effects.

(f) Teaches that bearing children out of wedlock is likely to have harmful consequences.

(g) Teaches young people how to avoid sexual advances and how alcohol and drug use increases vulnerability to sexual advances.

(h) Teaches the importance of attaining self-sufficiency before engaging in sexual activity.

(2) Coalitions, organizations, and programs that do not provide contraceptives to minors and demonstrate efforts to include parental involvement as a means of reducing the risk of teens becoming pregnant shall be given priority in the allocations of funds.

(3) Programs and organizations that meet the guidelines of subsection (1) and criteria of subsection (2) shall have the option of receiving all or part of their funds directly from the department of community health.

Sec. 1107. Of the amount appropriated in part 1 for prenatal care outreach and service delivery support, not more than 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 would provide dental services to the uninsured in an amount that is no less than the amount allocated to that program in fiscal year 1996-1997.

(2) Not later than December 1 of the current fiscal year, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health or the senate or house of representatives standing committee on health policy the number of individual patients treated, number of procedures performed, and approximate total market value of those procedures through September 30, 2005.

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. 1133. The department shall release infant mortality rate data to all local public health departments no later than 48 hours prior to releasing infant mortality rate data to the public.

Sec. 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.

Sec. 1136. Contingent on the availability of state funds, funds shall be allocated for child advocacy centers.

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.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Sec. 1201. Funds appropriated in part 1 for medical care and treatment of children with special health care needs shall be paid according to reimbursement policies determined by the Michigan medical services program. Exceptions to these policies may be taken with the prior approval of the state budget director.

Sec. 1202. The department may do 1 or more of the following:

- (a) Provide special formula for eligible clients with specified metabolic and allergic disorders.
- (b) Provide medical care and treatment to eligible patients with cystic fibrosis who are 21 years of age or older.
- (c) Provide genetic diagnostic and counseling services for eligible families.
- (d) Provide medical care and treatment to eligible patients with hereditary coagulation defects, commonly known as hemophilia, who are 21 years of age or older.

Sec. 1203. All children who are determined medically eligible for the children's special health care services program shall be referred to the appropriate locally-based services program in their community.

OFFICE OF DRUG CONTROL POLICY

Sec. 1250. In addition to the \$1,800,000.00 in Byrne formula grant program funding the department provides to local drug treatment courts, the department shall provide \$1,800,000.00 in Byrne formula grant program funding to the judiciary by interdepartmental grant.

CRIME VICTIM SERVICES COMMISSION

Sec. 1302. From the funds appropriated in part 1 for justice assistance grants, up to \$50,000.00 shall be allocated for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for the prosecution of sexual assault. The funds shall be used for program coordination, training, and counseling. Unexpended funds shall be carried forward.

Sec. 1304. The department shall work with the department of state police, the Michigan hospital association, the Michigan state medical society, and the Michigan nurses association to ensure that the recommendations included in the "Standard Recommended Procedures for the Emergency Treatment of Sexual Assault Victims" are followed in the collection of evidence.

OFFICE OF SERVICES TO THE AGING

Sec. 1401. The appropriation in part 1 to the office of services to the aging, for community and nutrition services and home services, shall be restricted to eligible individuals at least 60 years of age who fail to qualify for home care services under title XVIII, XIX, or XX.

Sec. 1403. The office of services to the aging shall require each region to report to the office of services to the aging home delivered meals waiting lists based upon standard criteria. Determining criteria shall include all of the following:

- (a) The recipient's degree of frailty.

- (b) The recipient's inability to prepare his or her own meals safely.
- (c) Whether the recipient has another care provider available.
- (d) Any other qualifications normally necessary for the recipient to receive home delivered meals.

Sec. 1404. The area agencies and local providers may receive and expend fees for the provision of day care, care management, respite care, and certain eligible home and community-based services. The fees shall be based on a sliding scale, taking client income into consideration. The fees shall be used to expand services.

Sec. 1406. The appropriation of \$5,000,000.00 of tobacco settlement funds to the office of services to the aging for the respite care program shall be allocated in accordance with a long-term care plan developed by the long-term care working group established in section 1657 of 1998 PA 336 upon implementation of the plan. The use of the funds shall be for direct respite care or adult respite care center services. Not more than 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. The legislature supports choice and the right of local counties to change membership in the area agencies on aging if the change is to an area agency on aging that is contiguous to that county. The legislature supports the office of services to the aging working with others to provide training to commissions to better understand and advocate for aging issues. It is the intent of the legislature to prohibit area agencies on aging from providing direct services, including home and community-based waiver services, unless the agencies receive a waiver from the department. The legislature's intent in this section is conditioned on compliance with federal and state laws, rules, and policies.

Sec. 1416. The legislature affirms the commitment to provide in-home services, resources, and assistance for the frail elderly who are not being served by the Medicaid home and community-based services waiver program.

MEDICAL SERVICES

Sec. 1601. The cost of remedial services incurred by residents of licensed adult foster care homes and licensed homes for the aged shall be used in determining financial eligibility for the medically needy. Remedial services include basic self-care and rehabilitation training for a resident.

Sec. 1602. Medical services shall be provided to elderly and disabled persons with incomes less than or equal to 100% of the official poverty 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. 1615. Unless prohibited by federal or state law or regulation, the department shall require enrolled Medicaid providers to submit their billings for services electronically.

Sec. 1616. Contingent upon recovery of Medicaid managed care and fee-for-service payments through audits or other recovery procedures, \$8,753,700.00, of which \$3,800,000.00 is general fund/general purpose funds, may be authorized within the hospital services and therapy line.

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) For fee-for-service recipients, an optional mail order pharmacy program shall be available.

Sec. 1621. (1) The department may implement prospective drug utilization review and disease management systems. The prospective drug utilization review and disease management systems authorized by this subsection shall have physician oversight, shall focus on patient, physician, and pharmacist education, and shall be developed in consultation with the national pharmaceutical council, Michigan state medical society, Michigan association of osteopathic physicians, Michigan pharmacists' association, Michigan health and hospital association, and Michigan nurses' association.

(2) This section does not authorize or allow therapeutic substitution.

Sec. 1621a. (1) The department, in conjunction with pharmaceutical manufacturers or their agents, may establish pilot projects to test the efficacy of disease management and health management programs.

(2) The department may negotiate a plan that uses the savings resulting from the services rendered from these programs, in lieu of requiring a supplemental rebate for the inclusion of those participating parties' products on the department's preferred drug list.

Sec. 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, state medical program, children's special health care services, and EPIC.

(2) For products distributed by pharmaceutical manufacturers not providing quarterly rebates as listed in subsection (1), the department may require preauthorization.

Sec. 1628. (1) The department shall convene by April 2006 a committee to study the implementation of psychotropic pharmacy administration under Medicare part D for individuals dually enrolled in the Medicare and Medicaid programs. This committee shall study and evaluate the effectiveness of mental health consumer enrollment and medication access through the Medicare part D procedures for pharmaceutical management for dual eligibles.

(2) The committee shall include a representative from each of the following organizations: the medical services administration, the office of services to the aging, the department's mental health and substance abuse services division, mental health association of Michigan, national alliance for the mentally ill of Michigan, Michigan psychiatric society, Michigan association of community mental health boards, Michigan pharmacists association, Michigan protection and advocacy service, international association of psychosocial rehabilitation services, and the pharmaceutical industry. The committee shall elect a chairperson who is not employed by state government.

(3) The committee shall produce a report by September 30, 2006 to the senate and house of representatives appropriations subcommittees on community health and the senate and house fiscal agencies.

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 in-patient hospital stay.
- (d) One dollar for an out-patient hospital visit.

Sec. 1633. From the funds appropriated in part 1 for auxiliary medical services, the department shall expand the healthy kids dental program statewide if funds become available specifically for expansion of the program.

Sec. 1634. From the funds appropriated in part 1 for ambulance services, the department shall continue the 5% increase in payment rates for ambulance services implemented in fiscal year 2000-2001 and increase the ground mileage reimbursement rate per statute mile to \$4.25.

Sec. 1635. From the funds appropriated in part 1 for physician services and health plan services, \$6,910,800.00, of which \$3,000,000.00 is general fund/general purpose funds, shall be allocated to increase Medicaid reimbursement rates for obstetrical 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 phone line to enable medical providers to verify the eligibility status of Medicaid recipients. There shall be no charge to providers for the use of the toll-free phone line.

Sec. 1649. From the funds appropriated in part 1 for medical services, the department shall continue breast and cervical cancer treatment coverage for women up to 250% of the federal poverty level, who are under age 65, and who are not otherwise covered by insurance. This coverage shall be provided to women who have been screened through the centers for disease control breast and cervical cancer early detection program, and are found to have breast or cervical cancer, pursuant to the breast and cervical cancer prevention and treatment act of 2000, Public Law 106-354, 114 Stat. 1381.

Sec. 1650. (1) The department may require medical services recipients residing in counties offering managed care options to choose the particular managed care plan in which they wish to be enrolled. Persons not expressing a preference may be assigned to a managed care provider.

(2) Persons to be assigned a managed care provider shall be informed in writing of the criteria for exceptions to capitated managed care enrollment, their right to change HMOs for any reason within the initial 90 days of enrollment, the toll-free telephone number for problems and complaints, and information regarding grievance and appeals rights.

(3) The criteria for medical exceptions to HMO enrollment shall be based on submitted documentation that indicates a recipient has a serious medical condition, and is undergoing active treatment for that condition with a physician who does not participate in 1 of the HMOs. If the person meets the criteria established by this subsection, the department shall grant an exception to mandatory enrollment at least through the current prescribed course of treatment, subject to periodic review of continued eligibility.

Sec. 1651. (1) Medical services patients who are enrolled in HMOs have the choice to elect hospice services or other services for the terminally ill that are offered by the HMOs. If the patient elects hospice services, those services shall be provided in accordance with part 214 of the public health code, 1978 PA 368, MCL 333.21401 to 333.21420.

(2) The department shall not amend the medical services hospice manual in a manner that would allow hospice services to be provided without making available all comprehensive hospice services described in 42 CFR part 418.

Sec. 1653. Implementation and contracting for managed care by the department through HMOs shall be subject to the following conditions:

(a) Continuity of care is assured by allowing enrollees to continue receiving required medically necessary services from their current providers for a period not to exceed 1 year if enrollees meet the managed care medical exception criteria.

(b) The department shall require contracted HMOs to submit data determined necessary for evaluation on a timely basis.

(c) 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.

(3) Annual reports summarizing the problems and complaints reported and their resolution shall be provided to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget office.

Sec. 1657. (1) Reimbursement for medical services to screen and stabilize a Medicaid recipient, including stabilization of a psychiatric crisis, in a hospital emergency room shall not be made contingent on obtaining prior authorization from the recipient's HMO. If the recipient is discharged from the emergency room, the hospital shall notify the recipient's HMO within 24 hours of the diagnosis and treatment received.

(2) If the treating hospital determines that the recipient will require further medical service or hospitalization beyond the point of stabilization, that hospital must receive authorization from the recipient's HMO prior to admitting the recipient.

(3) Subsections (1) and (2) shall not be construed as a requirement to alter an existing agreement between an HMO and their contracting hospitals nor as a requirement that an HMO must reimburse for services that are not considered to be medically necessary.

(4) Prior to contracting with an HMO for managed care services that did not have a contract with the department before October 1, 2002, the department shall receive assurances from the office of financial and insurance services that the HMO meets the net worth and financial solvency requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

Sec. 1658. (1) 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 article are the only ones that shall apply to the following Medicaid managed care programs, including the comprehensive plan, children's special health care services plan, MIChoice long-term care plan, and the mental health, substance abuse, and developmentally disabled services program: 401, 402, 404, 414, 418, 424, 428, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1662, 1666, 1699, and 1700.

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 article. Health care coverage for children in families below 150% of the federal poverty level shall be provided through expanded eligibility under the state's Medicaid program. Health coverage for children in families between 150% and 200% of the federal poverty level shall be provided through a state-based private health care program.

(2) The department 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 line-item appropriations providing for specific health care services.

Sec. 1671. From the funds appropriated in part 1, the department shall continue a comprehensive approach to the marketing and outreach of the MICHild program. The marketing and outreach required under this section shall be coordinated with current outreach, information dissemination, and marketing efforts and activities conducted by the department.

Sec. 1673. (1) The department may establish premiums for MICHild eligible persons in families with income above 150% of the federal poverty level. The monthly premiums shall not exceed \$15.00 for a family.

(2) The department shall not require copayments under the MICHild program.

Sec. 1677. The MICHild program shall provide all benefits available under the state employee insurance plan that are delivered through contracted providers and consistent with federal law, including, but not limited to, the following medically necessary services:

(a) Inpatient mental health services, other than substance abuse treatment services, including services furnished in a state-operated mental hospital and residential or other 24-hour therapeutically planned structured services.

(b) Outpatient mental health services, other than substance abuse services, including services furnished in a state-operated mental hospital and community-based services.

(c) Durable medical equipment and prosthetic and orthotic devices.

(d) Dental services as outlined in the approved MICHild state plan.

(e) Substance abuse treatment services that may include inpatient, outpatient, and residential substance abuse treatment services.

(f) Care management services for mental health diagnoses.

(g) Physical therapy, occupational therapy, and services for individuals with speech, hearing, and language disorders.

(h) Emergency ambulance services.

Sec. 1680. (1) 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 in fiscal year 2005-2006.

(2) The department shall not implement any increase or decrease in the Medicaid nursing home wage pass-through program in fiscal year 2004-2005.

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) 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 program, the payment rate allocated for administrative expenses shall be reduced by \$2.00 per person per day.

(2) The savings realized from the reduced administrative rate shall be reallocated to increase enrollment in the waiver program and to provide direct services to eligible program participants.

(3) The department shall provide a report to the house of representatives and senate appropriations subcommittees on community health and the house of representatives and senate fiscal agencies on the number or nursing home patients discharged who are subsequently enrolled in the Medicaid home- and community-based services waiver program, and the associated cost savings.

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, 2006, to the house of representatives and senate appropriations subcommittees on community health and the house of representatives and senate fiscal agencies on the progress of 3 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 of representatives and senate fiscal agencies 60 days prior to any expansion of the program.

(2) 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. 1687. (1) From the funds appropriated in part 1 for long-term care services, the department shall contract with a stand alone psychiatric facility that provides at least 20% of its total care to Medicaid recipients to provide access to Medicaid recipients who require specialized Alzheimer's disease or dementia care.

(2) The department shall report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on the effectiveness of the contract required under subsection (1) to improve the quality of services to Medicaid recipients.

Sec. 1688. The department shall not impose a limit on per unit reimbursements to service providers that provide personal care or other services under the Medicaid home and community-based waiver program for the elderly and disabled. The department's per day per client reimbursement cap calculated in the aggregate for all services provided under the Medicaid home and community-based waiver is not a violation of this section.

Sec. 1689. (1) Priority in enrolling additional persons in the Medicaid home and community-based services program shall be given to those who are currently residing in nursing homes or who are eligible to be admitted to a nursing home if they are not provided home and community-based services. The department shall implement screening and assessment procedures to assure that no additional Medicaid eligible persons are admitted to nursing homes who would be more appropriately served by the Medicaid home and community-based services program. If there is a net decrease

in the number of Medicaid nursing home days of care during the most recent quarter in comparison with the previous quarter and a net cost savings attributable to moving individuals from a nursing home to the home and community-based services waiver program, the department shall transfer the net cost savings to the home and community-based services waiver program. If a transfer is required, it shall be done on a quarterly basis.

(2) Within 30 days of the end of each fiscal quarter, the department shall provide a report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies that details existing and future allocations for the home and community-based waiver program by regions as well as the associated expenditures. The report shall include information regarding the net cost savings from moving individuals from a nursing home to the home and community-based services waiver program and the amount of funds transferred.

Sec. 1690. The department may work with the federal government to establish an estate preservation program as recommended by the Michigan Medicaid long-term care task force.

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 adjustor payments appropriation in part 1 may be increased if the department submits a medical services state plan amendment pertaining to this line item at a level higher than the appropriation. The department is authorized to appropriately adjust financing sources in accordance with the increased appropriation.

Sec. 1694. The department of community health shall distribute \$695,000.00 to children's hospitals that have a high indigent care volume. The amount to be distributed to any given hospital shall be based on a formula determined by the department of community health.

Sec. 1697. (1) As may be allowed by federal law or regulation, the department may use funds provided by a local or intermediate school district, which have been obtained from a qualifying health system, as the state match required for receiving federal Medicaid or children health insurance program funds. Any such funds received shall be used only to support new school-based or school-linked health services.

(2) A qualifying health system is defined as any health care entity licensed to provide health care services in the state of Michigan, that has entered into a contractual relationship with a local or intermediate school district to provide or manage school-based or school-linked health services.

Sec. 1699. The department may make separate payments directly to qualifying hospitals serving a disproportionate share of indigent patients 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. 1700. (1) The department, in consultation with the Michigan association of health plans, shall develop a plan to assure that Medicaid payment rates to HMOs in fiscal year 2005-2006 meet the federal requirement for actuarially sound rates. The plan shall include the following strategies as well as other alternatives:

(a) Establish or designate centers for transplant excellence.

(b) Establish statewide contracts for durable equipment.

(c) Decreasing administrative costs.

(d) Shifting end stage renal patients to Medicare.

(2) A copy of the plan shall be submitted to the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies by May 30, 2006.

Sec. 1710. Any proposed changes by the department to the MICHoice home and community-based services waiver program screening process shall be provided to the members of the house and senate appropriations subcommittees on community health prior to implementation of the proposed changes.

Sec. 1711. (1) The department shall maintain the 2-tier reimbursement methodology for Medicaid emergency physicians professional services that was in effect on September 30, 2002, subject to the following conditions:

(a) Payments by case and in the aggregate shall not exceed 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 2005-2006, given changes in the number and category of Medicaid recipients. If expenditure and utilization data indicate that the amount and/or type of emergency physician professional services are exceeding the department's estimate, the utilization adjustor shall be applied to the 2-tier reimbursement methodology in such a manner as to reduce aggregate expenditures to the fiscal year 2001-2002 adjusted expenditure target.

(3) By April 1, 2006, the department shall establish an emergency room observation rate for Medicaid eligibles with a length of stay of not more than 24 hours.

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. 1713. (1) The department, in conjunction with the Michigan dental association, shall undertake a study to determine the level of participation by Michigan licensed dentists in the state's Medicaid program. The study shall identify the distribution of dentists throughout the state, the volume of Medicaid recipients served by each participating dentist, and areas in the state underserved for dental services.

(2) The study described in subsection (1) shall also include an assessment of what factors may be related to the apparent low participation by dentists in the Medicaid program, and the study shall make recommendations as to how these barriers to participation may be reduced or eliminated.

(3) This study shall be provided to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies no later than April 1, 2006.

Sec. 1716. The department shall seek to maintain a constant enrollment level within the Medicaid adult benefits waiver program throughout fiscal year 2005-2006.

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 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.

(2) By November 1, 2005, 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, 2006. 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 adjustor and special DSH payments, the department is authorized to make a disproportionate share payment of \$33,167,700.00 for health services provided by Hutzel Hospital, \$17,903,200.00 for health services previously funded through the higher education appropriations act, and \$2,310,000.00 for the Michigan State University institute for health care studies.

(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 work with the department of human services to implement a plan to reduce Medicaid eligibility errors related to basic eligibility requirements and income requirements. The department shall submit the plan to the house and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director by March 15, 2006.

Sec. 1726. Any clinical laboratory performing a creatinine test on a Medicaid client shall report the glomerular filtration rate (eGFR) of the patient and shall report it as a percent of kidney function remaining.

Sec. 1728. The department shall make available to qualifying Medicaid recipients, not based on Medicare guidelines, freestanding, electric, lifting, and transferring devices.

Sec. 1729. The legislature shall establish a bipartisan joint committee comprised of members of each house of the legislature and representatives of the department of community health. The bipartisan joint committee shall identify cost reduction measures for the state Medicaid program including, but not limited to, additional means or methods of identifying and prohibiting Medicaid fraud and increasing Medicaid estate recovery and savings by utilizing enhanced information technology. The bipartisan joint committee shall attempt to identify, at a minimum, \$40,000,000.00 of potential savings for the state Medicaid program.

Sec. 1730. The funding in part 1 to restore 1/4 of the 4% reduction in Medicaid provider reimbursement rates for hospital services, physician services, pharmaceutical services, home health services, auxiliary medical services, and nursing home services is contingent upon federal approval of the state's proposal to establish a case rate for inpatient hospital services provided to parents and caretaker relatives who are not required to be covered under federal Medicaid requirements.

Sec. 1731. (1) Subject to subsection (2), the department shall establish 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) 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.

PART 2A
PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 2001. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1A for fiscal year 2004-2005 is \$8,161,100.00. State payments to local units of government under part 1A are \$0.

Sec. 2002. (1) The appropriations authorized under this article 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.

ARTICLE 4
DEPARTMENT OF CORRECTIONS
PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this article, the amounts listed in this part are appropriated for the department of corrections for the fiscal year ending September 30, 2006, 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 | 51,425 | |
| Full-time equated unclassified positions | 16.0 | |
| Full-time equated classified positions | 17,510.2 | |
| GROSS APPROPRIATION | | \$ 1,878,447,100 |
| Interdepartmental grant revenues: | | |
| Total interdepartmental grants and intradepartmental transfers | | 1,043,800 |
| ADJUSTED GROSS APPROPRIATION | | \$ 1,877,403,300 |
| Federal revenues: | | |
| Total federal revenues | | 11,410,200 |
| Special revenue funds: | | |
| Total local revenues | | 411,700 |
| Total private revenues | | 0 |
| Total other state restricted revenues | | 66,590,000 |
| State general fund/general purpose | | \$ 1,798,991,400 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|--------------------------------------------------------------------------------------------|----------------|
| Sec. 102. EXECUTIVE (SAFETY) | |
| Full-time equated unclassified positions | 16.0 |
| Full-time equated classified positions | 227.2 |
| Unclassified positions—16.0 FTE positions | \$ 1,368,800 |
| Executive direction—32.0 FTE positions | 3,710,800 |
| Policy and strategic planning—26.0 FTE positions | 5,499,200 |
| Prisoner reintegration programs—4.0 FTE positions | 12,878,700 |
| Human resources—165.2 FTE positions | 14,209,800 |
| Human resources optimization user charges | 1,299,200 |
| Training | 3,577,300 |
| Worker's compensation | 18,899,000 |
| Grant to legislative council | 500,000 |
| Sheriffs' coordinating and training office | 2,000,000 |
| GROSS APPROPRIATION | \$ 63,942,800 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG-MDSP, Michigan justice training fund | 523,800 |
| Federal revenues: | |
| DOJ, prisoner reintegration | 1,035,000 |
| Special revenue funds: | |
| Local corrections officer training fund | 2,000,000 |
| State general fund/general purpose | \$ 60,384,000 |
| Sec. 103. ADMINISTRATION AND PROGRAMS (SAFETY) | |
| Average population | 480 |
| Full-time equated classified positions | 291.9 |
| Administrative services—70.9 FTE positions | \$ 6,412,400 |
| Substance abuse testing and treatment | 18,220,900 |
| Inmate legal services | 314,900 |
| Prison industries operations—220.0 FTE positions | 18,658,700 |
| Rent | 2,095,200 |
| Equipment and special maintenance | 2,054,000 |
| Compensatory buyout and union leave bank | 275,000 |
| Michigan youth correctional facility - lease and management contracts—1.0 FTE positions... | 17,840,700 |
| Average population | 480 |
| Prosecutorial and detainer expenses | 4,051,000 |
| GROSS APPROPRIATION | \$ 69,922,800 |
| Appropriated from: | |
| Federal revenues: | |
| DOJ, office of justice programs, RSAT | 1,093,400 |
| DOJ, office of justice programs, Byrne grants | 729,400 |
| Special revenue funds: | |
| Correctional industries revolving fund | 18,758,700 |
| State general fund/general purpose | \$ 49,341,300 |
| Sec. 104. FIELD OPERATIONS ADMINISTRATION (SAFETY) | |
| Average population | 310 |
| Full-time equated classified positions | 1,976.4 |
| Field operations—1,796.1 FTE positions | \$ 138,549,100 |
| Parole and probation special operations program | 500,000 |
| Parole board operations—27.0 FTE positions | 2,430,200 |
| Loans to parolees | 294,400 |
| Parole/probation services | 2,867,300 |
| Corrections centers—48.0 FTE positions | 5,440,300 |
| Average population | 310 |
| Electronic monitoring center—36.0 FTE positions | 4,637,500 |
| Technical rule violator program—69.3 FTE positions | 8,690,700 |
| GROSS APPROPRIATION | \$ 163,409,500 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|---------------------------------------------------------------------------|----------------|
| Appropriated from: | |
| Special revenue funds: | |
| Local - community tether program reimbursement..... | 411,700 |
| Parole and probation oversight fees | 9,905,100 |
| Tether program, participant contributions | 5,530,800 |
| Parole and probation oversight fees set-aside..... | 2,867,300 |
| Corrections centers, resident contributions revenue | 374,300 |
| Technical rule violator program, public works user fees | 182,100 |
| Telephone fees and commissions | 902,600 |
| State general fund/general purpose | \$ 143,235,600 |
| Sec. 105. COMMUNITY CORRECTIONS (SAFETY) | |
| Full-time equated classified positions..... | 17.0 |
| Community corrections administration—17.0 FTE | |
| positions | \$ 1,662,800 |
| Residential services..... | 16,925,500 |
| Community corrections comprehensive plans and services | 12,533,000 |
| Public education and training..... | 50,000 |
| Regional jail program | 100 |
| Alternatives to prison jail program | 1,619,600 |
| Alternatives to prison treatment program | 400,000 |
| Felony drunk driver jail reduction and community treatment program..... | 2,097,400 |
| County jail reimbursement program..... | 13,249,000 |
| GROSS APPROPRIATION..... | \$ 48,537,400 |
| Appropriated from: | |
| Special revenue funds: | |
| Telephone fees and commissions | 12,289,500 |
| Civil infraction fees | 7,000,000 |
| Parole and probation oversight fees set-aside..... | 400,000 |
| State general fund/general purpose | \$ 28,847,900 |
| Sec. 106. CONSENT DECREES (SAFETY) | |
| Average population..... | 200 |
| Full-time equated classified positions | 471.3 |
| Hadix consent decree—138.0 FTE positions..... | \$ 9,997,700 |
| DOJ, consent decree—106.8 FTE positions | 9,014,800 |
| DOJ, psychiatric plan - MDCH mental health services | 71,327,600 |
| DOJ, psychiatric plan - MDOC staff and services—226.5 FTE positions | 15,869,400 |
| GROSS APPROPRIATION..... | \$ 106,209,500 |
| Appropriated from: | |
| State general fund/general purpose | |
| | \$ 106,209,500 |
| Sec. 107. HEALTH CARE (SAFETY) | |
| Full-time equated classified positions..... | 930.6 |
| Health care administration—21.0 FTE positions | \$ 2,272,300 |
| Hospital and specialty care services..... | 58,409,100 |
| Vaccination program | 691,200 |
| Northern region clinical complexes—242.4 FTE positions | 26,894,700 |
| Southeastern region clinical complexes—362.8 FTE positions | 49,354,500 |
| Southwestern region clinical complexes—304.4 FTE positions | 33,596,500 |
| GROSS APPROPRIATION..... | \$ 171,218,300 |
| Appropriated from: | |
| Special revenue funds: | |
| Prisoner health care copayments | 331,400 |
| State general fund/general purpose | \$ 170,886,900 |
| Sec. 108. CORRECTIONAL FACILITIES ADMINISTRATION (SAFETY) | |
| Average population..... | 1,382 |
| Full-time equated classified positions | 886.2 |
| Correctional facilities administration—44.0 FTE positions..... | \$ 5,863,300 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|-----------------------------------------------------------------------------|---------------------------------------------|
| Housing inmates in federal institutions | 552,600 |
| Education services and federal education grants—10.0 FTE positions | 5,671,300 |
| Federal school lunch program | 712,800 |
| Leased beds and alternatives to leased beds | 100 |
| Inmate housing fund—421.7 FTE positions | 40,280,200 |
| Average population | 1,382 |
| Academic/vocational programs—410.5 FTE positions | 33,860,700 |
| Supplementary operational expenditures | 17,840,700 |
| GROSS APPROPRIATION | \$ 104,781,700 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG-MDCH, forensic center food service | 520,000 |
| Federal revenues: | |
| DOJ - BOP, federal prisoner reimbursement | 372,600 |
| DED - OESE, title I | 517,700 |
| DED - OVAE, adult education | 1,877,800 |
| DED, adult literacy grants | 305,900 |
| DED - OSERS | 100,400 |
| DED, vocational education equipment | 275,200 |
| DED, youthful offender/Specter grant | 1,279,400 |
| DOJ - OJP, serious and violent offender reintegration initiative | 1,010,000 |
| DAG - FNS, national school lunch | 712,800 |
| SSA - SSI, incentive payment | 115,100 |
| Federal prison rape grant | 1,000,000 |
| Special revenue funds: | |
| Public works user fees | 73,200 |
| Resident stores | 127,700 |
| State general fund/general purpose | \$ 96,493,900 |
| Sec. 109. NORTHERN REGION CORRECTIONAL FACILITIES (SAFETY) | |
| Average population | 14,966 |
| Full-time equated classified positions | 4,170.2 |
| Alger maximum correctional facility - Munising—343.0 FTE positions | \$ 30,266,300 |
| Average population | 849 |
| Baraga maximum correctional facility - Baraga—405.5 FTE positions | 34,969,000 |
| Average population | 1,084 |
| Chippewa correctional facility - Kincheloe—510.3 FTE positions | 44,492,500 |
| Average population | 2,122 |
| Kinross correctional facility - Kincheloe—581.3 FTE positions | 53,520,400 |
| Average population | 2,719 |
| Marquette branch prison - Marquette—374.8 FTE positions | 34,643,900 |
| Average population | 1,070 |
| Newberry correctional facility - Newberry—345.4 FTE positions | 29,183,300 |
| Average population | 1,144 |
| Oaks correctional facility - Eastlake—349.5 FTE positions | 32,515,600 |
| Average population | 1,156 |
| Ojibway correctional facility - Marenisco—281.2 FTE positions | 24,011,300 |
| Average population | 1,282 |
| Pugsley correctional facility - Kingsley—220.4 FTE positions | 18,338,800 |
| Average population | 954 |
| Saginaw correctional facility - Freeland—356.0 FTE positions | 31,942,300 |
| Average population | 1,480 |
| Standish maximum correctional facility - Standish—402.8 FTE positions | 36,368,000 |
| Average population | 1,106 |
| GROSS APPROPRIATION | \$ 370,251,400 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|------------------------------------------------------------------------------------|----------------|
| Appropriated from: | |
| Special revenue funds: | |
| Public works user fees | 497,200 |
| Resident stores | 1,167,600 |
| State general fund/general purpose | \$ 368,586,600 |
| Sec. 110. SOUTHEASTERN REGION CORRECTIONAL FACILITIES (SAFETY) | |
| Average population | 15,733 |
| Full-time equated classified positions | 4,194.9 |
| Cooper Street correctional facility - Jackson—267.8 FTE positions | \$ 24,599,500 |
| Average population | 1,360 |
| G. Robert Cotton correctional facility - Jackson—429.3 FTE positions | 37,807,200 |
| Average population | 1,854 |
| Charles E. Egeler correctional facility - Jackson—530.4 FTE positions | 50,354,900 |
| Average population | 1,591 |
| Gus Harrison correctional facility - Adrian—515.8 FTE positions | 45,702,800 |
| Average population | 2,262 |
| Macomb correctional facility - New Haven—321.5 FTE positions | 27,668,400 |
| Average population | 1,228 |
| Mound correctional facility - Detroit—284.8 FTE positions | 24,522,600 |
| Average population | 1,051 |
| Parnall correctional facility - Jackson—264.4 FTE positions | 23,765,000 |
| Average population | 1,348 |
| Ryan correctional facility - Detroit—309.8 FTE positions | 27,352,200 |
| Average population | 1,059 |
| Robert Scott correctional facility - Plymouth—332.5 FTE positions | 28,327,800 |
| Average population | 880 |
| Southern Michigan correctional facility - Jackson—418.8 FTE positions | 35,484,800 |
| Average population | 1,481 |
| Thumb correctional facility - Lapeer—313.8 FTE positions | 27,804,900 |
| Average population | 1,219 |
| Special alternative incarceration program - Cassidy Lake—126.0 FTE positions | 10,785,900 |
| Average population | 400 |
| Jackson area support and services - Jackson—80.0 FTE positions | 13,587,900 |
| GROSS APPROPRIATION | \$ 377,763,900 |
| Appropriated from: | |
| Intradepartmental transfer revenues: | |
| Federal revenues: | |
| DOJ, state criminal alien assistance program | 985,500 |
| Special revenue funds: | |
| Public works user fees | 365,400 |
| Resident stores | 1,403,900 |
| State general fund/general purpose | \$ 375,009,100 |
| Sec. 111. SOUTHWESTERN REGION CORRECTIONAL FACILITIES (SAFETY) | |
| Average population | 18,354 |
| Full-time equated classified positions | 4,344.5 |
| Bellamy Creek correctional facility - Ionia—472.1 FTE positions | \$ 43,074,500 |
| Average population | 1,830 |
| Earnest C. Brooks correctional facility - Muskegon—478.9 FTE positions | 43,002,100 |
| Average population | 2,200 |
| Carson City correctional facility - Carson City—502.6 FTE positions | 44,686,300 |
| Average population | 2,200 |
| Richard A. Handlon correctional facility - Ionia—256.2 FTE positions | 23,344,900 |
| Average population | 1,320 |
| Ionia maximum correctional facility - Ionia—323.8 FTE positions | 27,894,400 |
| Average population | 667 |
| Lakeland correctional facility - Coldwater—689.3 FTE positions | 61,811,400 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|------------------------------------------------------------------------|---------------------------------------------|
| Average population..... | 2,992 |
| Muskegon correctional facility - Muskegon—254.4 FTE positions..... | 24,229,800 |
| Average population..... | 1,310 |
| Pine River correctional facility - St. Louis—231.6 FTE positions | 20,097,800 |
| Average population..... | 1,120 |
| Riverside correctional facility - Ionia—519.8 FTE positions | 47,338,100 |
| Average population..... | 2,331 |
| St. Louis correctional facility - St. Louis—615.8 FTE positions..... | 52,854,500 |
| Average population..... | 2,384 |
| GROSS APPROPRIATION..... | \$ 388,333,800 |
| Appropriated from: | |
| Special revenue funds: | |
| Public works user fees | 240,300 |
| Resident stores | 1,638,200 |
| State general fund/general purpose | \$ 386,455,300 |
| Sec. 112. INFORMATION TECHNOLOGY (SAFETY) | |
| Information technology services and projects | \$ 14,076,000 |
| GROSS APPROPRIATION..... | \$ 14,076,000 |
| Appropriated from: | |
| Special revenue funds: | |
| Correctional industries revolving fund..... | 11,200 |
| Parole and probation oversight fees set-aside..... | 523,500 |
| State general fund/general purpose | \$ 13,541,300 |

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 2005-2006 is \$1,865,581,400.00 and state spending from state resources to be paid to local units of government for fiscal year 2005-2006 is \$87,830,400.00. 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..... | \$ 43,561,000 |
| Public service work projects | 10,643,800 |
| 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 |
| Alternatives to prison jail program | 1,619,600 |
| Alternatives to prison treatment program..... | 400,000 |
| Regional jail program | 100 |
| TOTAL | \$ 87,830,400 |

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

- (l) "IDG" means interdepartmental grant.
- (m) "IDT" means intradepartmental transfer.
- (n) "MDCH" means the Michigan department of community health.
- (o) "MDSP" means the Michigan department of state police.
- (p) "MPRI" means the Michigan prisoner reentry initiative.
- (q) "OCC" means the office of community corrections.
- (r) "SSA" means the United States social security administration.
- (s) "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 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 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. 208. Unless otherwise specified, 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. 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.

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

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

Sec. 212. The department may charge fees and collect revenues in excess of appropriations in part 1 not to exceed the cost of offender services and programming, employee meals, 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 shall be appropriated for all expenses associated with these services and activities.

Sec. 214. Preference should be given to purchasing produce from Michigan growers and processors when their produce is competitively priced and of comparable quality.

Sec. 216. By February 15, 2006, 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 2004-2005, the amount by which the revenue exceeded any applicable appropriated fund source, the amount spent during fiscal year 2004-2005, the account balance at the close of fiscal year 2004-2005, and the projected revenues and expenditures for fiscal year 2005-2006.

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

Sec. 218. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support 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. 221. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2006 is 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.

