

No. 79
STATE OF MICHIGAN
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House of Representatives
92nd Legislature
REGULAR SESSION OF 2004

House Chamber, Lansing, Wednesday, September 8, 2004.

10:00 a.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	Garfield—present	Meisner—present	Sheen—present
Acciavatti—present	Gieleghem— present	Meyer—present	Sheltrown—present
Adamini—present	Gillard—present	Middaugh—present	Shulman—present
Amos—present	Gleason—present	Milosch—present	Smith—present
Anderson—excused	Hager—present	Minore—present	Spade—present
Bieda—present	Hardman— e/d/s	Moolenaar—present	Stahl—present
Bisbee— present	Hart— present	Mortimer—present	Stakoe—present
Bradstreet— present	Hood— present	Murphy—present	Stallworth— present
Brandenburg— present	Hoogendyk—present	Newell—present	Steil—present
Brown—present	Hopgood—present	Nitz— present	Stewart—present
Byrum—present	Howell—present	Nofs—present	Tabor— present
Casperson—present	Huizenga—present	O’Neil—present	Taub—present
Caswell—present	Hummel—present	Palmer—present	Tobocman— present
Caul—present	Hune—present	Palsrok—present	Vagnozzi—present
Cheeks— excused	Hunter— e/d/s	Pappageorge— present	Van Regenmorter—present
Clack— present	Jamnack—present	Pastor—present	Vander Veen—present
Condino—present	Johnson, Rick—present	Phillips—present	Voorhees—present
Daniels— e/d/s	Johnson, Ruth— present	Plakas— present	Walker—present
Dennis—present	Julian—present	Pumford—present	Ward—present
DeRoche— present	Koetje—present	Reeves— e/d/s	Waters—present
DeRossett— present	Kolb—present	Richardville—present	Wenke—present
Drolet— present	Kooiman—present	Rivet— present	Whitmer—present
Ehardt—present	LaJoy—present	Robertson—present	Williams—present
Elkins—present	LaSata— present	Rocca— present	Wojno—present
Emmons—present	Law—present	Sak—present	Woodward— e/d/s
Farhat—present	Lipsey—present	Shackleton—present	Woronchak—present
Farrah—present	McConico— present	Shaffer—present	Zelenko—present
Gaffney—present			

e/d/s = entered during session

Rep. Michael C. Murphy, from the 68th District, offered the following invocation:

“Search us O God, and know our hearts. Try us and know our thoughts and then see if there be any wicked way in us. Then Lord, lead us in the way everlasting. Almighty God, we gather here today in this great legislative body—the Michigan House of Representatives. Lord, we come together, but before we begin business we want to come and say thank You. Thank You Lord, for Your goodness, Your grace, Your love and Your mercy. Thank You for watching over us, watching over our state and watching over our families. We pray Lord, we remember all of our men and women who are in this war in Iraq. We pray Lord, that You will be with our soldiers and that You will be with their families. We pray Lord, that You will be with us today, as we deliberate all the work of the people of this great state. Lord, lead us in the way we should go and clear our minds that we might do the work of the people. Lord, we pray that in the end we would come together as the great state of Michigan. This is our prayer today. We ask Your blessing that the words of my mouth, the meditation of my heart, be acceptable unto Thee, Almighty God, our refuge, our rock, our God. Amen.”

Rep. Waters moved that Reps. Anderson and Cheeks be excused from this week’s session.
The motion prevailed.

Messages from the Senate

The Speaker laid before the House

House Bill No. 5798, entitled

A bill to amend 1967 PA 281, entitled “Income tax act of 1967,” by amending section 527a (MCL 206.527a), as amended by 2001 PA 169.

(The bill was received from the Senate on August 4, with substitute (S-2), full title inserted and immediate effect given by the Senate, consideration of which, under the rules, was postponed until August 25, see House Journal No. 72, p. 1756.)

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

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

Roll Call No. 721

Yeas—102

Accavitti	Gielegem	Middaugh	Sheltrown
Acciavatti	Gillard	Milosch	Shulman
Adamini	Gleason	Minore	Smith
Amos	Hager	Moolenaar	Spade
Bieda	Hart	Mortimer	Stahl
Bisbee	Hood	Murphy	Stakoe
Bradstreet	Hoogendyk	Newell	Stallworth
Brandenburg	Hopgood	Nitz	Steil
Brown	Howell	Nofs	Stewart
Byrum	Huizenga	O’Neil	Tabor
Casperson	Hummel	Palmer	Taub
Caswell	Hune	Palsrok	Tobocman
Caul	Jamnick	Pappageorge	Vagnozzi
Clack	Johnson, Rick	Pastor	Van Regenmorter
Condino	Johnson, Ruth	Phillips	Vander Veen
Dennis	Julian	Plakas	Voorhees
DeRoche	Koetje	Pumford	Walker
DeRossett	Kolb	Richardville	Ward
Drolet	Kooiman	Rivet	Waters

Ehardt	LaJoy	Robertson	Wenke
Elkins	LaSata	Rocca	Whitmer
Emmons	Law	Sak	Williams
Farhat	Lipsey	Shackleton	Wojno
Farrah	McConico	Shaffer	Woronchak
Gaffney	Meisner	Sheen	Zelenko
Garfield	Meyer		

Nays—0

In The Chair: Julian

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.

The Speaker laid before the House

House Bill No. 5801, entitled

A bill to amend 1952 PA 214, entitled “An act authorizing the Mackinac bridge authority to acquire a bridge connecting the upper and lower peninsulas of Michigan, including causeways, tunnels, roads and all useful related equipment and facilities, including park, parking, recreation, lighting and terminal facilities; extending the corporate existence of the authority; authorizing such authority to enjoy and carry out all powers incident to its corporate objects; authorizing the appropriation and use of state funds for the preliminary purposes of the authority; providing for the payment of the cost of such bridge and in that connection authorizing the authority to issue revenue bonds payable solely from the revenues of the bridge; granting the right of condemnation to the authority; granting the use of state land and property to the authority; making provisions for the payment and security of such bonds and granting certain rights and remedies to the holders thereof; authorizing banks and trust companies to perform certain acts in connection therewith; authorizing the imposition of tolls and charges; authorizing the authority to secure the consent of the United States government to the construction of the bridge and to secure approval of plans, specifications and location of same; authorizing employment of engineers irrespective of whether such engineers have been previously employed to make preliminary inspections or reports with respect to the bridge; authorizing the state highway department to operate and maintain such bridge or to contribute thereto and enter into leases and agreements in connection therewith; exempting such bonds and the property of the authority from taxation; prohibiting competing traffic facilities; authorizing the operation of ferries by the authority; providing for the construction and use of certain buildings; and making an appropriation,” by amending section 12 (MCL 254.322), as amended by 2003 PA 176.

(The bill was received from the Senate on August 4, with substitute (S-1) and immediate effect given by the Senate, consideration of which, under the rules, was postponed until August 25, see House Journal No. 72, p. 1756.)

The question being on concurring in the substitute (S-1) made to the bill by the Senate,

The substitute (S-1) was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 722**Yeas—100**

Accavitti	Gielegem	Meyer	Sheen
Acciavatti	Gillard	Middaugh	Shulman
Adamini	Gleason	Milosch	Smith
Amos	Hager	Minore	Spade
Bieda	Hart	Moolenaar	Stahl
Bisbee	Hood	Mortimer	Stakoe
Bradstreet	Hoogendyk	Murphy	Stallworth
Brandenburg	Hopgood	Newell	Steil
Brown	Howell	Nitz	Stewart
Byrum	Huizenga	Nofs	Tabor
Casperson	Hummel	O’Neil	Taub

Byrum	Huizenga	Nofs	Stewart
Casperson	Hummel	O'Neil	Tabor
Caswell	Hune	Palmer	Tobocman
Caul	Jamnack	Palsrok	Vagnozzi
Clack	Johnson, Rick	Pappageorge	Van Regenmorter
Condino	Johnson, Ruth	Pastor	Vander Veen
Dennis	Julian	Phillips	Voorhees
DeRoche	Koetje	Plakas	Walker
DeRossett	Kolb	Pumford	Ward
Drolet	Kooiman	Reeves	Waters
Ehardt	LaJoy	Richardville	Wenke
Elkins	LaSata	Rivet	Whitmer
Emmons	Law	Robertson	Williams
Farhat	Lipsey	Rocca	Wojno
Farrah	McConico	Sak	Woronchak
Gaffney	Meisner	Shackleton	Zelenko
Garfield			

Nays—1

Smith

In The Chair: Julian

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. Nitz moved that Rep. Rick Johnson be excused temporarily from today's session.
The motion prevailed.

The Speaker laid before the House

House Bill No. 5846, entitled

A bill to amend 1927 PA 175, entitled "The code of criminal procedure," by amending section 28 of chapter V (MCL 765.28), as amended by 2002 PA 659.

(The bill was received from the Senate on August 4, with amendments, full title inserted and immediate effect given by the Senate, consideration of which, under the rules, was postponed until August 25, see House Journal No. 72, p. 1757.)

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. 724

Yeas—102

Accavitti	Gielegem	Milosch	Sheltrown
Acciavatti	Gillard	Minore	Shulman
Adamini	Gleason	Moolenaar	Smith
Amos	Hager	Mortimer	Spade
Bieda	Hart	Murphy	Stahl
Bisbee	Hood	Newell	Stakoe
Bradstreet	Hoogendyk	Nitz	Stallworth

Brandenburg	Hopgood	Nofs	Steil
Brown	Howell	O'Neil	Stewart
Byrum	Huizenga	Palmer	Tabor
Casperson	Hummel	Palsrok	Taub
Caswell	Hune	Pappageorge	Tobocman
Caul	Jamnick	Pastor	Vagnozzi
Clack	Johnson, Ruth	Phillips	Van Regenmorter
Condino	Julian	Plakas	Vander Veen
Dennis	Koetje	Pumford	Voorhees
DeRoche	Kolb	Reeves	Walker
DeRossett	Kooiman	Richardville	Ward
Drolet	LaJoy	Rivet	Waters
Ehardt	LaSata	Robertson	Wenke
Elkins	Law	Rocca	Whitmer
Emmons	Lipsey	Sak	Williams
Farhat	McConico	Shackleton	Wojno
Farrah	Meisner	Shaffer	Woronchak
Gaffney	Meyer	Sheen	Zelenko
Garfield	Middaugh		

Nays—0

In The Chair: Julian

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. Hardman entered the House Chambers.

Rep. Waters moved that Reps. Rivet and McConico be excused temporarily from today's session.

The motion prevailed.

Rep. Nitz moved that Rep. DeRoche be excused temporarily from today's session.

The motion prevailed.

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. 5517, 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, 2005; 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 and Senate 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, 2005; 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, 2005, 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	6,995.4	
GROSS APPROPRIATION		\$ 2,597,002,400
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		556,704,500
ADJUSTED GROSS APPROPRIATION		\$ 2,040,297,900
Federal revenues:		
Total federal revenues		50,531,800
Special revenue funds:		
Total local revenues		20,532,800
Total private revenues		550,100
Total other state restricted revenues		1,633,621,300
State general fund/general purpose		\$ 335,061,900

Sec. 102. DEPARTMENT OF ATTORNEY GENERAL

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	558.0	
GROSS APPROPRIATION		\$ 62,835,700
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		12,545,500
ADJUSTED GROSS APPROPRIATION		\$ 50,290,200
Federal revenues:		
Total federal revenues		8,301,300
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		10,485,000
State general fund/general purpose		\$ 31,503,900

(2) ATTORNEY GENERAL OPERATIONS

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	558.0	
Attorney general		\$ 124,900
Unclassified positions—5.0 FTE positions		476,300

	For Fiscal Year Ending Sept. 30, 2005
Attorney general operations—518.0 FTE positions.....	57,219,100
Child support enforcement—25.0 FTE positions.....	2,234,400
Prosecuting attorneys coordinating council—15.0 FTE positions.....	1,610,900
PACC, training project.....	325,000
GROSS APPROPRIATION.....	\$ 61,990,600
Appropriated from:	
Interdepartmental grant revenues:	
IDG from FIA.....	2,742,400
IDG from MDCH, health services.....	1,622,200
IDG from MDLEG, financial and insurance services.....	996,200
IDG from MDLEG, public utility assessments.....	1,780,100
IDG from MDMB, risk management revolving fund.....	1,194,900
IDG from MDOT, comprehensive transportation fund.....	138,900
IDG from MDOT, state aeronautics fund.....	133,800
IDG from MDOT, state trunkline fund.....	2,725,100
IDG from MDSP, Michigan justice training fund.....	325,000
IDG from Michigan gaming control board.....	886,900
Federal revenues:	
DAG, state administrative match grant/food stamps.....	349,500
DED-OPSE, student loan, federal lender allowance.....	289,400
DOL-ETA, unemployment insurance.....	1,415,800
DOL-OSHA, occupational safety and health.....	248,200
EPA, multiple grants.....	254,300
Federal funds.....	1,879,800
HHS, medical assistance, medigrant.....	568,100
HHS-OS, state Medicaid fraud control units.....	3,296,200
Special revenue funds:	
Antitrust enforcement collections.....	566,300
Attorney general's operations fund.....	758,800
Auto repair facilities fees.....	204,100
Collections revenue.....	618,500
Corporate fees and security fees.....	133,500
Environmental response fund.....	688,500
Franchise fees.....	255,800
Game and fish protection fund.....	670,700
Liquor purchase revolving fund.....	897,900
Manufactured housing fees.....	199,100
Michigan state housing development authority fees.....	499,700
Oil and gas privilege fee revenue.....	151,700
Prisoner reimbursement.....	400,000
Prosecuting attorneys training fees.....	326,800
Real estate enforcement fund.....	200,000
Retirement funds.....	650,100
Second injury fund.....	930,800
Self-insurers security fund.....	158,100
Silicosis and dust disease fund.....	466,500
State building authority revenue.....	85,800
State hospital authority.....	323,300
State lottery fund.....	216,900
Tobacco settlement trust fund.....	368,200
Utility consumers fund.....	488,000
Waterways fund.....	87,500
Worker's compensation administrative revolving fund.....	138,400
State general fund/general purpose.....	\$ 30,658,800

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(3) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 845,100
GROSS APPROPRIATION	<u>\$ 845,100</u>
Appropriated from:	
State general fund/general purpose	\$ 845,100
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	\$ 12,693,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 12,693,000
Federal revenues:	
Total federal revenues	934,000
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 11,759,000
(2) CIVIL RIGHTS OPERATIONS	
Full-time equated unclassified positions	5.0
Full-time equated classified positions	136.0
Unclassified positions—5.0 FTE positions.....	\$ 254,100
Civil rights operations—136.0 FTE positions	11,587,500
Human resources optimization user charges.....	29,500
GROSS APPROPRIATION	<u>\$ 11,871,100</u>
Appropriated from:	
Federal revenues:	
EEOC, state and local antidiscrimination agency contracts.....	600,000
HUD, grant	334,000
State general fund/general purpose	\$ 10,937,100
(3) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 821,900
GROSS APPROPRIATION	<u>\$ 821,900</u>
Appropriated from:	
State general fund/general purpose	\$ 821,900
Sec. 104. DEPARTMENT OF CIVIL SERVICE	
(1) APPROPRIATION SUMMARY	
Full-time equated classified positions	240.5
GROSS APPROPRIATION	\$ 35,146,700
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	5,370,900
ADJUSTED GROSS APPROPRIATION	\$ 29,775,800
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	15,474,600
State general fund/general purpose	\$ 7,672,100
(2) CIVIL SERVICE OPERATIONS	
Full-time equated classified positions	240.5
Agency services—70.0 FTE positions.....	\$ 5,976,600
Human resources/administrative support—87.5 FTE positions	14,347,200

	For Fiscal Year Ending Sept. 30, 2005
Employee benefits—31.0 FTE positions	5,572,700
Audit and compliance—22.0 FTE positions	2,398,000
Training	1,000,000
Human resources optimization—30.0 FTE positions.....	2,000,000
GROSS APPROPRIATION	\$ 31,294,500
Appropriated from:	
Interdepartmental grant revenues:	
IDG, training charges.....	1,000,000
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%	6,366,700
State sponsored group insurance	2,650,000
State sponsored group insurance, flexible spending accounts, and COBRA.....	5,572,700
State general fund/general purpose	\$ 6,916,900
(3) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 3,852,200
GROSS APPROPRIATION	\$ 3,852,200
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%	744,700
State sponsored group insurance, flexible spending accounts, and COBRA.....	139,400
State general fund/general purpose	\$ 755,200
Sec. 105. EXECUTIVE OFFICE	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	10.0
Full-time equated classified positions	74.2
GROSS APPROPRIATION	\$ 5,205,500
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 5,205,500
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 5,205,500
(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.....	4,054,800