EXECUTIVE

Sec. 401. The department shall submit 3-year and 5-year prison population projection updates by February 1, 2006 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. The department shall prepare by April 1, 2006 individual reports for the technical rule violator program, the community residential program, the electronic tether program, and the special alternative to incarceration program. The reports shall be submitted to the house and senate appropriations subcommittees on corrections, the house and senate fiscal agencies, and the state budget director. Each program's report shall include information on all of the following:

(a) Monthly new participants.

(b) Monthly participant unsuccessful terminations, including cause.

(c) Number of successful terminations.

(d) End month population by facility/program.

(e) Average length of placement.

(f) Return to prison statistics.

(g) Description of 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. 404. The department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director by April 1, 2006 on the ratio of correctional officers to prisoners for each correctional institution, the ratio of shift command staff to line custody staff, and the ratio of noncustody institutional staff to prisoners for each correctional institution.

Sec. 405. (1) The department shall review and revise as necessary policy proposals that provide alternatives to prison for offenders being sentenced to prison as a result of technical probation violations and technical parole violations. To the extent the department has insufficient policies or resources to affect the continued increase in prison commitments among these offender populations, the department shall explore other policy options to allow for program alternatives,

including department or OCC-funded programs, local level programs, and programs available through private agencies that may be used as prison alternatives for these offenders.

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

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

(4) By May 1, 2006, 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 number of all parolees returned to prison and probationers sentenced to prison for either a technical violation or new sentence from October 1, 2005 through March 30, 2006. After May 1, 2006, the department shall provide monthly reports. 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 number of offenders returned for a new crime with a comparison of original versus new offenses by major offense type: assaultive, nonassaultive, drug, and sex.

(b) The number of offenders returned for a technical violation and the type of violation, including, but not limited to, zero gun tolerance and substance abuse violations.

(c) The educational history of those offenders, including how many had a G.E.D. or high school diploma prior to incarceration in prison, how many received a G.E.D. 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.

Sec. 406. 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. 407. (1) From the funds appropriated in part 1 of this article for prisoner reintegration programs, the department shall continue to develop and maintain reentry programs at Cooper Street correctional facility, the Huron Valley complex, and Macomb correctional facility.

(2) By April 1, 2006, 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.

(3) 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 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.

(4) By September 30, 2006, 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 pilot site in order to compare the practices and success rates of each pilot.

(5) If practicable, the department shall include prisoners nearing their maximum sentence in the prison phases of the MPRI.

Sec. 408. From the funds appropriated in part 1, the department shall maintain and make publicly accessible the files of all felony offenders even after an offender is no longer under the department's jurisdiction on the offender tracking information system in the same manner as files of current offenders.

Sec. 409. By March 1, 2006, 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 G.E.D. or high school diploma prior to incarceration in prison, how many received a G.E.D. 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.

Sec. 410. By January 1, 2006, 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 potential for expansion of Michigan state industries clothing textile manufacturing and sales in the private market of clothing textiles not currently being manufactured in Michigan.

Sec. 411. As a condition of expending funds appropriated for policy and strategic planning and prisoner reintegration programs under section 102 of this article, the department shall by January 31, 2006 and each January 31 thereafter 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 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.

ADMINISTRATION AND PROGRAMS

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

Sec. 502. (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. 503. (1) In expending residential substance abuse treatment services funds appropriated under this article, the department shall ensure to the maximum extent possible that residential substance abuse treatment services are available statewide.

(2) By April 1, 2006, 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 2004-2005 and projected for fiscal year 2005-2006. 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, 2006, 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. 504. The department shall cooperate with the department of community health in providing information for and developing the report required under section 425 of article 3. The report shall, by April 1, 2006, provide the following data concerning mental health and substance abuse services during fiscal year 2004-2005:

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

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

(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.

(d) Data indicating if 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.

(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.

Sec. 505. The department shall provide quarterly reports on the Michigan youth correctional facility to the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director. The reports shall provide information relevant to an assessment of the safety and security of the institution, including, but not limited to, information on the number of critical incidents by type occurring at the facility, the number of custody staff at the facility, staff turnover rates, staff vacancy rates, overtime reports, prisoner grievances, and number and severity of assaults occurring at the facility. The reports also shall provide information on programming available at the facility and on program enrollments, including, but not limited to, academic/vocational programs, counseling programs, mental health treatment programs, substance abuse treatment programs, and cognitive restructuring programs.

Sec. 506. By April 1, 2006, 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 programs provided during the previous fiscal year at the Michigan youth correctional facility. For each program, the report shall include information on program objectives, outcome measures, and results, including the program's impact on offender behavior and recidivism.

Sec. 507. The department shall require the contract monitor for the Michigan youth correctional facility to provide a manual to each prisoner at intake that details programs and services available at the facility, the processes by which prisoner complaints and grievances can be pursued, and the identity of staff available at the facility to answer questions regarding the information in the manual. The contract monitor shall obtain written verification of receipt from each prisoner receiving the manual. The contract monitor also shall answer prisoner questions regarding facility programs, services, and grievance procedures.

Sec. 508. (1) It is the intent of the legislature that the department renegotiate both the management contract and the lease for the Michigan youth correctional facility with the GEO corporation, with the aim of identifying and achieving \$1,000,000.00 in savings for fiscal year 2005-2006 and each year thereafter. Savings, including savings pertaining to changes in security level, shall be reflected in contract and lease revisions.

(2) If reopened, the management contract shall require that the Michigan youth correctional facility fulfill the same standards for operating and staffing guard towers as are in place in a department facility of the same security level.

(3) By November 1, 2005, the department shall provide a detailed report to the members of the senate and house appropriations committees, the senate and house fiscal agencies, and the state budget director on the feasibility of changing the operational security level of the Michigan youth correctional facility. At a minimum, the report shall identify the contractual and statutory changes necessary to operate the facility at security levels other than level V, and on the savings that could be achieved through operating all or part of the facility at 1 or more security levels other than level V.

Sec. 509. From the funds appropriated in part 1, the department shall provide training and materials developed with the receipt of the federal prison rape elimination grant to the staff and prisoners at the Michigan youth correctional facility in addition to the department's facilities.

Sec. 510. 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.

Sec. 511. The department may contract with a nationally recognized, experienced agency within the state of Michigan to conduct a complete and thorough quantitative and qualitative study of youth in the juvenile and adult correction systems. The study shall include, but not be limited to, demographic characteristics including race, ethnicity, and gender; offenses; adjudication; programs available and utilization of those programs; outcomes; and aftercare. The department shall submit the results of this study to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director by October 30, 2006.

FIELD OPERATIONS ADMINISTRATION

Sec. 601. From the funds appropriated in part 1, the department shall conduct a statewide caseload audit of field agents. The audit shall address public protection issues and assess the ability of the field agents to complete their professional duties. The results of the audit shall be submitted to the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies, and the state budget office by September 30, 2006.

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

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

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

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

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

(3) Included in the appropriation in part 1 is adequate funding to implement the community tether program to be administered by the department. The community tether program is intended to provide sentencing judges and county sheriffs in coordination with local community corrections advisory boards access to the state's electronic tether program to reduce prison admissions and improve local jail utilization. The department shall determine the appropriate distribution of the tether units throughout the state based upon locally developed comprehensive corrections plans 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. (1) It is the intent of the legislature that the department shall conduct or contract for a study of parole and probation agent workloads. The study shall analyze agent workloads, caseloads, and responsibilities and provide recommendations for changes to workload computations and offender-agent workload or caseload ratios.

(2) By April 1, 2006, 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 results of the study, including information on study timelines, objectives, and methodology.

Sec. 607. It is the intent of the legislature that the department shall implement means by which parolees and probationers may timely contact their parole or probation agents, and develop 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. 608. (1) Funds appropriated in part 1 for the parole and probation special operations program are appropriated for the purpose of funding law enforcement officer escorts for field agents making unscheduled visits to verify offenders' whereabouts and activities in selected precincts in cities with a population of more than 750,000 according to the most recent United States decennial census. As used in this section, "unscheduled visits" means visits to locations other than governmental offices between the hours of 5 p.m. and 8 a.m. and made without appointment with the supervised offender.

(2) It is the intent of the legislature that in the course of expending funds appropriated under part 1 for field operations, the department shall cooperate with the department of attorney general and law enforcement agencies either located in or with jurisdiction in cities with a population of more than 750,000 according to the most recent United States decennial census in assigning field agents to conduct unscheduled visits in selected police precincts in cities with a population of more than 750,000 according to the most recent United States decennial census.

COMMUNITY CORRECTIONS

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

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

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

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

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

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

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

(2) The award of community corrections comprehensive plans 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. 703. 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 plan and the purposes and priorities of section 8(4) of the community corrections act, 1988 PA 511, MCL 791.408. The plans shall also include, where appropriate, provisions that detail how the local communities plan to respond to sentencing guidelines found in chapter XVII of the code of criminal procedure, 1927 PA 175, MCL 777.1 to 777.69, and the use of the county jail reimbursement program under section 706 of this article. The state community corrections board shall encourage local community corrections boards to include in their comprehensive corrections plans strategies to collaborate with local alcohol and drug treatment agencies of the department of community health for the provision of alcohol and drug screening, assessment, case management planning, and delivery of treatment to alcohol- and drug-involved offenders, including, but not limited to, probation and parole violators who are at risk of revocation.

Sec. 704. (1) As part of the March biannual report specified 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. 705. (1) The department shall identify and coordinate information regarding the availability of and the demand for community corrections programs, jail-based community corrections programs, and basic state-required jail data.

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

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

(5) The department, 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). Any recommended modification shall be forwarded to the house and senate appropriations subcommittees on corrections and the state budget office.

(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, 2005 distribute the documentation requirements to all counties.

Sec. 707. (1) As a condition of receipt of the funds appropriated in part 1 for community corrections plans and services and probation residential centers, the department shall only award those funds requested under a properly prepared and approved comprehensive corrections plan submitted under section 8 of the community corrections act, 1988 PA 511, MCL 791.408, or directly applied for under section 10 of the community corrections act, 1988 PA 511, MCL 791.410.

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

Sec. 708. (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. 709. (1) By April 1, 2006, 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:

- (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) The jail capacity expansion program.
- (e) New initiatives to control prison population growth funded under residential services and comprehensive plans and services.

(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.

CONSENT DECREES

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

HEALTH CARE

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

Sec. 902. (1) As a condition of expenditure of the funds appropriated in part 1, the department shall report to the senate and house appropriations subcommittees on corrections on January 1, 2006 and July 1, 2006 the status of payments from contractors to vendors for health care services provided to prisoners, as well as the status of the contracts, and an assessment of prisoner health care quality.

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

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

Sec. 905. It is the intent of the legislature that, with the funds appropriated in part 1 for hospital and specialty care services, the department shall ensure that local providers of ambulance services to prisoners be reimbursed within 60 days of the filing of any uncontested claim for service.

Sec. 906. (1) The department shall identify and manage prisoners who abuse the availability of medical services by obtaining transportation to off-site medical care when unnecessary or reasonably avoidable. In doing this, the department shall, when appropriate, consult with off-site medical facilities on how to accomplish this goal.

(2) By April 1, 2006, 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 its activities and progress in implementing this section.

Sec. 907. The bureau of health care services shall develop information on Hepatitis C prevention and the risks associated with exposure to Hepatitis C, and the health care providers shall disseminate this information verbally and in writing to each prisoner at the health screening and full health appraisal conducted at admissions, at the annual health care screening 1 week before or after a prisoner's birthday, and prior to release to the community by parole, transfer to community residential placement, or discharge on the maximum.

Sec. 908. From the funds appropriated in part 1, the department shall offer an alanine aminotransferase (ALT) test to each prisoner who has received positive parole action. An explanation of results of the test shall be provided confidentially to the prisoner prior to release on parole, and if appropriate based on the test results, the prisoner shall also be provided a recommendation to seek follow-up medical attention in the community. The test shall be voluntary; if the prisoner refuses to be tested, that decision shall not affect parole release, conditions of parole, or parole supervision.

Sec. 909. 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.

INSTITUTIONAL OPERATIONS

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

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

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

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

Sec. 1006. (1) The inmate housing fund shall be used for the custody, treatment, clinical, and administrative costs associated with the housing of prisoners other than those specifically budgeted for elsewhere in this article. 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. 1007. The department shall establish a uniform rate to be paid by agencies that benefit from public work services provided by special alternative incarceration participants and prisoners.

Sec. 1008. It is the intent of the legislature that from the funds appropriated in part 1 for prison operations the department maintain on a voluntary basis 1 or more cognitive restructuring programs.

Sec. 1009. By April 1, 2006, the department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director on academic/vocational programs for the most recently completed appropriation year. The report shall provide information relevant to an assessment of the department's academic and vocational programs, including, but not limited to, the following:

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

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

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

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

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

Sec. 1010. (1) By February 1, 2006, 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 2003-2004 and 2004-2005 who have a high school diploma or a general educational development (G.E.D.) certificate.

(2) By February 1, 2006, 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 G.E.D. while in prison and participated in the MPRI.
- (b) Offenders who completed a G.E.D. 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. 1011. As a condition of expending funds appropriated for academic/vocational programs under section 108 of this article, the department shall by January 31, 2006 and each January 31 thereafter provide a plan to increase certification rates among prisoners enrolled in general educational development (G.E.D.) 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. 1012. 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. 1013. (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, 2006, 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 2005.

Sec. 1014. (1) The department shall implement a plan to remove male corrections staff from the housing units in female prisons.

(2) The department shall make the process of filing a claim of sexual assault or harassment less intimidating by designating a staff person in each facility to assist prisoners in filing a complaint to ensure that it is not illegible or vague and does not contain extraneous information.

(3) The department shall refer all complaints of criminal conduct to the Michigan state police.

Sec. 1015. It is the intent of the legislature that the funds appropriated in part 1 for supplementary operational expenditures be used to offset costs of employee wage and salary increases, contractual obligations to pay dry cleaning allowances, and jail capacity grants.

ARTICLE 5
DEPARTMENT OF EDUCATION
PART 1
LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this article, the amounts listed in this part are appropriated for the department of education for the fiscal year ending September 30, 2006, 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 | 417.5 | |
| GROSS APPROPRIATION | | \$ 117,825,600 |
| Interdepartmental grant revenues: | | |
| Total interdepartmental grants and intradepartmental transfers | | 0 |
| ADJUSTED GROSS APPROPRIATION | | \$ 117,825,600 |
| Appropriated from: | | |
| Federal revenues: | | |
| Total federal revenues | | 70,519,400 |
| Special revenue funds: | | |
| Local cost sharing (schools for blind/deaf) | | 5,151,100 |
| Local school district service fees | | 292,900 |
| Total local revenues | | 5,444,000 |
| Private gifts, bequests, and donations | | 504,900 |
| Private foundations | | 1,393,700 |
| Total private revenues | | 1,898,600 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|----------------------------------------------------------------------------------------------|---------------------------------------------|
| Total local and private revenues..... | 7,342,600 |
| Certification fees..... | 4,489,400 |
| Commodity distribution fees..... | 75,100 |
| Lansing, Michigan school for the blind rent | 1,811,100 |
| Michigan merit award trust funds | 16,359,300 |
| Student insurance revenues | 214,600 |
| Teacher testing fees..... | 313,700 |
| Tenant rent..... | 150,000 |
| Training and orientation workshop fees | 100,000 |
| Total other state restricted revenues..... | 23,513,200 |
| State general fund/general purpose | \$ 16,450,400 |
| Sec. 102. STATE BOARD OF EDUCATION/OFFICE OF THE SUPERINTENDENT (KIDS SUCCEEDING) | |
| 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..... | 3,130,000 |
| GROSS APPROPRIATION..... | \$ 3,670,000 |
| Appropriated from: | |
| Federal revenues: | |
| Federal revenues | 1,816,900 |
| Special revenue funds: | |
| Certification fees..... | 184,100 |
| Private foundations | 24,500 |
| State general fund/general purpose | \$ 1,644,500 |
| Sec. 103. CENTRAL SUPPORT (KIDS SUCCEEDING) | |
| Full-time equated classified positions..... | 27.0 |
| Central support—27.0 FTE positions | \$ 3,485,500 |
| Worker’s compensation | 45,000 |
| Building occupancy charges-property management services | 1,532,400 |
| Training and orientation workshops | 100,000 |
| Terminal leave payments..... | 620,400 |
| Tenant rent..... | 150,000 |
| Human resources optimization user charges..... | 29,500 |
| GROSS APPROPRIATION..... | \$ 5,962,800 |
| Appropriated from: | |
| Federal revenues: | |
| Federal revenues | 3,639,400 |
| Special revenue funds: | |
| Certification fees..... | 284,100 |
| Local cost sharing (schools for blind/deaf) | 93,400 |
| Commodity distribution fees | 7,000 |
| Teacher testing fees..... | 14,100 |
| Tenant rent..... | 150,000 |
| Training and orientation workshop fees | 100,000 |
| State general fund/general purpose | \$ 1,674,800 |
| Sec. 104. INFORMATION TECHNOLOGY SERVICES (KIDS SUCCEEDING) | |
| Information technology operations..... | \$ 2,532,900 |
| GROSS APPROPRIATION..... | \$ 2,532,900 |
| Appropriated from: | |
| Federal revenues: | |
| Federal revenues | 1,551,500 |
| Special revenue funds: | |
| Certification fees..... | 183,400 |
| Local cost sharing (schools for blind/deaf) | 48,800 |
| State general fund/general purpose | \$ 749,200 |

For Fiscal Year
Ending Sept. 30,
2006

Sec. 105. SPECIAL EDUCATION SERVICES (KIDS SUCCEEDING)

| | | |
|-------------------------------------------------------|------|----------------------|
| Full-time equated classified positions..... | 52.0 | |
| Special education operations—52.0 FTE positions | | \$ 11,278,500 |
| GROSS APPROPRIATION..... | | \$ 11,278,500 |
| Appropriated from: | | |
| Federal revenues: | | |
| Federal revenues | | 10,923,300 |
| Special revenue funds: | | |
| Certification fees..... | | 37,500 |
| Private foundations | | 102,300 |
| State general fund/general purpose | | \$ 215,400 |

**Sec. 106. LANSING, MICHIGAN SCHOOL FOR THE BLIND FORMER SITE
(EFFECTIVE GOVERNMENT)**

| | | |
|---------------------------------------------------|--|---------------------|
| General services..... | | \$ 1,821,100 |
| GROSS APPROPRIATION..... | | \$ 1,821,100 |
| Appropriated from: | | |
| Special revenue funds: | | |
| Lansing, Michigan school for the blind rent | | 1,811,100 |
| Gifts, bequests, and donations..... | | 10,000 |
| State general fund/general purpose | | \$ 0 |

**Sec. 107. MICHIGAN SCHOOLS FOR THE DEAF AND BLIND (KIDS
SUCCEEDING)**

| | | |
|---------------------------------------------------------|------|----------------------|
| Full-time equated classified positions..... | 88.0 | |
| Michigan schools for the deaf and blind operations..... | | \$ 10,641,600 |
| Summer institute | | 90,000 |
| Camp Tuhsmeheeta—1.0 FTE positions | | 250,100 |
| Private gifts - blind | | 90,000 |
| Private gifts - deaf | | 50,000 |
| GROSS APPROPRIATION..... | | \$ 11,121,700 |
| Appropriated from: | | |
| Federal revenues: | | |
| Federal revenues | | 5,120,800 |
| Special revenue funds: | | |
| Local cost sharing (schools for blind/deaf) | | 5,008,900 |
| Local school district service fees | | 282,500 |
| Gifts, bequests, and donations..... | | 494,900 |
| Student insurance revenue..... | | 214,600 |
| State general fund/general purpose | | \$ 0 |

Sec. 108. PROFESSIONAL PREPARATION SERVICES (KIDS SUCCEEDING)

| | | |
|--------------------------------------------------------------|------|---------------------|
| Full-time equated classified positions..... | 31.0 | |
| Professional preparation operations—31.0 FTE positions | | \$ 5,542,800 |
| Department of attorney general..... | | 50,000 |
| GROSS APPROPRIATION..... | | \$ 5,592,800 |
| Appropriated from: | | |
| Federal revenues: | | |
| Federal revenues | | 2,658,600 |
| Special revenue funds: | | |
| Certification fees..... | | 2,634,600 |
| Teacher testing fees..... | | 299,600 |
| State general fund/general purpose | | \$ 0 |

**Sec. 109. EARLY CHILDHOOD EDUCATION AND FAMILY SERVICES (KIDS
SUCCEEDING)**

| | | |
|---------------------------------------------------------------|------|---------------------|
| Full-time equated classified positions..... | 23.0 | |
| Early childhood education and family services operations..... | | \$ 4,030,300 |
| GROSS APPROPRIATION..... | | \$ 4,030,300 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|---------------------------------------------------------------------------------------|---------------|
| Appropriated from: | |
| Federal revenues: | |
| Federal revenues | 2,863,400 |
| Special revenue funds: | |
| Certification fees | 56,500 |
| Private foundations | 184,800 |
| State general fund/general purpose | \$ 925,600 |
| Sec. 110. SCHOOL IMPROVEMENT SERVICES (KIDS SUCCEEDING) | |
| Full-time equated classified positions..... | 74.0 |
| School improvement operations—74.0 FTE positions | \$ 16,361,300 |
| GROSS APPROPRIATION..... | \$ 16,361,300 |
| Appropriated from: | |
| Federal revenues: | |
| Federal revenues | 14,335,700 |
| Special revenue funds: | |
| Certification fees..... | 518,900 |
| Private foundations | 1,082,100 |
| State general fund/general purpose | \$ 424,600 |
| Sec. 111. SCHOOL FINANCE AND SCHOOL LAW SERVICES (KIDS SUCCEEDING) | |
| Full-time equated classified positions..... | 20.0 |
| School finance and school law operations—20.0 FTE positions | \$ 2,592,700 |
| GROSS APPROPRIATION..... | \$ 2,592,700 |
| Appropriated from: | |
| Federal revenues: | |
| Federal revenues | 1,323,200 |
| Special revenue funds: | |
| Certification fees..... | 490,300 |
| State general fund/general purpose | \$ 779,200 |
| Sec. 112. EDUCATION ASSESSMENT AND ACCOUNTABILITY (KIDS SUCCEEDING) | |
| Full-time equated classified positions..... | 27.0 |
| Educational assessment operations—27.0 FTE positions | \$ 35,196,600 |
| GROSS APPROPRIATION..... | \$ 35,196,600 |
| Appropriated from: | |
| Federal revenues: | |
| Federal revenues | 18,837,300 |
| Special revenue funds: | |
| Michigan merit award trust funds | 16,359,300 |
| State general fund/general purpose | \$ 0 |
| Sec. 113. GRANTS ADMINISTRATION AND SCHOOL SUPPORT SERVICES (KIDS SUCCEEDING) | |
| Full-time equated classified positions..... | 59.5 |
| Grants administration and school support services operations—59.5 FTE positions | \$ 7,939,900 |
| GROSS APPROPRIATION..... | \$ 7,939,900 |
| Appropriated from: | |
| Federal revenues: | |
| Federal revenues | 7,449,300 |
| Special revenue funds: | |
| Commodity distribution fees | 68,100 |
| Local school district service fees | 10,400 |
| State general fund/general purpose | \$ 412,100 |
| Sec. 114. GRANTS AND DISTRIBUTIONS (KIDS SUCCEEDING) | |
| Middle school math project..... | \$ 100,000 |
| School breakfast programs | 9,625,000 |
| GROSS APPROPRIATION..... | \$ 9,725,000 |

For Fiscal Year
Ending Sept. 30,
2006

Appropriated from:
Special revenue funds:

| | |
|------------------------------------------|--------------|
| Certification fees..... | 100,000 |
| State general fund/general purpose | \$ 9,625,000 |

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 2005-2006 is \$39,963,600.00 and state spending from state resources to be paid to local units of government for fiscal year 2005-2006 is estimated at \$9,625,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

GRANTS AND DISTRIBUTIONS

STATE PROGRAMS:

| | |
|-----------------------|--------------|
| School breakfast..... | \$ 9,625,000 |
| TOTAL | \$ 9,625,000 |

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 local act school district or 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.
- (d) "ISD" means intermediate school district.

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. Unless otherwise specified, 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 the state budget director and the senate and house fiscal agencies with copies of the state board of education agenda and all supporting documents at the time the agenda and supporting documents are provided to state board of education members.

Sec. 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 and information regarding the state model policy on locker searches, the state model policy on firearm safety and awareness, and any other state or local safety policies that the office considers exemplary.

(c) Advance, promote, and encourage the awareness and use of the state police antiviolence 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 agencies 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 federal no child left behind act of 2001, Public Law 107-110, 115 Stat. 1425, the department shall allow a school or district to appeal that determination. The department shall consider and act upon the appeal within 30 days after it is submitted and shall not publish the list until after all appeals have been considered and decided.

Sec. 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.

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 for the fiscal year ending September 30, 2006 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. 215. The department shall not take disciplinary action against an employee for communicating 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.

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 administrative secretary of the state board of education shall report to the public, the senate and house fiscal agencies, and the state budget director the previous quarter's expenses by fund source for members of the state board of education.

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

Sec. 303. From the amount appropriated in part 1 to state board/superintendent operations, not more than \$350,000.00 shall be expended for a study by the state board of education to advise the legislature and the governor of local, state, and national best practices in education. The study is to review best practices at all levels of the public education process that encourage effective and efficient organization of schools and support improvement in academic achievement. The study should focus on the delivery of public school programs through school organization and services. In undertaking the study, the state board of education is encouraged to work with a third party meeting the qualifications identified in section 1001.

MICHIGAN SCHOOLS FOR THE DEAF AND BLIND

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

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

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

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

(3) Security guards or other patrols at the Michigan school for the blind's former site shall not be funded through part 1 funds appropriated for the Michigan schools for the deaf and blind.

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

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

(6) From the unexpended balances of appropriations for the former school for the blind site in Lansing, up to \$100,000.00 of any unexpended and unencumbered funds remaining on September 30, 2006 may be carried forward as a work project and expended for special maintenance and repairs of facilities at the former Michigan school for the blind site in Lansing. The work project shall be performed by state employees or by contract when necessary at an estimated cost of \$100,000.00. The estimated completion date of the work project is September 30, 2007.

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, 2006 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, 2007.

Sec. 407. 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. 408. (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 should continue to have a choice regarding the educational placement of their deaf or hard of hearing children.

Sec. 409. In addition to those funds appropriated in part 1, the department may receive and expend funds from the mid-Michigan leadership academy for capital improvements. The department shall report to the house and senate fiscal agencies and the state budget office on an annual basis any expenditures made under this section. These additional funds are appropriated specifically for capital improvements authorized by the department of management and budget and shall be negotiated as part of the lease agreement.

Sec. 410. The department shall report annually to the house and senate appropriations subcommittees on education detailed information on the expenditures made from the amount authorized in part 1 for general services for the Michigan school for the blind's former site.

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, not more than \$75,000.00 shall be allocated to Central Michigan University for the alternative route to certification program.

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.

GRANTS AND DISTRIBUTIONS

Sec. 701. The department shall disburse the funds to a general fund grantee in accordance with the same standards of timing and amount that apply to disbursements made by the department to a federal fund grantee. The disbursement shall be restricted to the minimum amount needed for immediate disbursement by the grantee. The department may waive this section if extenuating circumstances warrant and are substantiated in the grantee's application or other appropriate documentation. A waiver granted pursuant to this section shall not be effective until 15 days after written notice of the proposed waiver is given to the state budget director and the chairpersons of the senate and house appropriations subcommittees having jurisdiction over the department budget.

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

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

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

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

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

Sec. 703. From the amount appropriated in part 1 for middle school math project, \$50,000.00 shall be awarded to the Michigan virtual high school and \$50,000.00 shall be awarded to Wayne State University for the purpose of providing professional development for middle school math teachers or for the development or enhancement of middle school math curriculum.

INFORMATION TECHNOLOGY

Sec. 801. 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.

EDUCATIONAL ASSESSMENT

Sec. 901. (1) From the funds appropriated in part 1 for the educational assessment operations, the department shall provide tests to nonpublic schools and home-schooled students upon request. The department shall notify nonpublic schools that they are eligible to receive the tests.

(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 student scores and the percentage of students choosing each possible response.

SCHOOL IMPROVEMENT SERVICES

Sec. 1001. (1) From the amount appropriated in part 1 to school improvement services, \$350,000.00 shall be expended for benchmarking training services and district-level written reports. However, not more than \$100,000.00 shall be expended for district-level written reports.

(2) The department shall provide benchmarking training services through a third party to assist schools that have not made adequate yearly progress under the no child left behind act of 2001, Public Law 107-110, 115 Stat. 1425, identify and replicate effective curriculum practices in reading, writing, and math. A third party providing these services shall meet all of the following qualifications:

(a) Organizational independence from state and local governments, public agencies, tax supported institutions, and school employees or school employee organizations.

(b) Have a track record of providing public sector performance measurement services that are characterized by analytical transparency, objectivity, and rigor.

(c) Previous experience providing in-service training on the subject of data-driven benchmarking studies of effective practices in curriculum, instruction, and assessment, as may be found in schools whose performance on 1 or more MEAP tests is consistently above that of most other schools that enroll a similar percentage of economically disadvantaged students for 2 to 3 consecutive years and significantly exceeds statistical expectation.

(d) Previous experience providing high-quality in-service training and related print materials that have been favorably evaluated by K-12 educators in a documented manner.

(e) Previous working relationship with 1 or more Michigan-based K-12 professional educational associations.

(3) The department shall provide district-level written reports through a third party, including reports on Michigan’s public schools and public school academies. The report shall analyze a range of performance indicators in demographic and environmental context. A third party providing these services shall meet the following qualifications:

(a) Organizational independence from state and local governments, public agencies, tax supported institutions, and school employees or school employee organizations.

(b) Have a track record of providing public sector performance measurement services that are characterized by analytical transparency, objectivity, and rigor.

(c) Previous experience publishing narrative reports on Michigan’s K-12 educational data that include an analysis of student achievement, educational revenues and expenditures, the return on educational investments, taxes, debt, the learning environment, and demographics.

(d) Demonstrated ability to create comparison groups for the purpose of benchmarking the performance of individual schools and school districts.

(e) Have a track record of using the Internet to do both of the following:

(i) Publish publicly accessible performance measurement reports that describe the comparative circumstances and trends of K-12 educational entities, using narrative text, as well as charts, tables, and graphs.

(ii) Provide interactive tools to search a publicly accessible database consisting of academic, financial, demographic, and contextual data at the school level, district level, and state level, as applicable.