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Unclassified positions—8.0 FTE positions.....	849,800
GROSS APPROPRIATION.....	\$ 5,205,500
Appropriated from:	
State general fund/general purpose	\$ 5,205,500
Sec. 106. DEPARTMENT OF INFORMATION TECHNOLOGY	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	1,756.4
GROSS APPROPRIATION.....	\$ 360,738,600
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	360,738,600
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	1,756.4
Unclassified positions—6.0 FTE positions.....	\$ 300,000
Enterprisewide services—75.0 FTE positions	26,580,900
Health and human services—775.6 FTE positions	198,030,200
Education services—38.9 FTE positions	3,262,800
Public protection—296.0 FTE positions.....	35,806,400
Resources services—171.1 FTE positions	16,367,800
Transportation services—107.0 FTE positions	26,808,400
General services—292.8 FTE positions	53,582,100
GROSS APPROPRIATION.....	\$ 360,738,600
Appropriated from:	
Interdepartmental grant revenues:	
IDG from department of agriculture.....	1,589,600
IDG from department of attorney general	845,100
IDG from department of civil rights	821,900
IDG from department of civil service	3,852,200
IDG from department of community health	30,481,900
IDG from department of corrections	14,789,900
IDG from department of education	2,521,800
IDG from department of environmental quality	6,743,300
IDG from family independence agency	128,695,300
IDG from Michigan gaming control board.....	1,100,600
IDG from department of history, arts, and libraries	998,600
IDG from department of labor and economic growth.....	42,159,400
IDG from bureau of state lottery.....	4,236,700
IDG from department of management and budget.....	25,506,100
IDG from department of military and veterans affairs	1,172,000
IDG from department of natural resources.....	8,603,800
IDG from department of state	21,954,700
IDG from department of state police.....	21,236,100
IDG from department of transportation.....	26,827,300
IDG from department of treasury	16,602,300
State general fund/general purpose	\$ 0

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Sec. 107. LEGISLATURE

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION.....	\$ 126,731,900
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	1,801,500
ADJUSTED GROSS APPROPRIATION	\$ 124,930,400
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	\$ 122,173,900

(2) LEGISLATURE

Senate	\$ 28,963,800
Senate automated data processing	2,538,900
Senate fiscal agency.....	3,082,800
House of representatives	44,846,300
House automated data processing.....	2,010,700
House fiscal agency	2,982,900
Legislative auditor general.....	15,233,800
GROSS APPROPRIATION.....	\$ 99,659,200

Appropriated from:

Interdepartmental grant revenues:

IDG from MDCS	107,900
IDG from MDLEG, liquor purchase revolving fund	11,300
IDG from MDOT, comprehensive transportation fund	25,200
IDG from MDOT, Michigan transportation fund.....	204,300
IDG from MDOT, state aeronautics fund	19,600
IDG from MDOT, state trunkline fund.....	474,600
IDG, single audit act.....	958,600

Special revenue funds:

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	\$ 96,611,000

(3) LEGISLATIVE COUNCIL

Legislative council.....	\$ 10,078,300
Legislative service bureau automated data processing	1,383,600
e-Law, legislative council technology enhancement project	500
Worker's compensation	133,900

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National association dues	98,500
GROSS APPROPRIATION	\$ 11,694,800
Appropriated from:	
Special revenue funds:	
Private - gifts and bequests revenues	400,000
State general fund/general purpose	\$ 11,294,800
(4) LEGISLATIVE RETIREMENT SYSTEM	
General nonretirement expenses.....	\$ 4,384,400
GROSS APPROPRIATION	\$ 4,384,400
Appropriated from:	
Special revenue funds:	
Court fees	1,109,800
State general fund/general purpose	\$ 3,274,600
(5) PROPERTY MANAGEMENT	
Capitol building	\$ 2,260,500
Cora Anderson building	7,807,300
Farnum building and other properties	925,700
GROSS APPROPRIATION	\$ 10,993,500
Appropriated from:	
State general fund/general purpose	\$ 10,993,500
Sec. 108. DEPARTMENT OF MANAGEMENT AND BUDGET	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	725.0
GROSS APPROPRIATION	\$ 213,410,100
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	143,075,200
ADJUSTED GROSS APPROPRIATION	\$ 70,334,900
Federal revenues:	
Total federal revenues	444,600
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	33,206,100
State general fund/general purpose	\$ 36,684,200
(2) MANAGEMENT AND BUDGET SERVICES	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	583.5
Unclassified positions—6.0 FTE positions.....	\$ 570,800
Executive operations—21.0 FTE positions.....	2,241,500
Administrative services—64.5 FTE positions	5,960,600
Budget and financial management—113.5 FTE positions	9,926,600
Office of the state employer—24.0 FTE positions	2,604,800
Design and construction services—40.0 FTE positions	4,751,500
Business support services—88.5 FTE positions	7,404,900
Building operation services—232.0 FTE positions	75,921,100
Building occupancy charges, rent, and utilities	3,798,700
Human resources optimization user charges.....	29,500
Motor vehicle fleet.....	56,500,000
GROSS APPROPRIATION	\$ 169,710,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG from building occupancy and parking charges	78,664,200
IDG from department of labor and economic growth.....	100,000
IDG from MDCH.....	235,000

	For Fiscal Year Ending Sept. 30, 2005
IDG from MDOT, comprehensive transportation fund	58,400
IDG from MDOT, state aeronautics fund	33,300
IDG from MDOT, state trunkline fund	1,193,300
IDG from motor transport fund	56,500,000
IDG from user fees	4,892,800
Federal revenues:	
Federal funds	430,500
Special revenue funds:	
Game and fish protection fund	218,200
Health management funds	1,577,400
Marine safety fund	22,200
Pension trust funds	1,413,700
Special revenue, internal service, and pension trust funds	5,394,200
State building authority revenue	530,500
State lottery fund	122,700
Waterways fund	50,700
State general fund/general purpose	\$ 18,272,900
(3) STATEWIDE APPROPRIATIONS	
Professional development fund - AFSCME	\$ 400,000
Professional development fund - MPES	105,000
GROSS APPROPRIATION	\$ 505,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG from employer contributions	505,000
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	\$ 1,712,300
Retirement services—127.5 FTE positions	14,697,400
Office of children's ombudsman—14.0 FTE positions	1,279,300
GROSS APPROPRIATION	\$ 17,689,000
Appropriated from:	
Special revenue funds:	
Deferred compensation	1,445,700
Pension trust funds	13,251,700
State general fund/general purpose	\$ 2,991,600
(5) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 25,506,100
GROSS APPROPRIATION	\$ 25,506,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG from building occupancy and parking charges	655,700
IDG from MDOT, comprehensive transportation fund	2,100
IDG from MDOT, state aeronautics fund	1,100
IDG from MDOT, state trunkline fund	47,500
IDG from user fees	186,800
Federal revenues:	
Federal funds	14,100
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	3,964,000
Pension trust funds	2,739,200

	For Fiscal Year Ending Sept. 30, 2005
Special revenue, internal service, and pension trust funds	2,404,600
State building authority revenue	9,700
State lottery fund	4,600
Waterways fund	2,000
State general fund/general purpose	\$ 15,419,700
Sec. 109. DEPARTMENT OF STATE	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	1,851.8
GROSS APPROPRIATION	\$ 187,179,500
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	20,000,000
ADJUSTED GROSS APPROPRIATION	\$ 167,179,500
Federal revenues:	
Total federal revenues	1,391,000
Special revenue funds:	
Total local revenues	0
Total private revenues	100
Total other state restricted revenues	141,878,500
State general fund/general purpose	\$ 23,909,900
(2) EXECUTIVE DIRECTION	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	29.2
Secretary of state	\$ 124,900
Unclassified positions—5.0 FTE positions	459,200
Operations—29.2 FTE positions	2,256,400
GROSS APPROPRIATION	\$ 2,840,500
Appropriated from:	
Special revenue funds:	
Auto repair facilities fees	52,900
Driver fees	102,600
Expedient service fees	45,300
Look-up fees	605,700
Parking ticket court fines	7,200
Personal identification card fees	10,600
Reinstatement fees - operator licenses	114,800
Transportation administration collection fund	1,286,200
Vehicle theft prevention fees	31,100
State general fund/general purpose	\$ 584,100
(3) DEPARTMENT SERVICES	
Full-time equated classified positions	174.3
Operations—165.8 FTE positions	\$ 22,192,900
Assigned claims assessments—6.5 FTE positions	674,600
Motorcycle safety education administration—2.0 FTE positions	353,800
Motorcycle safety education grants	1,000,800
Motorcycle safety equipment	200,000
GROSS APPROPRIATION	\$ 24,422,100
Appropriated from:	
Federal revenues:	
Federal funds	52,100
Special revenue funds:	
Assigned claims assessments	674,600
Auto repair facilities fees	388,600
Child support clearance fees	32,100
Driver fees	1,123,400
Expedient service fees	232,400