ARTICLE 6

DEPARTMENT OF ENVIRONMENTAL QUALITY

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this article, the amounts listed in this part are appropriated for the department of environmental quality for the fiscal year ending September 30, 2006, 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 | 1,567.2 | |
| GROSS APPROPRIATION..... | | \$ 455,267,000 |
| Interdepartmental grant revenues: | | |
| Total interdepartmental grants and intradepartmental transfers | | 18,031,100 |
| ADJUSTED GROSS APPROPRIATION | | \$ 437,235,900 |
| Federal revenues: | | |
| Total federal revenues | | 144,062,700 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|----------------------------------------------------------------------|---------------------------------------------|
| Special revenue funds: | |
| Total local revenues | 0 |
| Total private revenues | 450,000 |
| Total other state restricted revenues | 260,913,600 |
| State general fund/general purpose | \$ 31,809,600 |
| FUND SOURCE SUMMARY: | |
| Full-time equated unclassified positions | 6.0 |
| Full-time equated classified positions | 1,567.2 |
| GROSS APPROPRIATION | \$ 455,267,000 |
| Interdepartmental grant revenues: | |
| IDG-MDCH, local public health operations | 10,472,500 |
| IDG-MDSP | 690,100 |
| IDG, Michigan transportation fund | 959,400 |
| IDT, interdivisional charges | 2,053,400 |
| IDT, laboratory services | 3,855,700 |
| Total interdepartmental grants and intradepartmental transfers | 18,031,100 |
| ADJUSTED GROSS APPROPRIATION | \$ 437,235,900 |
| Federal revenues: | |
| DHHS, federal | 4,500 |
| DHS, federal | 1,473,100 |
| DOC-NOAA, federal | 3,506,200 |
| DOD, federal | 508,200 |
| DOI, federal | 575,000 |
| EPA, brownfield cleanup revolving loan fund | 1,000,000 |
| EPA, multiple | 136,995,700 |
| Total federal revenues | 144,062,700 |
| Special revenue funds: | |
| Private funds | 450,000 |
| Total private revenues | 450,000 |
| Aboveground storage tank fees | 794,400 |
| Air emissions fees | 13,119,900 |
| Aquifer protection revolving fund | 400,000 |
| Campground fund | 242,100 |
| Clean Michigan initiative - administration | 3,169,600 |
| Clean Michigan initiative - clean water fund | 3,187,100 |
| Clean Michigan initiative - pollution prevention activities | 100,000 |
| Cleanup and redevelopment fund | 15,774,600 |
| Community pollution prevention fund | 250,000 |
| Environmental education fund | 203,700 |
| Environmental pollution prevention fund | 1,839,700 |
| Environmental protection fund | 615,100 |
| Environmental response fund | 11,259,100 |
| Fees and collections | 565,900 |
| Financial instruments | 5,000,000 |
| Great Lakes protection fund | 2,547,100 |
| Groundwater discharge permit fees | 1,956,600 |
| Hazardous materials transportation permit fund | 218,800 |
| Laboratory data quality recognition fund | 15,400 |
| Land and water permit fees | 3,961,100 |
| Landfill maintenance trust fund | 52,100 |
| Manufactured housing commission fees | 633,300 |
| Medical waste emergency response fund | 250,400 |
| Metallic mining surveillance fee revenue | 69,400 |
| Mineral well regulatory fee revenue | 231,200 |
| Nonferrous metallic mineral surveillance | 200,000 |
| NPDES fees | 3,437,700 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|--------------------------------------------------------------|---------------------------------------------|
| Oil and gas regulatory fund..... | 9,660,300 |
| Orphan well fund | 2,029,600 |
| Public swimming pool fund | 541,700 |
| Public utility assessments | 806,600 |
| Public water supply fees | 4,619,200 |
| Publication revenue..... | 112,700 |
| Refined petroleum fund | 114,327,800 |
| Retired engineers technical assistance fund | 1,500,000 |
| Revolving loan revenue bonds | 11,400,000 |
| Saginaw bay and river restoration revenue..... | 165,300 |
| Sand extraction fee revenue | 194,000 |
| Scrap tire regulatory fund | 5,957,500 |
| Septage waste contingency fund | 35,600 |
| Septage waste license fees | 2,070,400 |
| Settlement funds | 3,256,800 |
| Sewage sludge land application fee..... | 838,700 |
| Soil erosion and sedimentation control training fund | 108,300 |
| Solid waste program fees | 4,356,000 |
| Stormwater permit fees | 2,867,600 |
| Strategic water quality initiatives fund..... | 10,010,700 |
| Underground storage tank fees | 4,493,200 |
| Waste reduction fee revenue | 4,671,900 |
| Wastewater operator training fees | 177,400 |
| Water analysis fees..... | 3,404,800 |
| Water pollution control revolving fund | 3,050,200 |
| Water quality protection fund..... | 25,000 |
| Water use reporting fees..... | 138,000 |
| Total other state restricted revenues | 260,913,600 |
| State general fund/general purpose | \$ 31,809,600 |
| Sec. 102. EXECUTIVE OPERATIONS AND DEPARTMENT SUPPORT | |
| (RESOURCE CONSERVATION) | |
| Full-time equated unclassified positions | 6.0 |
| Full-time equated classified positions | 79.0 |
| Unclassified salaries—6.0 FTE positions | \$ 482,600 |
| Administrative hearings | 399,100 |
| Automated data processing | 2,053,400 |
| Central operations—63.0 FTE positions..... | 6,582,500 |
| Environmental support projects..... | 5,000,000 |
| Executive direction—9.0 FTE positions..... | 2,141,100 |
| Human resource optimization user charges | 59,100 |
| Office of the Great Lakes—7.0 FTE positions | 945,900 |
| Building occupancy charges | 7,850,900 |
| Rent-privately owned property | 2,066,900 |
| GROSS APPROPRIATION..... | \$ 27,581,500 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDT, interdivisional charges | 2,053,400 |
| IDT, laboratory services | 488,700 |
| Federal revenues: | |
| DOI, federal | 150,900 |
| EPA, multiple..... | 262,500 |
| Special revenue funds: | |
| Aboveground storage tank fees | 88,200 |
| Air emissions fees..... | 848,000 |
| Campground fund | 17,700 |
| Clean Michigan initiative - administration | 179,700 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|-----------------------------------------------------------------------------|---------------------------------------------|
| Cleanup and redevelopment fund | 1,368,400 |
| Environmental education fund | 203,700 |
| Environmental pollution prevention fund..... | 62,600 |
| Environmental protection fund..... | 50,400 |
| Environmental response fund..... | 1,239,000 |
| Fees and collections | 50,100 |
| Financial instruments | 5,000,000 |
| Great Lakes protection fund..... | 547,100 |
| Groundwater discharge permit fees | 119,700 |
| Hazardous materials transportation permit fund..... | 15,000 |
| Land and water permit fees..... | 111,200 |
| Medical waste emergency response fund..... | 20,000 |
| NPDES fees | 319,600 |
| Oil and gas regulatory fund..... | 1,623,000 |
| Public swimming pool fund | 31,000 |
| Public utility assessments | 32,200 |
| Public water supply fees | 542,100 |
| Refined petroleum fund | 4,447,400 |
| Retired engineers technical assistance fund | 25,700 |
| Scrap tire regulatory fund | 122,800 |
| Settlement funds | 863,600 |
| Sewage sludge land application fee..... | 38,700 |
| Solid waste program fees | 139,300 |
| Stormwater permit fees | 220,700 |
| Underground storage tank fees | 275,800 |
| Waste reduction fee revenue | 259,700 |
| Wastewater operator training fees | 12,900 |
| Water analysis fees..... | 123,600 |
| Water use reporting fees..... | 8,300 |
| State general fund/general purpose | \$ 5,618,800 |
| Sec. 103. AIR QUALITY (RESOURCE CONSERVATION) | |
| Full-time equated classified positions..... | 242.0 |
| Air quality programs—242.0 FTE positions..... | \$ 23,221,800 |
| GROSS APPROPRIATION..... | \$ 23,221,800 |
| Appropriated from: | |
| Federal revenues: | |
| EPA, multiple..... | 5,558,500 |
| Special revenue funds: | |
| Air emissions fees..... | 11,060,300 |
| Environmental response fund..... | 98,900 |
| Fees and collections..... | 380,000 |
| Oil and gas regulatory fund..... | 100,000 |
| Refined petroleum fund | 2,652,000 |
| State general fund/general purpose | \$ 3,372,100 |
| Sec. 104. ENVIRONMENTAL SCIENCE AND SERVICES (RESOURCE CONSERVATION) | |
| Full-time equated classified positions..... | 184.0 |
| Environmental services—27.5 FTE positions..... | \$ 3,116,200 |
| Laboratory services—68.0 FTE positions | 6,554,900 |
| Municipal assistance—35.5 FTE positions..... | 5,116,600 |
| Pollution prevention and technical assistance—53.0 FTE positions | 4,931,300 |
| Pollution prevention outreach | 300,000 |
| Retired engineers technical assistance program..... | 1,474,300 |
| Revitalization revolving loan program | 1,000,000 |
| GROSS APPROPRIATION..... | \$ 22,493,300 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|----------------------------------------------------------------------|---------------|
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDT, laboratory services | 3,367,000 |
| Federal revenues: | |
| DOC-NOAA, federal..... | 333,200 |
| EPA, brownfield cleanup revolving loan fund..... | 1,000,000 |
| EPA, multiple..... | 3,260,000 |
| Special revenue funds: | |
| Private funds..... | 300,000 |
| Air emissions fees..... | 712,700 |
| Clean Michigan initiative - administration..... | 164,000 |
| Environmental protection fund..... | 64,700 |
| Environmental response fund..... | 625,300 |
| Laboratory data quality recognition fund | 15,400 |
| Public water supply fees | 237,300 |
| Retired engineers technical assistance fund | 1,474,300 |
| Settlement funds | 220,100 |
| Stormwater permit fees | 91,200 |
| Strategic water quality initiatives fund..... | 210,700 |
| Waste reduction fee revenue | 4,127,400 |
| Wastewater operator training fees | 164,500 |
| Water analysis fees..... | 3,121,900 |
| Water pollution control revolving fund | 2,282,100 |
| State general fund/general purpose | \$ 721,500 |
| Sec. 105. OFFICE OF GEOLOGICAL SURVEY (RESOURCE CONSERVATION) | |
| Full-time equated classified positions..... | 68.0 |
| Coal and sand dune management—3.0 FTE positions..... | \$ 612,300 |
| Metallic mine reclamation—1.0 FTE positions | 69,400 |
| Mineral wells management—3.0 FTE positions | 231,200 |
| Nonferrous metallic mining—2.0 FTE positions | 200,000 |
| Orphan well—2.0 FTE positions..... | 2,029,600 |
| Services to oil and gas—57.0 FTE positions..... | 7,035,300 |
| GROSS APPROPRIATION..... | \$ 10,177,800 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| Federal revenues: | |
| DOI, federal..... | 418,300 |
| Special revenue funds: | |
| Metallic mining surveillance fee revenue..... | 69,400 |
| Mineral well regulatory fee revenue | 231,200 |
| Nonferrous metallic mineral surveillance..... | 200,000 |
| Oil and gas regulatory fund..... | 6,922,600 |
| Orphan well fund | 2,029,600 |
| Publication revenue..... | 112,700 |
| Sand extraction fee revenue | 194,000 |
| State general fund/general purpose | \$ 0 |
| Sec. 106. LAND AND WATER MANAGEMENT (RESOURCE CONSERVATION) | |
| Full-time equated classified positions..... | 129.0 |
| Program direction—8.0 FTE positions | \$ 868,500 |
| Field permitting and project assistance—72.0 FTE positions..... | 6,887,800 |
| Great Lakes shorelands—28.0 FTE positions..... | 2,455,100 |
| Water management—21.0 FTE positions | 2,538,800 |
| GROSS APPROPRIATION..... | \$ 12,750,200 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG, Michigan transportation fund | 908,100 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|---------------------------------------------------------------------------------------|---------------------------------------------|
| Federal revenues: | |
| DHS, federal | 935,500 |
| DOC-NOAA, federal..... | 1,389,700 |
| EPA, multiple..... | 967,100 |
| Special revenue funds: | |
| Land and water permit fees..... | 3,286,000 |
| State general fund/general purpose | \$ 5,263,800 |
| Sec. 107. REMEDIATION AND REDEVELOPMENT (RESOURCE CONSERVATION) | |
| Full-time equated classified positions..... | 297.5 |
| Contaminated site investigation, cleanup, and revitalization—230.5 FTE positions..... | \$ 21,702,200 |
| Federal cleanup project management—67.0 FTE positions..... | 7,886,700 |
| Emergency cleanup actions..... | 4,000,000 |
| Refined petroleum product cleanup program..... | 57,000,000 |
| Refined petroleum initial program | 45,000,000 |
| State cleanup 451..... | 2,500,000 |
| Superfund cleanup | 4,000,000 |
| Little Black Creek..... | 35,000 |
| White Lake, Muskegon County nutrient study | 36,000 |
| GROSS APPROPRIATION..... | \$ 142,159,900 |
| Appropriated from: | |
| Federal revenues: | |
| DHHS, federal | 4,500 |
| DOD, federal | 498,300 |
| EPA, multiple..... | 9,168,100 |
| Special revenue funds: | |
| Private funds..... | 150,000 |
| Clean Michigan initiative - administration..... | 2,251,600 |
| Cleanup and redevelopment fund | 13,307,300 |
| Environmental protection fund..... | 500,000 |
| Environmental response fund..... | 8,497,500 |
| Landfill maintenance trust fund | 52,100 |
| Refined petroleum fund | 106,319,000 |
| Settlement funds | 1,411,500 |
| State general fund/general purpose | \$ 0 |
| Sec. 108. WASTE AND HAZARDOUS MATERIALS (RESOURCE CONSERVATION, HEALTH) | |
| Full-time equated classified positions..... | 183.5 |
| Aboveground storage tank program—8.0 FTE positions..... | \$ 706,200 |
| Hazardous waste management program—61.0 FTE positions | 6,027,500 |
| Low-level radioactive waste authority—2.0 FTE positions | 770,200 |
| Medical waste program | 230,400 |
| Radiological protection program—16.5 FTE positions..... | 1,337,800 |
| Scrap tire regulatory program—11.0 FTE positions | 985,200 |
| Solid waste management program—50.0 FTE positions | 4,224,200 |
| Underground storage tank program—35.0 FTE positions..... | 4,292,200 |
| GROSS APPROPRIATION..... | \$ 18,573,700 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG-MDSP | 690,100 |
| Federal revenues: | |
| EPA, multiple..... | 3,857,100 |
| Special revenue funds: | |
| Aboveground storage tank fees | 706,200 |
| Environmental pollution prevention fund..... | 1,777,100 |
| Hazardous materials transportation permit fund..... | 203,800 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|--------------------------------------------------------------------------------------------|---------------------------------------------|
| Medical waste emergency response fund..... | 230,400 |
| Public utility assessments | 770,200 |
| Scrap tire regulatory fund | 985,200 |
| Solid waste program fees | 4,155,200 |
| Underground storage tank fees | 4,039,200 |
| Waste reduction fee revenue | 69,000 |
| State general fund/general purpose | \$ 1,090,200 |
| Sec. 109. WATER (RESOURCE CONSERVATION, HEALTH) | |
| Full-time equated classified positions..... | 362.2 |
| 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 | 16,052,700 |
| Fish contaminant monitoring..... | 316,100 |
| Groundwater discharge—22.0 FTE positions | 1,967,600 |
| NPDES nonstormwater program—121.4 FTE positions | 10,186,000 |
| Sewage sludge land application program—6.5 FTE positions | 800,000 |
| Surface water—98.1 FTE positions..... | 15,281,200 |
| GROSS APPROPRIATION..... | \$ 45,003,600 |
| Appropriated from: | |
| Federal revenues: | |
| EPA, multiple..... | 18,456,300 |
| Special revenue funds: | |
| Aquifer protection revolving fund..... | 400,000 |
| Campground fund | 224,400 |
| Clean Michigan initiative - administration | 574,300 |
| Clean Michigan initiative - clean water fund | 3,187,100 |
| Environmental response fund | 158,000 |
| Fees and collections | 135,800 |
| Groundwater discharge permit fees | 1,836,900 |
| Land and water permit fees..... | 454,500 |
| Manufactured housing commission fees..... | 633,300 |
| NPDES fees | 3,118,100 |
| Public swimming pool fund | 510,700 |
| Public water supply fees | 2,167,900 |
| Refined petroleum fund | 825,700 |
| Saginaw bay and river restoration revenue..... | 165,300 |
| Septage waste contingency fund | 35,600 |
| Septage waste license fees | 545,400 |
| Sewage sludge land application fee..... | 800,000 |
| Soil erosion and sedimentation control training fund | 108,300 |
| Stormwater permit fees | 2,555,700 |
| Water pollution control revolving fund | 631,400 |
| Water use reporting fees..... | 129,700 |
| State general fund/general purpose | \$ 7,349,200 |
| Sec. 110. CRIMINAL INVESTIGATIONS (RESOURCE CONSERVATION) | |
| Full-time equated classified positions..... | 22.0 |
| Environmental investigations—22.0 FTE positions..... | \$ 2,417,800 |
| GROSS APPROPRIATION..... | \$ 2,417,800 |
| Appropriated from: | |
| Federal revenues: | |
| DHS, federal | 520,300 |
| EPA, multiple..... | 143,800 |
| Special revenue funds: | |
| Environmental response fund..... | 123,600 |
| Oil and gas regulatory fund..... | 339,200 |
| Scrap tire regulatory fund | 266,100 |
| State general fund/general purpose | \$ 1,024,800 |

For Fiscal Year
Ending Sept. 30,
2006

Sec. 111. GRANTS (RESOURCE CONSERVATION, HEALTH)

| | | |
|----------------------------------------------------------------|-----------|--------------------|
| 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..... | | 113,053,500 |
| Drinking water revolving fund implementation..... | | 1,330,000 |
| Great Lakes research and protection grants..... | | 2,000,000 |
| Household hazardous waste collection program..... | | 100,000 |
| 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..... | | 1,525,000 |
| Scrap tire grants..... | | 4,500,000 |
| Volunteer river, stream, and creek cleanup..... | | 25,000 |
| GROSS APPROPRIATION..... | \$ | 144,279,700 |

Appropriated from:

| | | |
|------------------------------------------------------------------|----|------------|
| Interdepartmental grant revenues | | |
| IDG-MDCH, local public health operations..... | | 10,472,500 |
| Federal revenues: | | |
| DOC-NOAA, federal..... | | 1,700,000 |
| EPA, multiple..... | | 93,920,000 |
| Special revenue funds: | | |
| Clean Michigan initiative - pollution prevention activities..... | | 100,000 |
| Community pollution prevention fund..... | | 250,000 |
| Great Lakes protection fund..... | | 2,000,000 |
| 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 license fees..... | | 1,525,000 |
| Settlement funds..... | | 250,000 |
| Strategic water quality initiatives fund..... | | 9,800,000 |
| Water quality protection fund..... | | 25,000 |
| State general fund/general purpose..... | \$ | 6,853,500 |

Sec. 112. INFORMATION TECHNOLOGY (RESOURCE CONSERVATION)

| | | |
|---------------------------------------------------|-----------|------------------|
| Information technology services and projects..... | \$ | 6,607,700 |
| GROSS APPROPRIATION..... | \$ | 6,607,700 |

Appropriated from:

| | | |
|----------------------------------------|--|-----------|
| Interdepartmental grant revenues | | |
| IDG, Michigan transportation fund..... | | 51,300 |
| Federal revenues: | | |
| DHS, federal..... | | 17,300 |
| DOC-NOAA, federal..... | | 83,300 |
| DOD, federal..... | | 9,900 |
| DOI, federal..... | | 5,800 |
| EPA, multiple..... | | 1,402,300 |
| Special revenue funds: | | |
| Air emissions fees..... | | 498,900 |
| Cleanup and redevelopment fund..... | | 1,098,900 |
| Environmental response fund..... | | 516,800 |
| Land and water permit fees..... | | 109,400 |
| Oil and gas regulatory fund..... | | 675,500 |
| Public utility assessments..... | | 4,200 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|----------------------------------------------|---------------------------------------------|
| Public water supply fees | 271,900 |
| Scrap tire regulatory fund | 83,400 |
| Settlement funds | 511,600 |
| Solid waste program fees | 61,500 |
| Underground storage tank fees | 178,200 |
| Waste reduction fee revenue | 215,800 |
| Water analysis fees..... | 159,300 |
| Water pollution control revolving fund | 136,700 |
| State general fund/general purpose | \$ 515,700 |

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 2005-2006 is \$292,723,200.00 and state spending from state resources to be paid to local units of government for fiscal year 2005-2006 is \$6,288,700.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

**DEPARTMENT OF ENVIRONMENTAL QUALITY
WASTE AND HAZARDOUS MATERIALS**

| | |
|---------------------------------------------------|---------------------|
| Radiological protection program | \$ 25,000 |
| GRANTS | |
| Drinking water grants..... | \$ 1,330,000 |
| Grants to counties - air pollution | 83,700 |
| Household hazardous waste collection program..... | 100,000 |
| Noncommunity water grants | 1,400,000 |
| Real-time water quality monitoring..... | 250,000 |
| Scrap tire grants..... | 1,575,000 |
| Septage waste compliance program..... | 1,525,000 |
| TOTAL..... | \$ 6,288,700 |

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

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

Sec. 205. (1) 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 article. 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. 207. The departments and state agencies receiving appropriations under this article 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, 2006, the department shall provide the state budget director, the subcommittees on natural resources and environmental quality of the senate and house appropriations committees, and the senate and house fiscal agencies with an annual report on restricted fund balances, projected revenues, and expenditures for the fiscal years ending September 30, 2005 and September 30, 2006.

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, 2006:

- (a) The name of each program.
 - (b) The goals of the program, the criteria, eligibility, process, filing fees, nominating procedures, and deadlines for each program.
 - (c) The maximum and minimum grant and loan available and whether there is a match requirement for each program.
 - (d) The amount of any required match, and whether in-kind contributions may be used as part or all of a required match.
 - (e) Information pertaining to the application process, timeline for each program, and the contact people within the department.
 - (f) The source of funds for each program, including the citation of pertinent authorizing acts.
 - (g) Information regarding plans for the next fiscal year for the phaseout, expansion, or changes for each program.
 - (h) A listing of all recipients of grants or loans awarded by the department by type and amount of grant or loan.
- (2) The reports required under this section shall be submitted to the state budget office, the senate and house appropriations committees, and senate and house fiscal agencies by January 1, 2006.

Sec. 210. The department shall notify the legislature and shall provide a public meeting and public comment opportunity with respect to any request received by the state of Michigan to divert water from the Great Lakes pursuant to the water resources development act of 1986, Public Law 99-662, 100 Stat. 4082.

Sec. 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, 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 and the leaking underground storage tank cleanup program.

(2) Unexpended and unencumbered amounts remaining from appropriations from the environmental protection bond fund contained in 2003 PA 173, are appropriated for expenditure for any site listed in this article 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 article 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 52, 2001 PA 120, 2003 PA 173, 2003 PA 237, 2004 PA 309, 2004 PA 350, and 2005 PA 11 are appropriated for expenditure for any site listed in this article 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 article 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 department of environmental quality technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 216. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2006 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. 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.

Sec. 218. The department shall collaborate with the statewide public advisory council, local advisory councils, the United States environmental protection agency, and other appropriate federal agencies, the department of natural resources, and other appropriate parties to develop a long-term strategy to restore and formally remove Michigan's Great Lakes areas of concern from the federal listing. Among other information, the strategy should include a list of cleanup, source control, monitoring, and assessment activities eligible for funding under the federal Great Lakes legacy act; their estimated cost; options for meeting any nonfederal funding match requirements for these activities, including recommendations for changes to existing appropriations and program expenditures to qualify as matching funds for federal grant programs; a description of the optimum staffing level for the areas of concern program and available funding options; and a description of the department's role in seeking the formal removal of areas of concern, or specific beneficial use impairments, from the federal list, including minimum cleanup goals for identified impairments based on applicable state and federal regulatory standards and the monitoring programs available for assessing progress in achieving those goals. In addition, the department shall strive to apply for an equitable share of federal funding and technical assistance available to support the area of concern program and strive to provide the funds needed to meet nonfederal funding requirements.

Sec. 219. The department shall not take disciplinary action against an employee for communicating with a member of the legislature or his or her staff.

Sec. 220. The department shall annually report 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 year.

AIR QUALITY

Sec. 401. The department shall report quarterly, via the department's Internet website, on air quality program expenditures and revenues. The report shall include expenditures and revenues by fund source and by program function.

ENVIRONMENTAL SCIENCE AND SERVICES

Sec. 501. By July 1, 2006, 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.

Sec. 502. Revenues remaining in the interdepartmental transfers, laboratory services at the end of the fiscal year shall carryforward into the succeeding fiscal year.

GEOLOGICAL AND LAND MANAGEMENT

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

REMEDiation AND REDEVELOPMENT

Sec. 701. The unexpended funds appropriated in part 1 for emergency cleanup actions 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, 2010.

Sec. 702. (1) Of the funds appropriated in part 1 for the refined petroleum product cleanup program, \$42,000,000.00 is prohibited from expenditure until this program is established by law following issuance of recommendations for a permanent cleanup program from the refined petroleum cleanup advisory council.

(2) The appropriation in part 1 for the refined petroleum product cleanup program shall be used to fund corrective actions on the following sites:

| Site Name | County |
|---------------------------------|-----------------|
| Phil's Sunoco Corner Store | Alcona Alger |
| Laughing Whitefish Trading Post | Alger |
| Midway General | Alger |

| | |
|-------------------------------------------------------|-----------|
| Fennville Feed Supply | Allegan |
| Bellaire Bay Mart | Antrim |
| Butch's Tackle & Marine | Antrim |
| Lake Auto Clinic | Antrim |
| Pickup Capital of the North (former) | Antrim |
| Res. Wells Torch Lake Twp. | Antrim |
| Richard Godden | Antrim |
| Central Oil/Wild Bill's | Arenac |
| Roe Chevrolet | Arenac |
| Freeport Auto Service | Barry |
| State and Apple | Barry |
| Village of Woodland | Barry |
| Al's Mobil | Bay |
| Bill Kundinger | Bay |
| Maple's Grocery | Bay |
| Mel's Service | Bay |
| B & M Party Store | Benzie |
| Village of Honor Res. Wells | Benzie |
| Andy's Bakertown Grocery | Berrien |
| Berrien County Sheriff's Substation | Berrien |
| Cozy Corner General Store | Berrien |
| Frank's Pro Station | Berrien |
| Fredrick's Auto Clinic | Berrien |
| Gary's Union 76 | Berrien |
| Main & Fair SW Corner | Berrien |
| Main & Oden NE Corner | Berrien |
| Nyes Shell Service | Berrien |
| Randy's Amoco | Berrien |
| Sandalic Grocery & Gas (former) | Berrien |
| Sterling Express Ltd | Berrien |
| K & H Tire and Alignment | Branch |
| Baker Oil-Dickman Road | Calhoun |
| Baker Oil-E. Michigan | Calhoun |
| Clark #767 (Marshall) | Calhoun |
| Clark #768 (Albion) | Calhoun |
| Clark Service Station #500 | Calhoun |
| H. B. Sherman | Calhoun |
| Korner Krossroads Party Store | Calhoun |
| Dave's Repair | Cass |
| Herb's Auto Care | Cass |
| Service Mart 2, Union | Cass |
| Unocal 76, Edwardsburg (Energy Oil) | Cass |
| Cook Corporation | Cheboygan |
| Mr. Mug's Donut Shop | Chippewa |
| Park Shell Service | Chippewa |
| Ackels Car Care | Clinton |
| State Road Service | Clinton |
| Escanaba Schools Bus Garage #2 | Delta |
| Stenberg Bros., Inc. | Delta |
| Bob's Marathon | Eaton |
| South End Mobil | Eaton |
| Farmers Petroleum Coop. Petoskey | Emmet |
| Central Distributing | Genesee |
| City of Flint Fire Department - 1818 N Saginaw Street | Genesee |
| City of Flint Fire Department - 702 W 12th Street | Genesee |
| Fisherman's Landing | Genesee |
| J & J Services | Genesee |
| Spartan Express | Genesee |
| Sunshine Foods #119 | Genesee |

| | |
|--------------------------------------------------------|----------------|
| Vienna Road Alleyway | Genesee |
| A and H Racing | Gladwin |
| Ackett's Country Corners | Gladwin |
| Bondale Dickens | Gladwin |
| Gazey & Aleck Station | Gladwin |
| Sportsmans Landing | Gladwin |
| 4 Corners Finch Scamehorn UN 76 (former Finch's Amoco) | Grand Traverse |
| Evans Wallpaper & Paint | Grand Traverse |
| KD's Country Store | Gratiot |
| Pat's Service | Gratiot |
| Wilson's Grocery | Gratiot |
| Former Union 76 | Hillsdale |
| Dunk's Garage | Huron |
| Engelhardt Petroleum, Inc. | Huron |
| Mouch's Auto Sales | Huron |
| Action Auto #23 | Ingham |
| Former Clark #531 | Ingham |
| Gene Carr | Ionia |
| Bublitz Oil | Iosco |
| Bublitz Oil - East Tawas Marathon | Iosco |
| Bublitz Oil - Tawas City | Iosco |
| Darrel's Maxi Muffler | Iosco |
| DNR - RED - Whittemore (Tax Reverted) | Iosco |
| Graham Oil Co. Bulk Plant | Iosco |
| Firstbank - Winn Branch | Isabella |
| Clark #501 | Jackson |
| Dawn Donuts | Jackson |
| Joseph James Halm | Jackson |
| Alamo General Store | Kalamazoo |
| Beach Products | Kalamazoo |
| Bud's Auto Repair | Kalamazoo |
| Fulton Sunoco | Kalamazoo |
| Liberty Gas | Kalamazoo |
| McLeier Oil Co. - 1718 E. Mich. | Kalamazoo |
| Starvation Lake General Store | Kalamazoo |
| Fennema Trenching Inc. | Kalamazoo |
| Huck's Corners | Kalamazoo |
| Kountry Korner | Kalamazoo |
| Rockford Market | Kalamazoo |
| Uncle Lee's Trading Post | Kalamazoo |
| C & J Service (H. Jerry Powelka) | Kalamazoo |
| Clark Adrian | Kalamazoo |
| Lakeland Montessori School | Kalamazoo |
| Leon Bonner Property | Kalamazoo |
| Millie's Market | Kalamazoo |
| The Pit | Kalamazoo |
| Bob's Standard Service | Kalamazoo |
| C & V Grocery | Kalamazoo |
| Action Auto (former) | Kalamazoo |
| D & D Jefferson Inc | Kalamazoo |
| Ernst Gas & Oil | Kalamazoo |
| Former Doyle's Auto Parts | Kalamazoo |
| Montgomery Ward | Kalamazoo |
| Sokana Mobil | Kalamazoo |
| Warren Fire Station 1 | Kalamazoo |
| Warren Fire Station 2 | Kalamazoo |
| Warren Fire Station 3 | Kalamazoo |
| Warren Fire Station 5 | Kalamazoo |
| Warren Fire Station 6 | Kalamazoo |

| | |
|-----------------------------------------|--------------|
| Greenwood Self Serve | Marquette |
| Harvey Mini 1 | Marquette |
| Harvey Oil Co. | Marquette |
| Holiday Station - Negaunee | Marquette |
| Total Image Salon | Marquette |
| Joe's Tire/Ridderman Oil | Mecosta |
| RLJ Realty Co. | Midland |
| Dutch Hutch | Missaukee |
| Amble Oil Co. | Montcalm |
| Coral General Store | Montcalm |
| Edmore Mobil | Montcalm |
| Former Sports Center, Inc. | Montmorency |
| Joey's Service | Montmorency |
| Lowell Street (Homant Oil) | Montmorency |
| Mary D's | Montmorency |
| Wyson's General Store | Montmorency |
| Broton's Service | Muskegon |
| Laketon Auto Clinic | Muskegon |
| Meat Block | Muskegon |
| Reliable Truck & Crane | Muskegon |
| Grant Mini Mart | Newaygo |
| Up North Gift Co. | Newaygo |
| Wesco #14/Triangle Market | Newaygo |
| 415 E. Hudson | Oakland |
| Clark #903 | Oakland |
| Dandy Oil Inc | Oakland |
| DOC Optical | Oakland |
| Don & Stan's/Joe's Towing | Oakland |
| Emma Milner Property | Oakland |
| Farmer's Petroleum Cooperation | Oakland |
| Former Wayne - Oakland Oil Company | Oakland |
| Winebasket Mkt./Jenny Ent. | Oakland |
| East Hart Party Store | Oceana |
| William Crawford Property | Oceana |
| Franklin Forge | Ogemaw |
| Rose City Feed & Tack | Ogemaw |
| Ontonagon Mobil Mart | Ontonagon |
| Andy's Standard Service | Osceola |
| LeRoy Garage | Osceola |
| Ralph's Marathon | Osceola |
| Don's Marathon | Oscoda |
| Family Book Shelve | Oscoda |
| Jamestown Garage | Ottawa |
| Radio Tavern & Grocery | Presque Isle |
| Charlie's Place | Roscommon |
| Albee Marathon | Saginaw |
| Chapin General Store | Saginaw |
| Janes Street, 2984 | Saginaw |
| Janes Street, 3035 | Saginaw |
| Kucher's Service | Saginaw |
| Stanley Hill | Saginaw |
| Amoco Group | Sanilac |
| Former Gas Station - 104 W. Grand River | Shiawassee |
| Save-U Station (former) | Shiawassee |
| Anady Property | St. Clair |
| Former Gulf Station | St. Clair |
| Payless SuperAmerica | St. Joseph |
| Former Clark #1586 | Tuscola |
| Former Gagetown Gas & Oil Total | Tuscola |

| | |
|------------------------------------------|-----------|
| Mr. C's Service | Tuscola |
| Salmo Property | Tuscola |
| Broekhutzen Produce | Van Buren |
| Lakeside Kwik Stop | Van Buren |
| Pullman Industries | Van Buren |
| Arbor Wash | Washtenaw |
| Fmr. Clark | Washtenaw |
| Jimmie's Filling Station | Washtenaw |
| Lloyd Cochran | Washtenaw |
| Marathon (Gillespie) | Washtenaw |
| S & S Auto | Washtenaw |
| Total #2542 (former) | Washtenaw |
| 7 Mile & I-75 Petro Mart | Wayne |
| 8 Mile & Gratiot | Wayne |
| Cal's Car Care, Inc. | Wayne |
| City of Detroit - DOT - 14044 Schaefer | Wayne |
| City of Detroit - DOT - 5600 Wabash St. | Wayne |
| City of Detroit - DOT - 5800 Russell St. | Wayne |
| Hail Investments Inc. | Wayne |
| Independent Transmission | Wayne |
| JJ Curran Crane | Wayne |
| Levan Party Store | Wayne |
| Master Petroleum | Wayne |
| Mercury Manufacturing | Wayne |
| Micks Auto | Wayne |
| Reclamation Co. | Wayne |
| Shoemaker 11031 | Wayne |
| St. Claire Service, Inc. | Wayne |
| Titan Finishes | Wayne |
| Titan Heating | Wayne |
| US Equipment | Wayne |
| Wise Automotive | Wayne |

Sec. 703. The appropriation in part 1 for refined petroleum initial program shall be spent according to the recommendations of the refined petroleum cleanup advisory council issued on July 7, 2005 for owner/operator reimbursement for cleanup activities, up to \$50,000.00 per site.

Sec. 704. 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.

WASTE AND HAZARDOUS MATERIALS

Sec. 801. The department shall notify the members of the senate and house of representatives of the appropriate district at least 48 hours in advance of a departmental order which suspends or red tags any wholesale or retail sale of petroleum products. If imminent public health and safety concerns require action on a department order in less than 48 hours, the department shall notify the appropriate members of the senate and house of representatives of the department order within 48 hours after the action is completed.

Sec. 802. The department shall annually provide a report to the city of Romulus, city of Taylor, and Wayne County 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, 2006, the department shall submit a report on the department’s use of the national pollutant discharge elimination system fund created in MCL 324.3121 for the previous fiscal year, to the senate and house appropriations subcommittees on environmental quality and natural resources, the standing committees of the legislature with jurisdiction over issues primarily related to natural resources and the environment, and the senate and house fiscal agencies. The report shall include a summary of how the appropriations in part 1 for NPDES nonstormwater program were used for the various permissible uses of the fund and shall include specific information on all of the following:

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

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

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

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

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

Sec. 902. Of the funds appropriated in part 1 for safe drinking water assistance activities under part 54 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5401 to 324.5418, the department shall allocate the full 2% available for technical assistance under 42 USC 300j-12.

Sec. 903. Except as provided under part 317 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.31701 to 324.31713, or 2003 PA 148, the department shall not draft, develop, or implement administrative rules, policies, guidelines, or procedures that regulate, permit, monitor, or otherwise control the quantity of groundwater use.

CRIMINAL INVESTIGATIONS

Sec. 1001. From funds appropriated in part 1, the department shall conduct periodic inspections of imported solid waste at disposal facilities to mitigate the unpermitted disposal of waste at Michigan disposal sites.

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 a real-time water quality monitoring grant 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, 2006, grant recipients shall report to the department on the plan, implementation, and status of the project. The department shall forward the report to the state budget director, the senate and house appropriations subcommittees on environmental quality, the senate and house standing committees on natural resources and environmental issues, and the senate and house fiscal agencies.

ARTICLE 8
HIGHER EDUCATION
PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this article, the amounts listed in this part are appropriated for higher education for the fiscal year ending September 30, 2006, from the funds indicated in this part. The following is a summary of the appropriations in this part:

HIGHER EDUCATION

APPROPRIATION SUMMARY:

| | | |
|----------------------------------------------------------------------|-----|------------------|
| Full-time equated classified positions..... | 1.0 | |
| GROSS APPROPRIATION..... | | \$ 1,733,943,900 |
| Interdepartmental grant revenues: | | |
| Total interdepartmental grants and intradepartmental transfers | | 0 |
| ADJUSTED GROSS APPROPRIATION | | \$ 1,733,943,900 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|----------------------------------------------------------------------------------|---------------------------------------------|
| Federal revenues: | |
| Total federal revenues | 3,500,000 |
| Special revenue funds: | |
| Total local revenues | 0 |
| Total private revenues | 0 |
| Total other state restricted revenues | 153,500,000 |
| State general fund/general purpose | \$ 1,576,943,900 |
| Sec. 102. CENTRAL MICHIGAN UNIVERSITY (PREPARED FOR JOBS) | |
| Operations..... | \$ 80,061,900 |
| GROSS APPROPRIATION..... | \$ 80,061,900 |
| Appropriated from: | |
| Special revenue funds: | |
| Michigan merit award trust fund | 538,440 |
| State general fund/general purpose | \$ 79,523,460 |
| Sec. 103. EASTERN MICHIGAN UNIVERSITY (PREPARED FOR JOBS) | |
| Operations..... | \$ 76,140,600 |
| GROSS APPROPRIATION..... | \$ 76,140,600 |
| Appropriated from: | |
| State general fund/general purpose | \$ 76,140,600 |
| Sec. 104. FERRIS STATE UNIVERSITY (PREPARED FOR JOBS) | |
| Operations..... | \$ 48,634,700 |
| GROSS APPROPRIATION..... | \$ 48,634,700 |
| Appropriated from: | |
| State general fund/general purpose | \$ 48,634,700 |
| Sec. 105. GRAND VALLEY STATE UNIVERSITY (PREPARED FOR JOBS) | |
| Operations..... | \$ 61,129,900 |
| GROSS APPROPRIATION..... | \$ 61,129,900 |
| Appropriated from: | |
| Special revenue funds: | |
| Michigan merit award trust fund | 5,000,000 |
| State general fund/general purpose | \$ 56,129,900 |
| Sec. 106. LAKE SUPERIOR STATE UNIVERSITY (PREPARED FOR JOBS) | |
| Operations..... | \$ 12,506,300 |
| GROSS APPROPRIATION..... | \$ 12,506,300 |
| Appropriated from: | |
| State general fund/general purpose | \$ 12,506,300 |
| Sec. 107. MICHIGAN STATE UNIVERSITY (PREPARED FOR JOBS, THRIVING ECONOMY) | |
| Operations..... | \$ 283,730,300 |
| Agricultural experiment station..... | 33,163,800 |
| Cooperative extension service..... | 28,604,300 |
| GROSS APPROPRIATION..... | \$ 345,498,400 |
| Appropriated from: | |
| State general fund/general purpose | \$ 345,498,400 |
| Sec. 108. MICHIGAN TECHNOLOGICAL UNIVERSITY (PREPARED FOR JOBS) | |
| Operations..... | \$ 48,018,800 |
| GROSS APPROPRIATION..... | \$ 48,018,800 |
| Appropriated from: | |
| State general fund/general purpose | \$ 48,018,800 |
| Sec. 109. NORTHERN MICHIGAN UNIVERSITY (PREPARED FOR JOBS) | |
| Operations..... | \$ 45,051,600 |
| GROSS APPROPRIATION..... | \$ 45,051,600 |
| Appropriated from: | |
| State general fund/general purpose | \$ 45,051,600 |
| Sec. 110. OAKLAND UNIVERSITY (PREPARED FOR JOBS) | |
| Operations..... | \$ 50,685,700 |
| GROSS APPROPRIATION..... | \$ 50,685,700 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|--------------------------------------------------------------------------------------------------|---------------------------------------------|
| Appropriated from: | |
| Special revenue funds: | |
| Michigan merit award trust fund | 1,941,768 |
| State general fund/general purpose | \$ 48,743,932 |
| Sec. 111. SAGINAW VALLEY STATE UNIVERSITY (PREPARED FOR JOBS) | |
| Operations..... | \$ 27,499,800 |
| GROSS APPROPRIATION..... | \$ 27,499,800 |
| Appropriated from: | |
| Special revenue funds: | |
| Michigan merit award trust fund | 2,019,792 |
| State general fund/general purpose | \$ 25,480,008 |
| Sec. 112. UNIVERSITY OF MICHIGAN - ANN ARBOR (PREPARED FOR JOBS) | |
| Operations..... | \$ 316,368,500 |
| GROSS APPROPRIATION..... | \$ 316,368,500 |
| Appropriated from: | |
| State general fund/general purpose | \$ 316,368,500 |
| Sec. 113. UNIVERSITY OF MICHIGAN - DEARBORN (PREPARED FOR JOBS) | |
| Operations..... | \$ 24,739,200 |
| GROSS APPROPRIATION..... | \$ 24,739,200 |
| Appropriated from: | |
| State general fund/general purpose | \$ 24,739,200 |
| Sec. 114. UNIVERSITY OF MICHIGAN - FLINT (PREPARED FOR JOBS) | |
| Operations..... | \$ 20,903,100 |
| GROSS APPROPRIATION..... | \$ 20,903,100 |
| Appropriated from: | |
| State general fund/general purpose | \$ 20,903,100 |
| Sec. 115. WAYNE STATE UNIVERSITY (PREPARED FOR JOBS) | |
| Operations..... | \$ 214,666,300 |
| GROSS APPROPRIATION..... | \$ 214,666,300 |
| Appropriated from: | |
| State general fund/general purpose | \$ 214,666,300 |
| Sec. 116. WESTERN MICHIGAN UNIVERSITY (PREPARED FOR JOBS) | |
| Operations..... | \$ 109,695,200 |
| GROSS APPROPRIATION..... | \$ 109,695,200 |
| Appropriated from: | |
| State general fund/general purpose | \$ 109,695,200 |
| Sec. 117. STATE AND REGIONAL PROGRAMS (PREPARED FOR JOBS) | |
| Full-time equated positions..... | 1.0 |
| Higher education database modernization and conversion—1.0 FTE positions | \$ 200,000 |
| Midwestern higher education compact | 90,000 |
| GROSS APPROPRIATION..... | \$ 290,000 |
| Appropriated from: | |
| State general fund/general purpose | \$ 290,000 |
| Sec. 118. MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA PARKS PROGRAM (PREPARED FOR JOBS) | |
| Select student supportive services..... | \$ 1,956,100 |
| Michigan college/university partnership program | 586,800 |
| Morris Hood, Jr. educator development program | 148,600 |
| GROSS APPROPRIATION..... | \$ 2,691,500 |
| Appropriated from: | |
| State general fund/general purpose | \$ 2,691,500 |
| Sec. 119. GRANTS AND FINANCIAL AID (PREPARED FOR JOBS) | |
| State competitive scholarships | \$ 34,630,500 |
| Tuition grants..... | 58,768,100 |
| Michigan work-study program | 7,326,300 |
| Part-time independent student program | 2,653,300 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|---------------------------------------------------------------------|---------------------------------------------|
| Michigan education opportunity grants | 2,084,200 |
| Robert C. Byrd honors scholarship program | 1,500,000 |
| Nursing scholarship and grant programs | 4,000,000 |
| Michigan merit award program | 126,400,000 |
| Tuition incentive program | 12,000,000 |
| GROSS APPROPRIATION | \$ 249,362,400 |
| Appropriated from: | |
| Federal revenues: | |
| Higher education act of 1965, title IV, 20 USC | 2,000,000 |
| Higher education act of 1965, title IV, part A | 1,500,000 |
| Special revenue funds: | |
| Michigan merit award trust fund | 137,000,000 |
| Michigan higher education assistance authority operating fund | 3,000,000 |
| Tuition grant carryforward | 4,000,000 |
| State general fund/general purpose | \$ 101,862,400 |

**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 2005-2006 is \$1,730,443,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2005-2006 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 grant | 932,900 |
| Michigan work-study | 1,570,500 |
| TOTAL | \$ 3,759,100 |

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. 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 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. 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.