	For Fiscal Year Ending Sept. 30, 2005
Look-up fees	7,193,200
Marine safety fund	69,800
Motorcycle safety fund	1,554,600
Off-road vehicle title fees	7,200
Parking ticket court fines	49,200
Personal identification card fees	77,700
Reinstatement fees - operator licenses	502,600
Scrap tire fund	64,200
Snowmobile registration fee revenue	16,500
Transportation administration collection fund	12,130,000
Vehicle theft prevention fees	227,800
State general fund/general purpose	\$ 26,100
(4) REGULATORY SERVICES	
Full-time equated classified positions	251.1
Operations—251.1 FTE positions	\$ 20,806,900
County clerk education and training	100,000
GROSS APPROPRIATION	\$ 20,906,900
Appropriated from:	
Federal revenues:	
Federal funds	92,300
Special revenue funds:	
Auto repair facilities fees	4,183,400
Commercial driver training school fees	63,500
Driver fees	930,500
Expedient service fees	29,900
Look-up fees	3,962,400
Notary education and training fund	100,000
Notary fee fund	300,000
Parking ticket court fines	8,200
Personal identification card fees	42,900
Reinstatement fees - operator licenses	1,535,400
Transportation administration collection fund	7,898,700
Vehicle theft prevention fees	1,423,800
State general fund/general purpose	\$ 335,900
(5) CUSTOMER DELIVERY SERVICES	
Full-time equated classified positions	1,368.7
Branch operations—958.4 FTE positions	\$ 66,719,900
Central records—239.4 FTE positions	14,704,500
Customer services administration—154.7 FTE positions	16,555,200
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	\$ 102,228,700
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, Michigan transportation fund	20,000,000
Federal revenues:	
Federal funds	1,246,600
Special revenue funds:	
Private funds	100
Auto repair facilities fees	83,600
Child support clearance fees	358,900
Driver fees	12,270,100
Expedient service fees	2,629,800
Look-up fees	17,109,700

	For Fiscal Year Ending Sept. 30, 2005
Marine safety fund.....	1,031,600
Michigan state police auto theft fund.....	105,600
Mobile home commission fees.....	428,900
Off-road vehicle title fees.....	110,600
Parking ticket court fines.....	1,457,900
Personal identification card fees.....	1,379,700
Reinstatement fees - operator licenses.....	1,045,600
Snowmobile registration fee revenue.....	302,100
Transportation administration collection fund.....	28,680,400
Vehicle theft prevention fees.....	190,500
State general fund/general purpose.....	\$ 13,797,000
(6) ELECTION REGULATION	
Full-time equated classified positions.....28.5	
Election administration and services—25.5 FTE positions.....	\$ 2,743,300
Fees to local units.....	69,800
Qualified voter file—3.0 FTE positions.....	1,773,500
GROSS APPROPRIATION.....	\$ 4,586,600
Appropriated from:	
State general fund/general purpose.....	\$ 4,586,600
(7) DEPARTMENTWIDE APPROPRIATIONS	
Building occupancy charges/rent.....	\$ 9,513,000
Worker's compensation.....	727,000
GROSS APPROPRIATION.....	\$ 10,240,000
Appropriated from:	
Special revenue funds:	
Auto repair facilities fees.....	147,500
Driver fees.....	453,800
Expedient service fees.....	15,000
Look-up fees.....	1,968,300
Parking ticket court fines.....	489,200
Transportation administration collection fund.....	4,463,400
State general fund/general purpose.....	\$ 2,702,800
(8) INFORMATION TECHNOLOGY	
Information technology services and projects.....	\$ 21,954,700
GROSS APPROPRIATION.....	\$ 21,954,700
Appropriated from:	
Special revenue funds:	
Administrative order processing fee.....	10,900
Auto repair facilities fees.....	176,500
Child support clearance fees.....	15,900
Driver fees.....	1,279,600
Expedient service fees.....	442,700
Look-up fees.....	2,650,700
Parking ticket court fines.....	81,400
Personal identification card fees.....	848,000
Reinstatement fees - operator licenses.....	457,900
Transportation administration collection fund.....	13,945,600
Vehicle theft prevention fees.....	168,100
State general fund/general purpose.....	\$ 1,877,400
Sec. 110. DEPARTMENT OF TREASURY	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions.....9.0	
Full-time equated classified positions.....1,653.5	
GROSS APPROPRIATION.....	\$ 1,593,061,400
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers.....	13,172,800
ADJUSTED GROSS APPROPRIATION.....	\$ 1,579,888,600

	For Fiscal Year Ending Sept. 30, 2005
Federal revenues:	
Total federal revenues	34,681,800
Special revenue funds:	
Total local revenues	18,832,800
Total private revenues	0
Total other state restricted revenues	1,430,220,600
State general fund/general purpose	\$ 96,153,400
(2) EXECUTIVE DIRECTION	
Full-time equated unclassified positions9.0	
Full-time equated classified positions5.0	
Unclassified positions—9.0 FTE positions.....	\$ 800,900
Office of the director—5.0 FTE positions.....	648,200
GROSS APPROPRIATION	\$ 1,449,100
Appropriated from:	
Special revenue funds:	
State lottery fund	141,300
State services fee fund	159,300
State general fund/general purpose	\$ 1,148,500
(3) DEPARTMENTWIDE APPROPRIATIONS	
Travel.....	\$ 1,415,900
Rent and building occupancy charges - property management services.....	4,605,000
Worker's compensation insurance premium	541,300
GROSS APPROPRIATION	\$ 6,562,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, state aeronautics fund	2,500
IDG, state agency collection fees	16,900
Special revenue funds:	
Delinquent tax collection revenue	3,284,700
Municipal finance fees	10,600
Treasury fees.....	17,800
Waterways fund	2,200
State general fund/general purpose	\$ 3,227,500
(4) LOCAL GOVERNMENT PROGRAMS	
Full-time equated classified positions129.0	
Supervision of the general property tax law—68.0 FTE positions	\$ 10,915,900
Property tax assessor training—4.0 FTE positions	374,100
Local finance—19.0 FTE positions	2,099,300
Personal property tax auditors—38.0 FTE positions	3,500,000
State compliance audits.....	60,000
Pari-mutuel audits	240,000
GROSS APPROPRIATION	\$ 17,189,300
Appropriated from:	
Special revenue funds:	
Local - assessor training fees	374,100
Local - audit charges.....	497,200
Local - equalization study charge-backs.....	40,000
Local - revenue from local government	50,000
Land reutilization fund.....	6,485,700
Municipal finance fees	256,800
State education tax collections	50,000
State services fee fund	240,000
State general fund/general purpose	\$ 9,195,500
(5) TAX PROGRAMS	
Full-time equated classified positions715.0	
Customer contact—178.0 FTE positions	\$ 12,292,700

	For Fiscal Year Ending Sept. 30, 2005
Tax compliance—339.0 FTE positions.....	27,243,600
Tax policy—37.0 FTE positions.....	3,688,800
Tax processing—157.0 FTE positions.....	14,363,600
Home heating assistance.....	2,000,000
Bottle bill implementation.....	250,000
New hire reporting.....	1,545,000
Tobacco tax collection—4.0 FTE positions.....	232,000
GROSS APPROPRIATION.....	\$ 61,615,700
Appropriated from:	
Interdepartmental grant revenues:	
IDG, data/collection services fees.....	250,900
IDG from FIA.....	1,545,000
IDG from MDCH.....	232,000
IDG from MDOT, Michigan transportation fund.....	7,417,700
IDG from MDOT, state aeronautics fund.....	43,100
Federal revenues:	
HHS-SSA, low-income energy assistance.....	2,000,000
Special revenue funds:	
Bottle deposit fund.....	250,000
Delinquent tax collection revenue.....	45,155,100
Tobacco tax revenue.....	335,900
Waterways fund.....	56,200
State general fund/general purpose.....	\$ 4,329,800
(6) BANKING AND MANAGEMENT SERVICES	
Full-time equated classified positions.....	325.5
Human resources optimization user charges.....	\$ 44,300
Human resources, program management, and purchasing—32.0 FTE positions.....	2,950,800
Mail operations—20.0 FTE positions.....	1,849,500
Office of revenue and tax analysis—15.5 FTE positions.....	1,170,900
Unclaimed property—19.0 FTE positions.....	2,801,600
Collections—167.0 FTE positions.....	15,307,700
Finance and accounting—32.0 FTE positions.....	1,604,500
Receipts processing—40.0 FTE positions.....	2,531,600
GROSS APPROPRIATION.....	\$ 28,260,900
Appropriated from:	
Interdepartmental grant revenues:	
IDG from FIA, title IV-D.....	542,500
IDG from MDOT, state aeronautics fund.....	16,900
IDG, levy/warrant cost assessment fees.....	1,810,800
IDG, receipt, warrant and cash processing fees.....	222,300
IDG, state agency collection fees.....	492,600
Special revenue funds:	
Delinquent tax collection revenue.....	13,474,700
Escheats revenue.....	2,801,600
Garnishment fees.....	460,700
Justice system fund.....	550,000
Treasury fees.....	159,700
Waterways fund.....	17,500
State general fund/general purpose.....	\$ 7,711,600
(7) FINANCIAL PROGRAMS	
Full-time equated classified positions.....	208.0
Retirement investments—72.0 FTE positions.....	\$ 12,345,000
Michigan education savings program.....	1,000,000
Michigan merit award administration—6.0 FTE positions.....	1,580,400
Common cash investments and debt management—11.5 FTE positions.....	1,100,700
Student financial assistance programs—118.5 FTE positions.....	34,232,900
GROSS APPROPRIATION.....	\$ 50,259,000