Sec. 212. (1) The funds appropriated in part 1 to state institutions of higher education shall be paid out of the state treasury and distributed by the state treasurer to the respective institutions in 11 monthly installments on the sixteenth of each month, or the next succeeding business day, beginning with October 16, 2005. Except for Wayne State University, each institution shall accrue its July and August 2006 payments to its institutional fiscal year ending June 30, 2006. The monthly payments to each state university for operations for July and August 2006 shall be paid pursuant to section 418(6). The remaining 9 monthly payments to each state university for operations shall be made in equal installments. The appropriations in part 1 for the agriculture experiment station and cooperative extension service shall be paid in 11 equal monthly installments.

(2) All universities shall submit higher education institutional data inventory (HEIDI) data and associated financial and program information requested by and in a manner prescribed by the state budget director. For universities with fiscal years ending June 30, 2005, these data shall be submitted to the state budget director by October 15, 2005. Universities with a fiscal year ending September 30, 2005 shall submit preliminary HEIDI data by November 15, 2005 and final data by December 15, 2005. If a university fails to submit HEIDI data and associated financial aid program information in accordance with this reporting schedule, the state treasurer shall withhold the monthly installments under subsection (1) to the university until those data are submitted.

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

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

Sec. 214. If section 274 of the income tax act of 1967, 1967 PA 281, MCL 206.274, is not repealed and if a state institution of higher education that receives funds under this article 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 article shall furnish all program and financial information that is required by and in a manner prescribed by the state budget director or the house or senate appropriations committee.

GRANTS AND FINANCIAL AID

Sec. 301. (1) Payments of the amounts included in part 1 for the state competitive scholarship program shall be distributed pursuant to 1964 PA 208, MCL 390.971 to 390.981.

(2) The Michigan higher education assistance authority shall implement a proportional competitive scholarship maximum award level for recipients enrolled less than full-time in a given semester or term.

(3) If a student who receives an award under this section has his or her tuition and fees paid under the Michigan educational trust program, pursuant to the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1444, and still has financial need, the funds awarded under this section may be used for educational expenses other than tuition and fees.

(4) If the Michigan higher education assistance authority increases the maximum award per eligible student from that provided in the previous fiscal year, it shall not have the effect of reducing the number of eligible students receiving awards in relation to the total number of eligible applicants. Any increase in the maximum grant shall be proportional for all eligible students receiving awards.

(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 15, 2005 and who are qualified. The application deadline will be July 1, 2006 for fiscal year 2006-2007 tuition grant awards and June 15, 2007 for fiscal year 2007-2008 tuition grant awards. 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 \$2,000.00, 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 \$2,000.00, 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 \$2,000.00 maximum award amount. By December 15, 2005, and again by February 1, 2006, 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, 2006. 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, 2006 from the amounts appropriated in part 1 for the tuition grant program shall not lapse on September 30, 2006, but shall continue to be available for expenditure for tuition grants provided in the 2006-2007 fiscal year. The use of these unexpended fiscal year 2005-2006 funds shall terminate at the end of the 2006-2007 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 2005-2006.

(7) All Ferris State University students enrolled at Kendall College of Art and Design prior to January 1, 2001 who were qualified for the state tuition grant shall continue to receive the dollar amount of the state tuition grant for which they were eligible until they graduate or are no longer enrolled in the Kendall College of Art and Design at Ferris State University.

Sec. 303. (1) Included in the appropriation in part 1 is funding for the Michigan work-study program established under 1986 PA 288, MCL 390.1371 to 390.1382, and 1986 PA 303, MCL 390.1321 to 390.1332. An effort should be made by each institution participating in the Michigan work-study program to assure that not less than 10% of those undergraduate, graduate, and professional students eligible to participate in the program are placed with for-profit employers no later than December 31 of each year for which funding is provided under this article.

(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, 2006.

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 competitive scholarship program and tuition grant program. To be consistent with federal requirements, student wages may be taken into consideration when determining the amount of the award.

Sec. 310. (1) The funds appropriated in part 1 for the tuition incentive program/high school completion program shall be distributed as provided in this section and pursuant to the administrative procedures for the tuition incentive program/high school completion program of the department of treasury.

(2) As used in this section:

(a) "Phase I" means the first part of the tuition incentive assistance program defined as the academic period of 80 semester or 120 term credits, or less, leading to an associate degree or certificate.

(b) "Phase II" means the second part of the tuition incentive assistance program which provides assistance in the third and fourth year of 4-year degree programs.

(c) "Department" means the department of treasury.

(3) A person shall meet the following basic criteria and financial thresholds to be eligible for tuition incentive benefits:

(a) To be eligible for phase I, a person shall meet all of the following criteria:

(i) Apply for certification to the department before graduating from high school or completing the general education development (GED) certificate.

(ii) Be less than 20 years of age at the time of high school graduation or GED completion.

(iii) Be a United States citizen and a resident of Michigan according to institutional criteria.

(iv) Be at least a half-time student, earning less than 80 semester or 120 term credits at a participating educational institution within 4 years of high school graduation or GED certificate completion.

(b) To be eligible for phase II, a person shall meet either of the following criteria in addition to the criteria in subdivision (a):

(i) Complete at least 56 transferable semester or 84 transferable term credits.

(ii) Obtain an associate degree or certificate at a participating institution.

(c) To be eligible for phase I or phase II, a person must be financially eligible as determined by the department. A person is financially eligible for the tuition incentive program if that person was Medicaid eligible for 24 months within the 36 months before application. Certification of eligibility may begin in the sixth grade.

(4) For phase I, the department shall provide payment on behalf of a person eligible under subsection (3). The department shall reject billings that are excessive or outside the guidelines for the type of educational institution.

(5) For phase I, all of the following apply:

(a) Payments for associate degree or certificate programs shall not be made for more than 80 semester or 120 term credits for any individual student at any participating institution.

(b) For persons enrolled at a Michigan community college, the department shall pay the current in-district tuition and mandatory fees. For persons residing in an area that is not included in any community college district, the out-of-district tuition rate may be authorized.

(c) For persons enrolled at a Michigan public university, the department shall pay lower level 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.

STATE UNIVERSITIES

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

Sec. 405. (1) There is created the higher education institutional data inventory advisory committee. The committee shall be appointed by the state budget director and shall consist of the following members:

(a) One representative from the house fiscal agency.

(b) One representative from the senate fiscal agency.

(c) One representative from the state budget director's office.

(d) Three representatives of the presidents council of state universities. The presidents council shall appoint 1 representative each from a masters, a doctoral, and a research university.

(2) The committee shall be responsible for maintaining and enhancing the state higher education database for which funding is included in part 1.

Sec. 418. (1) The amounts appropriated for state university operations in part 1 include monthly payment amounts for July and August 2006 calculated using a funding model for determining state university appropriation amounts, as described in this section.

(2) The total funds initially allocated under the funding model were equal to \$1,414,319,000.00. From this amount, the following percentages were allocated to the following components:

(a) 37.5% to an enrollment-based component.

(b) 37.5% to a degree-based component.

(c) 25.0% to a research-based component.

(3) Under the enrollment-based component, each state university received a funding amount per resident, or nonresident undergraduate, fiscal year equated student and a funding amount per nonresident graduate fiscal year equated student, based on fiscal year 2003-2004 data reported to the higher education institutional data inventory (HEIDI). The amount per nonresident graduate student was set at 75.0% of the amount per resident, or nonresident undergraduate, student. Those amounts were calculated so that total enrollment-based funding to all state universities was equal to the funds allocated to this component.

(4) Under the degree-based component, each state university received a funding amount per degree awarded, based on fiscal year 2003-2004 data reported to the integrated postsecondary education data system and subsequently included in HEIDI. The base funding amount was multiplied, in sequence, by weights that vary by the academic level and program category of the degree. The base funding amount for a bachelor's degree in a general field was calculated so that total degree-based funding was equal to the funds allocated to this component. The weights were as follows:

(a) Academic level:

(i) 0.25 for an associate's degree.

(ii) 1.00 for a bachelor's degree.

(iii) 0.25 for a master's or doctoral degree.

(iv) 0.50 for a professional degree.

(b) Program category:

(i) 1.00 for a degree in a general area.

(ii) 2.00 for a degree in a natural science-related area.

(iii) 4.00 for a degree in an engineering- or technology-related area.

(iv) 4.00 for a degree in a health-related area.

(5) Under the research-based component, each university received funds based on a percentage of science- and engineering-related obligations awarded to that state university by the federal government based on the average of fiscal year 2000-2001 and fiscal year 2001-2002 data reported by the national science foundation based on a survey of federal agencies. The amount of funds any university could receive under this component was capped at 40.0% of the total funds allocated to the component. The percentage of federal funds awarded was calculated so that total research-based funding was equal to the funds allocated to this component.

(6) The initial annual funding amount for each state university was calculated by adding the amounts calculated under each of the 3 funding model components under subsection (2). To determine the final annual funding amount for each state university under the funding model, negative differences from the amounts proposed for each state university under the fiscal year 2005-2006 executive recommendation were limited to 5.0% and positive differences from the amounts proposed for each state university under the fiscal year 2005-2006 executive recommendation were limited to 10.0%. Funds were then added to the annual funding model amounts for any universities with negative differences from the amount proposed under the fiscal year 2005-2006 executive recommendation in an amount sufficient to exactly offset those differences. The monthly payment amount to be paid to each state university in both July and August 2006 under section 212 shall be equal to the annual funding model amount for that state university, after differences from the executive recommendation have been limited and funds have been added for universities with negative differences from the executive recommendation, divided by 11.

(7) If the funding model described in this section is used to determine state university appropriation amounts in future fiscal years, it is the intent of the legislature that any future increases in reported federal science- and engineering-related obligations for a university receiving a capped amount of funding in fiscal year 2005-2006 shall be eligible for increased funding under the funding model.

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

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

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

(3) Not later than September 30, 2006, 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. 436. It is the intent of the legislature that if any Michigan public university increases its resident undergraduate tuition and required fees from academic year 2004-2005 to academic year 2005-2006, then that university shall increase its fiscal year 2005-2006 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 public university shall report its proposed fiscal year 2005-2006 general fund expenditures for student financial aid compared to its projected fiscal year 2004-2005 general fund expenditures for student financial aid, and its projected academic year 2005-2006 resident undergraduate tuition and required fee changes from academic year 2004-2005, to the state budget director and the house and senate appropriations subcommittees on higher education by November 15, 2005.

Sec. 437. It is the intent of the legislature that funds in a Michigan public school employee retirement system (MPERS) stabilization subaccount be used for fiscal year 2005-2006 to provide at least a \$3,960,000.00 subsidy of the payroll contribution rate for the 7 state universities that have employees in the MPERS system.

Sec. 440. All universities shall submit the amount of tuition and fees actually charged to a full-time resident undergraduate student for academic year 2005-2006 as part of their higher education institutional data inventory (HEIDI) data by August 31, 2005. A university shall report any revisions for any semester of the reported academic year 2005-2006 tuition and fee charges to HEIDI within 15 days of being adopted.

Sec. 450. The amount allocated under part 1 for per-student floor funding is equal to \$3,650.00 per 2003-2004 fiscal-year-equated student at each university, except for Grand Valley State University due to limited state resources. The number of 2003-2004 fiscal-year-equated 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. The funds appropriated in part 1 for state university operations are in addition to any funds appropriated for state university operations for state fiscal year 2004-2005 under section 701(3) of 2005 PA 11, which shall be recognized by the state universities as revenue in their institutional 2005-2006 fiscal years.

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

Sec. 501. (1) Included in the appropriation for each public university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks future faculty program, that is intended to increase the pool of minority candidates pursuing faculty teaching careers in postsecondary education. Each university shall apply the percentage change applicable to every university in the calculation of appropriations in part 1 to the amount of funds allocated to the future faculty program.

(2) The program shall be administered by each university in a manner prescribed by the Michigan department of 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 public university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks college day program that is intended to introduce schoolchildren underrepresented in postsecondary education to the potential of a college education.

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

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

Sec. 503. (1) Included in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks select student support services program for developing academically and economically disadvantaged student retention programs for 4-year public and independent educational institutions in this state.

(2) An award made under this program to any 1 institution shall not be greater than \$150,000.00, and the amount awarded shall be matched on a 70% state, 30% college or university basis.

(3) The program shall be administered by the Michigan department of 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 public and independent colleges and universities and public community colleges, which is intended to increase the number of academically and economically disadvantaged students who transfer from community colleges into baccalaureate programs.

(2) The grants shall be made under this program to Michigan public and independent colleges and universities. An award to any 1 institution shall not be greater than \$150,000.00, and the amount awarded shall be matched on a 70% state, 30% college or university basis.

(3) The program shall be administered by the Michigan department of labor and economic growth.

Sec. 505. (1) Included in the appropriation for each public university in part 1 is funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks visiting professors program which is intended to increase the number of underrepresented minority instructors in the classroom and provide role models for underrepresented minority students.

(2) The program shall be administered by the Michigan department of 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 minority students, especially males, who enroll in and complete K-12 teacher education programs at the baccalaureate level.

(2) The program shall be administered by each state-approved teacher education institution in a manner prescribed by the Michigan department of 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.

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, 2006 as to whether it will expend by the end of its fiscal year the funds received under section 503, 504, or 506. Notwithstanding the award limitations in sections 503 and 504, the amount of funding reported as not being expended will be reallocated to the institutions that intend to expend all funding received under section 503, 504, or 506.

STUDENT PERFORMANCE REPORTING

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

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

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

GENERAL REPORTS AND AUDITS

Sec. 701. (1) The auditor general shall review higher education institutional data inventory (HEIDI) enrollment data submitted by all public universities and may perform audits of selected public universities if determined necessary. The review and audits shall be based upon the definitions, requirements, and uniform reporting categories established by the state budget director and the senate and house fiscal agencies. The auditor general shall submit a report of findings to the house and senate appropriations committees and the state budget director no later than July 1, 2006.

(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 paying the institution's 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 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), the following degree programs may be established:

(a) Bachelors

Eastern Michigan University Creative Writing, B.A./B.S.

Grand Valley State University Athletic Training Major, B.S.

Lake Superior State University Spanish, B.A.

Michigan Technological University Audio Production and Technology, B.S.

Michigan Technological University Cheminformatics, B.S.

Michigan Technological University Communication and Culture Studies with Concentrations in Communication in Contemporary Culture; Communication in Human Interactions and Global Contexts; Communication Media.

- Michigan Technological University Pharmaceutical Chemistry, B.S.
- Michigan Technological University Sound Design, B.A.
- Michigan Technological University Theatre and Entertainment Technology, B.A.
- Michigan Technological University Theatre and Entertainment Technology, B.S.
- Michigan Technological University Wildlife Ecology and Management, B.S.
- University of Michigan-Ann Arbor Earth Systems Science and Engineering, B.S.
- University of Michigan-Ann Arbor Neuroscience Concentration, B.S.
- University of Michigan-Flint Music (Performance), B.S.

(b) Masters

- Eastern Michigan University Earth Science Education, M.S.
- Eastern Michigan University Orthotics and Prosthetics, M.S.
- Saginaw Valley State University Occupational Therapy Program, M.A.
- University of Michigan-Ann Arbor Global Automotive and Manufacturing Engineering, M.E.
- University of Michigan-Ann Arbor Space Engineering, M. Eng.
- University of Michigan-Dearborn Masters of Public Policy, Masters.
- University of Michigan-Flint Computer and Information Systems, M.S.
- University of Michigan-Flint Master of Arts in Social Sciences, M.A.
- Western Michigan University Master of Science in Civil Engineering, M.S.E.
- Western Michigan University Nursing, M.S.N.

(c) Doctorate

- Michigan Technological University Industrial Heritage and Archeology, Ph.D.

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

(3) When submitting the listing of new degree programs for future fiscal years, the presidents council shall also provide a listing of degree programs that will no longer be offered in subsequent academic years.

Sec. 702. The principal executive officer of each institution of higher education receiving an appropriation under this article 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, 2006 as the auditor general considers necessary.

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

ARTICLE 14
DEPARTMENT OF NATURAL RESOURCES
PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this article, the amounts listed in this part are appropriated for the department of natural resources for the fiscal year ending September 30, 2006, 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 | 2,073.5 | |
| GROSS APPROPRIATION..... | | \$ 272,943,100 |
| Interdepartmental grant revenues: | | |
| Total interdepartmental grants and intradepartmental transfers | | 3,691,200 |
| ADJUSTED GROSS APPROPRIATION | | \$ 269,251,900 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|---------------------------------------------------------------------------------------------|---------------------------------------------|
| Federal revenues: | |
| Total federal revenues | 38,990,200 |
| Special revenue funds: | |
| Total local revenues | 0 |
| Total private revenues | 2,090,100 |
| Total other state restricted revenues | 202,578,400 |
| State general fund/general purpose | \$ 25,593,200 |
| FUND SOURCE SUMMARY | |
| Full-time equated unclassified positions | 6.0 |
| Full-time equated classified positions | 2,073.5 |
| GROSS APPROPRIATION | \$ 272,943,100 |
| Interdepartmental grant revenues: | |
| IDG, engineering services to work orders | 1,566,600 |
| IDG, land acquisition services to work orders | 706,500 |
| IDG, MacMullan conference center revenue | 1,418,100 |
| Total interdepartmental grants and intradepartmental transfers | 3,691,200 |
| ADJUSTED GROSS APPROPRIATION | \$ 269,251,900 |
| Federal revenues: | |
| DAG, federal | 7,166,000 |
| DHS-USCG, federal | 2,689,600 |
| DOC, federal | 67,000 |
| DOE, federal | 1,000 |
| DOI, federal | 23,545,000 |
| DOI, oil and gas royalty revenue | 150,000 |
| DOI, timber revenue | 3,300,000 |
| DOT, federal | 1,800,000 |
| EPA, federal | 271,600 |
| Total federal revenues | 38,990,200 |
| Special revenue funds: | |
| Private funds | 1,590,100 |
| Private - gift revenues | 500,000 |
| Total private revenues | 2,090,100 |
| Aircraft fees | 245,300 |
| Air photo fees - geographic information system | 43,500 |
| Cervidae licensing and inspection fees | 95,700 |
| Clean Michigan initiative fund | 54,100 |
| Commercial forest fund | 48,300 |
| Forest development fund | 31,922,100 |
| Forestland user charges | 317,300 |
| Forest recreation fund | 1,386,900 |
| Game and fish protection fund | 62,314,600 |
| Game and fish protection fund - deer habitat reserve | 2,508,900 |
| Game and fish protection fund - fisheries settlement | 966,400 |
| Game and fish protection fund - turkey permit fees | 1,748,000 |
| Game and fish protection fund - waterfowl fees | 99,900 |
| Game and fish - wildlife resource protection fund | 1,611,800 |
| Game and fish protection fund - youth hunting and fishing education and outreach fund | 26,800 |
| Harbor development fund | 287,400 |
| Land exchange facilitation fund | 5,919,300 |
| Marine safety fund | 4,714,300 |
| Michigan civilian conservation corps endowment fund | 1,139,500 |
| Michigan natural resources trust fund | 3,292,800 |
| Michigan state parks endowment fund | 12,375,100 |
| Michigan state waterways fund | 15,906,800 |
| Nongame wildlife fund | 685,300 |
| Off-road vehicle trail improvement fund | 4,210,500 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|---------------------------------------------------------------------------------------------|---------------------------------------------|
| Park improvement fund..... | 36,957,800 |
| Publications revenue | 3,600 |
| Recreation improvement fund | 1,444,500 |
| Safety education fund | 206,100 |
| Shop fees | 63,700 |
| Snowmobile registration fee revenue | 2,257,500 |
| Snowmobile trail improvement fund | 9,724,600 |
| Total other state restricted revenues | 202,578,400 |
| State general fund/general purpose | \$ 25,593,200 |
| Sec. 102. EXECUTIVE (RESOURCE CONSERVATION) | |
| Full-time equated unclassified positions | 6.0 |
| Full-time equated classified positions | 45.6 |
| Commission (including travel expense—per diem) | \$ 91,300 |
| Unclassified salaries—6.0 FTE positions | 416,500 |
| Education and outreach—33.6 FTE positions | 3,643,900 |
| Executive direction—12.0 FTE positions | 1,935,400 |
| GROSS APPROPRIATION | \$ 6,087,100 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG, MacMullan conference center revenue | 22,800 |
| Special revenue funds: | |
| Aircraft fees | 500 |
| Air photo fees - geographic information system | 11,300 |
| Forest development fund | 249,400 |
| Forestland user charges | 6,400 |
| Forest recreation fund | 26,600 |
| Game and fish protection fund | 1,741,800 |
| Game and fish protection fund - deer habitat reserve | 36,600 |
| Game and fish protection fund - fisheries settlement | 10,100 |
| Game and fish protection fund - turkey permit fees | 20,700 |
| Game and fish protection fund - waterfowl fees | 900 |
| Game and fish - wildlife resource protection fund | 20,400 |
| Game and fish protection fund - youth hunting and fishing education and outreach fund | 26,800 |
| Harbor development fund | 600 |
| Land exchange facilitation fund | 40,000 |
| Marine safety fund | 28,400 |
| Michigan civilian conservation corps endowment fund | 2,600 |
| Michigan natural resources trust fund | 31,400 |
| Michigan state parks endowment fund | 42,100 |
| Michigan state waterways fund | 296,000 |
| Nongame wildlife fund | 12,600 |
| Off-road vehicle trail improvement fund | 2,900 |
| Park improvement fund | 2,370,600 |
| Publications revenue | 500 |
| Recreation improvement fund | 12,700 |
| Snowmobile registration fee revenue | 4,400 |
| Snowmobile trail improvement fund | 34,700 |
| State general fund/general purpose | \$ 1,033,300 |
| Sec. 103. ADMINISTRATIVE SERVICES (RESOURCE CONSERVATION) | |
| Full-time equated classified positions | 81.0 |
| Budget and support services—10.0 FTE positions | \$ 972,400 |
| Financial services—27.0 FTE positions | 2,560,400 |
| Grants management—15.0 FTE positions | 1,274,200 |
| Human resources—21.0 FTE positions | 2,091,500 |
| Human resources optimization user charges | 88,600 |
| Internal audit—8.0 FTE positions | 807,500 |
| GROSS APPROPRIATION | \$ 7,794,600 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|--------------------------------------------------------------|----------------------|
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG, MacMullan conference center revenue | 14,200 |
| Federal revenues: | |
| DOI, federal | 343,500 |
| Special revenue funds: | |
| Aircraft fees | 3,100 |
| Air photo fees - geographic information system | 700 |
| Clean Michigan initiative fund | 54,100 |
| Commercial forest fund | 1,800 |
| Forest development fund | 670,000 |
| Forestland user charges | 1,000 |
| Forest recreation fund | 57,500 |
| Game and fish protection fund | 1,534,100 |
| Game and fish protection fund - deer habitat reserve | 49,700 |
| Game and fish protection fund - fisheries settlement | 25,700 |
| Game and fish protection fund - turkey permit fees | 39,200 |
| Game and fish protection fund - waterfowl fees | 800 |
| Game and fish - wildlife resource protection fund | 41,500 |
| Harbor development fund | 11,300 |
| Land exchange facilitation fund | 32,000 |
| Marine safety fund | 183,300 |
| Michigan civilian conservation corps endowment fund | 49,500 |
| Michigan natural resources trust fund | 883,100 |
| Michigan state parks endowment fund | 119,900 |
| Michigan state waterways fund | 480,400 |
| Nongame wildlife fund | 22,100 |
| Off-road vehicle trail improvement fund | 66,300 |
| Park improvement fund | 1,675,800 |
| Publications revenue | 3,100 |
| Recreation improvement fund | 16,700 |
| Shop fees | 400 |
| Snowmobile registration fee revenue | 136,300 |
| Snowmobile trail improvement fund | 188,700 |
| State general fund/general purpose | \$ 1,088,800 |
| Sec. 104. LAND AND FACILITIES (RESOURCE CONSERVATION) | |
| Full-time equated classified positions | 134.2 |
| Land and facilities—134.2 FTE positions | \$ 19,609,600 |
| GROSS APPROPRIATION | \$ 19,609,600 |
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG, engineering services to work orders | 1,566,600 |
| IDG, land acquisition services to work orders | 706,500 |
| IDG, MacMullan conference center revenue | 1,346,700 |
| Federal revenues: | |
| Special revenue funds: | |
| Aircraft fees | 122,300 |
| Forest development fund | 1,631,200 |
| Forestland user charges | 12,700 |
| Forest recreation fund | 10,400 |
| Game and fish protection fund | 7,245,500 |
| Land exchange facilitation fund | 5,731,200 |
| Marine safety fund | 91,200 |
| Michigan natural resources trust fund | 60,600 |
| Michigan state waterways fund | 299,300 |
| Off-road vehicle trail improvement fund | 22,700 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|-------------------------------------------------------------------------|---------------------------------------------|
| Park improvement fund..... | 509,700 |
| Snowmobile trail improvement fund..... | 13,900 |
| State general fund/general purpose | \$ 239,100 |
| Sec. 105. DEPARTMENTAL OPERATION SUPPORT (RESOURCE CONSERVATION) | |
| Building occupancy charges..... | \$ 2,071,600 |
| Rent - privately owned property | 485,600 |
| Gifts and bequests..... | 500,000 |
| GROSS APPROPRIATION..... | \$ 3,057,200 |
| Appropriated from: | |
| Special revenue funds: | |
| Private - gift revenues..... | 500,000 |
| Forest development fund..... | 957,300 |
| Forest recreation fund..... | 20,400 |
| Game and fish protection fund..... | 475,900 |
| Game and fish protection fund - deer habitat reserve..... | 20,800 |
| Game and fish protection fund - fisheries settlement | 6,700 |
| Game and fish protection fund - turkey permit fees..... | 25,000 |
| Game and fish - wildlife resource protection fund..... | 7,500 |
| Marine safety fund..... | 46,100 |
| Michigan natural resources trust fund..... | 66,700 |
| Michigan state parks endowment fund..... | 213,100 |
| Michigan state waterways fund..... | 237,600 |
| Park improvement fund..... | 316,700 |
| Snowmobile trail improvement fund..... | 21,600 |
| State general fund/general purpose | \$ 141,800 |
| Sec. 106. WILDLIFE MANAGEMENT (RESOURCE CONSERVATION) | |
| Full-time equated classified positions..... | 192.0 |
| Wildlife administration—14.5 FTE positions..... | \$ 1,606,200 |
| Wildlife management—168.5 FTE positions..... | 24,567,800 |
| Natural resources heritage—9.0 FTE positions | 1,366,700 |
| State game and wildlife area maintenance..... | 500,000 |
| GROSS APPROPRIATION..... | \$ 28,040,700 |
| Appropriated from: | |
| Federal revenues: | |
| DAG, federal | 97,900 |
| DOI, federal..... | 11,112,200 |
| EPA, federal..... | 1,000 |
| Special revenue funds: | |
| Private funds..... | 108,500 |
| Cervidae licensing and inspection fees..... | 95,700 |
| Game and fish protection fund..... | 10,085,000 |
| Game and fish protection fund - deer habitat reserve..... | 2,299,500 |
| Game and fish protection fund - turkey permit fees..... | 1,580,400 |
| Game and fish protection fund - waterfowl fees | 98,200 |
| Forest development fund..... | 60,000 |
| Nongame wildlife fund | 611,200 |
| State general fund/general purpose | \$ 1,891,100 |
| Sec. 107. FISHERIES MANAGEMENT (RESOURCE CONSERVATION) | |
| Full-time equated classified positions..... | 225.0 |
| Aquatic resource mitigation—3.0 FTE positions..... | \$ 890,900 |
| Fisheries administration—10.0 FTE positions..... | 1,055,200 |
| Fish production—62.0 FTE positions..... | 8,126,100 |
| Fisheries resource management—150.0 FTE positions | 17,232,000 |
| GROSS APPROPRIATION..... | \$ 27,304,200 |

For Fiscal Year
Ending Sept. 30,
2006

Appropriated from:

Federal revenues:

| | |
|-------------------|-----------|
| DOC, federal..... | 50,300 |
| DOE, federal..... | 1,000 |
| DOI, federal..... | 8,231,100 |
| EPA, federal..... | 155,800 |

Special revenue funds:

| | |
|-----------------------------------------------------------|------------|
| Private funds..... | 109,700 |
| Game and fish protection fund..... | 17,866,400 |
| Game and fish protection fund - fisheries settlement..... | 889,900 |
| State general fund/general purpose..... | \$ 0 |

Sec. 108. PARKS AND RECREATION (RESOURCE CONSERVATION, THRIVING ECONOMY)

| | | |
|-------------------------------------------------------------|-------|----------------------|
| Full-time equated classified positions..... | 785.7 | |
| Michigan civilian conservation corps—3.0 FTE positions..... | | \$ 1,058,800 |
| Recreational boating—201.5 FTE positions..... | | 13,680,500 |
| State parks—581.2 FTE positions..... | | 41,289,500 |
| State parks improvement revenue bonds - debt service..... | | 1,107,900 |
| GROSS APPROPRIATION..... | | \$ 57,136,700 |

Appropriated from:

Interdepartmental grant revenues:

Federal revenues:

| | |
|-------------------|---------|
| EPA, federal..... | 113,800 |
|-------------------|---------|

Special revenue funds:

| | |
|----------------------------------------------------------|------------|
| Private funds..... | 344,200 |
| Harbor development fund..... | 270,000 |
| Michigan civilian conservation corps endowment fund..... | 1,058,800 |
| Michigan state parks endowment fund..... | 11,426,200 |
| Michigan state waterways fund..... | 13,410,500 |
| Off-road vehicle trail improvement fund..... | 230,100 |
| Park improvement fund..... | 30,283,100 |
| State general fund/general purpose..... | \$ 0 |

Sec. 109. FOREST, MINERAL, AND FIRE MANAGEMENT (RESOURCE CONSERVATION, THRIVING ECONOMY)

| | | |
|-------------------------------------------------------|-------|----------------------|
| Full-time equated classified positions..... | 342.5 | |
| Adopt-a-forest program..... | | \$ 25,000 |
| Cooperative resource programs—10.5 FTE positions..... | | 2,573,200 |
| Forest and timber treatments—121.0 FTE positions..... | | 15,738,800 |
| Forest fire equipment..... | | 1,700,000 |
| Forest fire protection—133.5 FTE positions..... | | 10,421,400 |
| Forest management initiatives—9.2 FTE positions..... | | 889,000 |
| Forest management planning—18.0 FTE positions..... | | 5,453,300 |
| Forest recreation and trails—33.0 FTE positions..... | | 4,872,400 |
| Minerals management—17.3 FTE positions..... | | 2,081,900 |
| GROSS APPROPRIATION..... | | \$ 43,755,000 |

Appropriated from:

Federal revenues:

| | |
|-------------------|-----------|
| DAG, federal..... | 2,243,100 |
| DOI, federal..... | 2,000 |
| EPA, federal..... | 1,000 |

Special revenue funds:

| | |
|-----------------------------------------------------|------------|
| Private funds..... | 877,700 |
| Aircraft fees..... | 119,400 |
| Air photo fees - geographic information system..... | 26,300 |
| Commercial forest fund..... | 45,000 |
| Forest development fund..... | 26,610,000 |
| Forestland user charges..... | 284,400 |
| Forest recreation fund..... | 1,146,600 |

| | For Fiscal Year Ending Sept. 30, 2006 |
|-----------------------------------------------------------------------|---------------------------------------------|
| Game and fish protection fund | 1,605,800 |
| Michigan natural resources trust fund | 1,079,700 |
| Michigan state parks endowment fund | 532,500 |
| Michigan state waterways fund | 364,600 |
| Off-road vehicle trail improvement fund | 389,500 |
| Recreation improvement fund | 305,200 |
| Shop fees | 63,300 |
| Snowmobile trail improvement fund | 2,093,500 |
| State general fund/general purpose | \$ 5,965,400 |
| Sec. 110. LAW ENFORCEMENT (RESOURCE CONSERVATION) | |
| Full-time equated classified positions | 267.5 |
| General law enforcement—257.5 FTE positions | \$ 27,111,100 |
| Wildlife resource protection—10.0 FTE positions | 1,588,300 |
| GROSS APPROPRIATION | \$ 28,699,400 |
| Appropriated from: | |
| Federal revenues: | |
| DHS-USCG, federal | 2,689,600 |
| DOC, federal | 16,700 |
| DOI, federal | 1,189,300 |
| Special revenue funds: | |
| Forest recreation fund | 55,400 |
| Game and fish protection fund | 17,474,600 |
| Game and fish - wildlife resource protection fund | 1,477,500 |
| Marine safety fund | 1,460,100 |
| Off-road vehicle trail improvement fund | 1,141,600 |
| Park improvement fund | 55,400 |
| Safety education fund | 56,100 |
| Snowmobile registration fee revenue | 941,100 |
| State general fund/general purpose | \$ 2,142,000 |
| Sec. 111. PAYMENTS IN LIEU OF TAXES (EFFECTIVE GOVERNMENT) | |
| Swamp and tax reverted lands | \$ 7,071,500 |
| Purchased lands | 5,050,000 |
| Commercial forest reserves | 2,662,600 |
| GROSS APPROPRIATION | \$ 14,784,100 |
| Appropriated from: | |
| Special revenue funds: | |
| Game and fish protection fund | 2,040,000 |
| Michigan natural resources trust fund | 520,000 |
| Michigan state waterways fund | 140,000 |
| State general fund/general purpose | \$ 12,084,100 |
| Sec. 112. GRANTS (RESOURCE CONSERVATION, EFFECTIVE GOVERNMENT) | |
| Federal - clean vessel act grants | \$ 100,000 |
| Federal - forest stewardship grants | 625,000 |
| Federal - land and water conservation fund payments | 2,566,900 |
| Federal - rural community fire protection | 300,000 |
| Federal - urban forestry grants | 4,000,000 |
| Grants to communities - federal oil, gas, and timber payments | 3,450,000 |
| National recreational trails | 1,850,000 |
| Game and nongame wildlife fund grants | 10,000 |
| Grant to counties-marine safety | 2,805,000 |
| Inland fisheries resources grants | 200,000 |
| Off-road vehicle safety training grants | 150,000 |
| Off-road vehicle trail improvement grants | 2,357,400 |
| Recreation improvement fund grants | 1,100,000 |
| Snowmobile law enforcement grants | 1,142,000 |
| Snowmobile local grants program | 7,314,000 |
| GROSS APPROPRIATION | \$ 27,970,300 |

For Fiscal Year
Ending Sept. 30,
2006

| | |
|-----------------------------------------------------------------|---------------------|
| Appropriated from: | |
| Federal revenues: | |
| DAG, federal | 4,825,000 |
| DOI, federal | 2,666,900 |
| DOI, oil and gas royalty revenue | 150,000 |
| DOI, timber revenue | 3,300,000 |
| DOT, federal | 1,800,000 |
| Special revenue funds: | |
| Private funds | 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 | 2,357,400 |
| 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 (RESOURCE CONSERVATION) | |
| Information technology services and projects | \$ 8,704,200 |
| GROSS APPROPRIATION | \$ 8,704,200 |

| | |
|------------------------------------------------------------|--------------|
| Appropriated from: | |
| Interdepartmental grant revenues: | |
| IDG, MacMullan conference center revenue | 34,400 |
| Special revenue funds: | |
| Air photo fees - geographic information system | 5,200 |
| Commercial forest fund | 1,500 |
| Forest development fund | 1,744,200 |
| Forestland user charges | 12,800 |
| Forest recreation fund | 70,000 |
| Game and fish protection fund | 2,045,500 |
| Game and fish protection fund - deer habitat reserve | 102,300 |
| Game and fish protection fund - fisheries settlement | 34,000 |
| Game and fish protection fund - turkey permit fees | 82,700 |
| Game and fish - wildlife resource protection fund | 64,900 |
| Harbor development fund | 5,500 |
| Land exchange facilitation fund | 116,100 |
| Marine safety fund | 100,200 |
| Michigan civilian conservation corps endowment fund | 28,600 |
| Michigan natural resources trust fund | 651,300 |
| Michigan state parks endowment fund | 41,300 |
| Michigan state waterways fund | 678,400 |
| Nongame wildlife fund | 29,400 |
| Park improvement fund | 1,746,500 |
| Recreation improvement fund | 9,900 |
| Snowmobile registration fee revenue | 33,700 |
| Snowmobile trail improvement fund | 58,200 |
| State general fund/general purpose | \$ 1,007,600 |

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 2005-2006 is \$228,171,600.00 and state spending from state resources to be paid to local units of government for fiscal year 2005-2006 is \$28,662,500.00. 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 | 5,050,000 |
| 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 | 2,357,400 |
| Recreation improvement fund grants..... | 110,000 |
| Snowmobile law enforcement grants..... | 1,142,000 |
| Snowmobile local grants program..... | 7,314,000 |
| TOTAL | \$ 28,662,500 |

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) "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.
- (l) "USCG" means the United States coast guard.

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

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

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause 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. 207. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

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

Sec. 209. 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, 2005 and September 30, 2006.

Sec. 211. (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, 2006:

- (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, 2005.

(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, 2006.

Sec. 212. 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 | \$ 293,200 |
| Legislative auditor general | 21,400 |
| Attorney general | 704,600 |
| Department of management and budget | 220,900 |
| Department of treasury..... | 4,200 |

Sec. 213. (1) Before January 16, 2006, the department, in cooperation with the Michigan state waterways commission, shall report to the state budget director, the senate and house fiscal agencies, and the senate and house of representatives appropriations subcommittees on natural resources detailing operations of the Michigan state waterways commission for the preceding 1-year period.

(2) The department, in cooperation with the Michigan state waterways commission, shall determine which projects should be acquired or developed with money from the state waterways fund or harbor development fund and shall submit to the state budget director, the senate and house fiscal agencies, and the senate and house of representatives appropriations subcommittees on natural resources in January 2006 a list of those projects, compiled in order of priority. The list shall be accompanied by estimates of total costs for the proposed projects.

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

Sec. 214. 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, 2006. This plan shall include a cost allocation plan for financial services support, office space rent and building occupancy charges, support division service for information systems and technology, and a methodology to use information generated through activity reports that identifies the percentage of employee time spent on restricted fund activities.

Sec. 215. Pursuant to section 43703(3) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.43703, there is appropriated from the game and fish protection trust fund to the game and fish protection fund, \$6,000,000.00 for the fiscal year ending September 30, 2006.

Sec. 216. 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. 217. 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. 218. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2006 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. 219. 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.

Sec. 220. The department shall not take disciplinary action against an employee for communicating with a member of the legislature or his or her staff.

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, 2006, 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, 2006, 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 for the department of community health. In addition, the fishing guide shall include information on alternative sources where interested parties without Internet access may find information on fish advisories issued by the department of community health.

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

Sec. 406. As a condition of expenditure of appropriations under part 1, the department shall make available for sale any turkey hunting licenses not allotted through the annual lottery sale process before the beginning day of the turkey hunting season.

WILDLIFE MANAGEMENT

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

Sec. 502. By September 30, 2006, the department shall submit to the state budget director, the chairs of the senate and house appropriations subcommittees on natural resources, and the senate and house fiscal agencies a report on the population of bobcats in the Lower Peninsula of the state and the impact of bobcat harvest on the population. The department and the commission are urged to prohibit the trapping of bobcats in the Lower Peninsula until the report is released.

Sec. 503. From the funds appropriated in part 1, the department shall consult with other states, provinces, and relevant nonprofit organizations in the Great Lakes basin and create a regional action plan to manage the cormorant, including the potential for lethal control. By December 31, 2005, the department shall submit the action plan to the state budget director, the senate and house appropriations committees, and the senate and house fiscal agencies.

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.

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, 2006.

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, 2006.

(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, 2006, 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 2005-2006 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. By July 1, 2006, the department shall submit to the state budget director, the chairs of the senate and house appropriations subcommittees on natural resources, and the senate and house fiscal agencies a report on the viability of adopting a corporate sponsorship program in selected areas within state parks, including details of such a program. The department shall work with the state park advisory committee in preparing the report.

FOREST, MINERAL, AND FIRE MANAGEMENT

Sec. 801. The appropriation for the adopt-a-forest program in part 1 shall be used to cover the cost of disposing of waste material collected from state forestlands.

Sec. 802. 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. 803. As a condition of expenditure of appropriations in part 1 from forest development funds, on October 15, 2005 the department shall provide \$1,000,000.00 from cooperative resources programs as an interdepartmental grant to the department of agriculture for the cooperative resources management initiative program for the purposes of supporting forestry programs in local conservation districts.

Sec. 804. 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 2006, 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 2004 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 appropriation subcommittees on natural resources and the standing committees of the senate and house of representatives with primary responsibility for natural resources issues.

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 804.

Sec. 806. From the funds appropriated in part 1, the department shall develop a motorized snowmobile trail connecting Gaylord and Cheboygan.

Sec. 807. The department shall submit to the senate and house standing committees on natural resources and the senate and house appropriations subcommittees on natural resources and the senate and house fiscal agencies by May 1, 2006 a report that provides a comprehensive plan to expand current off-road vehicle trail mileage by at least 25% over the next 4 years.

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 fund 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.

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, 2005, 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, 2005.

Sec. 1102. The use of federal funding received by the state from the land and water conservation fund and appropriated in part 1 shall be coordinated with state grants to local units of government from the Michigan natural resources trust fund. The coordination of the 2 funding sources shall be conducted in a manner that minimizes the total matching funds required from local units of government for local land acquisition or recreational development projects.

ARTICLE 19 MISCELLANEOUS PART 1

Sec. 501. As used in this act:

- (a) "Effective government" means government is effective, efficient, and accountable.
- (b) "Health" means people are healthy.
- (c) "Kids succeeding" means kids are succeeding in school.
- (d) "Mobility" means people and goods move around the state quickly and efficiently.
- (e) "Prepared for jobs" means people are prepared for jobs and the new economy.
- (f) "Resource conservation" means our natural resources are conserved and protected.
- (g) "Safety" means people are safe where they live, work, and play.
- (h) "Thriving economy" means the economy is thriving and people are working.
- (i) "Vulnerable" means the most vulnerable live free from harm and as self-sufficiently as possible.

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

A bill to make, supplement, adjust, and consolidate appropriations for various state departments and agencies for the fiscal year ending September 30, 2006; to supplement and adjust certain appropriations for the fiscal year ending September 30, 2005; to provide for certain conditions on appropriations; and to provide for the expenditure of the appropriations.

Scott Hummel
John Pastor
Gretchen Whitmer
Conferees for the House

Shirley Johnson
Tony Stamas
Michael Prusi
Conferees for the Senate

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

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

The motion prevailed.

The question being on the adoption of the conference report,

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

Roll Call No. 426**Yeas—109**

| | | | |
|--------------|-------------|---------------|-----------------|
| Accavitti | Emmons | Law, Kathleen | Proos |
| Acciavatti | Espinoza | Leland | Robertson |
| Adamini | Farhat | Lemmons, III | Rocca |
| Amos | Farrah | Lemmons, Jr. | Sak |
| Anderson | Gaffney | Lipsey | Schuitmaker |
| Angerer | Garfield | Marleau | Shaffer |
| Ball | Gillard | Mayes | Sheen |
| Baxter | Gleason | McConico | Sheltrown |
| Bennett | Gonzales | McDowell | Smith, Alma |
| Bieda | Gosselin | Meisner | Smith, Virgil |
| Booher | Green | Meyer | Spade |
| Brandenburg | Hansen | Miller | Stahl |
| Brown | Hildenbrand | Moolenaar | Stakoe |
| Byrnes | Hood | Moore | Steil |
| Byrum | Hoogendyk | Mortimer | Stewart |
| Casperson | Hopgood | Murphy | Taub |
| Caswell | Huizenga | Newell | Tobocman |
| Caul | Hummel | Nitz | Vagnozzi |
| Cheeks | Hune | Nofs | Van Regenmorter |
| Clack | Hunter | Palmer | Vander Veen |
| Clemente | Jones | Palsrok | Walker |
| Condino | Kahn | Pastor | Waters |
| Cushingberry | Kehrl | Pavlov | Wenke |
| DeRoche | Kolb | Pearce | Whitmer |
| Dillon | Kooiman | Phillips | Williams |
| Donigan | LaJoy | Plakas | Wojno |
| Drolet | Law, David | Polidori | Zelenko |
| Elsenheimer | | | |

Nays—0

In The Chair: Kooiman

First Conference Report

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

House Bill No. 4887, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 4, 6, 11, 11a, 11f, 11g, 11j, 18, 19, 20, 20j, 22a, 22b, 22d, 24, 25, 26a, 31a, 31d, 32d, 32j, 39, 39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 98b, 107, 147, 158b, and 164c (MCL 388.1604, 388.1606, 388.1611, 388.1611a, 388.1611f, 388.1611g, 388.1611j, 388.1618, 388.1619, 388.1620, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1625, 388.1626a, 388.1631a, 388.1631d, 388.1632d, 388.1632j, 388.1639, 388.1639a, 388.1641, 388.1641a, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1698b, 388.1707, 388.1747, 388.1758b, and 388.1764c), sections 4, 6, 11f, 11g, 11j, 19, 20, 20j, 22a, 22b, 24, 26a, 31d, 32d, 32j, 39a, 41, 41a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 107, 147, and 158b as amended and section 22d as added by 2004 PA 351, sections 11 and 51a as amended by 2004 PA 518, section 11a as added by 2003 PA 158, section 18 as amended by 2004 PA 414, section 25 as amended by 2000 PA 297, sections 31a and 98b as amended by 2004 PA 593, section 39 as amended by 2002 PA 191, and section 164c as added by 1995 PA 130, and by adding sections 26b, 32l, 33, 54a, 91, 99a, and 99b; 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, 4, 6, 11, 11a, 11f, 11g, 11j, 15, 18, 19, 20, 20j, 22a, 22b, 22d, 24, 25, 26a, 31a, 31d, 32c, 32d, 32j, 37, 39, 39a, 41, 41a, 51a, 51c, 51d,

53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 98b, 99, 101, 105, 105c, 107, 147, 158b, 164c, and 167 (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611a, 388.1611f, 388.1611g, 388.1611j, 388.1615, 388.1618, 388.1619, 388.1620, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1625, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1632j, 388.1637, 388.1639, 388.1639a, 388.1641, 388.1641a, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1698b, 388.1699, 388.1701, 388.1705, 388.1705c, 388.1707, 388.1747, 388.1758b, 388.1764c, and 388.1767), sections 3, 4, 6, 11f, 11g, 15, 19, 20, 20j, 24, 26a, 31d, 32c, 32d, 32j, 37, 39a, 41, 41a, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 99, 107, 147, and 158b as amended and section 22d as added by 2004 PA 351, sections 11, 11a, 11j, 22a, 22b, 51a, and 51c as amended by 2005 PA 98, section 18 as amended by 2004 PA 414, sections 25 and 105c as amended by 2000 PA 297, sections 31a and 98b as amended by 2004 PA 593, section 39 as amended by 2002 PA 191, section 101 as amended by 2005 PA 41, section 105 as amended by 2003 PA 158, section 164c as added by 1995 PA 130, and section 167 as amended by 2000 PA 89, and by adding sections 11k, 26b, 31b, 31f, 32l, 33, 54a, and 99b; 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)(CC)**, means 92% of the membership as defined in section 6(4).

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

(3) "Center" means the center for educational performance and information created in section 94a.

(4) "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 sections 107 and 107b, 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, 31a, 105, and 105c, a public school academy. Except in sections 6(4), 6(6), 13, 20, 22a, 105, and 105c, district also includes a university school.

(7) "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. 4. (1) "Elementary pupil" means a pupil in membership in grades K to 8 in a district not maintaining classes above the eighth grade or in grades K to 6 in a district maintaining classes above the eighth grade.

(2) "Extended school year" means an educational program conducted by a district in which pupils must be enrolled but not necessarily in attendance on the pupil membership count day in an extended year program. The mandatory ~~days of student instruction and prescribed~~ clock hours shall be completed by each pupil not more than 365 calendar days after the pupil's first day of classes for the school year prescribed. The department shall prescribe pupil, personnel, and other reporting requirements for the educational program.

(3) "Fiscal year" means the state fiscal year that commences October 1 and continues through September 30.

(4) "General educational development testing preparation program" means a program that has high school level courses in English language arts, social studies, science, and mathematics and that prepares a person to successfully complete the general educational development (GED) test.

(5) "High school pupil" means a pupil in membership in grades 7 to 12, except in a district not maintaining grades above the eighth grade.

Sec. 6. (1) "Center program" means a program operated by a district or intermediate district for special education pupils from several districts in programs for the autistically impaired, trainable mentally impaired, severely mentally impaired, severely multiply impaired, hearing impaired, physically and otherwise health impaired, and visually impaired. Programs for emotionally impaired pupils housed in buildings that do not serve regular education pupils also qualify. Unless otherwise approved by the department, a center program either shall serve all constituent districts within an intermediate district or shall serve several districts with less than 50% of the pupils residing in the operating district. In addition, special education center program pupils placed part-time in noncenter programs to comply with the least restrictive environment provisions of section 612 of part B of the individuals with disabilities education act, 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 ~~migrant and 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 ~~transferred to alternative programs~~ **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. **HOWEVER, BEGINNING IN 2006-2007, IF A PUPIL IS ELIGIBLE TO ENROLL IN KINDERGARTEN BUT IS ENROLLED IN A PREKINDERGARTEN, DEVELOPMENTAL KINDERGARTEN, OR SIMILAR CLASS, THE PUPIL SHALL NOT BE COUNTED AS A PUPIL IN MEMBERSHIP, AND THE COSTS ASSOCIATED WITH EDUCATING THE PUPIL SHALL INSTEAD BE REPORTED AND REIMBURSED UNDER SECTION 31B.**

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

(t) A pupil enrolled in a cooperative education program may be counted in membership in the pupil's district of residence with the written approval of all parties to the cooperative agreement.

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

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

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

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

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

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

(w) If a pupil was enrolled in a public school academy on the pupil membership count day, if the public school academy's contract with its authorizing body is revoked 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) FOR 2005-2006 ONLY, IF A PUPIL WHO HAS BEEN EVACUATED FROM ANOTHER STATE AND HAS RELOCATED IN THIS STATE DUE TO A NATURAL DISASTER ENROLLS IN A DISTRICT WITHIN 60 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.

(BB) 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.

(CC) 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.

(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 or legal ward.

However, if a district that is not a first class district educates pupils who reside in a first class district and if the primary instructional site for those pupils is located within the boundaries of the first class district, the educating district must have the approval of the first class district to count those pupils in membership. As used in this subsection, "first class district" means a district organized as a school district of the first class under the revised school code.

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

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

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

(i) Fourth Wednesday in July.

(ii) Fourth Wednesday in September.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

(8) "Pupils in grades K to 12 actually enrolled and in regular daily attendance" means pupils in grades K to 12 in attendance and receiving instruction in all classes for which they are enrolled on the pupil membership count day or the supplemental count day, as applicable. **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. ~~In addition, a~~ 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 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.** 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). 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. 11. (1) For the fiscal year ending September 30, 2005, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$10,907,222,200.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963, the sum of \$41,100,000.00 from the proceeds of capitalization of the school bond loan fund revolving fund, and the sum of \$165,200,000.00 from the general fund. **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2006, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE SUM OF \$11,257,600,000.00 FROM THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963, THE SUM OF \$44,500,000.00 FROM THE PROCEEDS OF CAPITALIZATION OF THE SCHOOL BOND LOAN FUND REVOLVING FUND, AND THE SUM OF \$62,714,000.00 FROM THE GENERAL FUND.** In addition, available federal funds are appropriated for each fiscal year.

(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, 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). ~~Subject to subsection (5), if~~ **IF** proration is necessary after 2002-2003, state payments under each of the other sections of this act from all state funding sources shall be prorated in the manner prescribed in subsection (4) as necessary to reflect the amount available for expenditure from the state school aid fund for the affected fiscal year. However, if the department of treasury determines that proration will be required under this subsection, 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) ~~Subject to subsection (5), if~~ **IF** proration is necessary, 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, 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, ~~and~~ 26a, **AND 26B**, on an equal percentage basis.

~~(5) Beginning in 2004-2005, if a district has an emergency financial manager in place under the local government fiscal responsibility act, 1990 PA 72, MCL 141.1201 to 141.1291, payments to that district are not subject to proration under this section.~~

~~(5)~~ ~~(6)~~ 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 EACH SCHOOL FISCAL YEAR FOR 2004-2005 AND FOR 2005-2006~~, there is transferred 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, ~~2005~~ **2006** 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, 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.”

Sec. 11g. (1) From the general fund appropriation in section 11, there is allocated **FOR THIS SECTION** an amount not to exceed ~~\$141,000.00~~ **\$34,961,000.00** for the fiscal year ending September 30, ~~2005~~ **2006**. There is allocated **FOR THIS SECTION** an amount not to exceed \$35,000,000.00 for each succeeding fiscal year through the fiscal year ending September 30, 2013. Payments under this section will cease after September 30, 2013. These allocations are for paying the amounts described in subsection (3) to districts and intermediate districts, other than those receiving a lump sum payment under section 11f(2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, submitted to the state treasurer a waiver resolution described in section 11f. The amounts paid under this section represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this section.

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

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

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

(b) If the district or intermediate district borrows money and issues bonds under section 11i, an additional amount in each fiscal year calculated by the department of treasury that, when added to the amount described in subdivision (a), will cause the net present value as of November 15, 1998 of the total of the 15 annual payments made to the district or intermediate district under this section, discounted at a rate as determined by the state treasurer, to equal the amount of the bonds issued by that district or intermediate district under section 11i and that will result in the total payments

made to all districts and intermediate districts in each fiscal year under this section being no more than the amount appropriated under this section in each fiscal year.

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

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

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

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

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

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

Sec. 11j. From the appropriation in section 11 from the proceeds of capitalization of the school bond loan fund revolving fund, there is allocated an amount not to exceed \$41,100,000.00 for 2004-2005, **AND THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$44,500,000.00 FOR 2005-2006**, 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 2004-2005 AND 2005-2006, 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. 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 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 2004-2005 AND 2005-2006 FOR PRIOR YEAR OBLIGATIONS IN EXCESS OF APPLICABLE PRIOR YEAR APPROPRIATIONS, AN AMOUNT EQUAL TO THE COLLECTION OF PRIOR YEAR OVERPAYMENTS, BUT NOT TO EXCEED AMOUNTS AVAILABLE FROM PRIOR YEAR OVERPAYMENTS.

Sec. 18. (1) Except as provided in another section of this act, each district or other entity shall apply the money received by the district or entity under this act to salaries and other compensation of teachers and other employees, tuition, transportation, lighting, heating, ventilation, water service, the purchase of textbooks which are designated by the board to be used in the schools under the board's charge, other supplies, and any other school operating expenditures defined in section 7. However, not more than 20% of the total amount received by a district under article 2 or intermediate district under article 8 may be transferred by the board to either the capital projects fund or to the debt retirement fund for debt service. The money shall not be applied or taken for a purpose other than as provided in this section. The department shall determine the reasonableness of expenditures and may withhold from a recipient of funds under this act the apportionment otherwise due for the fiscal year following the discovery by the department of a violation by the recipient.

(2) For the purpose of determining the reasonableness of expenditures and whether a violation of this act has occurred, the department shall require that each district and intermediate district have an audit of the district's or intermediate district's financial and pupil accounting records conducted at least annually at the expense of the district or intermediate district, as applicable, by a certified public accountant or by the intermediate district superintendent, as may be required by the department, or in the case of a district of the first class by a certified public accountant, the intermediate superintendent, or the auditor general of the city. An intermediate district's annual financial audit shall be accompanied by the intermediate district's pupil accounting procedures report. A district's or intermediate district's annual financial audit shall include an analysis of the financial and pupil accounting data used as the basis for distribution of state school aid. The pupil accounting records and reports, audits, and management letters are subject to requirements established in the auditing and accounting manuals approved and published by the department. Except as otherwise provided in this subsection, a district shall file the annual financial audit reports with the intermediate district not later than 120 days after the end of each school fiscal year and the intermediate district shall forward the annual financial audit reports for its constituent districts and for the intermediate district, and the pupil accounting procedures report for the pupil membership count day and supplemental count day, to the department not later than November 15 of each year. The annual financial audit reports and pupil accounting procedures reports shall be available to the public in compliance with the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. Not later than December 1 of each year, the department shall notify the state budget director and the legislative appropriations subcommittees responsible for review of the school aid budget of districts and intermediate districts that have not filed an annual financial audit and pupil accounting procedures report required under this section for the school year ending in the immediately preceding fiscal year.

(3) 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. ~~For~~ **EFFECTIVE WITH THE REPORT DUE ON NOVEMBER 15, 2006, 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.

(4) By September 30 of each year, each district and intermediate district shall file with the department the special education actual cost report, known as "SE-4096", on a form and in the manner prescribed by the department.

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

(6) Not later than July 1, 1999, the department shall approve and publish pupil accounting and pupil auditing manuals. The department shall review those manuals at least annually and shall periodically update those manuals to reflect changes in this act. The pupil accounting manuals in effect for the 1996-97 school year, including subsequent revisions issued by the superintendent, shall be the interim manuals in effect until new manuals are approved and published. However, the clarification of class-by-class accounting provided in the department's April 15, 1998 memorandum on pupil accounting procedures shall be excluded from the interim manuals.

(7) If a district that is a public school academy purchases property using money received under this act, the public school academy shall retain ownership of the property unless the public school academy sells the property at fair market value.

(8) If a district or intermediate district does not comply with subsection (2), (3), (4), or (5), the department shall withhold all state school aid due to the district or intermediate district under this act, beginning with the next payment due to the district or intermediate district, until the district or intermediate district complies with subsections (2), (3), (4), and (5). If the district or intermediate district does not comply with subsections (2), (3), (4), and (5) by the end of the fiscal year, the district or intermediate district forfeits the amount withheld.

Sec. 19. (1) A district shall comply with 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. The center shall calculate an annual graduation and pupil dropout rate for each high school, each district, and this state, in compliance with nationally recognized standards for these calculations. The center shall report all graduation and dropout rates to the senate and house education committees and appropriations committees, the state budget director, and the department not later than ~~June 1 of each year~~ **30 DAYS AFTER THE PUBLICATION OF THE LIST DESCRIBED IN SUBSECTION (8).**

(5) ~~A 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) ~~A 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 2003-2004 and for 2004-2005, the basic foundation allowance is \$6,700.00 per membership pupil. **FOR 2005-2006, THE BASIC FOUNDATION ALLOWANCE IS \$6,875.00.**

(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) Except as otherwise provided in this subsection, for a district that in the immediately preceding state fiscal year had a foundation allowance in an amount at least equal to the amount of the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year in the basic foundation allowance. However, for 2002-2003, the foundation allowance for a district under this subdivision is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus \$200.00.

(b) For a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of the increase in the basic foundation allowance for the current state fiscal year, as compared to the immediately preceding state fiscal year, or the product of the district's foundation allowance for the immediately preceding state fiscal year times the percentage increase in the United States consumer price index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b. For 2002-2003, for a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of \$200.00 or the product of the district's foundation allowance for the immediately preceding state fiscal year times the percentage increase in the United States consumer price index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b.

(c) For a district that has a foundation allowance that is not a whole dollar amount, the district's foundation allowance shall be rounded up to the nearest whole dollar.

(d) For a district that received a payment under former section 22c for 2001-2002, the district's 2001-2002 foundation allowance shall be considered to have been an amount equal to the sum of the district's actual 2001-2002 foundation allowance as otherwise calculated under this section plus the per pupil amount of the district's equity payment for 2001-2002 under former section 22c.

(4) Except as otherwise provided in this subsection, the state portion of a district's foundation allowance is an amount equal to the district's foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a principal residence or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils. For a district described in subsection (3)(b), the state portion of the district's foundation allowance is an amount equal to \$6,962.00 plus the difference between the district's foundation allowance for the current state fiscal year and the district's foundation allowance for 1998-99, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a principal residence or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership excluding special education pupils. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur. The \$6,500.00 amount prescribed in this subsection shall be adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, 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 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, 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, 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 ~~2004-2005~~ **2005-2006**, the index shall be 1.00. If a consensus index is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(14) If the principals at the revenue estimating conference reach a consensus on the index described in subsection (13)(c), the basic foundation allowance for the subsequent state fiscal year shall be at least the amount of that consensus index multiplied by the basic foundation allowance specified in subsection (1).

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

(16) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00, that had fewer than 7 pupils in membership in the 1993- 94 state fiscal year, that has at least 1 child educated in the district in the current state fiscal year, and that levies the number of mills of school operating taxes authorized for the district under section 1211 of the revised school code, MCL 380.1211, a minimum amount of combined state and local revenue shall be calculated for the district as provided under this subsection. The minimum amount of combined state and local revenue for 1999-2000 shall be \$67,000.00 plus the district's additional expenses to educate pupils in grades 9 to 12 educated in other districts as determined and allowed by the department. The minimum amount of combined state and local revenue under this subsection, before adding the additional expenses, shall increase each fiscal year by the same percentage increase as the percentage increase in the basic foundation allowance from the immediately preceding fiscal year to the current fiscal year. The state portion of the minimum amount of combined state and local revenue under this subsection shall be calculated by subtracting from the minimum amount of combined state and local revenue under this subsection the sum of the district's local school operating revenue and an amount equal to the product of the sum of the state portion of the district's foundation allowance plus the amount calculated under section 20j times the district's membership. As used in this subsection, "additional expenses" means the district's expenses for tuition or fees, not to exceed \$6,500.00 as adjusted each year by an amount equal to the dollar amount of the difference between the basic foundation allowance for the current state fiscal year and \$5,000.00, minus \$200.00, plus a room and board stipend not to exceed \$10.00 per school day for each pupil in grades 9 to 12 educated in another district, as approved by the department.

(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. 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) For a district that is a qualifying school district with a school reform board in place under part 5a of the revised school code, MCL 380.371 to 380.376, the district's foundation allowance for 2002-2003 shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of \$15,000,000.00 divided by the district's membership for 2002-2003. If a district ceases to meet the requirements of this subsection, the department shall adjust the district's foundation allowance in effect at that time

based on a 2002-2003 foundation allowance for the district that does not include the 2002-2003 adjustment under this subsection. **THIS SUBSECTION ONLY APPLIES FOR 2002-2003, 2003-2004, AND 2004-2005. BEGINNING IN 2005-2006, THE FOUNDATION ALLOWANCE OF A DISTRICT THAT RECEIVED AN ADJUSTMENT UNDER THIS SUBSECTION FOR THOSE FISCAL YEARS SHALL BE CALCULATED AS IF THOSE ADJUSTMENTS DID NOT OCCUR.**

(21) Payments to districts, university schools, or public school academies shall not be made under this section. Rather, the calculations under this section shall be used to determine the amount of state payments under section 22b.

(22) If an amendment to section 2 of article VIII of the state constitution of 1963 allowing state aid to some or all nonpublic schools is approved by the voters of this state, each foundation allowance or per pupil payment calculation under this section may be reduced.

(23) As used in this section:

(a) "Combined state and local revenue" means the aggregate of the district's state school aid received by or paid on behalf of the district under this section and the district's local school operating revenue.

(b) "Combined state and local revenue per membership pupil" means the district's combined state and local revenue divided by the district's membership excluding special education pupils.

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

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

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

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

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

(h) "Principal residence" and "qualified agricultural property" mean those terms as defined in section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd.

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

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

(k) "Taxable value per membership pupil" means taxable value, as certified by the department of treasury, for the calendar year ending in the current state fiscal year divided by the district's membership excluding special education pupils for the school year ending in the current state fiscal year.

Sec. 20j. (1) Foundation allowance supplemental payments for ~~2004-2005~~ **2005-2006** to districts that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00 shall be calculated under this section.

(2) The per pupil allocation to each district under this section shall be the difference between the dollar amount of the adjustment from the 1998-99 state fiscal year to the current state fiscal year in the basic foundation allowance minus the dollar amount of the adjustment from the 1998-99 state fiscal year to the current state fiscal year 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 \$6,615,000,000.00 for 2004-2005 **AND AN AMOUNT NOT TO EXCEED \$6,459,000,000.00 FOR 2005-2006** for payments to districts, qualifying university schools, and qualifying public school academies to guarantee each district, qualifying university school, and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the payments under this section. Funds allocated under this section that are not expended in the state

fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal year.

(2) To ensure that a district receives an amount equal to the district's 1994-95 total state and local per pupil revenue for school operating purposes, there is allocated to each district a state portion of the district's 1994-95 foundation allowance in an amount calculated as follows:

(a) Except as otherwise provided in this subsection, the state portion of a district's 1994-95 foundation allowance is an amount equal to the district's 1994-95 foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur.

(b) For a district that had a 1994-95 foundation allowance greater than \$6,500.00, the state payment under this subsection shall be the sum of the amount calculated under subdivision (a) plus the amount calculated under this subdivision. The amount calculated under this subdivision shall be equal to the difference between the district's 1994-95 foundation allowance minus \$6,500.00 and the current year hold harmless school operating taxes per pupil. If the result of the calculation under subdivision (a) is negative, the negative amount shall be an offset against any state payment calculated under this subdivision. If the result of a calculation under this subdivision is negative, there shall not be a state payment or a deduction under this subdivision. The taxable values per membership pupil used in the calculations under this subdivision are as adjusted by ad valorem property tax revenue captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership.

(3) 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 \$2,923,200,000.00 for 2004-2005 **AND AN AMOUNT NOT TO EXCEED \$3,197,736,800.00 FOR 2005-2006** 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 administer in each grade level that it operates in grades 1 to 5 a standardized assessment approved by the department of grade-appropriate basic educational skills. A district may use the Michigan literacy progress profile to satisfy this requirement for grades 1 to 3. Also, if the revised school code is amended to require annual assessments at additional grade levels, in order to receive an allocation under this section each district shall comply with that requirement.

(4) From the allocation in subsection (1), the department shall pay up to \$1,000,000.00 in litigation costs incurred by this state associated with lawsuits filed by 1 or more districts or intermediate districts against this state. If the allocation under this section is insufficient to fully fund all payments required under this section, the payments under this subsection shall be made in full before any proration of remaining payments under this section.

(5) It is the intent of the legislature that all constitutional obligations of this state have been fully funded under sections 22a, 31d, 51a, and 51c. If a claim is made by an entity receiving funds under this act that challenges the legislative determination of the adequacy of this funding or alleges that there exists an unfunded constitutional requirement, the state budget director may escrow or allocate from the discretionary funds for nonmandated payments under this section the amount as may be necessary to satisfy the claim before making any payments to districts under subsection (2). If funds are escrowed, the escrowed funds are a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of litigation. The work project shall be completed upon resolution of the litigation.

(6) If the local claims review board or a court of competent jurisdiction makes a final determination that this state is in violation of section 29 of article IX of the state constitution of 1963 regarding state payments to districts, the state budget director shall use work project funds under subsection (5) or allocate from the discretionary funds for nonmandated payments under this section the amount as may be necessary to satisfy the amount owed to districts before making any payments to districts under subsection (2).

(7) If a claim is made in court that challenges the legislative determination of the adequacy of funding for this state's constitutional obligations or alleges that there exists an unfunded constitutional requirement, any interested party may seek an expedited review of the claim by the local claims review board. If the claim exceeds \$10,000,000.00, this state may remove the action to the court of appeals, and the court of appeals shall have and shall exercise jurisdiction over the claim.

(8) If payments resulting from a final determination by the local claims review board or a court of competent jurisdiction that there has been a violation of section 29 of article IX of the state constitution of 1963 exceed the amount allocated for discretionary nonmandated payments under this section, the legislature shall provide for adequate funding for this state's constitutional obligations at its next legislative session.

(9) If a lawsuit challenging payments made to districts related to costs reimbursed by federal title XIX medicaid funds is filed against this state during 2001-2002, 2002-2003, or 2003-2004, 50% of the amount allocated in subsection (1) not previously paid out for 2002-2003, 2003-2004, and each succeeding fiscal year is a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of the litigation. The work project shall be completed upon resolution of the litigation. In addition, this state reserves the right to terminate future federal title XIX medicaid

reimbursement payments to districts if the amount or allocation of reimbursed funds is challenged in the lawsuit. As used in this subsection, "title XIX" means title XIX of the social security act, 42 USC 1396 to 1396v.

Sec. 22d. (1) From the amount allocated under section 22b, an amount not to exceed \$750,000.00 is allocated **FOR 2005-2006** 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) ~~Subject to subsection (2), from~~ **FROM** the appropriation in section 11, there is allocated for ~~2004-2005~~ **2005-2006 AN AMOUNT NOT TO EXCEED \$8,000,000.00 FOR PAYMENTS** to the educating district or intermediate district ~~an amount equal to 100% of the added cost each fiscal year for educating all pupils assigned by a court or the family independence agency~~ **DEPARTMENT OF HUMAN SERVICES** to reside in or to attend a juvenile detention facility or child caring institution licensed by the ~~family independence agency~~ **DEPARTMENT OF HUMAN SERVICES** and approved by the department to provide an on-grounds education program. ~~The total amount to be paid under this section for added cost shall not exceed \$8,000,000.00 for 2004-2005. THE AMOUNT OF THE PAYMENT UNDER THIS SECTION TO A DISTRICT OR INTERMEDIATE DISTRICT SHALL BE CALCULATED AS PRESCRIBED UNDER SUBSECTION (2).~~

(2) **FOR 2005-2006, 70% 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 30% 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 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 section, "added cost" shall be computed by ~~deducting all other revenue received under this act for pupils described in this section from total costs, as approved by the department, in whole or in part, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution.~~ **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. ~~For a particular fiscal year, for an on-grounds education program or a program located on property adjacent to a juvenile detention facility or child caring institution that was not in existence at the time the allocations under this section were approved, the department shall give approval for only that portion of the educating district's or intermediate district's total costs that will not prevent the allocated amounts under this section from first being applied to 100% of the added cost of the programs that were in existence at the time the preliminary allocations under this section were approved for that fiscal year.~~

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

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

Sec. 25. If a pupil is enrolled in an alternative education program operated by an intermediate district or district for **THE PURPOSE OF EDUCATING** pupils who have been expelled from school **OR REFERRED FROM THE COURT, OR IS ENROLLED IN A STRICT DISCIPLINE ACADEMY FOR PUPILS WHO HAVE BEEN EXPELLED OR SUSPENDED FROM SCHOOL AS DESCRIBED IN SECTION 1311G OF THE REVISED SCHOOL CODE, MCL 380.1311G,** and if the pupil is counted in membership in another intermediate district or district, the intermediate district or district operating the program **OR THE STRICT DISCIPLINE ACADEMY** shall report the enrollment information to the department and to the district in which the pupil is counted in membership, and the district in which the pupil is counted in membership shall pay to the intermediate district or district operating the program **OR TO THE STRICT DISCIPLINE ACADEMY** an amount equal to the amount of the foundation allowance or per pupil payment as calculated under section 20 for the district in which the pupil is counted in membership, prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the alternative education program **OR STRICT DISCIPLINE ACADEMY** compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4). If a district does not make the payment required under this section within 30 days after receipt of the report, the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act, and shall pay that amount to the intermediate district or district operating the alternative education program **OR TO THE STRICT DISCIPLINE ACADEMY.** The district in which the pupil is counted in membership and the intermediate district or district operating the alternative education program **OR STRICT DISCIPLINE ACADEMY** shall provide to the department all information the department requires to enforce this section.