	For Fiscal Year Ending Sept. 30, 2005
Appropriated from:	
Interdepartmental grant revenues:	
IDG, fiscal agent service fees	158,500
Federal revenues:	
DED-OPSE, federal lenders allowance	9,851,300
DED-OPSE, higher education act of 1965, insured loans.....	22,309,400
Special revenue funds:	
College work-study	46,300
Michigan merit award trust fund	2,965,500
Retirement funds.....	12,345,000
School bond fees.....	435,300
Treasury fees.....	248,300
State general fund/general purpose	\$ 1,899,400
(8) DEBT SERVICE	
Water pollution control bond and interest redemption.....	\$ 2,650,400
Quality of life bond	59,700,000
Clean Michigan initiative.....	19,100,000
GROSS APPROPRIATION.....	\$ 81,450,400
Appropriated from:	
Special revenue funds:	
Cleanup and redevelopment funds	10,887,300
Refined petroleum fund	28,114,500
State general fund/general purpose	\$ 42,448,600
(9) GRANTS	
Grants to counties in lieu of taxes.....	\$ 10,000
Convention facility development distribution.....	53,500,000
Senior citizen cooperative housing tax exemption program	16,700,000
Commercial mobile radio service payments	29,000,000
Health and safety fund grants.....	23,500,000
Qualified agricultural loan payments	2,000,000
Renaissance zone reimbursement	1,968,000
Special grants.....	442,300
GROSS APPROPRIATION.....	\$ 127,120,300
Appropriated from:	
Special revenue funds:	
Commercial mobile radio service fees	29,000,000
Convention facility development fund	53,500,000
Health and safety fund	23,500,000
State general fund/general purpose	\$ 21,120,300
(10) BUREAU OF STATE LOTTERY	
Full-time equated classified positions	165.0
Lottery operations—165.0 FTE positions.....	\$ 17,167,100
Human resources optimization user charges.....	29,500
Promotion and advertising	18,622,000
Lottery information technology services and projects	4,236,700
GROSS APPROPRIATION.....	\$ 40,055,300
Appropriated from:	
Special revenue funds:	
State lottery fund	40,055,300
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	17,163,000
Human resources optimization user charges.....	14,800
Casino gaming information technology services and projects	1,100,600
GROSS APPROPRIATION.....	\$ 18,328,400

For Fiscal Year
Ending Sept. 30,
2005

Appropriated from:	
Special revenue funds:	
Casino gambling agreements.....	383,500
State services fee fund	17,944,900
State general fund/general purpose	\$ 0
(12) REVENUE SHARING	
Constitutional state general revenue sharing grants.....	\$ 681,000,000
Statutory state general revenue sharing grants	445,300,000
County revenue sharing payments.....	17,868,500
GROSS APPROPRIATION	\$ 1,144,168,500
Appropriated from:	
Special revenue funds:	
Sales tax.....	1,126,300,000
Local revenue	17,868,500
State general fund/general purpose	\$ 0
(13) INFORMATION TECHNOLOGY	
Treasury operations information technology services and projects.....	\$ 16,602,300
GROSS APPROPRIATION	\$ 16,602,300
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, Michigan transportation fund.....	421,100
Federal revenues:	
DED-OPSE, higher education act of 1965, insured loans.....	521,100
Special revenue funds:	
Local - assessor training fees	3,000
Delinquent tax collection revenue	9,555,900
Land reutilization fund.....	20,000
Michigan merit award trust fund.....	393,000
Retirement funds.....	616,000
State general fund/general purpose	\$ 5,072,200

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 2004-2005 is \$1,968,683,200.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$1,239,361,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF STATE

Fees to local units	\$ 69,800
Motorcycle safety education grants.....	776,900
Subtotal.....	\$ 846,700

DEPARTMENT OF TREASURY

Senior citizen cooperative housing tax exemption	\$ 16,700,000
Grants to counties in lieu of taxes.....	10,000
Health and safety fund grants.....	23,500,000
Constitutional state general revenue sharing grants.....	681,000,000
Statutory state general revenue sharing grants	445,300,000
Convention facility development fund distribution	53,500,000
Commercial mobile radio service payments.....	14,094,000
Renaissance zone reimbursements.....	1,968,000
Special grants.....	442,300
Subtotal.....	\$ 1,238,514,300
TOTAL GENERAL GOVERNMENT	\$ 1,239,361,000

(2) Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources for fiscal year 2004-2005 is estimated at \$26,037,225,700.00 in the 2004-2005 appropriations acts and total state spending from state sources paid to local units of government for fiscal year 2004-2005 is estimated at \$15,503,841,401.00. The state-local proportion is estimated at 59.54% of total state spending from state resources.

(3) If payments to local units of government and state spending from state sources for fiscal year 2004-2005 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 2004-2005 to the senate and house of representatives standing committees on appropriations within 30 days after the final book-closing for fiscal year 2004-2005.

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

	2003	2004
Michigan personal income (millions).....	\$306,820	\$316,945
less: transfer payments.....	48,374	51,373
Subtotal	258,446	265,572
Divided by: Detroit CPI for 12 months		
Ending June 30	1.814	1.839
Equals: real adjusted Michigan personal income	\$142,473	\$144,380
Percentage change		1.3%
Percentage change in excess of 2%		0.0%
Multiplied by: estimated GF/GP revenue in FY 2003-2004 (millions)..		7,866.4
Equals: countercyclical budget and economic stabilization fund calculation for the fiscal year ending September 30, 2005.....		\$0.0

Sec. 212. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. Federal and state guidelines for short-term and long-term retention of records shall be followed.

Sec. 213. Funds appropriated in part 1 shall not be used by this state, a department, an agency, or an authority of this state to purchase an ownership interest in a casino enterprise or a gambling operation as those terms are defined in the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226.

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

Sec. 215. A department or state agency shall not take disciplinary action against an employee for communicating with a member of the legislature or their staff.

Sec. 216. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 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.

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 family independence agency, the prosecuting attorneys association of Michigan, and the department of attorney general. The source of this funding is money earned by the department of attorney general under the agreement after the allowance for reimbursement to the department of attorney general for costs associated with the prosecution of food stamp fraud cases. It is recognized that the federal funds are earned by the department of attorney general for its documented progress on the prosecution of food stamp fraud cases according to the United States department of agriculture regulations and that once earned by this state, the funds become state funds.

Sec. 306. Any proceeds from a lawsuit initiated by or settlement agreement entered into on behalf of this state against a manufacturer of tobacco products by the attorney general are state funds and are subject to appropriation as provided by law.

Sec. 307. In addition to the antitrust revenues in part 1, antitrust, securities fraud, consumer protection or class action enforcement revenues, or attorney fees recovered by the department, not to exceed \$1,000,000.00, are appropriated to the department for antitrust, securities fraud, and consumer protection or class action enforcement cases. Any unexpended funds from antitrust, securities fraud, and consumer protection or class action enforcement revenues at the end of the fiscal year, including antitrust funds in part 1, are carried forward for expenditure in the following fiscal year up to the maximum authorization of \$1,000,000.00.

Sec. 308. (1) In addition to the funds appropriated in part 1, there is appropriated up to \$500,000.00 from litigation expense reimbursements awarded to the state.

(2) The funds may be expended for the payment of litigation settlements or attorney fees assessed against 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 \$400,000.00 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 \$1,000,000.00.

Sec. 310. (1) For the purposes of providing title IV-D child support enforcement funding, the family independence agency, 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 2004 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% 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.

Sec. 505. The department of civil service, in cooperation with the office of the state employer, shall provide a report to the senate and house of representatives standing committees on appropriations subcommittees on general government by January 15, 2005 regarding the feasibility of establishing quality child care centers to accommodate the needs of state employees in either state or privately owned buildings. The study shall provide information, including, but not limited to, the possible locations, including state or privately owned buildings, the potential number of children that the centers would serve, possible federal funding sources available, the benefits of work behavior and attitudes to employees and employers, and the estimated cost of the program. The estimated costs shall be funded from fees charged to employees who utilize the child care services provided by the centers.

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 deposited to the state general fund pursuant to section 443 of the management and budget act, 1984 PA 431, MCL 18.1443.

(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 deposited to the state general fund 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.

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 considered 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, 2006.

Sec. 606a. 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, 2006.

Sec. 607. 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. 608. Funds appropriated in part 1 for e-Law, the legislative council's technology enhancement project, shall be used to support technology improvements for legislative functions performed by the legislative council agencies and to provide greater access to the public regarding legislative information. These funds, along with funds previously appropriated for the legislative session integration system, 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 \$3,992,750.00, and the tentative completion date is September 30, 2006.

Sec. 609. 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 should include an estimate of the additional costs involved and, when those costs exceed \$50,000.00, should provide supplemental funding. The auditor general will 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.