Sec. 26a. From the ~~general fund~~ appropriation in section 11, there is allocated an amount not to exceed ~~\$36,200,000.00~~ **\$45,000,000.00** for ~~2004-2005~~ **2005-2006** 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 ~~2004~~ **2005** or for payments to districts as reimbursement for interest paid as a result of property tax refunds. 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) BEGINNING IN 2005-2006, THERE IS ALLOCATED FROM THE GENERAL FUND APPROPRIATION IN SECTION 11 AN AMOUNT NOT TO EXCEED \$2,400,000.00 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. 31a. (1) From the money appropriated in section 11, there is allocated for ~~2004-2005~~ **2005-2006** an amount not to exceed \$314,200,000.00 for payments to eligible districts and eligible public school academies under this section. Subject to subsection (12), the amount of the additional allowance under this section shall be based on the number of actual pupils in membership in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769h, and reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year. However, for a public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the Richard B. Russell national school lunch act.

(2) To be eligible to receive funding under this section, other than funding under subsection (6), a district or public school academy that has not been previously determined to be eligible shall apply to the department, in a form and manner prescribed by the department, and a district or public school academy must meet all of the following:

(a) The sum of the district's or public school academy's combined state and local revenue per membership pupil in the current state fiscal year, as calculated under section 20, plus the amount of the district's per pupil allocation under section 20j(2), is less than or equal to \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00, 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) or (6). 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 ~~40%~~ **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 (11), a district or public school academy that receives funds under this section and that operates a school breakfast program under section 1272a of the revised school code, MCL 380.1272a, shall use from the funds received under this section an amount, not to exceed \$10.00 per pupil for whom the district or public school academy receives funds under this section, necessary to operate the school breakfast program.

(6) From the funds allocated under subsection (1), there is allocated for ~~2004-2005~~ **2005-2006** an amount not to exceed \$3,743,000.00 to support teen health centers. These grants shall be awarded for 3 consecutive years beginning with 2003-2004 in a form and manner approved jointly by the department and the department of community health. Each grant recipient shall remain in compliance with the terms of the grant award or shall forfeit the grant award for the duration of the 3-year period after the noncompliance. Beginning in 2004-2005, to continue to receive funding for a teen health center under this section a grant recipient shall ensure that the teen 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 teen 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. 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 (12) for that fiscal year.

(7) Each district or public school academy receiving funds under this section shall submit to the department by July 15 of each fiscal year a report, not to exceed 10 pages, on the usage by the district or public school academy of funds under this section, which report shall include at least a brief description of each program conducted by the district or public school academy using funds under this section, the amount of funds under this section allocated to each of those programs, the number of at-risk pupils eligible for free or reduced price school lunch who were served by each of those programs, and the total number of at-risk pupils served by each of those programs. If a district or public school academy does not comply with this subsection, the department shall withhold an amount equal to the August payment due under this section until the district or public school academy complies with this subsection. If the district or public school academy does not comply with this subsection by the end of the state fiscal year, the withheld funds shall be forfeited to the school aid fund.

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

(9) Subject to subsections (5), (6), and (11), any district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) exceeds the district's aggregate percentage of those pupils. Subject to subsections (5), (6), and (11), if a district obtains a waiver from the department, the district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) is at least 60% of the district's aggregate percentage of those pupils and at least 30% of the total number of pupils enrolled in the school building. To obtain a waiver, a district must apply to the department and demonstrate to the satisfaction of the department that the class size reductions would be in the best interests of the district's at-risk pupils.

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

(11) For an individual school or schools operated by a district or public school academy receiving funds under this section that have been determined by the department to meet the adequate yearly progress standards of the federal no child left behind act of 2001, Public Law 107-110, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district or public school academy may submit to the department an application for flexibility in using the funds received under this section that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to benefit at-risk pupils in the school, but that may be different from the purposes otherwise allowable under this section. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to benefit at-risk pupils in the school. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

(12) 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).

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

(14) A district or public school academy that does not meet the eligibility requirement under subsection (2)(a) is eligible for funding under this section if at least 1/4 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1), and at least 4,500 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1). A district or public school academy that is eligible for funding under this section because the district meets the requirements of this subsection shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as determined and reported as described in subsection (1), an amount per pupil equal to 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.

(15) As used in this section, "at-risk pupil" means a pupil for whom the district has documentation that the pupil meets at least 2 of the following criteria: is a victim of child abuse or neglect; is below grade level in English language and communication skills or mathematics; is a pregnant teenager or teenage parent; is eligible for a federal free or reduced-price lunch subsidy; has atypical behavior or attendance patterns; or has a family history of school failure, incarceration, or substance abuse. For pupils for whom the results of at least the applicable Michigan education assessment program (MEAP) test have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve at least a score of 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. 31B. BEGINNING IN 2006-2007 IT IS THE INTENT OF THE LEGISLATURE TO APPROPRIATE AN AMOUNT TO REIMBURSE DISTRICTS AND INTERMEDIATE DISTRICTS THE ACTUAL COSTS OF EDUCATING PUPILS WHO ARE ELIGIBLE TO ENROLL IN KINDERGARTEN BUT ARE INSTEAD ENROLLED IN A PREKINDERGARTEN, DEVELOPMENT KINDERGARTEN, OR SIMILAR CLASS.

Sec. 31d. (1) From the appropriations in section 11, there is allocated an amount not to exceed ~~\$21,095,100.00~~ **\$22,495,100.00** for ~~2004-2005~~ **2005-2006** 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 ~~2004-2005~~ **2005-2006** all available federal funding, estimated at ~~\$286,494,000.00~~ **\$303,684,000.00**, 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. FROM THE APPROPRIATIONS IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$0.00 FOR 2004-2005 FOR THE PURPOSE OF MAKING PAYMENTS TO DISTRICTS TO REIMBURSE FOR THE COST OF PROVIDING BREAKFAST. THE FUNDS APPROPRIATED UNDER THIS SECTION SHALL BE MADE AVAILABLE TO ALL ELIGIBLE APPLICANT DISTRICTS AS DETERMINED UNDER SECTION 702 OF 2004 PA 346.

Sec. 32c. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$250,000.00 for ~~2004-2005~~ **2005-2006** 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 state's interagency systems reform workgroup. Projects funded with grants awarded under this section shall meet all of the following:

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

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

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

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

(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 \$72,600,000.00 for ~~2004-2005~~ **2005-2006** 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 9852a, 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.

(2) A comprehensive compensatory program funded under this section may include an age-appropriate educational curriculum, nutritional services, health screening for participating children, a plan for parent and legal guardian involvement, and provision of referral services for families eligible for community social services.

(3) In addition to the allocation under subsection (1), from the general fund money allocated under section 11, there is allocated an amount not to exceed \$200,000.00 for ~~2004-2005~~ **2005-2006** 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 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 ~~no later than October 15 of each year~~ **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 ~~family independence agency~~ **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 ~~allocation~~ **APPROPRIATIONS** in section ~~84~~ **11**, there is allocated an amount not to exceed \$3,326,000.00 for ~~2004-2005~~ **2005-2006** 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 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; including, but not limited to, encouraging parents to read to their preschool children at least 1/2 hour per day.

(c) Providing parents with examples of learning opportunities to promote intellectual, physical, and social growth of preschoolers.

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

(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, ~~2004~~ 2005 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, ~~2004~~ 2005. The amount allocated by each intermediate district shall be at least an amount equal to 3.5% of the intermediate district's 2002-2003 payment under section 81.

(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 and may expend those unused funds in subsequent fiscal years.

SEC. 32I. (1) FROM THE GENERAL FUND MONEY APPROPRIATED IN SECTION 11, THERE IS ALLOCATED FOR 2005-2006 AN AMOUNT NOT TO EXCEED \$12,250,000.00 FOR COMPETITIVE SCHOOL READINESS PROGRAM GRANTS. 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 AWARDED 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, OR A BACHELOR'S DEGREE IN CHILD DEVELOPMENT WITH A SPECIALIZATION IN PRESCHOOL TEACHING, AND 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. A PARAPROFESSIONAL WHO DOES NOT MEET THESE REQUIREMENTS MAY BE EMPLOYED FOR NOT MORE THAN 2 YEARS WHILE OBTAINING PROPER CREDENTIALS IF HE OR SHE HAS COMPLETED AT LEAST 1 COURSE IN AN APPROPRIATE TRAINING PROGRAM.

(iv) EVIDENCE OF COLLABORATION WITH THE COMMUNITY OF PROVIDERS IN EARLY CHILDHOOD DEVELOPMENT PROGRAMS INCLUDING DOCUMENTATION OF THE TOTAL NUMBER OF CHILDREN IN THE COMMUNITY WHO WOULD MEET THE CRITERIA ESTABLISHED IN SUBPARAGRAPH (vi), AND WHO ARE BEING SERVED BY OTHER PROVIDERS, AND THE NUMBER OF CHILDREN WHO WILL REMAIN UNSERVED BY OTHER COMMUNITY EARLY CHILDHOOD PROGRAMS IF THIS PROGRAM IS FUNDED.

(v) THE EXTENT TO WHICH THESE FUNDS WILL SUPPLEMENT OTHER FEDERAL, STATE, LOCAL, OR PRIVATE FUNDS.

(vi) THE EXTENT TO WHICH THESE FUNDS WILL BE TARGETED TO CHILDREN WHO WILL BE AT LEAST 4, BUT LESS THAN 5, YEARS OF AGE AS OF DECEMBER 1 OF THE YEAR IN WHICH THE PROGRAMS ARE OFFERED AND WHO SHOW EVIDENCE OF 2 OR MORE "AT-RISK" FACTORS AS DEFINED IN THE STATE BOARD REPORT ENTITLED "CHILDREN AT RISK" THAT WAS ADOPTED BY THE STATE BOARD ON APRIL 5, 1988.

(vii) THE PROGRAM OFFERS SUPPLEMENTARY DAY CARE AND THEREBY OFFERS FULL-DAY PROGRAMS AS PART OF ITS EARLY CHILDHOOD DEVELOPMENT PROGRAM.

(viii) 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.

(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 PER PARTICIPATING CHILD OR THE COST OF THE PROGRAM, WHICHEVER IS LESS.

(4) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, AN APPLICANT THAT RECEIVES A GRANT UNDER THIS SECTION FOR 2005-2006 SHALL ALSO RECEIVE PRIORITY FOR FUNDING UNDER THIS SECTION FOR 2006-2007 AND 2007-2008. 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.

SEC. 33. FOR 2005-2006 ONLY, FROM THE APPROPRIATIONS IN SECTION 11, THERE IS ALLOCATED THE SUM OF \$7,000,000.00 TO A DISTRICT THAT HAS BEEN A QUALIFYING DISTRICT UNDER PART 5A OF THE REVISED SCHOOL CODE, MCL 380.371 TO 380.376, AND THAT WILL CEASE TO BE A QUALIFYING DISTRICT IN JANUARY 2006. THIS ALLOCATION IS A 1- TIME ALLOCATION TO ASSIST IN THE TRANSITION FROM GOVERNANCE BY A SCHOOL REFORM BOARD TO GOVERNANCE BY AN ELECTED SCHOOL BOARD.

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, 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 ~~standards of quality and curriculum guidelines for early childhood programs for 4 year olds~~ **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. ~~Subject to subparagraph (ii), this includes, but is not limited to~~ **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 ~~and may have a child development associate credential (CDA) instead of an early childhood (ZA) endorsement~~ **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.**

(ii) ~~If a district determines that it is unable to fully comply with subparagraph (i) after making reasonable efforts to comply, teachers who have proper training in early childhood development equivalent to 4 years of formal training in early childhood/preschool education or child development. This may include 1 or more of the following:~~

~~(A) A valid Michigan teaching certificate with an early childhood (ZA) endorsement or a child development associate credential (CDA).~~

~~(B) A bachelor's degree in child care or child development.~~

~~(C) A child development associate credential (CDA) combined with an associate of arts (AA) degree in early childhood/preschool education or child development.~~

(ii) ~~(iii) Paraprofessionals possessing proper training in early childhood development, or who have completed at least 1 course in an appropriate training program, including, but not limited to, a child development associate credential (CDA) or associate degree in child development or other similar program, as approved by the department~~

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. A PARAPROFESSIONAL WHO DOES NOT MEET THESE REQUIREMENTS MAY BE EMPLOYED FOR NOT MORE THAN 2 YEARS WHILE OBTAINING PROPER CREDENTIALS IF HE OR SHE HAS COMPLETED AT LEAST 1 COURSE IN AN APPROPRIATE TRAINING PROGRAM.

(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.

(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 ~~through first grade~~ of **THE** children participating in the ~~school readiness~~ program.

(g) More than 50% of the children participating in the program ~~meet the income eligibility criteria for free or reduced price lunch, as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769h, or meet the income and all other eligibility criteria for the family independence agency unified child day care 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 ~~meet the income eligibility criteria for free or reduced price lunch or the income and all other eligibility criteria for the family independence agency unified child day care program, and who will participate in a school readiness program funded under section 32d~~ **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 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 has not less than 50 eligible children shall receive priority over other eligible districts other than those districts funded under subsection (3).~~

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

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

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

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

(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 ~~2004-2005~~ **2005-2006** to districts, intermediate districts, and other eligible entities all available federal funding, estimated at ~~\$637,809,700.00~~ **\$652,919,600.00**, 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 ~~\$12,095,000.00~~ **\$12,050,500.00** 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 ~~\$9,520,500.00~~ **\$9,401,400.00** 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 ~~\$105,565,700.00~~ **\$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 ~~\$5,713,700.00~~ **\$7,627,400.00** 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 ~~\$332,700.00~~ **\$58,000.00** for Michigan model partnership for character education programs, funded from DED-OESE, title X, fund for improvement of education funds.

(g) An amount estimated at ~~\$469,900.00~~ **\$468,700.00** for rural and low income schools, funded from DED-OESE, rural and low income school funds.

(h) An amount estimated at ~~\$9,563,000.00~~ **\$6,231,800.00** to help schools develop and implement comprehensive school reform programs, funded from DED-OESE, title I and title X, comprehensive school reform funds.

(i) An amount estimated at ~~\$411,090,000.00~~ **\$428,860,300.00** to provide supplemental programs to enable educationally disadvantaged children to meet challenging academic standards, funded from DED- OESE, title I, disadvantaged children funds.

(j) An amount estimated at ~~\$6,622,900.00~~ **\$6,314,100.00** for the purpose of providing unified family literacy programs, funded from DED-OESE, title I, even start funds.

(k) An amount estimated at ~~\$8,175,200.00~~ **\$8,186,200.00** for the purpose of identifying and serving migrant children, funded from DED-OESE, title I, migrant education funds.

(l) An amount estimated at ~~\$21,936,600.00~~ **\$22,928,000.00** to promote high-quality school reading instruction for grades K-3, funded from DED-OESE, title I, reading first state grant funds.

(m) An amount estimated at ~~\$8,582,300.00~~ **\$5,698,000.00** for the purpose of implementing innovative strategies for improving student achievement, funded from DED-OESE, title VI, innovative strategies funds.

(n) An amount estimated at ~~\$29,592,200.00~~ **\$29,296,000.00** 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 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 ~~Michigan family independence agency~~ **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 ~~Michigan family independence agency~~ **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.

(O) AN AMOUNT ESTIMATED AT \$1,000,000.00 FOR COMMUNITY SERVICE STATE GRANTS, FUNDED FROM DED-OESE, COMMUNITY SERVICE STATE GRANT FUNDS.

(2) From the federal funds appropriated in section 11, there is allocated for ~~2004-2005~~ **2005-2006** to districts, intermediate districts, and other eligible entities all available federal funding, estimated at ~~\$5,427,500.00~~ **\$4,646,400.00**, 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 \$953,500.00 for emergency services to immigrants, funded from DED OBEMLA, emergency immigrant education assistance funds.~~

(B) (e) An amount estimated at ~~\$1,428,400.00~~ **\$1,500,100.00** to provide services to homeless children and youth, funded from DED-OVAE, homeless children and youth funds.

(C) (d) An amount estimated at \$1,000,000.00 for refugee children school impact grants, funded from HHS-ACF, refugee children school impact funds.

(D) (e) 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 \$100,700.00 TO ENCOURAGE INTERSTATE AND INTRASTATE COORDINATION OF MIGRANT EDUCATION, FUNDED FROM DED- OESE, TITLE I, MIGRANT EDUCATION PROGRAM FUNDS.

(3) TO THE EXTENT ALLOWED UNDER FEDERAL LAW, THE FUNDS ALLOCATED UNDER SUBSECTION (1)(I), (J), AND (I) 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) (z) 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) ~~(4)~~ As used in this section:

(a) "DED" means the United States department of education.

~~(b) "DED-OBEMLA" means the DED office of bilingual education and minority languages affairs.~~

(B) ~~(e)~~ "DED-OESE" means the DED office of elementary and secondary education.

(C) ~~(d)~~ "DED-OVAE" means the DED office of vocational and adult education.

(D) ~~(e)~~ "HHS" means the United States department of health and human services.

(E) ~~(f)~~ "HHS-ACF" means the HHS administration for children and families.

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed \$2,800,000.00 for ~~2004-2005~~ **2005-2006** 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. 41a. From the federal funds appropriated in section 11, there is allocated an amount estimated at \$1,232,100.00 for ~~2004-2005~~ **2005-2006** from the United States department of education - office of elementary and secondary education, language acquisition state grant funds, to districts and intermediate districts offering programs of instruction for pupils of limited English-speaking ability.

Sec. 51a. (1) From the appropriation in section 11, there is allocated for 2004-2005 an amount not to exceed \$896,383,000.00 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 \$329,850,000.00 plus any carryover federal funds from previous year appropriations. **FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR 2005-2006 AN AMOUNT NOT TO EXCEED \$955,883,000.00 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 \$345,850,000.00, 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, title VI of Public Law 91-230, including, but not limited to, 34 CFR 300.234 and 300.235. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(2) From the funds allocated under subsection (1), there is allocated **EACH FISCAL YEAR** for 2004-2005 **AND FOR 2005-2006** the amount necessary, estimated at \$175,500,000.00 for 2004-2005 **AND \$187,700,000.00 FOR 2005-2006**, 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 **EACH FISCAL YEAR** for 2004-2005 **AND FOR 2005-2006** the amount necessary, estimated at \$3,000,000.00 **FOR 2004-2005 AND \$2,500,000.00 FOR 2005-2006**, 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 **EACH FISCAL YEAR** for 2004-2005 **AND FOR 2005-2006** to districts, ~~or~~ 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 **EACH FISCAL YEAR** for 2004-2005 **AND FOR 2005-2006** 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) ~~Beginning~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (C), 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.

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

(8) From the allocation in subsection (1), there is allocated **EACH FISCAL YEAR** for 2004-2005 **AND FOR 2005-2006** 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 **EACH FISCAL YEAR** for 2004-2005 **AND FOR 2005-2006** the amount necessary, estimated at \$7,000,000.00 **FOR 2004-2005 AND \$6,600,000.00 FOR 2005-2006**, 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 **EACH FISCAL YEAR** for 2004-2005 **AND FOR 2005-2006** the amount necessary, estimated at \$642,000,000.00 **FOR 2004-2005 AND \$690,200,000.00 FOR 2005-2006**, 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 ~~2004-2005~~ **2005-2006** all available federal funding, estimated at \$65,000,000.00, 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 ~~2004-2005~~ **2005-2006**:

(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 \$36,000,000.00 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 section (2) shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$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 ~~2004-2005~~ **2005-2006** in section 51a(1) shall be allocated under this section.

Sec. 54. In addition to the aid received under section 52, each intermediate district shall receive an amount per pupil for each pupil in attendance at the Michigan schools for the deaf and blind. The amount shall be proportionate to the total instructional cost at each school. Not more than \$1,688,000.00 of the allocation for ~~2004-2005~~ **2005-2006** in section 51a(1) shall be allocated under this section.

SEC. 54A. FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$250,000.00 FOR 2005-2006 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. 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 SHOULD 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 not to exceed \$36,881,100.00 for ~~2004-2005~~ **2005-2006** 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 ~~2003-2004~~ **2004-2005** shall be made in ~~2004-2005~~ **2005-2006** at an amount per ~~2003-2004~~ **2004-2005** membership pupil computed by subtracting from ~~\$133,400.00~~ **\$142,100.00** the ~~2003-2004~~ **2004-2005** taxable value behind each membership pupil and multiplying the resulting difference by the ~~2003-2004~~ **2004-2005** millage levied.

~~Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$50,000.00 for 2004-2005 to applicant intermediate districts that provide support services for the education of advanced and accelerated pupils. An intermediate district is entitled to 75% of the actual salary, but not to exceed \$25,000.00 reimbursement for an individual salary, of a support services teacher approved by the department, and not to exceed \$4,000.00 reimbursement for expenditures to support program costs, excluding in-county travel and salary, as approved by the department.~~

(1) ~~(2)~~ From the appropriation in section 11, there is allocated an amount not to exceed ~~\$0.00~~ **\$285,000.00** for ~~2004-2005~~ to support part of the cost of summer institutes **2005-2006 FOR GRANTS TO INTERMEDIATE DISTRICTS** for advanced and accelerated students. ~~This amount shall be contracted to applicant intermediate districts in cooperation with a local institution of higher education and shall be coordinated by the department.~~

~~(3) From the appropriation in section 11, there is allocated an amount not to exceed \$200,000.00 for 2004-2005 for the development and operation of comprehensive programs for advanced and accelerated pupils. An eligible district or consortium of districts shall receive an amount not to exceed \$100.00 per K-12 pupil for up to 5% of the district's or consortium's K-12 membership for the immediately preceding fiscal year with a minimum total grant of \$6,000.00. Funding shall be provided in the following order: the per pupil allotment, and then the minimum total grant of \$6,000.00 to individual districts. An intermediate district may act as the fiscal agent for a consortium of districts. In order to be eligible for funding under this subsection, the district or consortium of districts shall submit each year a current 3-year plan for operating a comprehensive program for advanced and accelerated pupils and the district or consortium shall demonstrate to the department that the district or consortium will contribute matching funds of at least \$50.00 per K-12 pupil. The plan or revised plan shall be developed in accordance with criteria established by the department and shall be submitted to the department for approval. Within the criteria, the department shall encourage the development of consortia among districts of less than 5,000 memberships.~~

(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, 2006 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 ~~2004-2005~~ **2005-2006** 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 ~~2004-2005~~ **2005-2006** to intermediate districts with constituent districts that had combined state and local revenue per membership pupil in the 1994-95 state fiscal year of \$6,500.00 or more, served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, and had an adjustment made to their 1994-95 combined state and local revenue per membership pupil pursuant to section 20d. The payment under this subsection to the intermediate district shall equal the amount of the allocation to the intermediate district for 1996-97 under this subsection.

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

(a) "Membership" means for a particular fiscal year the total membership for the immediately preceding fiscal year of the intermediate district and the districts constituent to the intermediate district or the total membership for the immediately preceding fiscal year of the area vocational-technical program.

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

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

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

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

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$9,000,000.00 for ~~2004-2005~~ **2005-2006** 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 ~~2003-2004~~ **2004-2005** shall be made in ~~2004-2005~~ **2005-2006** at an amount per ~~2003-2004~~ **2004-2005** membership pupil computed by subtracting from ~~\$142,200.00~~ **\$151,200.00** the ~~2003-2004~~ **2004-2005** taxable value behind each membership pupil and multiplying the resulting difference by the ~~2003-2004~~ **2004-2005** millage levied.

Sec. 74. (1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$1,625,000.00 for ~~2004-2005~~ **2005-2006** for the purposes of subsections (2) and (3).

(2) From the allocation in subsection (1), there is allocated each fiscal year the amount necessary for payments to state supported colleges or universities and intermediate districts providing school bus driver safety instruction or driver skills road tests pursuant to sections 51 and 52 of the pupil transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The payments shall be in an amount determined by the department not to exceed 75% of the actual cost of instruction and driver compensation for each public or nonpublic school bus driver attending a course of instruction. For the purpose of computing compensation, the hourly rate allowed each school bus driver shall not exceed the hourly rate received for driving a school bus. Reimbursement compensating the driver during the course of instruction or driver skills road tests shall be made by the department to the college or university or intermediate district providing the course of instruction.

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

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated for ~~2004-2005~~ **2005-2006** to the intermediate districts the sum necessary, but not to exceed ~~\$81,028,100.00~~ **\$77,702,100.00**, to provide state aid to intermediate districts under this section. Except as otherwise provided in this section, there shall be allocated to each intermediate district for ~~2004-2005~~ **2005-2006** an amount equal to ~~85.2%~~ **100.0%** of the amount appropriated under this subsection for ~~2002-2003 in 2002 PA 521, before any reduction made for 2002-2003 under section 11(3)~~ **2004-2005, EXCLUDING THE PORTION THAT WAS ALLOCATED FOR THE PURPOSES OF SECTION 32J.** 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. ~~In order to receive funding under this section for 2004-2005, an intermediate district shall allocate for 2004-2005 at least an amount equal to 3.5% of its total funding received under this section for 2002-2003 toward providing the great parents, great start program under section 32j.~~

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

(3) During a fiscal year, the department shall not increase an intermediate district's allocation under subsection (1) because of an adjustment made by the department during the fiscal year in the intermediate district's taxable value for a prior year. Instead, the department shall report the adjustment and the estimated amount of the increase to the house and senate fiscal agencies and the state budget director not later than June 1 of the fiscal year, and the legislature shall appropriate money for the adjustment in the next succeeding fiscal year.

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

Sec. 94a. (1) There is created within the office of the state budget director in the department of management and budget the center for educational performance and information. The center shall do all of the following:

(a) Coordinate the collection of all data required by state and federal law from all entities receiving funds under this act.

(b) Collect data in the most efficient manner possible in order to reduce the administrative burden on reporting entities.

(c) Establish procedures to ensure the validity and reliability of the data and the collection process.

(d) Develop state and model local data collection policies, including, but not limited to, policies that ensure the privacy of individual student data. State privacy policies shall ensure that student social security numbers are not released to the public for any purpose.

(e) Provide data in a useful manner to allow state and local policymakers to make informed policy decisions.

(f) Provide reports to the citizens of this state to allow them to assess allocation of resources and the return on their investment in the education system of this state.

(g) Assist all entities receiving funds under this act in complying with audits performed according to generally accepted accounting procedures.

(h) Other functions as assigned by the state budget director.

(2) ~~Not later than August 15, 2004, each~~ **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; 1961 PA 108, MCL 388.951 to 388.963; 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 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 ~~\$1,500,000.00~~ **\$2,000,000.00** for ~~2004-2005~~ **2005-2006** to the department of management and budget to support the operations of the center. 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 ~~2004-2005~~ **2005-2006**, there is allocated the ~~following amounts for 2004-2005~~ **AMOUNT NECESSARY, ESTIMATED AT \$3,543,200.00** in order to fulfill federal reporting requirements:

(a) An amount not to exceed ~~\$835,000.00~~ **\$839,000.00** funded from DED-OESE, title I, disadvantaged children funds.

(b) An amount not to exceed ~~\$63,000.00~~ **\$55,700.00** funded from DED-OESE, title I, reading first state grant funds.

(c) An amount not to exceed ~~\$46,800.00~~ **\$47,000.00** funded from DED-OESE, title I, migrant education funds.

(d) An amount not to exceed \$285,000.00 funded from DED-OESE, improving teacher quality funds.

(e) An amount not to exceed \$73,000.00 funded from DED-OESE, drug-free schools and communities funds.

(f) An amount not to exceed \$150,000.00 funded under sections 611 to 619 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 USC 1411 to 1419.

(g) An amount not to exceed \$13,500.00 for data collection systems, funded from DED-NCES, common core data funds.

(h) An amount not to exceed \$400,000.00 for the collection and dissemination of state assessment data, funded from DED-OESE, title VI, state assessments funds.

~~(7) In addition, from the federal funds appropriated in section 11 for the 2003-2004 and 2004-2005 fiscal years, there is allocated the following amounts each fiscal year in order to fulfill federal reporting requirements:~~

(I) ~~(A)~~ An amount not to exceed \$80,000.00 for data collection systems, funded from DED-NCES, task award funds.

(J) ~~(B)~~ An amount not to exceed \$100,000.00 for data collection systems development funded from DED-NCES, performance based data management initiative.

(K) AN AMOUNT NOT TO EXCEED \$1,500,000.00 TO SUPPORT THE DEVELOPMENT AND IMPLEMENTATION OF A COMPREHENSIVE K-12 DATA MANAGEMENT AND STUDENT TRACKING SYSTEM, FUNDED FROM THE COMPETITIVE GRANTS OF DED-OESE, TITLE II, EDUCATIONAL TECHNOLOGY FUNDS. NOT LATER THAN NOVEMBER 30, 2005, THE DEPARTMENT SHALL AWARD A SINGLE GRANT TO AN ELIGIBLE PARTNERSHIP THAT INCLUDES AN INTERMEDIATE DISTRICT WITH AT LEAST 1 HIGH-NEED LOCAL SCHOOL DISTRICT AND THE CENTER.

(7) IF THE CENTER, IN PARTNERSHIP WITH THE DEPARTMENT, RECEIVES A FEDERAL GRANT APPROPRIATED IN THE DEPARTMENT'S BUDGET TO SUPPORT THE DEVELOPMENT AND IMPLEMENTATION OF A COMPREHENSIVE DATA MANAGEMENT AND PUPIL TRACKING SYSTEM, THE CENTER SHALL FIRST EXPEND THOSE FUNDS BEFORE EXPENDING FUNDS ALLOCATED UNDER THIS SECTION.

(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) ~~(8)~~ Funds allocated under this section that are not expended in the fiscal year in which they were allocated may be carried forward to a subsequent fiscal year.

(10) ~~(9)~~ The center may bill departments as necessary in order to fulfill reporting requirements of state and federal law. **THE CENTER MAY ALSO ENTER INTO AGREEMENTS TO SUPPLY CUSTOM DATA, ANALYSIS, AND REPORTING TO OTHER PRINCIPAL EXECUTIVE DEPARTMENTS, STATE AGENCIES, LOCAL UNITS OF GOVERNMENT, AND OTHER INDIVIDUALS AND ORGANIZATIONS. THE CENTER MAY RECEIVE AND EXPEND FUNDS IN ADDITION TO THOSE AUTHORIZED IN SUBSECTION (6) TO COVER THE COSTS ASSOCIATED WITH SALARIES, BENEFITS, SUPPLIES, MATERIALS, AND EQUIPMENT NECESSARY TO PROVIDE SUCH DATA, ANALYSIS, AND REPORTING SERVICES.**

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

(a) "DED-NCES" means the United States department of education national center for education statistics.

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

(C) "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.

(D) ~~(C)~~ "State education agency" means the department.

Sec. 98. (1) From the general fund money appropriated in section 11, there is allocated an amount not to exceed ~~\$750,000.00~~ **\$1,750,000.00** for ~~2004-2005~~ **2005-2006** to provide a grant to the Michigan virtual university for the development, implementation, and operation of the Michigan virtual high school and to fund other purposes described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2004-2005~~ **2005-2006** an amount estimated at \$2,250,000.00 from DED-OESE, title II, improving teacher quality funds. ~~If the Michigan virtual university ceases to operate the Michigan virtual high school or fails to perform another of its functions described in this section, the department may operate the Michigan virtual high school or perform another function of the Michigan virtual university described in this section using the funds allocated under this section.~~

(2) The Michigan virtual high school shall have the following goals:

(a) Significantly expand curricular offerings for high schools across this state through agreements with districts or licenses from other recognized providers. The Michigan virtual ~~university~~ **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) Offer teachers opportunities to learn new skills and strategies for developing and delivering instructional services.

(e) Accelerate this state's ability to respond to current and emerging educational demands.

(f) Grant high school diplomas through a dual enrollment method with districts.

(g) Act as a broker for college level equivalent courses, as defined in section 1471 of the revised school code, MCL 380.1471, and dual enrollment courses from postsecondary education institutions.

(3) The Michigan virtual high school course offerings shall include, but are not limited to, all of the following:

(a) Information technology courses.

(b) College level equivalent courses, as defined in section 1471 of the revised school code, MCL 380.1471.

(c) Courses and dual enrollment opportunities.

- (d) Programs and services for at-risk pupils.
- (e) General education development test preparation courses for adjudicated youth.
- (f) Special interest courses.
- (g) Professional development programs and services for teachers.

(4) 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.

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

(6) From the allocations in subsection (1), the amount necessary, not to exceed \$1,250,000.00, shall be used to provide online professional development for classroom teachers. This allocation is intended to be for the ~~second~~ **LAST** of 3 years. These funds may be used for designing and building courses, marketing and outreach, workshops and evaluation, content acquisition, technical assistance, project management, and customer support. The Michigan virtual university shall offer at least 5 hours of online professional development for classroom teachers under this section **EACH FISCAL YEAR BEGINNING** in 2004-2005 without charge to the teachers or to districts or intermediate districts.

(7) A district or intermediate district may require a full-time teacher to participate in at least 5 hours of online professional development provided by the Michigan virtual university under subsection (6). Five hours of this professional development shall be considered to be part of the 51 hours allowed to be counted as hours of pupil instruction under section 101(10).

(8) IN ADDITION TO THE OTHER FUNDS ALLOCATED UNDER THIS SECTION, FROM THE FEDERAL FUNDS APPROPRIATED IN SECTION 11, THERE IS ALLOCATED FOR 2005-2006 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. THE MICHIGAN VIRTUAL UNIVERSITY, WHICH OPERATES THE MICHIGAN VIRTUAL HIGH SCHOOL, SHALL PERFORM THE FOLLOWING TASKS RELATED TO THIS FUNDING:

(A) EXAMINE THE CURRICULAR AND SPECIFIC COURSE CONTENT NEEDS OF MIDDLE AND HIGH SCHOOL STUDENTS IN THE AREAS OF MATHEMATICS AND SCIENCE.

(B) 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.

(C) CONDUCT A DEMONSTRATION PILOT TO PROMOTE NEW AND INNOVATIVE ONLINE COURSES AND INSTRUCTIONAL SERVICES.

(D) EVALUATE EXISTING ONLINE TEACHING AND LEARNING PRACTICES AND DEVELOP CONTINUOUS IMPROVEMENT STRATEGIES TO ENHANCE STUDENT ACHIEVEMENT.

(E) DEVELOP, SUPPORT, AND MAINTAIN THE TECHNOLOGY INFRASTRUCTURE AND RELATED SOFTWARE REQUIRED TO DELIVER ONLINE COURSES AND INSTRUCTIONAL SERVICES TO STUDENTS STATEWIDE.

(F) BEGIN TO DEVELOP A WEB-BASED PRACTICE ASSESSMENT AND CLASSROOM REMEDIATION PROGRAM THAT INCLUDES READING, MATHEMATICS, SOCIAL SCIENCE, AND SCIENCE FOR PUPILS IN GRADES 3 TO 8. THE MICHIGAN VIRTUAL HIGH SCHOOL MAY CONTRACT WITH AN OUTSIDE PROVIDER TO PROVIDE THE SERVICES UNDER THIS SUBDIVISION. THE PROGRAM MUST MEET ALL OF THE FOLLOWING:

(i) HAVE THE ABILITY TO REGISTER PUPILS ONLINE.

(ii) BE ACCESSIBLE ON THE INTERNET.

(iii) PROVIDE TEST RESULTS IMMEDIATELY UPON COMPLETION OF THE TEST.

(iv) PROVIDE REMEDIAL SERVICES BY LINKING TO TEXTBOOKS IN THE CLASSROOM.

(v) PROVIDE RESULTS THAT ARE REPORTED TO THE DISTRICT SUPERINTENDENT, THE SCHOOL PRINCIPAL, AND THE DEPARTMENT AND ARE MADE AVAILABLE TO PARENTS, AND THAT ARE TRACKED BY PUPIL, CLASSROOM, SCHOOL, AND DISTRICT.

(9) NOT LATER THAN NOVEMBER 30, 2005, FROM THE FUNDS ALLOCATED IN SUBSECTION (8), 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 SECTION. 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. AN ELIGIBLE CONSORTIUM OR PARTNERSHIP MUST DEMONSTRATE THE FOLLOWING:

(A) PRIOR SUCCESS IN DELIVERING ONLINE COURSES AND INSTRUCTIONAL SERVICES TO K-12 STUDENTS THROUGHOUT THIS STATE.

(B) EXPERTISE IN DESIGNING, DEVELOPING, AND EVALUATING ONLINE K-12 COURSE CONTENT.

(C) EXPERIENCE IN MAINTAINING A STATEWIDE HELP DESK SERVICE FOR STUDENTS, ONLINE TEACHERS, AND OTHER SCHOOL PERSONNEL.

(D) KNOWLEDGE AND EXPERIENCE IN PROVIDING TECHNICAL ASSISTANCE AND SUPPORT TO K-12 SCHOOLS IN THE AREA OF ONLINE EDUCATION.

(E) EXPERIENCE IN TRAINING AND SUPPORTING K-12 EDUCATORS IN THIS STATE TO TEACH ONLINE COURSES.

(F) DEMONSTRATED TECHNICAL EXPERTISE AND CAPACITY IN MANAGING COMPLEX TECHNOLOGY SYSTEMS.

(G) EXPERIENCE PROMOTING TWENTY-FIRST CENTURY LEARNING SKILLS THROUGH THE INNOVATIVE USE OF ONLINE TECHNOLOGIES.

(10) ~~(8)~~ 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) ~~(b)~~ "State education agency" means the department.

Sec. 98b. (1) ~~From the school aid stabilization fund created in section 11a, there is appropriated and allocated for 2004-2005 an amount not to exceed \$3,700,000.00 for the freedom to learn program described in this section. In addition, from FROM the federal funds appropriated in section 11 there is allocated for 2004-2005 2005-2006 an amount not to exceed \$10,343,200.00 \$2,500,000.00 from the competitive grants of DED-OESE, title II, educational technology grants funds, and an amount not to exceed \$7,000,000.00 \$3,000,000.00 from funds carried forward from 2003-2004 from unexpended DED-OESE, title II, educational technology grants funds, FOR THE FREEDOM TO LEARN PROGRAM DESCRIBED IN THIS SECTION. IN ADDITION, FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED IN SECTION 11, THERE IS ALLOCATED FOR 2005-2006 AN AMOUNT NOT TO EXCEED \$250,000.00 FOR THE PURPOSES OF THIS SECTION.~~

(2) The allocations in subsection (1) shall be used to develop, implement, and operate the freedom to learn program and make program grants. The goal of the program is to achieve one-to-one access to wireless technology for K-12 pupils through statewide and local public-private partnerships. To implement the program, the state education agency shall sign a memorandum of understanding with the Michigan virtual FERRIS STATE university that provides for joint administration of program grants under this subsection. ~~However, beginning January 1, 2005, Ferris state university shall perform the functions of the Michigan virtual university under this section and the funds allocated to the Michigan virtual university under this section are instead allocated to Ferris state university. Not later than January 31, 2005, the state education agency shall enter into a memorandum of understanding with Ferris state university that provides for this transfer of functions. The Michigan virtual university or~~ AND AUTHORIZES THE CREATION OF AN INDEPENDENT INSTITUTE. IF SUFFICIENT PRIVATE FUNDS ARE OBTAINED FOR THIS PURPOSE, FERRIS STATE UNIVERSITY SHALL CREATE AN INDEPENDENT INSTITUTE TO ASSUME RESPONSIBILITY FOR THE FREEDOM TO LEARN PROGRAM AND TO USE THE ALLOCATIONS IN SUBSECTION (1) AND ANY FUNDS FROM ALTERNATIVE SOURCES TO DO ALL OF THE FOLLOWING:

(A) CARRY OUT ALL GOALS AND ACTIVITIES OF THE FREEDOM TO LEARN PROGRAM DESCRIBED IN THIS SECTION.

(B) ESTABLISH ITSELF AS A NATIONAL LEADERSHIP ORGANIZATION IN 1-TO-1 RESEARCH, DEVELOPMENT, AND MENTORING.

(C) GARNER NEW PUBLIC AND PRIVATE RESOURCES FOR SCHOOL PARTICIPATION IN THE FREEDOM TO LEARN PROGRAM AND OTHER 1-TO-1 LEARNING PROGRAMS.

(3) Ferris state university, ~~as applicable,~~ and the state education agency shall make grants to districts as described in this section. In awarding the grants, ~~the Michigan virtual university or Ferris state university, as applicable,~~ and the

state education agency shall give priority to applications that demonstrate that the district's program will meet all of the following:

(a) Will be ready for immediate implementation and will have begun professional development on technology integration in the classroom.

(b) Will utilize state structure and resources for professional development, as coordinated by ~~the Michigan virtual university or Ferris state university, as applicable.~~

(c) Will opt to participate in the statewide partnership described in subsection ~~(9)~~ **(10) OR WILL PARTICIPATE IN AN APPROVED ALTERNATIVE 1-TO-1 DEPLOYMENT DESCRIBED IN SUBSECTION (11).**

(D) WILL AGREE TO PARTICIPATE IN THE PROGRAM AND ITS PROFESSIONAL DEVELOPMENT AND EVALUATION COMPONENTS FOR 4 YEARS.

~~(4)~~ **(3)** The amount of program grants to districts is estimated at \$250.00 per pupil in membership in grade 6 in ~~2004-2005~~ **2005-2006**, or in another grade allowed in this section, or per grade 6 teacher if the funding is awarded in a ratio of at least 20 pupils funded for each teacher funded. The state education agency and ~~the Michigan virtual university or Ferris state university, as applicable,~~ shall establish grant criteria that maximize the distribution of federal funds to achieve the \$250.00 per pupil or teacher in districts that qualify for federal funds. To qualify for a grant under this section, a district shall submit an application to the state education agency and ~~the Michigan virtual university or Ferris state university, as applicable,~~ and complete the application process established by the state education agency and ~~the Michigan virtual university or Ferris state university, as applicable.~~ The application shall include at least all of the following:

(a) If the district is applying for federal funds, how the district will meet the requirements of the competitive grants under DED-OESE, title II, part D.

(b) How the district will provide the opportunity for each pupil in membership in grade 6 to receive a wireless computing device. If the district has already achieved one-to-one wireless access in grade 6 or if the district's school building grade configuration makes implementation of the program for grade 6 impractical, the district may apply for a grant for the next highest grade. If the district does not have a grade 6 or higher, the district may apply for funding for the next lowest grade level. If the district operates 1 or more schools that are not meeting adequate yearly progress, as determined by the department, and that contain grade 6, the district may apply for funding for a school building-wide program for 1 or more of those schools. A public school academy that does not offer a grade higher than grade 5 may apply to receive a grant under this section for pupils in the highest grade offered by the public school academy.

(c) The district shall submit a plan describing the uses of the grant funds. The plan shall describe a plan for professional development on technology integration, content and curriculum, and local partnerships with the other districts and representatives from businesses, industry, and higher education. The plan shall include at least the following:

(i) The academic achievement goals, which may include, but are not limited to, goals related to mathematics, science, and language arts.

(ii) The engagement goals, which may include, but are not limited to, goals related to retention rates, dropout rates, detentions, and suspensions.

~~(iii) A commitment that at least 25% of the total local budget for the program will be used on professional development on technology integration in the classroom.~~ **THE PROFESSIONAL DEVELOPMENT GOALS, WHICH MAY INCLUDE, BUT ARE NOT LIMITED TO, GOALS RELATED TO STAFF AND TEACHER DEVELOPMENT AND PERFORMANCE INDICATORS.**

(d) A 3- to 5-year plan or funding model for increasing the share that is borne locally of the expenditures for one-to-one wireless access. ~~The Michigan virtual university or Ferris state university, as applicable,~~ shall provide districts with sample local plans and funding models for the purposes of this subdivision and with information on available federal and private resources.

(e) How the district will amend its local technology plan as required under state and federal law to reflect the program under this section.

(5) ~~(4)~~ A district that receives a grant under this section shall provide at least a \$25.00 per pupil match for grant money received under this section from local public or private resources.

(6) ~~(5)~~ The amount of a grant under this section to a single district for a fiscal year shall not exceed 25% of the total amount available for grants under this section for that fiscal year.

(7) ~~(6)~~ A district that received money under section 98 in 2002-2003 for a wireless technology grant is eligible to receive a grant under this section.

(8) ~~(7)~~ The federal funding under subsection (1) shall be used first to provide the grants under this subsection. A district described in this subsection shall apply to ~~the Michigan virtual university or Ferris state university, as applicable,~~ and the state education agency for a grant in the form and manner prescribed by the department. An application under this section is not subject to the requirements of subsection (3) if the application demonstrates that the program will meet all of the following:

(a) Will continue as a demonstration program.

(b) Will provide regional assistance to schools that are not meeting adequate yearly progress, as determined by the department, and to new grant recipients, as directed by the state education agency and ~~the Michigan virtual university or Ferris state university, as applicable.~~

(c) Will seek to expand its existing wireless technology initiatives.

~~(9) (8) The state funding under subsection (1) shall be used first to provide grants to districts that received money under section 98 in 2002-2003 and were designated as program application sites. NOT MORE THAN 25% OF THE DED-OESE, TITLE II, EDUCATIONAL TECHNOLOGY GRANTS FUNDS UNDER SUBSECTION (1) THAT ARE ALLOCATED FOR GRANTS TO DISTRICTS THAT PARTICIPATE IN THE STATEWIDE PUBLIC-PRIVATE PARTNERSHIP UNDER SUBSECTION (10) MAY BE USED TO PROVIDE STATEWIDE PROFESSIONAL DEVELOPMENT THAT WILL BE COORDINATED BY FERRIS STATE UNIVERSITY.~~

~~(10) (9) The department of management and budget shall establish MAINTAIN a statewide public-private partnership to implement the program. The department of management and budget shall select a program partner through a request for proposals process for a total learning technology package that includes, but is not limited to, a wireless laptop, software, professional development, service, and support, and for management by a single point of contact individual responsible for the overall implementation. The proposal selected shall achieve significant efficiencies and economies of scale and be interoperable with existing technologies. The private partner selected in the request for proposals process to partner with the state must possess all of the following:~~

~~(a) Experience in the development and successful implementation of large scale, school based wireless technology projects.~~

~~(b) Proven technical ability to deliver a total solutions package of learning technology for elementary and secondary students and teachers.~~

~~(c) Results based education solutions to increase student achievement and advance professional development for teachers.~~

~~(d) Ability to coordinate, utilize, and expand existing technology infrastructures and professional development delivery systems within school districts and regions.~~

~~(e) Ability to provide a wireless computing device that is able to be connected to the wireless network and is able to access a school's preexisting local network and the internet both wirelessly in the school and through dial up or other remote connection from the home or elsewhere outside school.~~

~~(11) (10) A district may elect to purchase or lease wireless computing devices from a vendor other than the statewide partnership described in subsection (9) (10) if the Michigan virtual university or Ferris state university, as applicable, determines that the vendor meets the OR EXCEEDS MINIMUM requirements of subdivisions (a) to (d) of subsection (9) and the vendor is identified in the district's grant application. DISTRICTS MAY APPLY TO RECEIVE ADDITIONAL GRANTS OF \$250.00 PER PUPIL FOR USE IN PROFESSIONAL DEVELOPMENT ACTIVITIES SPECIFIC TO THE ALTERNATIVE DEPLOYMENT SOLUTION INSTEAD OF THE STATEWIDE PROFESSIONAL DEVELOPMENT AS DESCRIBED UNDER SUBSECTION (9).~~

~~(12) (11) The state education agency shall sign a memorandum of understanding with the Michigan virtual FERRIS STATE university regarding DED-OESE, title II, educational technology grants, as provided under this subsection. Not NOT later than January 31 OCTOBER 1, 2005, the state education agency shall enter into a memorandum of understanding with Ferris state university to provide for the transfer of functions under this subsection. The Michigan virtual university or Ferris state university, as applicable, shall coordinate activities described in this subsection with the freedom to learn grants described under this section. The memorandum of understanding shall require that the Michigan virtual university or Ferris state university, as applicable, coordinate the following state activities related to DED-OESE, title II, educational technology grants in accordance with federal law:~~

~~(a) Assist in the development of innovative strategies for the delivery of specialized or rigorous academic courses and curricula through the use of technology, including distance learning technologies.~~

~~(b) Establish and support public-private initiatives for the acquisition of educational technology. for students in high need districts.~~

~~(13) (12) Funds allocated under this section that are not expended in the state fiscal year for which they were allocated may be carried forward to a subsequent state fiscal year.~~

~~(14) (13) It is the intent of the legislature that all plans or applications submitted by the state education agency to the United States department of education relating to the distribution of federal funds under this section are for the purposes described in this section.~~

~~(15) (14) The state education agency shall ensure that the program goals and plans for the freedom to learn program are contained in the state technology plan required by federal law.~~

~~(16) (15) From the funds allocated under this section FROM THE STATE SCHOOL AID FUND, an amount not to exceed \$2,750,000.00 \$250,000.00 is allocated to the Michigan virtual university or Ferris state university, as applicable, to be used for statewide activities, as follows: STATEWIDE ADMINISTRATION OF THE FREEDOM TO LEARN PROGRAM.~~

~~(a) An amount estimated at \$1,700,000.00 to develop a professional development network in partnership with other statewide entities for professional development on technology integration in the classroom.~~

~~(b) An amount estimated at \$250,000.00 for development of a content resource package that will include on-line coursework content.~~

~~(c) An amount estimated at \$300,000.00 to Ferris state university to develop or purchase an on-line assessment system to supplement the Michigan education assessment program tests and the Michigan merit examination and provide immediate feedback on pupil achievement. The assessment system shall include high quality tests aligned to the state curriculum framework and tests that can be customized by teachers and integrated with on-line instructional resources. The state education agency shall work in partnership with Ferris state university to implement the assessment program. The state education agency shall give first priority in implementing the assessment systems to districts not meeting adequately yearly progress requirements as established by the federal no child left behind act of 2001, Public Law 107-110, and to schools participating in grant programs under this section.~~

~~(d) An amount not to exceed \$500,000.00 for comprehensive statewide evaluation of current and future projects under this section and for statewide administration of the freedom to learn program.~~

~~(17) (16)~~ Notwithstanding section 17b, payments under this section may be made pursuant to an agreement with the department.

~~(18) (17)~~ It is the intent of the legislature that this state will seek to raise private funds for the current and future funding of the freedom to learn program under this section and all of the program components.

~~(19) (18)~~ As used in this section:

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

(b) "State education agency" means the department.

Sec. 99. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$2,416,000.00 for ~~2004-2005~~ **2005-2006** and from the general fund appropriation in section 11, there is allocated an amount not to exceed \$84,000.00 for ~~2004-2005~~ **2005-2006** 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. In addition, from the federal funds appropriated in section 11, there is allocated **FOR 2005-2006** an amount estimated at ~~\$3,581,300.00~~ **\$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 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 2003-2004 shall receive state funding in an amount equal to the amount it received under this section for 2003-2004. 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) In order to receive state funds under this section, a grant recipient shall allow access for the department or the department's designee to audit all records related to the program for which it receives such funds. The grant recipient shall reimburse the state for all disallowances found in the audit.

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

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

(9) In order to receive state funds under this section, a grant recipient shall provide at least a 10% local match from local public or private resources for the funds received under this section.

(10) As used in this section:

(a) "DED" means the United States department of education.

(b) "DED-OESE" means the DED office of elementary and secondary education.

SEC. 99B. (1) FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$3,850,000.00 FOR 2005-2006 FOR PAYMENTS TO INTERMEDIATE 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 INTERMEDIATE DISTRICT FOR 2005-2006 SHALL BE AN EQUAL AMOUNT PER PUPIL FOR EACH PUPIL ACTUALLY ENROLLED AND ATTENDING

SCHOOL IN A DISTRICT LOCATED WITHIN THE INTERMEDIATE DISTRICT IN GRADES 6 TO 8. THE AMOUNT OF THE PAYMENT TO AN INTERMEDIATE DISTRICT UNDER THIS SECTION FOR SUBSEQUENT FISCAL YEARS WILL BE CALCULATED AS DESCRIBED IN SUBSECTION (4).

(3) AN INTERMEDIATE DISTRICT SHALL USE FUNDS RECEIVED UNDER THIS SECTION ONLY FOR ACTIVITIES AND EFFORTS DESIGNED TO IMPROVE PUPIL PERFORMANCE ON THE MICHIGAN EDUCATION ASSESSMENT PROGRAM MATHEMATICS ASSESSMENTS ADMINISTERED DURING GRADES 6 TO 8 AND TO HELP THE DISTRICTS WITHIN THE INTERMEDIATE DISTRICT MEET ADEQUATE YEARLY PROGRESS REQUIREMENTS FOR MATHEMATICS UNDER THE NO CHILD LEFT BEHIND ACT OF 2001, PUBLIC LAW 107-110.

(4) IT IS THE INTENT OF THE LEGISLATURE TO CONTINUE TO ALLOCATE FUNDS UNDER THIS SECTION FOR SUBSEQUENT FISCAL YEARS. HOWEVER, BEGINNING IN 2006-2007, ONLY ELIGIBLE INTERMEDIATE DISTRICTS WILL RECEIVE FUNDING UNDER THIS SECTION AND THE AMOUNT OF FUNDING SHALL BE AN EQUAL AMOUNT PER PUPIL ENROLLED AND ATTENDING SCHOOL IN GRADES 6 TO 8 IN DISTRICTS LOCATED WITHIN ELIGIBLE INTERMEDIATE DISTRICTS ONLY. AN INTERMEDIATE DISTRICT SHALL BE ELIGIBLE TO RECEIVE FUNDING UNDER THIS SECTION ONLY FOR THE DISTRICTS LOCATED WITHIN THE INTERMEDIATE DISTRICT THAT MEET EITHER OR BOTH OF THE FOLLOWING DURING THE FISCAL YEAR FOR WHICH THE FUNDS ARE ALLOCATED:

(A) ACHIEVE THE PASSAGE RATE ON THE MICHIGAN EDUCATION ASSESSMENT PROGRAM MATHEMATICS ASSESSMENTS ADMINISTERED DURING GRADES 6 TO 8 NECESSARY FOR THE DISTRICT TO MEET ADEQUATE YEARLY PROGRESS REQUIREMENTS FOR THOSE GRADES FOR MATHEMATICS UNDER THE NO CHILD LEFT BEHIND ACT OF 2001, PUBLIC LAW 107-110.

(B) ACHIEVE AN INCREASE IN THE PASSAGE RATE ON THE MICHIGAN EDUCATION ASSESSMENT PROGRAM MATHEMATICS ASSESSMENTS ADMINISTERED DURING GRADES 6 TO 8 OF AT LEAST 10 PERCENTAGE POINTS, AS COMPARED TO THAT PASSAGE RATE FOR THE IMMEDIATELY PRECEDING YEAR.

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

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

(3) ALL OF THE FOLLOWING APPLY TO THE PROVISION OF PUPIL INSTRUCTION:

(A) Except as otherwise provided in this section, each district shall provide at least 1,098 hours of pupil instruction. Except as otherwise provided in this act, a district failing to comply with the required minimum hours of pupil

instruction under this subsection shall forfeit from its total state aid allocation an amount determined by applying a ratio of the number of hours the district was in noncompliance in relation to the required minimum number of hours under this subsection. Not later than August 1, the board of each district shall certify to the department the number of hours of pupil instruction in the previous school year. If the district did not provide at least the required minimum number of hours of pupil instruction under this subsection, the deduction of state aid shall be made in the following fiscal year from the first payment of state school aid. A district is not subject to forfeiture of funds under this subsection for a fiscal year in which a forfeiture was already imposed under subsection (6). Hours lost because of strikes or teachers' conferences shall not be counted as days or hours of pupil instruction. ~~A~~

(B) EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (C), A district not having at least 75% of the district's membership in attendance on any day of pupil instruction shall receive state aid in that proportion of 1/180 that the actual percent of attendance bears to the specified percentage.

(C) BEGINNING IN 2005-2006, AT THE REQUEST OF A DISTRICT THAT OPERATES A DEPARTMENT-APPROVED ALTERNATIVE EDUCATION PROGRAM AND THAT DOES NOT PROVIDE INSTRUCTION FOR PUPILS IN ALL OF GRADES K TO 12, THE SUPERINTENDENT SHALL GRANT A WAIVER FOR A PERIOD OF 3 SCHOOL YEARS FROM THE REQUIREMENTS OF SUBDIVISION (B) IN ORDER TO CONDUCT A PILOT STUDY. THE WAIVER SHALL INDICATE THAT AN ELIGIBLE DISTRICT IS SUBJECT TO THE PRORATION PROVISIONS OF SUBDIVISION (B) ONLY IF THE DISTRICT DOES NOT HAVE AT LEAST 50% OF THE DISTRICT'S MEMBERSHIP IN ATTENDANCE ON ANY DAY OF PUPIL INSTRUCTION. NOT LATER THAN 2008-2009, THE DEPARTMENT SHALL REPORT ON THE IMPACT OF THIS WAIVER ON THE ACADEMIC ACHIEVEMENT OF PUPILS IN THESE DISTRICTS TO THE STATE BUDGET DIRECTOR AND THE SENATE AND HOUSE APPROPRIATIONS SUBCOMMITTEES ON STATE SCHOOL AID. IN ORDER TO BE ELIGIBLE FOR THIS WAIVER, A DISTRICT MUST MAINTAIN RECORDS TO SUBSTANTIATE ITS COMPLIANCE WITH THE FOLLOWING REQUIREMENTS DURING THE PILOT STUDY:

(i) THE DISTRICT OFFERS THE MINIMUM HOURS OF PUPIL INSTRUCTION AS REQUIRED UNDER THIS SECTION.

(ii) FOR EACH ENROLLED PUPIL, THE DISTRICT USES APPROPRIATE ACADEMIC ASSESSMENTS TO DEVELOP AN INDIVIDUAL EDUCATION PLAN THAT LEADS TO A HIGH SCHOOL DIPLOMA.

(iii) THE DISTRICT TESTS EACH PUPIL TO DETERMINE ACADEMIC PROGRESS AT REGULAR INTERVALS AND RECORDS THE RESULTS OF THOSE TESTS IN THAT PUPIL'S INDIVIDUAL EDUCATION PLAN.

(D) The superintendent shall promulgate rules for the implementation of this subsection.

(4) Except as otherwise provided in this subsection, the first 30 hours for which pupil instruction is not provided because of conditions not within the control of school authorities, such as severe storms, fires, epidemics, utility power unavailability, water or sewer failure, or health conditions as defined by the city, county, or state health authorities, shall be counted as hours of pupil instruction. Beginning in 2003-2004, with the approval of the superintendent of public instruction, the department shall count as hours of pupil instruction for a fiscal year not more than 30 additional hours for which pupil instruction is not provided in a district after April 1 of the applicable school year due to unusual and extenuating occurrences resulting from conditions not within the control of school authorities such as those conditions described in this subsection. Subsequent such hours shall not be counted as hours of pupil instruction.

(5) A district shall not forfeit part of its state aid appropriation because it adopts or has in existence an alternative scheduling program for pupils in kindergarten if the program provides at least the number of hours required under subsection (3) for a full-time equated membership for a pupil in kindergarten as provided under section 6(4).

(6) Not later than April 15 of each fiscal year, the board of each district shall certify to the department the planned number of hours of pupil instruction in the district for the school year ending in the fiscal year. In addition to any other penalty or forfeiture under this section, if at any time the department determines that 1 or more of the following has occurred in a district, the district shall forfeit in the current fiscal year beginning in the next payment to be calculated by the department a proportion of the funds due to the district under this act that is equal to the proportion below the required minimum number of hours of pupil instruction under subsection (3), as specified in the following:

(a) The district fails to operate its schools for at least the required minimum number of hours of pupil instruction under subsection (3) in a school year, including hours counted under subsection (4).

(b) The board of the district takes formal action not to operate its schools for at least the required minimum number of hours of pupil instruction under subsection (3) in a school year, including hours counted under subsection (4).

(7) In providing the minimum number of hours of pupil instruction required under subsection (3), a district shall use the following guidelines, and a district shall maintain records to substantiate its compliance with the following guidelines:

(a) Except as otherwise provided in this subsection, a pupil must be scheduled for at least the required minimum number of hours of instruction, excluding study halls, or at least the sum of 90 hours plus the required minimum number of hours of instruction, including up to 2 study halls.

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

(c) Except as otherwise provided in this subdivision, a pupil in grades 9 to 12 for whom a reduced schedule is determined to be in the individual pupil's best educational interest must be scheduled for a number of hours equal to at least 80% of the required minimum number of hours of pupil instruction to be considered a full-time equivalent pupil. A pupil in grades 9 to 12 who is scheduled in a 4-block schedule may receive a reduced schedule under this subsection if the pupil is scheduled for a number of hours equal to at least 75% of the required minimum number of hours of pupil instruction to be considered a full-time equivalent pupil.

(d) If a pupil in grades 9 to 12 who is enrolled in a cooperative education program or a special education pupil cannot receive the required minimum number of hours of pupil instruction solely because of travel time between instructional sites during the school day, that travel time, up to a maximum of 3 hours per school week, shall be considered to be pupil instruction time for the purpose of determining whether the pupil is receiving the required minimum number of hours of pupil instruction. However, if a district demonstrates to the satisfaction of the department that the travel time limitation under this subdivision would create undue costs or hardship to the district, the department may consider more travel time to be pupil instruction time for this purpose.

(e) In grades 7 through 12, instructional time that is part of a junior reserve officer training corps (JROTC) program shall be considered to be pupil instruction time regardless of whether the instructor is a certificated teacher if all of the following are met:

(i) The instructor has met all of the requirements established by the United States department of defense and the applicable branch of the armed services for serving as an instructor in the junior reserve officer training corps program.

(ii) The board of the district or intermediate district employing or assigning the instructor complies with the requirements of sections 1230 and 1230a of the revised school code, MCL 380.1230 and 380.1230a, with respect to the instructor to the same extent as if employing the instructor as a regular classroom teacher.

(8) The department shall apply the guidelines under subsection (7) in calculating the full-time equivalency of pupils.

(9) Upon application by the district for a particular fiscal year, the superintendent may waive for a district the minimum number of hours of pupil instruction requirement of subsection (3) for a department-approved alternative education program. If a district applies for and receives a waiver under this subsection and complies with the terms of the waiver, for the fiscal year covered by the waiver the district is not subject to forfeiture under this section for the specific program covered by the waiver.

(10) A district may count up to 51 hours of qualifying professional development for teachers, including the 5 hours of online professional development provided by the Michigan virtual university under section 98, as hours of pupil instruction. A district that elects to use this exception shall notify the department of its election. As used in this subsection, "qualifying professional development" means professional development that is focused on 1 or more of the following:

(a) Achieving or improving adequate yearly progress as defined under the no child left behind act of 2001, Public Law 107-110.

(b) Achieving accreditation or improving a school's accreditation status under section 1280 of the revised school code, MCL 380.1280.

(c) Achieving highly qualified teacher status as defined under the no child left behind act of 2001, Public Law 107-110.

(d) Maintaining teacher certification.

Sec. 105. (1) In order to avoid a penalty under this section, and in order to count a nonresident pupil residing within the same intermediate district in membership without the approval of the pupil's district of residence, a district shall comply with this section.

(2) Except as otherwise provided in this section, a district shall determine whether or not it will accept applications for enrollment by nonresident applicants residing within the same intermediate district for the next school year. If the district determines to accept applications for enrollment of a number of nonresidents, beyond those entitled to preference under this section, the district shall use the following procedures for accepting applications from and enrolling nonresidents:

(a) The district shall publish the grades, schools, and special programs, if any, for which enrollment may be available to, and for which applications will be accepted from, nonresident applicants residing within the same intermediate district.

(b) If the district has a limited number of positions available for nonresidents residing within the same intermediate district in a grade, school, or program, all of the following apply to accepting applications for and enrollment of nonresidents in that grade, school, or program:

(i) The district shall do all of the following not later than the second Friday in August:

(A) Provide notice to the general public that applications will be taken for a 15-day period from nonresidents residing within the same intermediate district for enrollment in that grade, school, or program. The notice shall identify the 15-day period and the place and manner for submitting applications.

(B) During the application period under sub-subparagraph (A), accept applications from nonresidents residing within the same intermediate district for enrollment in that grade, school, or program.

(C) Within 15 days after the end of the application period under sub-subparagraph (A), using the procedures and preferences required under this section, determine which nonresident applicants will be allowed to enroll in that grade, school, or program, using the random draw system required under subsection (13) as necessary, and notify the parent or legal guardian of each nonresident applicant of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment.

(i) Beginning on the third Monday in August and not later than the end of the first week of school, if any positions become available in a grade, school, or program due to accepted applicants failing to enroll or to more positions being added, the district may enroll nonresident applicants from the waiting list maintained under subsection (13), offering enrollment in the order that applicants appear on the waiting list. If there are still positions available after enrolling all applicants from the waiting list who desire to enroll, the district may not fill those positions until the second semester enrollment under subsection (3), as provided under that subsection, or until the next school year.

(c) For a grade, school, or program that has an unlimited number of positions available for nonresidents residing within the same intermediate district, all of the following apply to enrollment of nonresidents in that grade, school, or program:

(i) The district may accept applications for enrollment in that grade, school, or program, and may enroll nonresidents residing within the same intermediate district in that grade, school, or program, until the end of the first week of school. The district shall provide notice to the general public of the place and manner for submitting applications and, if the district has a limited application period, the notice shall include the dates of the application period. The application period shall be at least a 15-day period.

(ii) Not later than the end of the first week of school, the district shall notify the parent or legal guardian of each nonresident applicant who is accepted for enrollment that the applicant has been accepted for enrollment in the grade, school, or program and of the date by which the applicant must enroll in the district and the procedures for enrollment.

(3) If a district determines during the first semester of a school year that it has positions available for enrollment of a number of nonresidents residing within the same intermediate district, beyond those entitled to preference under this section, for the second semester of the school year, the district may accept applications from and enroll nonresidents residing within the same intermediate district for the second semester using the following procedures:

(a) Not later than 2 weeks before the end of the first semester, the district shall publish the grades, schools, and special programs, if any, for which enrollment for the second semester may be available to, and for which applications will be accepted from, nonresident applicants residing within the same intermediate district.

(b) During the last 2 weeks of the first semester, the district shall accept applications from nonresidents residing within the same intermediate district for enrollment for the second semester in the available grades, schools, and programs.

(c) By the beginning of the second semester, using the procedures and preferences required under this section, the district shall determine which nonresident applicants will be allowed to enroll in the district for the second semester and notify the parent or legal guardian of each nonresident applicant residing within the same intermediate district of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment.

(4) If deadlines similar to those described in subsection (2) or (3) have been established in an intermediate district, and if those deadlines are not later than the deadlines under subsection (2) or (3), the districts within the intermediate district may use those deadlines.

(5) A district offering to enroll nonresident applicants residing within the same intermediate district may limit the number of nonresident pupils it accepts in a grade, school, or program, at its discretion, and may use that limit as the reason for refusal to enroll an applicant.

(6) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based on intellectual, academic, artistic, or other ability, talent, or accomplishment, or lack thereof, or based on a mental or physical disability, except that a district may refuse to admit a nonresident applicant if the applicant does not meet the same criteria, other than residence, that an applicant who is a resident of the district must meet to be accepted for enrollment in a grade or a specialized, magnet, or intra-district choice school or program to which the applicant applies.

(7) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based on age, except that a district may refuse to admit a nonresident applicant applying for a program that is not appropriate for the age of the applicant.

(8) A nonresident applicant residing within the same intermediate district shall not be granted or refused enrollment based upon religion, race, color, national origin, sex, height, weight, marital status, or athletic ability, or, generally, in violation of any state or federal law prohibiting discrimination.

(9) A district may refuse to enroll a nonresident applicant if ~~the~~ **ANY OF THE FOLLOWING ARE MET:**

(A) THE applicant is, or has been within the preceding 2 years, suspended from another school. ~~or if the~~

(B) THE applicant has ~~ever~~ **AT ANY TIME** been expelled from another school.

(C) THE APPLICANT HAS AT ANY TIME BEEN CONVICTED OF A FELONY.

(10) A district shall continue to allow a pupil who was enrolled in and attended the district under this section in the school year or semester immediately preceding the school year or semester in question to enroll in the district until the pupil graduates from high school. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(11) A district shall give preference for enrollment under this section over all other nonresident applicants residing within the same intermediate district to other school-age children who reside in the same household as a pupil described in subsection (10).

(12) If a nonresident pupil was enrolled in and attending school in a district as a nonresident pupil in the 1995-96 school year and continues to be enrolled continuously each school year in that district, the district shall allow that nonresident pupil to continue to enroll in and attend school in the district until high school graduation, without requiring the nonresident pupil to apply for enrollment under this section. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(13) If the number of qualified nonresident applicants eligible for acceptance in a school, grade, or program does not exceed the positions available for nonresident pupils in the school, grade, or program, the school district shall accept for enrollment all of the qualified nonresident applicants eligible for acceptance. If the number of qualified nonresident applicants residing within the same intermediate district eligible for acceptance exceeds the positions available in a grade, school, or program in a district for nonresident pupils, the district shall use a random draw system, subject to the need to abide by state and federal antidiscrimination laws and court orders and subject to preferences allowed by this section. The district shall develop and maintain a waiting list based on the order in which nonresident applicants were drawn under this random draw system.

(14) If a district, or the nonresident applicant, requests the district in which a nonresident applicant resides to supply information needed by the district for evaluating the applicant's application for enrollment or for enrolling the applicant, the district of residence shall provide that information on a timely basis.

(15) If a district is subject to a court-ordered desegregation plan, and if the court issues an order prohibiting pupils residing in that district from enrolling in another district or prohibiting pupils residing in another district from enrolling in that district, this section is subject to the court order.

(16) This section does not require a district to provide transportation for a nonresident pupil enrolled in the district under this section or for a resident pupil enrolled in another district under this section. However, at the time a nonresident pupil enrolls in the district, a district shall provide to the pupil's parent or legal guardian information on available transportation to and from the school in which the pupil enrolls.

(17) A district may participate in a cooperative education program with 1 or more other districts or intermediate districts whether or not the district enrolls any nonresidents pursuant to this section.

(18) A district that, pursuant to this section, enrolls a nonresident pupil who is eligible for special education programs and services according to statute or rule, or who is a child with disabilities, as defined under the individuals with disabilities education act, title VI of Public Law 91-230, 20 ~~U.S.C.~~ **USC** 1400 to 1420, 1431 to 1461, and 1471 to 1487, shall be considered to be the resident district of the pupil for the purpose of providing the pupil with a free appropriate public education. Consistent with state and federal law, that district is responsible for developing and implementing an individualized education plan annually for a nonresident pupil described in this subsection.

(19) If a district does not comply with this section, the district forfeits 5% of the total state school aid allocation to the district under this act.

(20) Upon application by a district, the superintendent may grant a waiver for the district from a specific requirement under this section for not more than 1 year.

Sec. 105c. (1) In order to avoid a penalty under this section, and in order to count a nonresident pupil residing in a district located in a contiguous intermediate district in membership without the approval of the pupil's district of residence, a district shall comply with this section.

(2) Except as otherwise provided in this section, a district shall determine whether or not it will accept applications for enrollment by nonresident applicants residing in a district located in a contiguous intermediate district for the next school year. If the district determines to accept applications for enrollment of a number of nonresidents under this section, beyond those entitled to preference under this section, the district shall use the following procedures for accepting applications from and enrolling nonresidents under this section:

(a) The district shall publish the grades, schools, and special programs, if any, for which enrollment may be available to, and for which applications will be accepted from, nonresident applicants residing in a district located in a contiguous intermediate district.

(b) If the district has a limited number of positions available for nonresidents residing in a district located in a contiguous intermediate district in a grade, school, or program, all of the following apply to accepting applications for and enrollment of nonresidents under this section in that grade, school, or program:

(i) The district shall do all of the following not later than the second Friday in August:

(A) Provide notice to the general public that applications will be taken for a 15-day period from nonresidents residing in a district located in a contiguous intermediate district for enrollment in that grade, school, or program. The notice shall identify the 15-day period and the place and manner for submitting applications.

(B) During the application period under sub-subparagraph (A), accept applications from nonresidents residing in a district located in a contiguous intermediate district for enrollment in that grade, school, or program.

(C) Within 15 days after the end of the application period under sub-subparagraph (A), using the procedures and preferences required under this section, determine which nonresident applicants will be allowed to enroll under this section in that grade, school, or program, using the random draw system required under subsection (13) as necessary, and notify the parent or legal guardian of each nonresident applicant of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment under this section shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment.

(i) Beginning on the third Monday in August and not later than the end of the first week of school, if any positions become available in a grade, school, or program due to accepted applicants failing to enroll or to more positions being added, the district may enroll nonresident applicants from the waiting list maintained under subsection (13), offering enrollment in the order that applicants appear on the waiting list. If there are still positions available after enrolling all applicants from the waiting list who desire to enroll, the district may not fill those positions until the second semester enrollment under subsection (3), as provided under that subsection, or until the next school year.