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, or the judicial branch, 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 appropriation in part 1 to the department of management and budget, for statewide appropriations from employer contributions, represents amounts included within the various appropriations for longevity and insurance, whether appropriated as a single line item or commingled with program line items, throughout state government for the current fiscal year for purposes of funding the child care information and referral services, severance pay funds, and professional development funds included within statewide appropriations. Deposits against the interdepartmental grant from employer contributions shall be made from assessments levied against the longevity and insurance appropriations during the current fiscal year in a manner prescribed by the department of management and budget. 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) From the funds appropriated in part 1 to the department of management and budget for professional development funds and child care information and referral services, the department of management and budget may expend funds for staff support associated with administration of the professional development funds and child care information and referral services in amounts as may be specified in joint labor/management agreements or through the coordinated compensation hearings process.

(3) In addition to the funds appropriated in part 1 for severance pay funds, the department of management and budget may receive and expend funds from other state agencies for staff support associated with the administration of these funds.

(4) In addition to the funds appropriated in part 1 to the department of management and budget, for statewide appropriations from employer contributions, 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 subsections (1), (2), and (3).

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. 714. Funds collected by the department of management and budget under sections 55, 57, 58, and 59 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.255, 24.257, 24.258, and 24.259, and section 203 of the legislative council act, 1986 PA 268, MCL 4.1203, are appropriated for all expenses necessary to provide for the costs of publication and distribution. The funds appropriated under this section 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. 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 shall have the authority to 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 of management and budget complete a project plan which results in the reduction of expenditures related to vehicle travel services, to include a reduction in the number of state vehicles in the motor vehicle fleet. The department shall report quarterly to the senate and house of representatives standing

committees on appropriations subcommittees on general government and the senate and house fiscal agencies on the status of the project plan to reduce vehicle travel service expenditures and the number of cars in the motor vehicle fleet.

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

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. 720. The department of management and budget shall reduce building occupancy general fund expenditures by \$700,000.00. 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, 2005.

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.

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 department shall use the revenue received from the sale of records for necessary expenses as appropriated in part 1. The balance of the fee revenue remaining on September 30 shall revert to the general fund.

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" means 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. 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.

Sec. 813. 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.

Sec. 814. (1) 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.

(2) 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.

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 above 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 November 1, 2004, 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. 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.

(5) Funds appropriated in part 1 for motorcycle safety equipment shall be used to purchase motorcycle safety equipment for use by public instructional providers of motorcycle safety education courses.

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.

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. 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 printing. 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.

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

2004. 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. 923. Notwithstanding any other provision of this act, the department of treasury shall not expend any funds on initiating a new audit of any taxpayer until the department fully and completely complies with section 4(3) of 1941 PA 122, MCL 205.4. This provision shall not require the department to disclose audit selection or processing criteria as provided by section 28(1)(f) of 1941 PA 122, MCL 205.28. The department shall publish the required handbook which informs taxpayers and tax preparers of audit and collection procedures used by the department and procedures which govern departmental communications with taxpayers in the audit and collection process. The department may comply with this publishing requirement by making the audit information available to taxpayers and tax preparers through the department's website on the Internet.

Sec. 924. (1) In addition to the funds appropriated in part 1, the department of treasury may receive and expend homestead property tax exemption audit fund revenue for administration of homestead property tax exemption 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 homestead property tax exemption audits under subsection (1).

Sec. 927. In addition to the funds appropriated in part 1, any unexpended balance from funds authorized in 2003 PA 161 for qualified agricultural loan payments are appropriated and may be used for payments as provided in section 2a of 1855 PA 105, MCL 21.142a.

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.

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. The appropriation in part 1 to the department of treasury, for treasury fees, shall be assessed against all restricted funds that contribute to the total value of state managed investments in the ratio each restricted fund contributes to the total value of state managed investments. 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.

Sec. 932. Revenue received under the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1444, 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 38.1121 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. 940. The appropriation in part 1 for personal property tax auditors shall be used to hire state classified civil service employees or contractors under the department's supervision to perform personal property tax audits.

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. 951. County treasurers shall comply with section 151 of the state school aid act of 1979, 1979 PA 94, MCL 388.1751, to receive funds under part 1 for the statutory state general revenue sharing grant payments in excess of the constitutional state general revenue sharing grant payments. The payment of funds under part 1 for the statutory state general revenue sharing grant payments in excess of the constitutional state general revenue sharing grant payments shall not be withheld if a local unit of government or the department of treasury fails to provide a county treasurer with information necessary to comply with section 151 of the state school aid act of 1979, 1979 PA 94, MCL 388.1751.

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, 2005.

Sec. 953. (1) The appropriation in part 1 for county revenue sharing payments shall be distributed on a 1-time basis to counties with a fiscal year ending September 30.

(2) A county with a fiscal year ending September 30 that accrued the October 2003 revenue sharing payment to its 2003 fiscal year shall receive in October 2004 a payment equal to the amount distributed to that county in October 2003 pursuant to the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

(3) Not later than March 1, 2005, each county with a fiscal year ending September 30 shall pay to the state treasurer the amount of the distribution received under this section from its revenue sharing reserve fund established under section 44a of the general property tax act, 1893 PA 206, MCL 211.44a.

Sec. 954. Local units of government that adopt ordinances or rules, whether by vote of the electorate, county commissions, city councils, or executive directive, that are in direct conflict with the Michigan constitution or state statute shall receive a 5% reduction in their statutory revenue sharing payment.

Sec. 955. (1) There is appropriated to each county an amount equal to the amount distributed to each county for the fiscal year ending September 30, 2004, pursuant to the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, adjusted by the inflation rate as defined in section 34d of the general property tax act, 1893 PA 206, MCL 211.34d, and reduced by the amount each county is authorized to annually expend in that county's fiscal year beginning after September 30, 2004, from its revenue sharing reserve fund pursuant to section 44a of the general property tax act, 1893 PA 206, MCL 211.44a.

(2) The department of treasury shall annually certify to the state budget director the amount each county is authorized to expend from its revenue sharing reserve fund.

LOTTERY

Sec. 960. In addition to the funds appropriated in part 1 to the bureau of state lottery, there is appropriated from lottery revenues the amount necessary for, and directly related to, implementing and operating lottery games. Appropriations under this section shall only be expended for contractually mandated payments for vendor commissions, contractually mandated payments for instant tickets intended for resale, the contractual costs of providing and maintaining the on-line system communications network, and incentive and bonus payments to lottery retailers.

Sec. 961. The funds appropriated in part 1 to the bureau of state lottery shall not be used for any promotional efforts directed towards individuals who are less than 18 years of age.

Sec. 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 the 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 the state lottery shall inform all lottery retailers that the cash side of family independence agency bridge cards cannot be used to purchase lottery tickets.

CASINO GAMING

Sec. 970. Revenue collected by the Michigan gaming control board regarding the wagering tax imposed on adjusted gross receipts received by the licensee from gaming authorized under the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226, at the rate of 8.15% is appropriated and shall be deposited in the state school aid fund to provide additional funds for K-12 classroom education.

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 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.

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 2004-2005

Fund	Beginning			
	Unreserved Fund Balance	Estimated Revenue	Ending Balance	
OPERATING FUNDS				
General fund-general purpose	0110	0.0	8,622.6	0.0
General fund-special purpose		254.8	12,490.0	6.1
Special Revenue Funds:				
Countercyclical budget and economic stabilization	0111	0.0	154.0	0.0
Game and fish protection	0112	12.2	62.6	6.4
Michigan employment security act administration	0113	1.9	92.7	0.2
State aeronautics	0114	3.1	218.1	0.0
Michigan veterans' benefit trust	0115	0.0	2.3	0.0
State trunkline	0116	0.0	1,854.8	0.0
Michigan state waterways	0117	2.9	24.0	5.1
Blue Water Bridge	0118	0.0	13.4	0.0

Michigan transportation	0119	0.0	2,037.8	0.0
Comprehensive transportation	0120	0.0	302.8	0.0
School aid	0122	0.0	12,441.8	0.0
Marine safety	0123	0.0	4.8	0.0
Game and fish protection trust	0124	6.0	10.5	6.0
State park improvement	0125	1.9	33.5	0.0
Forest development	0126	0.0	22.0	0.0
Michigan civilian conservation corps endowment	0128	0.2	1.0	0.1
Michigan natural resources trust	0129	15.5	38.3	12.6
Michigan state parks endowment	0130	8.9	16.3	10.0
Safety education and training	0131	5.2	7.7	5.5
Bottle deposit	0136	0.0	20.3	0.0
State construction code	0138	11.1	8.4	3.2
Children's trust	0139	1.2	3.3	0.0
State casino gaming	0140	0.6	30.1	0.6
Homeowner construction lien recovery	0141	3.0	0.4	1.9
Michigan nongame fish and wildlife	0143	0.2	0.6	0.1
Michigan merit award trust	0154	0.4	204.1	0.5
Tobacco settlement trust	0155	6.4	68.0	0.5
TOTALS		\$335.5	\$38,786.2	\$58.8

Second: That the House and Senate 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, 2005; 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.