(c) For a grade, school, or program that has an unlimited number of positions available for nonresidents residing in a district located in a contiguous intermediate district, all of the following apply to enrollment of nonresidents in that grade, school, or program under this section:

(i) The district may accept applications for enrollment in that grade, school, or program, and may enroll nonresidents residing in a district located in a contiguous intermediate district in that grade, school, or program, until the end of the first week of school. The district shall provide notice to the general public of the place and manner for submitting applications and, if the district has a limited application period, the notice shall include the dates of the application period. The application period shall be at least a 15-day period.

(ii) Not later than the end of the first week of school, the district shall notify the parent or legal guardian of each nonresident applicant who is accepted for enrollment under this section that the applicant has been accepted for enrollment in the grade, school, or program and of the date by which the applicant must enroll in the district and the procedures for enrollment.

(3) If a district determines during the first semester of a school year that it has positions available for enrollment of a number of nonresidents residing in a district located in a contiguous intermediate district, beyond those entitled to preference under this section, for the second semester of the school year, the district may accept applications from and enroll nonresidents residing in a district located in a contiguous intermediate district for the second semester using the following procedures:

(a) Not later than 2 weeks before the end of the first semester, the district shall publish the grades, schools, and special programs, if any, for which enrollment for the second semester may be available to, and for which applications will be accepted from, nonresident applicants residing in a district located in a contiguous intermediate district.

(b) During the last 2 weeks of the first semester, the district shall accept applications from nonresidents residing in a district located in a contiguous intermediate district for enrollment for the second semester in the available grades, schools, and programs.

(c) By the beginning of the second semester, using the procedures and preferences required under this section, the district shall determine which nonresident applicants will be allowed to enroll under this section in the district for the second semester and notify the parent or legal guardian of each nonresident applicant residing in a district located in a contiguous intermediate district of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment.

(4) If deadlines similar to those described in subsection (2) or (3) have been established in an intermediate district, and if those deadlines are not later than the deadlines under subsection (2) or (3), the districts within the intermediate district may use those deadlines.

(5) A district offering to enroll nonresident applicants residing in a district located in a contiguous intermediate district may limit the number of those nonresident pupils it accepts in a grade, school, or program, at its discretion, and may use that limit as the reason for refusal to enroll an applicant under this section.

(6) A nonresident applicant residing in a district located in a contiguous intermediate district shall not be granted or refused enrollment based on intellectual, academic, artistic, or other ability, talent, or accomplishment, or lack thereof, or based on a mental or physical disability, except that a district may refuse to admit a nonresident applicant under this section if the applicant does not meet the same criteria, other than residence, that an applicant who is a resident of the district must meet to be accepted for enrollment in a grade or a specialized, magnet, or intra-district choice school or program to which the applicant applies.

(7) A nonresident applicant residing in a district located in a contiguous intermediate district shall not be granted or refused enrollment under this section based on age, except that a district may refuse to admit a nonresident applicant applying for a program that is not appropriate for the age of the applicant.

(8) A nonresident applicant residing in a district located in a contiguous intermediate district shall not be granted or refused enrollment under this section based upon religion, race, color, national origin, sex, height, weight, marital status, or athletic ability, or, generally, in violation of any state or federal law prohibiting discrimination.

(9) A district may refuse to enroll a nonresident applicant under this section if ~~the~~ **ANY OF THE FOLLOWING ARE MET:**

(A) **THE** applicant is, or has been within the preceding 2 years, suspended from another school. ~~or if the~~

(B) **THE** applicant has ~~ever~~ **AT ANY TIME** been expelled from another school.

(C) **THE APPLICANT HAS AT ANY TIME BEEN CONVICTED OF A FELONY.**

(10) A district shall continue to allow a pupil who was enrolled in and attended the district under this section in the school year or semester immediately preceding the school year or semester in question to enroll in the district until the pupil graduates from high school. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(11) A district shall give preference for enrollment under this section over all other nonresident applicants residing in a district located in a contiguous intermediate district to other school-age children who reside in the same household as a pupil described in subsection (10).

(12) If a nonresident pupil was enrolled in and attending school in a district as a nonresident pupil in the 1995-96 school year and continues to be enrolled continuously each school year in that district, the district shall allow that nonresident pupil to continue to enroll in and attend school in the district until high school graduation, without requiring the nonresident pupil to apply for enrollment under this section. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

(13) If the number of qualified nonresident applicants eligible for acceptance under this section in a school, grade, or program does not exceed the positions available for nonresident pupils under this section in the school, grade, or program, the school district shall accept for enrollment all of the qualified nonresident applicants eligible for acceptance. If the number of qualified nonresident applicants residing in a district located in a contiguous intermediate district eligible for acceptance under this section exceeds the positions available in a grade, school, or program in a district for nonresident pupils, the district shall use a random draw system, subject to the need to abide by state and federal antidiscrimination laws and court orders and subject to preferences allowed by this section. The district shall develop and maintain a waiting list based on the order in which nonresident applicants were drawn under this random draw system.

(14) If a district, or the nonresident applicant, requests the district in which a nonresident applicant resides to supply information needed by the district for evaluating the applicant's application for enrollment or for enrolling the applicant under this section, the district of residence shall provide that information on a timely basis.

(15) If a district is subject to a court-ordered desegregation plan, and if the court issues an order prohibiting pupils residing in that district from enrolling in another district or prohibiting pupils residing in another district from enrolling in that district, this section is subject to the court order.

(16) This section does not require a district to provide transportation for a nonresident pupil enrolled in the district under this section or for a resident pupil enrolled in another district under this section. However, at the time a nonresident pupil enrolls in the district, a district shall provide to the pupil's parent or legal guardian information on available transportation to and from the school in which the pupil enrolls.

(17) A district may participate in a cooperative education program with 1 or more other districts or intermediate districts whether or not the district enrolls any nonresidents pursuant to this section.

(18) In order for a district or intermediate district to enroll pursuant to this section a nonresident pupil who resides in a district located in a contiguous intermediate district and who is eligible for special education programs and services according to statute or rule, or who is a child with disabilities, as defined under the individuals with disabilities education act, title VI of Public Law 91-230, the enrolling district shall have a written agreement with the resident district of the pupil for the purpose of providing the pupil with a free appropriate public education. The written agreement shall include, but is not limited to, an agreement on the responsibility for the payment of the added costs of special education programs and services for the pupil.

(19) If a district does not comply with this section, the district forfeits 5% of the total state school aid allocation to the district under this act.

(20) Upon application by a district, the superintendent may grant a waiver for the district from a specific requirement under this section for not more than 1 year.

(21) This section is repealed if the final decision of a court of competent jurisdiction holds that any portion of this section is unconstitutional, ineffective, invalid, or in violation of federal law.

(22) As used in this section, "district located in a contiguous intermediate district" means a district located in an intermediate district that is contiguous to the intermediate district in which a pupil's district of residence is located.

Sec. 107. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$20,000,000.00~~ **\$21,000,000.00** for ~~2004-2005~~ **2005-2006** 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.

(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), the amount allocated under subsection (1) shall be distributed as follows:

(a) For districts and consortia that received payments for 2003-2004 under this section, the amount allocated to each for ~~2004-2005~~ **2005-2006** shall be based on the number of participants served by the district or consortium for ~~2004-2005~~ **2005-2006**, using the amount allocated per full-time equated participant under subsection (5), up to a maximum total allocation under this section in an amount equal to the amount the district or consortium received for 2003-2004 under this section before any reallocations made for 2003-2004 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 ~~2004-2005~~ **2005-2006**. **IN ADDITION, A DISTRICT THAT HAD A DECLARATION OF FINANCIAL EMERGENCY IN PLACE UNDER THE LOCAL GOVERNMENT FISCAL RESPONSIBILITY ACT, 1990 PA 72, MCL 141.1201 TO 141.1291, AND FOR WHICH THAT DECLARATION WAS REVOKED DURING 2005 MAY OPERATE A PROGRAM UNDER THIS SECTION INDEPENDENTLY OF A CONSORTIUM OR MAY JOIN OR FORM A CONSORTIUM TO OPERATE A PROGRAM UNDER THIS SECTION.** The allocation for ~~2004-2005~~ **2005-2006** 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 2003-2004 **OR, FOR A DISTRICT FOR WHICH A DECLARATION OF FINANCIAL EMERGENCY WAS REVOKED DURING 2005, BASED ON THE AMOUNT THE DISTRICT RECEIVED UNDER THIS SECTION USING A 3-YEAR AVERAGE OF THE 3 MOST RECENT FISCAL YEARS THE DISTRICT RECEIVED FUNDING UNDER THIS SECTION.** A district or consortium described in this subdivision shall notify the department of labor and economic growth of its intention with regard to ~~2004-2005~~ **2005-2006** by October 1, ~~2004~~ **2005**.

(4) A district that operated an adult education program in ~~2003-2004~~ **2004-2005** and does not intend to operate a program in ~~2004-2005~~ **2005-2006** shall notify the department of labor and economic growth by October 1, ~~2004~~ **2005** of its intention. The funds intended to be allocated under this section to a district that does not operate a program in ~~2004-2005~~ **2005-2006** 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 ~~2004-2005~~ **2005-2006** under this section.

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

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

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

(b) The program tests individuals for eligibility under subdivision (a) before enrollment and tests participants to determine progress after every 90 hours of attendance, using assessment instruments approved by the department 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 (10) until the participant meets 1 of the following:

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

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

(7) 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 (10) for a participant, and a participant may be enrolled in the program until 1 of the following occurs:

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Ninety percent for enrollment of eligible participants.

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

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

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

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

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

(15) 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.

Sec. 147. (1) The allocation for ~~2004-2005~~ **2005-2006** for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. The annual level percentage of payroll contribution rate is estimated ~~14.87%~~ **16.34%** for the ~~2004-2005~~ **2005-2006** state fiscal year. The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This contribution rate reflects an amortization period of ~~32~~ **31** years for ~~2004-2005~~ **2005-2006**. The public school employees' retirement system board shall notify each district and intermediate district by February 28 of each fiscal year of the estimated contribution rate for the next fiscal year.

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

Sec. 158b. Each district that receives federal impact aid annually shall report to the center, in the form and manner prescribed by the ~~department~~ **CENTER**, the amount of that aid the district received.

Sec. 164c. A district or intermediate district shall not use funds appropriated under this act to purchase foreign goods or services, **OR BOTH**, if ~~competitively priced~~ American goods or services, ~~of comparable quality~~ **OR BOTH**, are available **AND ARE COMPETITIVELY PRICED AND OF COMPARABLE QUALITY. 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.**

Sec. 167. (1) The department in cooperation with the department of community health shall develop plans to assist districts and intermediate districts and local county health departments to comply with section 1177 of the revised school code, MCL 380.1177, and section 9209 of the public health code, 1978 PA 368, MCL 333.9209, for each school year.

(2) Each district or intermediate district shall report to the local health department in which it is located by November 1 of each fiscal year, in a manner prescribed by the department of community health, the immunization status of each pupil in grades K through 12 who enrolled in the district or intermediate district for the first time or, beginning in 2002-2003, who enrolled in grade 6 in the district or intermediate district for the first time, between January 1 and September 30 of the immediately preceding fiscal year. Not later than December 31 of each fiscal year, the department of community health shall notify the department by district or intermediate district of the percentage of entering pupils and, beginning in 2002-2003, of pupils who enrolled in grade 6 for the first time who do not have a completed, waived, or provisional immunization record in accordance with section 1177 of the revised school code, MCL 380.1177. If a district or intermediate district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the revised school code, MCL 380.1177, for at least 90% of the district's or intermediate district's entering pupils, as recorded in the November 1 reports required under this subsection, the district or intermediate district is subject to subsection (4) until the district or intermediate district has such an immunization record for at least 90% of its pupils who enrolled in the district or intermediate district for the first time.

(3) Each district or intermediate district shall again report to the local health department in which it is located by February 1 of each fiscal year, in a manner prescribed by the department of community health, the immunization status of each pupil in grades K through 12 who enrolled in the district or intermediate district for the first time or, beginning in 2002-2003, who enrolled in grade 6 in the district or intermediate district for the first time, between January 1 of the immediately preceding fiscal year and December 31 of the current fiscal year. Not later than March 31 of each fiscal year, the department of community health shall notify the department by district or intermediate district of the percentage of entering pupils and, beginning in 2002-2003, of pupils who enrolled in grade 6 for the first time who do not have a completed, waived, or provisional immunization record in accordance with section 1177 of the revised school code, MCL 380.1177. If a district or intermediate district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the revised school code, MCL 380.1177, for at least 95% of the district's or intermediate district's entering pupils, as recorded in the February 1 reports required under this subsection, the district or intermediate district is subject to subsection (4) until the district or intermediate district has such an immunization record for at least 95% of its pupils who enrolled in the district or intermediate district for the first time. If the department of community health is not able to report to the department by March 31 because a district or intermediate district fails to submit a report as required in this subsection, or submits an incomplete, inaccurate, or late report, the district or intermediate district is subject to subsection (4) until the report is submitted in a complete and accurate form.

(4) If a district or intermediate district does not comply with this section, the department shall withhold 5% of the total funds due to the district or intermediate district under this act after the date the department of community health

reports a district's or intermediate district's noncompliance with this section to the department until the district or intermediate district complies with this section. If the district or intermediate district does not comply with this section by the end of the fiscal year, the district or intermediate district forfeits the total amount withheld.

(5) FOR 2005-2006 ONLY, IF A PUPIL HAS BEEN EVACUATED FROM ANOTHER STATE AND RELOCATED IN THIS STATE DUE TO A NATURAL DISASTER AND IS BEING EDUCATED IN A DISTRICT, IF THE PUPIL'S IMMUNIZATION RECORD HAS NOT YET BEEN RECEIVED OR CONFIRMED, AND IF THE DISTRICT IS MAKING A GOOD FAITH EFFORT TO OBTAIN IMMUNIZATION INFORMATION CONCERNING THE PUPIL, THE DISTRICT MAY EXCLUDE THE PUPIL FROM THE CALCULATION OF THE SPECIFIED PERCENTAGES IN SUBSECTIONS (2) AND (3).

Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act and in House Bill No. 4831 of the 93rd Legislature from state sources for fiscal year 2005-2006 is estimated at \$11,364,814,000.00 and state appropriations to be paid to local units of government for fiscal year 2005-2006 are estimated at \$11,341,913,100.00.

Enacting section 2. Sections 11b, 32f, and 107b of the state school aid act of 1979, 1979 PA 94, MCL 388.1611b, 388.1632f, and 388.1707b, are repealed effective October 1, 2005.

Enacting section 3. (1) Except as otherwise specified in subsection (2), this amendatory act takes effect October 1, 2005.

(2) Sections 6, 15, and 101 of the state school aid act of 1979, 1979 PA 94, MCL 388.1606, 388.1615, and 388.1701, as amended by this amendatory act, and sections 11k and 31f as added by this amendatory act, take effect upon enactment of this amendatory act.

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

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 4, 6, 11, 11a, 11f, 11g, 11j, 15, 18, 19, 20, 20j, 22a, 22b, 22d, 24, 25, 26a, 31a, 31d, 32c, 32d, 32j, 37, 39, 39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 98b, 99, 101, 105, 105c, 107, 147, 158b, 164c, and 167 (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611a, 388.1611f, 388.1611g, 388.1611j, 388.1615, 388.1618, 388.1619, 388.1620, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1625, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1632j, 388.1637, 388.1639, 388.1639a, 388.1641, 388.1641a, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1698b, 388.1699, 388.1701, 388.1705, 388.1705c, 388.1707, 388.1747, 388.1758b, 388.1764c, and 388.1767), sections 3, 4, 6, 11f, 11g, 15, 19, 20, 20j, 24, 26a, 31d, 32c, 32d, 32j, 37, 39a, 41, 41a, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 99, 107, 147, and 158b as amended and section 22d as added by 2004 PA 351, sections 11, 11a, 11j, 22a, 22b, 51a, and 51c as amended by 2005 PA 98, section 18 as amended by 2004 PA 414, sections 25 and 105c as amended by 2000 PA 297, sections 31a and 98b as amended by 2004 PA 593, section 39 as amended by 2002 PA 191, section 101 as amended by 2005 PA 41, section 105 as amended by 2003 PA 158, section 164c as added by 1995 PA 130, and section 167 as amended by 2000 PA 89, and by adding sections 11k, 26b, 31b, 31f, 32l, 33, 54a, and 99b; and to repeal acts and parts of acts.

John Moolenaar
David Farhat
Jim Plakas
Conferees for the House

Ron Jelinek
Alan L. Cropsey
Michael Switalski
Conferees for the Senate

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

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

The motion prevailed.

The question being on the adoption of the conference report,

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

Roll Call No. 427

Yeas—107

Accavitti
Acciavatti

Elsenheimer
Emmons

Law, Kathleen
Leland

Proos
Robertson

| | | | |
|--------------|-------------|--------------|-----------------|
| Adamini | Espinoza | Lemmons, III | Rocca |
| Amos | Farhat | Lemmons, Jr. | Sak |
| Anderson | Farrah | Lipsev | Schuitmaker |
| Angerer | Gaffney | Marleau | Shaffer |
| Ball | Garfield | Mayes | Sheen |
| Baxter | Gillard | McConico | Sheltrown |
| Bennett | Gleason | McDowell | Smith, Alma |
| Bieda | Gonzales | Meisner | Smith, Virgil |
| Booher | Green | Meyer | Spade |
| Brandenburg | Hansen | Miller | Stahl |
| Brown | Hildenbrand | Moolenaar | Stakoe |
| Byrnes | Hood | Moore | Steil |
| Byrum | Hoogendyk | Mortimer | Stewart |
| Casperson | Hopgood | Murphy | Taub |
| Caswell | Huizenga | Newell | Tobocman |
| Caul | Hummel | Nitz | Vagnozzi |
| Cheeks | Hune | Nofs | Van Regenmorter |
| Clack | Hunter | Palmer | Vander Veen |
| Clemente | Jones | Palsrok | Waters |
| Condino | Kahn | Pastor | Wenke |
| Cushingberry | Kehrl | Pavlov | Whitmer |
| DeRoche | Kolb | Pearce | Williams |
| Dillon | Kooiman | Phillips | Wojno |
| Donigan | LaJoy | Plakas | Zelenko |
| Drolet | Law, David | Polidori | |

Nays—2

Gosselin Walker

In The Chair: Kooiman

The Speaker laid before the House the conference report relative to

Senate Bill No. 274, entitled

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2006; 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; to prescribe powers and duties of certain state departments and certain state and local agencies and officers; and to repeal acts and parts of acts.

(The conference report was received from the Senate on September 15, consideration of which, under the rules, was postponed until today.)

(For conference report, see House Journal No. 77, p. 1401.)

The question being on the adoption of the conference report,

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

Roll Call No. 428

Yeas—68

| | | | |
|------------|----------|------------|-------------|
| Acciavatti | Emmons | LaJoy | Robertson |
| Amos | Espinoza | Law, David | Rocca |
| Angerer | Farhat | Marleau | Sak |
| Ball | Gaffney | McDowell | Schuitmaker |
| Baxter | Garfield | Meyer | Shaffer |
| Bennett | Gosselin | Moolenaar | Sheen |

| | | | |
|-------------|-------------|----------|-----------------|
| Booher | Green | Moore | Sheltrown |
| Brandenburg | Hansen | Mortimer | Stahl |
| Brown | Hildenbrand | Newell | Stakoe |
| Byrnes | Hoogendyk | Nitz | Steil |
| Byrum | Huizenga | Nofs | Stewart |
| Casperson | Hummel | Palmer | Taub |
| Caswell | Hune | Palsrok | Van Regenmorter |
| Caul | Jones | Pastor | Vander Veen |
| DeRoche | Kahn | Pavlov | Walker |
| Drolet | Kehrl | Pearce | Wenke |
| Elsenheimer | Kooiman | Proos | Whitmer |

Nays—41

| | | | |
|--------------|---------------|--------------|---------------|
| Accavitti | Farrah | Lemmons, III | Polidori |
| Adamini | Gillard | Lemmons, Jr. | Smith, Alma |
| Anderson | Gleason | Lipsey | Smith, Virgil |
| Bieda | Gonzales | Mayes | Spade |
| Cheeks | Hood | McConico | Tobocman |
| Clack | Hopgood | Meisner | Vagnozzi |
| Clemente | Hunter | Miller | Waters |
| Condino | Kolb | Murphy | Williams |
| Cushingberry | Law, Kathleen | Phillips | Wojno |
| Dillon | Leland | Plakas | Zelenko |
| Donigan | | | |

In The Chair: Kooiman

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

“Mr. Speaker and members of the House:

I voted no on SB 274, the Department of History, Arts, and Libraries Budget, because libraries in the 57th District will have to absorb yet another reduction in per capita funding. Funds which should have gone to these and other public libraries throughout the state have, in my opinion, been inappropriately re-directed to other line items in this budget.”

Rep. Zelenko, having reserved the right to explain her nay vote, made the following statement:

“Mr. Speaker and members of the House:

I voted ‘No’ on SB 274 because of the cuts to the Wayne County Library for the Blind and Physically Handicapped and the reduction of support for educators, classroom materials and publications, and website storage of K-12 history lesson plans.”

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

“Mr. Speaker and members of the House:

I voted know because this bill cuts the very heart of any drive to improve literacy, job readiness, and intellectual development by cutting the library system. To add insult to injury, the Detroit Public Library which serves the whole state is also cut substantially. How can anyone in good conscious cut the Wayne County Library for the Blind? According to reports, this cut and the others in this budget were made to avoid raising fees on Mackinac Island State Park. Such an increase would have no negative impact on the Park. How can we justify our efforts to improve the business climate by reducing the tools available to our residents? We should substantially increase the amounts available for these services! Most objective studies show the places where art , history, and culture are treasured are preferred by entities that create jobs. Cuts for the various art, history, and cultural institutions and grants to encourage Michigan communities to enhance and promote such activities are counter productive and will weaken Michigan’s attractiveness.”

Rep. Waters moved that Rep. Accavitti be excused temporarily from today's session.
The motion prevailed.

Messages from the Senate

House Bill No. 4803, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," by amending section 1284b (MCL 380.1284b), as amended by 2001 PA 167.

The Senate has amended the bill as follows:

1. Amend page 2, line 1, after "IN" by striking out "SUBSECTION (3)" and inserting "SUBSECTIONS (3) AND (4)".
2. Amend page 2, line 4, after "ACADEMY'S" by striking out "SCHOOL YEAR DOES NOT BEGIN" and inserting "PUPILS ARE NOT REQUIRED TO BEGIN A SCHOOL YEAR".
3. Amend page 2, following line 15, by inserting:

"(4) IF A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY IS OPERATING A YEAR-ROUND SCHOOL OR PROGRAM AS OF THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SUBSECTION (2), THEN SUBSECTION (2) DOES NOT APPLY TO THAT SCHOOL OR PROGRAM. IF A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY BEGINS OPERATING A YEAR-ROUND SCHOOL OR PROGRAM AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SUBSECTION (2), THE SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR PUBLIC SCHOOL ACADEMY MAY APPLY TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION FOR A WAIVER FROM THE REQUIREMENTS OF SUBSECTION (2). UPON APPLICATION, IF THE SUPERINTENDENT OF PUBLIC INSTRUCTION DETERMINES THAT A SCHOOL OR PROGRAM IS A BONA FIDE YEAR-ROUND SCHOOL OR PROGRAM ESTABLISHED FOR EDUCATIONAL REASONS, THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL GRANT THE WAIVER. THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL ESTABLISH STANDARDS FOR DETERMINING A BONA FIDE YEAR-ROUND SCHOOL OR PROGRAM FOR THE PURPOSES OF THIS SUBSECTION." and renumbering the remaining subsection.

The Senate has passed the bill as amended, ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The Speaker announced that pursuant to Rule 45, the bill was laid over one day.

Rep. Hildenbrand moved that Rule 45 be suspended.

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

The question being on concurring in the amendments made to the bill by the Senate,

Rep. Taub moved to amend the Senate amendments as follows:

1. Amend Senate Amendment No. 3, page 2, following line 15, subsection (4), after the first "SUBSECTION (2)" by inserting "OR IS OPERATING AS OF THAT EFFECTIVE DATE A SCHOOL THAT IS AN INTERNATIONAL BACCALAUREATE ACADEMY THAT PROVIDES 1,160 HOURS OF PUPIL INSTRUCTION PER SCHOOL YEAR".

The motion prevailed and the amendment was adopted, a majority of the members serving voting therefor.

The question being on concurring in the amendments made to the bill by the Senate,

Rep. Hildenbrand moved to reconsider the vote by which the House adopted the amendment.

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

The question being on the adoption of the amendment to the Senate amendments offered by Rep. Taub,

Rep. Whitmer demanded the yeas and nays.

The demand was supported.

The question being on the adoption of the amendment to the Senate amendments offered by Rep. Taub,

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

Roll Call No. 429

Yeas—57

Acciavatti
Amos

Farrah
Gaffney

LaJoy
Law, David

Phillips
Proos

| | | | |
|-------------|-------------|-----------|-----------------|
| Ball | Garfield | Marleau | Robertson |
| Baxter | Gosselin | Meisner | Schuitmaker |
| Booher | Green | Miller | Shaffer |
| Brandenburg | Hansen | Moolenaar | Sheen |
| Casperson | Hildenbrand | Moore | Stahl |
| Caswell | Hoogendyk | Mortimer | Stakoe |
| Caul | Huizenga | Nitz | Steil |
| DeRoche | Hummel | Palmer | Stewart |
| Dillon | Hune | Palsrok | Taub |
| Drolet | Jones | Pastor | Van Regenmorter |
| Elsenheimer | Kahn | Pavlov | Walker |
| Emmons | Kooiman | Pearce | Wenke |
| Farhat | | | |

Nays—50

| | | | |
|--------------|---------------|--------------|---------------|
| Adamini | Donigan | Lemmons, Jr. | Sheltrown |
| Anderson | Espinoza | Lipsey | Smith, Alma |
| Angerer | Gillard | Mayes | Smith, Virgil |
| Bennett | Gleason | McConico | Spade |
| Bieda | Gonzales | McDowell | Tobocman |
| Brown | Hood | Meyer | Vagnozzi |
| Byrnes | Hopgood | Murphy | Vander Veen |
| Byrum | Hunter | Newell | Waters |
| Cheeks | Kehrl | Plakas | Whitmer |
| Clack | Kolb | Polidori | Williams |
| Clemente | Law, Kathleen | Rocca | Wojno |
| Condino | Leland | Sak | Zelenko |
| Cushingberry | Lemmons, III | | |

In The Chair: Kooiman

The question being on concurring in the amendments made to the bill by the Senate,

The amendments, as amended, were concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 430**Yeas—66**

| | | | |
|--------------|-------------|--------------|-----------------|
| Acciavatti | Espinoza | Kooiman | Polidori |
| Amos | Farhat | Law, David | Proos |
| Ball | Farrar | Lemmons, III | Robertson |
| Baxter | Gaffney | Lemmons, Jr. | Rocca |
| Bennett | Garfield | Marleau | Sak |
| Booher | Gillard | McDowell | Schuitmaker |
| Brandenburg | Gleason | Meyer | Shaffer |
| Brown | Gonzales | Moolenaar | Sheen |
| Casperson | Gosselin | Moore | Sheltrown |
| Caul | Green | Mortimer | Stahl |
| Clack | Hansen | Newell | Steil |
| Clemente | Hildenbrand | Nofs | Taub |
| Cushingberry | Huizenga | Palmer | Van Regenmorter |
| DeRoche | Hummel | Palsrok | Vander Veen |
| Drolet | Hune | Pavlov | Walker |

Elsenheimer
Emmons

Jones
Kahn

Pearce

Wenke

Nays—43

Accavitti
Adamini
Anderson
Angerer
Bieda
Byrnes
Byrum
Caswell
Cheeks
Condino
Dillon

Donigan
Hood
Hoogendyk
Hopgood
Hunter
Kehrl
Kolb
LaJoy
Law, Kathleen
Leland
Lipsey

Mayes
McConico
Meisner
Miller
Murphy
Nitz
Pastor
Phillips
Plakas
Smith, Alma
Smith, Virgil

Spade
Stakoe
Stewart
Tobocman
Vagnozzi
Waters
Whitmer
Williams
Wojno
Zelenko

In The Chair: Kooiman

The House agreed to the full title of the bill.

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

“Mr. Speaker and members of the House:

While I support the concept of starting school after Labor Day as it will help tourism in Michigan, in this case, I would prefer to allow individual districts to make that decision. Local control is best in this situation.”

Rep. Zelenko, having reserved the right to explain her nay vote, made the following statement:

“Mr. Speaker and members of the House:

Although I have in the past supported the concept of school starting after Labor Day, I voted ‘No’ on HB 4803 today because last spring the Legislature (in our infinite wisdom) changed the testing time frames for MEAP from Spring to Fall. If we force schools to start after Labor Day, we in turn cause problems with teachers not having enough instructional time to prepare students for the October MEAP tests.”

The House returned to the consideration of

House Bill No. 4082, entitled

A bill to amend 1949 PA 300, entitled “Michigan vehicle code,” by amending sections 310, 806, and 809 (MCL 257.310, 257.806, and 257.809), section 310 as amended by 2004 PA 495, section 806 as amended by 2003 PA 152, and section 809 as amended by 1987 PA 238.

(The bill was considered earlier today, see today’s Journal, p. 1527.)

The question being on concurring in the substitute (S-3) made to the bill by the Senate,

The substitute (S-3) was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 431

Yeas—99

Accavitti
Acciavatti

Elsenheimer
Emmons

Law, Kathleen
Leland

Robertson
Sak

| | | | |
|--------------|-------------|--------------|-----------------|
| Adamini | Espinoza | Lemmons, III | Shaffer |
| Amos | Farhat | Lemmons, Jr. | Sheen |
| Anderson | Farrah | Lipsey | Sheltrown |
| Angerer | Gaffney | Marleau | Smith, Alma |
| Bennett | Garfield | Mayes | Smith, Virgil |
| Bieda | Gillard | McConico | Spade |
| Booher | Gleason | McDowell | Stahl |
| Brandenburg | Gonzales | Meisner | Stakoe |
| Brown | Green | Meyer | Steil |
| Byrnes | Hansen | Miller | Stewart |
| Byrum | Hildenbrand | Moolenaar | Taub |
| Casperson | Hood | Murphy | Tobocman |
| Caswell | Hoogendyk | Newell | Vagnozzi |
| Caul | Hopgood | Nitz | Van Regenmorter |
| Cheeks | Huizenga | Nofs | Vander Veen |
| Clack | Hummel | Palmer | Walker |
| Clemente | Hunter | Palsrok | Waters |
| Condino | Jones | Pastor | Wenke |
| Cushingberry | Kahn | Pearce | Whitmer |
| DeRoche | Kehrl | Phillips | Williams |
| Dillon | Kolb | Plakas | Wojno |
| Donigan | Kooiman | Polidori | Zelenko |
| Drolet | LaJoy | Proos | |

Nays—10

| | | | |
|----------|------------|----------|-------------|
| Ball | Hune | Mortimer | Rocca |
| Baxter | Law, David | Pavlov | Schuitmaker |
| Gosselin | Moore | | |

In The Chair: Kooiman

The House agreed to the title as amended.

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

Rep. Hildenbrand moved that House Committees be given leave to meet during the balance of today's session.
The motion prevailed.

By unanimous consent the House returned to the order of
Reports of Standing Committees

The Committee on Transportation, by Rep. LaJoy, Chair, reported

House Bill No. 5104, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 627 (MCL 257.627), as amended by 2004 PA 62.

With the recommendation that the substitute (H-3) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills.

Favorable Roll Call

To Report Out:

Yeas: Reps. LaJoy, David Law, Gosselin, Meyer, Casperson, Nitz, Moore, Pavlov, Pearce, Anderson, Kathleen Law, Gleason and Leland

Nays: Rep. Wenke

COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. LaJoy, Chair, of the Committee on Transportation, was received and read:
Meeting held on: Tuesday, September 20, 2005

Present: Reps. LaJoy, David Law, Gosselin, Meyer, Casperson, Nitz, Wenke, Moore, Pavlov, Pearce, Anderson, Byrnes, Murphy, Kathleen Law, Gleason and Leland

Absent: Rep. Hood

Excused: Rep. Hood

Notices

I hereby give notice that on the next legislative session day I will move to discharge the Committee on Natural Resources, Great Lakes, Land Use, and Environment from further consideration of **House Bill No. 5094**.

Rep. Palsrok

Messages from the Governor

The following message from the Governor was received September 20, 2005 and read:

**EXECUTIVE ORDER
No. 2005 – 24****STATE OF DISASTER****TEMPORARY SUSPENSION OF REQUIREMENTS RELATING TO PRESCRIPTION DRUGS**

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the Governor;

WHEREAS, the destruction caused by Hurricane Katrina in the Gulf Coast region has resulted in numerous fatalities, injuries, and major devastation in the States of Alabama, Louisiana, and Mississippi;

WHEREAS, on September 4, 2005, Executive Order 2005-21 proclaimed a State of Disaster in the State of Michigan to activate this state's emergency management plan and enable Michigan to continue providing mutual aid and other state assets for Hurricane Katrina relief efforts;

WHEREAS, on September 7, 2005, the President of the United States declared that an emergency existed in the State of Michigan and ordered federal aid to supplement state and local response efforts to assist evacuees from the area struck by Hurricane Katrina and to provide emergency assistance to those areas beginning on August 29, 2005, and continuing;

WHEREAS, under the Emergency Management Act, 1976 PA 390, MCL 30.401 to 30.421, upon declaring a State of Disaster, the Governor may seek and accept assistance, either financial or otherwise, from the federal government, pursuant to federal law or regulation;

WHEREAS, under the Emergency Management Act, 1976 PA 390, MCL 30.401 to 30.421, upon the declaration of a State of Disaster the Governor also may suspend a regulatory statute, order, or rule prescribing the procedures for conduct of state business, when strict compliance with the statute, rule, or order would prevent, hinder, or delay necessary action in coping with the disaster;

WHEREAS, significant relief efforts are necessary to protect the public health, to preserve public safety, and to restore the social and economic welfare of persons impacted by the storm;

WHEREAS, many individuals affected by Hurricane Katrina have sought relief and assistance in the State of Michigan;

WHEREAS, some of the individuals seeking assistance have a continuing need for prescription medication that had been duly prescribed by licensed physicians in the States of Alabama, Louisiana, and Mississippi, but records of such prescriptions are unavailable as a result of the storm and its impact;

WHEREAS, appropriate measures must be taken in response to the disaster to ensure that those individuals whose prescriptions were lost or destroyed, or whose records are not available, will be able to continue to receive prescribed medications to assure their health, safety, and welfare;

NOW, THEREFORE, I, JENNIFER M. GRANHOLM, Governor of the State of Michigan, pursuant to the power and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law, order the following:

1. Subdivision (e) of Section 17763 of the Public Health Code 1978 PA 368, MCL 333.17763(e), and associated state regulations are suspended. Pharmacies and pharmacists licensed in this state may, in the exercise of their professional judgment, refill controlled substance prescriptions issued by licensed physicians in the States of Alabama, Louisiana, and Mississippi.

2. Subsection (1) of Section 17751 of the Public Health Code, 1978 PA 368, MCL 333.17751(1) and associated state regulations are suspended. Pharmacies and pharmacists licensed in this state may, in the exercise of their professional judgment, fill or dispense up to a 30-day supply of a non-controlled substance prescription for which a patient from the States of Alabama, Louisiana, or Mississippi affected by Hurricane Katrina does not have a refill prescription.

3. Those portions of Subsection (4) of Section 7333 and Subdivision (1)(a) of Section 7405 Public Health Code, 1978 PA 368, MCL 333.7333(4) and 333.7405(1)(a) related to the prohibition against refilling prescriptions for controlled substances without a refill prescription and associated state regulations are suspended. Pharmacies and pharmacists licensed in this state may, in the exercise of their professional judgment, refill schedule 3, 4, and 5 controlled substance prescriptions for up to a 30-day supply without a refill prescription.

The Department of Community Health is responsible for coordinating the implementation of this Order.

This Order is effective until the expiration of the State of Disaster declared under Executive Order 2005-21, including any extensions of the State of Disaster.

[SEAL]

Given under my hand and the Great Seal of the State of Michigan this 20th day of September, in the year of our Lord, two thousand and five.

Jennifer M. Granholm

Governor

By the Governor:

Terri L. Land

Secretary of State

The message was referred to the Clerk.

Rep. Hood moved that the House adjourn.

The motion prevailed, the time being 4:45 p.m.

The Speaker Pro Tempore declared the House adjourned until Wednesday, September 21, at 1:00 p.m.

GARY L. RANDALL

Clerk of the House of Representatives