Shelley Goodman Taub
John Moolenaar
Conferees for the House

Valde Garcia
Michelle McManus
Conferees for the Senate

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

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text 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 not adopted, a majority of the members serving not voting therefor, by yeas and nays, as follows:

Roll Call No. 725

Yeas—0

Nays—101

Accavitti	Gillard	Middaugh	Sheltrown
Acciavatti	Gleason	Milosch	Shulman
Adamini	Hager	Minore	Smith
Amos	Hardman	Moolenaar	Spade
Bieda	Hart	Mortimer	Stahl
Bisbee	Hood	Murphy	Stakoe

Bradstreet	Hoogendyk	Newell	Stallworth
Brandenburg	Hopgood	Nitz	Steil
Brown	Howell	Nofs	Stewart
Byrum	Huizenga	O'Neil	Tabor
Casperson	Hummel	Palmer	Taub
Caswell	Hune	Palsrok	Tobocman
Caul	Jamnick	Pappageorge	Vagnozzi
Clack	Johnson, Rick	Pastor	Van Regenmorter
Condino	Johnson, Ruth	Phillips	Vander Veen
Dennis	Julian	Plakas	Voorhees
DeRossett	Koetje	Pumford	Walker
Drolet	Kolb	Reeves	Ward
Ehardt	Kooiman	Richardville	Waters
Elkins	LaJoy	Robertson	Wenke
Emmons	LaSata	Rocca	Whitmer
Farhat	Law	Sak	Williams
Farrah	Lipsey	Shackleton	Wojno
Gaffney	Meisner	Shaffer	Woronchak
Garfield	Meyer	Sheen	Zelenko
Gielegghem			

In The Chair: Julian

The Speaker appointed as second conferees, on the part of the House of Representatives, Reps. Taub, Moolenaar and Williams.

Rep. Richardville moved that House Committees be given leave to meet during the balance of today's session. The motion prevailed.

Messages from the Senate

Senate Bill No. 1065, entitled

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

The Senate has appointed Senator Switalski to replace Senator Scott as conferee. The message was referred to the Clerk for record.

House Bill No. 5516, 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, 2005; 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 appointed Senator Clarke to replace Senator Scott as conferee. The message was referred to the Clerk for record.

By unanimous consent the House returned to the order of

Reports of Select Committees

Senate Bill No. 1064, entitled

A bill to make appropriations for the department of corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to provide for reports; to provide for the creation of certain advisory committees and boards; to prescribe certain powers and duties of the department of corrections, certain other state officers and agencies, and certain advisory committees and boards; to provide for the collection of certain funds; and to provide for the disposition of fees and other income received by certain state agencies.

The 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. 1064, entitled

A bill to make appropriations for the department of corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to provide for reports; to provide for the creation of certain advisory committees and boards; to prescribe certain powers and duties of the department of corrections, certain other state officers and agencies, and certain advisory committees and boards; to provide for the collection of certain funds; and to provide for the disposition of fees and other income received by certain state agencies.

Recommends:

First: That the House 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 corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to provide for reports; to provide for the creation of certain advisory committees and boards; to prescribe certain powers and duties of the department of corrections, certain other state officers and agencies, and certain advisory committees and boards; to provide for the collection of certain funds; and to provide for the disposition of fees and other income received by certain state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of corrections for the fiscal year ending September 30, 2005, 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	51,503	
Full-time equated unclassified positions	16.0	
Full-time equated classified positions	17,753.8	
GROSS APPROPRIATION.....		\$ 1,786,182,600
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers	3,364,200	
ADJUSTED GROSS APPROPRIATION		\$ 1,782,818,400
Federal revenues:		
Total federal revenues	8,188,100	
Special revenue funds:		
Total local revenues	393,600	
Total private revenues	0	
Total other state restricted revenues	66,075,600	
State general fund/general purpose		\$ 1,708,161,100

For Fiscal Year
Ending Sept. 30,
2005

Sec. 102. EXECUTIVE

Full-time equated unclassified positions	16.0	
Full-time equated classified positions	263.7	
Unclassified positions—16.0 FTE positions		\$ 1,308,800
Executive direction—41.5 FTE positions		4,315,900
Policy and strategic planning—50.0 FTE positions		5,232,100
Human resources—172.2 FTE positions		15,021,700
Human resources optimization user charges		1,299,200
Training		3,265,000
Worker’s compensation		20,277,000
Sheriffs’ coordinating and training office		2,000,000
GROSS APPROPRIATION		<u>\$ 52,719,700</u>
Appropriated from:		
Interdepartmental grant revenues:		
IDG-MDSP, Michigan justice training fund		660,100
Special revenue funds:		
Local corrections officer training fund		2,000,000
State general fund/general purpose		<u>\$ 50,059,600</u>

Sec. 103. ADMINISTRATION AND PROGRAMS

Average population	480	
Full-time equated classified positions	284.9	
Administrative services—63.9 FTE positions		\$ 5,525,300
Substance abuse testing and treatment		17,646,000
Inmate legal services		314,900
Prison industries operations—220.0 FTE positions		17,532,400
Rent		2,095,200
Equipment and special maintenance		1,667,200
Compensatory buyout and union leave bank		275,000
Michigan youth correctional facility - management services		13,317,800
Michigan youth correctional facility - administration—1.0 FTE positions		156,200
Average population	480	
Michigan youth correctional facility - lease payments		5,366,700
Prosecutorial and detainer expenses		4,051,000
GROSS APPROPRIATION		<u>\$ 67,947,700</u>
Appropriated from:		
Federal revenues:		
DOJ, office of justice programs, Byrne grants		729,400
Special revenue funds:		
Correctional industries revolving fund		17,532,400
State general fund/general purpose		<u>\$ 49,685,900</u>

Sec. 104. FIELD OPERATIONS ADMINISTRATION

Average population	581	
Full-time equated classified positions	2,090.9	
Field operations—1,873.2 FTE positions		\$ 138,328,400
Parole board operations—29.0 FTE positions		2,304,000
Loans to parolees		294,400
Parole/probation services		2,867,300
Corrections centers—70.0 FTE positions		9,283,000
Average population	581	
Electronic monitoring center—49.4 FTE positions		6,189,100
Technical rule violator program—69.3 FTE positions		8,350,700
GROSS APPROPRIATION		<u>\$ 167,616,900</u>
Appropriated from:		
Special revenue funds:		
Local - community tether program reimbursement		393,600
Parole and probation oversight fees		8,278,300

	For Fiscal Year Ending Sept. 30, 2005
Tether program, participant contributions	6,922,200
Parole and probation oversight fees set-aside.....	2,867,300
Corrections centers, resident contributions revenue	1,486,300
Technical rule violator program, public works user fees	173,700
State general fund/general purpose	\$ 147,495,500
Sec. 105. COMMUNITY CORRECTIONS	
Full-time equated classified positions	16.0
Community corrections administration—16.0 FTE positions	\$ 1,506,800
Probation residential centers	15,828,400
Community corrections comprehensive plans and services	13,033,000
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.....	3,000,000
County jail reimbursement program.....	13,249,000
GROSS APPROPRIATION.....	\$ 48,686,900
Appropriated from:	
Special revenue funds:	
Telephone fees and commissions	13,192,100
Civil infraction fees	7,000,000
Parole and probation oversight fees set-aside.....	400,000
State general fund/general purpose	\$ 28,094,800
Sec. 106. CONSENT DECREES	
Average population	400
Full-time equated classified positions	471.3
Hadix consent decree—138.0 FTE positions.....	\$ 9,456,700
DOJ consent decree—106.8 FTE positions	8,562,500
DOJ psychiatric plan - MDCH mental health services	67,687,600
DOJ psychiatric plan - MDOC staff and services—226.5 FTE positions	15,006,800
GROSS APPROPRIATION.....	\$ 100,713,600
Appropriated from:	
State general fund/general purpose	\$ 100,713,600
Sec. 107. HEALTH CARE	
Full-time equated classified positions	923.6
Health care administration—18.0 FTE positions	\$ 2,309,000
Hospital and specialty care services.....	59,875,200
Hepatitis C testing and treatment	1,150,000
Vaccination program	991,200
Northern region clinical complexes—240.4 FTE positions	26,900,500
Southeastern region clinical complexes—360.8 FTE positions	47,328,400
Southwestern region clinical complexes—304.4 FTE positions	30,248,600
GROSS APPROPRIATION.....	\$ 168,802,900
Appropriated from:	
Special revenue funds:	
Prisoner health care copayments	315,700
State general fund/general purpose	\$ 168,487,200
Sec. 108. CORRECTIONAL FACILITIES ADMINISTRATION	
Average population	1,382
Full-time equated classified positions	884.2
Correctional facilities administration—45.0 FTE positions.....	\$ 4,474,400
Housing inmates in federal institutions	552,600
Education services and federal education grants—10.0 FTE positions.....	5,642,700
Federal school lunch program.....	712,800
Leased beds and alternatives to leased beds.....	100
Inmate housing fund—418.7 FTE positions	37,338,700

	For Fiscal Year Ending Sept. 30, 2005
Average population	1,382
Academic/vocational programs—410.5 FTE positions	31,905,600
Transportation efficiencies	(2,000,000)
GROSS APPROPRIATION	\$ 78,626,900
Appropriated from:	
Federal revenues:	
DOJ - BOP, federal prisoner reimbursement	372,600
DED - OESE, title 1	515,100
DED - OVAE, adult education	1,868,200
DED, adult literacy grants.....	304,300
DED - OSERS	99,900
DED, vocational education equipment	273,800
DED, youthful offender/Specter grant.....	1,272,800
DOJ - OJP, serious and violent offender reintegration initiative	1,004,800
DAG - FNS, national school lunch	712,800
SSA - SSI, incentive payment.....	108,200
Special revenue funds:	
Public works user fees	67,300
Resident stores	120,800
State general fund/general purpose	\$ 71,906,300
Sec. 109. NORTHERN REGION CORRECTIONAL FACILITIES	
Average population	14,805
Full-time equated classified positions	4,171.2
Alger maximum correctional facility - Munising—343.0 FTE positions	\$ 28,743,200
Average population	849
Baraga maximum correctional facility - Baraga—405.5 FTE positions.....	33,052,700
Average population	1,084
Chippewa correctional facility - Kincheloe—512.3 FTE positions.....	43,011,700
Average population	2,122
Kinross correctional facility - Kincheloe—559.7 FTE positions	49,405,400
Average population	2,423
Marquette branch prison - Marquette—386.6 FTE positions.....	33,930,800
Average population	1,129
Newberry correctional facility - Newberry—345.4 FTE positions	27,625,300
Average population	1,144
Oaks correctional facility - Eastlake—354.4 FTE positions	31,381,800
Average population	1,312
Ojibway correctional facility - Marenisco—285.1 FTE positions.....	22,639,300
Average population	1,202
Pugsley correctional facility - Kingsley—220.4 FTE positions	17,355,700
Average population	954
Saginaw correctional facility - Freeland—356.0 FTE positions	30,577,200
Average population	1,480
Standish maximum correctional facility - Standish—402.8 FTE positions.....	<u>33,605,800</u>
Average population	1,106
GROSS APPROPRIATION	\$ 351,328,900
Appropriated from:	
Special revenue funds:	
Public works user fees	520,100
Resident stores	1,106,900
State general fund/general purpose	\$ 349,701,900
Sec. 110. SOUTHEASTERN REGION CORRECTIONAL FACILITIES	
Average population	16,157
Full-time equated classified positions	4,324.7
Cooper Street correctional facility - Jackson—267.2 FTE positions	\$ 23,613,300
Average population	1,360

	For Fiscal Year Ending Sept. 30, 2005
G. Robert Cotton correctional facility - Jackson—429.3 FTE positions	35,523,600
Average population	1,734
Charles E. Egeler correctional facility - Jackson—578.6 FTE positions	50,652,600
Average population	2,071
Gus Harrison correctional facility - Adrian—494.2 FTE positions	41,542,500
Average population	2,102
Macomb correctional facility - New Haven—325.5 FTE positions	26,339,800
Average population	1,228
Mound correctional facility - Detroit—311.5 FTE positions	25,000,300
Average population	1,051
Parnall correctional facility - Jackson—260.4 FTE positions	22,237,600
Average population	1,308
Ryan correctional facility - Detroit—305.9 FTE positions	25,851,600
Average population	1,059
Robert Scott correctional facility - Plymouth—332.5 FTE positions	26,758,500
Average population	884
Southern Michigan correctional facility - Jackson—418.8 FTE positions	33,508,500
Average population	1,481
Thumb correctional facility - Lapeer—374.8 FTE positions	30,765,300
Average population	1,479
Special alternative incarceration program - Cassidy Lake—129.0 FTE positions	10,467,000
Average population	400
Jackson area support and services - Jackson—97.0 FTE positions	17,726,800
GROSS APPROPRIATION	\$ 369,987,400
Appropriated from:	
Intradepartmental transfer revenues:	
IDT, production kitchen user fees	2,704,100
Federal revenues:	
DOJ, state criminal alien assistance program	926,200
Special revenue funds:	
Public works user fees	479,700
Resident stores	1,336,300
State general fund/general purpose	\$ 364,541,100
Sec. 111. SOUTHWESTERN REGION CORRECTIONAL FACILITIES	
Average population	17,698
Full-time equated classified positions	4,323.3
Bellamy Creek correctional facility - Ionia—503.1 FTE positions	\$ 40,749,800
Average population	1,830
Earnest C. Brooks correctional facility - Muskegon—475.9 FTE positions	40,638,300
Average population	2,200
Carson City correctional facility - Carson City—527.4 FTE positions	44,075,600
Average population	2,200
Richard A. Handlon correctional facility- Ionia—254.2 FTE positions	22,306,400
Average population	1,320
Ionia maximum correctional facility - Ionia—322.8 FTE positions	26,115,400
Average population	667
Lakeland correctional facility - Coldwater—673.1 FTE positions	57,513,600
Average population	2,816
Muskegon correctional facility - Muskegon—259.4 FTE positions	23,196,200
Average population	1,310
Pine River correctional facility - St. Louis—214.4 FTE positions	17,809,800
Average population	960
Riverside correctional facility - Ionia—498.2 FTE positions	44,411,200
Average population	2,171
St. Louis correctional facility - St. Louis—594.8 FTE positions	48,145,500
Average population	2,224
GROSS APPROPRIATION	\$ 364,961,800

For Fiscal Year
Ending Sept. 30,
2005

Appropriated from:	
Special revenue funds:	
Public works user fees	226,100
Resident stores	1,540,900
State general fund/general purpose	\$ 363,194,800
Sec. 112. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 14,789,900
GROSS APPROPRIATION	\$ 14,789,900

Appropriated from:	
Special revenue funds:	
Correctional industries revolving fund	9,500
Parole and probation oversight fees set-aside.....	500,000
State general fund/general purpose	\$ 14,280,400

**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 2004-2005 is \$1,774,236,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$88,507,700.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF CORRECTIONS

Field operations - assumption of county probation staff.....	\$ 40,605,000
Prosecutorial and detainer expenses	4,051,000
Public service work projects	9,920,600
Community corrections comprehensive plans and services	13,033,000
Community corrections probation residential centers.....	15,828,400
Community corrections public education and training	50,000
Felony drunk driver jail reduction and community treatment program.....	3,000,000
Alternatives to prison jail program	1,619,600
Alternatives to prison treatment program.....	400,000
Regional jail program	100
TOTAL	\$ 88,507,700

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 act:

- (a) "DAG" means the United States department of agriculture.
- (b) "DAG - FNS" means the DAG food and nutrition service.
- (c) "DED" means the United States department of education.
- (d) "DED - OESE" means the DED office of elementary and secondary education.
- (e) "DED - OSERS" means the DED office of special education and rehabilitative services.
- (f) "DED - OVAE" means the DED office of vocational and adult education.
- (g) "Department" or "MDOC" means the Michigan department of corrections.
- (h) "DOJ" means the United States department of justice.
- (i) "DOJ-BOP" means the DOJ bureau of prisons.
- (j) "DOJ-OJP" means the DOJ office of justice programs.
- (k) "FTE" means full-time equated.
- (l) "IDG" means interdepartmental grant.
- (m) "IDT" means intradepartmental transfer.
- (n) "MDCH" means the Michigan department of community health.
- (o) "MDSP" means the Michigan department of state police.
- (p) "OCC" means office of community corrections.
- (q) "SSA" means the United States social security administration.
- (r) "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. 207. At least 120 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

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

Sec. 209. Funds appropriated in part 1 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 director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

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

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

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

Sec. 213. Of the state general fund/general purpose revenue appropriated in part 1, \$600,827,200.00 represents a state spending increase over the amount provided to the department for the fiscal year ending September 30, 1994, and may be used to meet state match requirements of programs contained in the violent crime control and law enforcement act of 1994, Public Law 103-322, or successor grant programs, so that any additional federal funds received shall supplement funding provided to the department in part 1.

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

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

Sec. 216. By February 15, 2005, 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 2003-2004, the amount by which the revenue exceeded any applicable appropriated fund source, the amount spent during fiscal year 2003-2004, the account balance at the close of fiscal year 2003-2004, and the projected revenues and expenditures for fiscal year 2004-2005.

Sec. 217. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the 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. 219. By October 15, 2004, the department shall report to the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies a detailed plan of how the department will implement reductions in order to compensate for employment related savings. The report shall include, but not be limited to, the department's plan for banked leave, layoffs, program changes and eliminations, prisoner release, and facility closures.

Sec. 220. (1) The negative appropriation for transportation savings in part 1 shall be satisfied by savings realized from efficiencies in prisoner transportation in addition to those proposed by the department in the executive recommended budget for the fiscal year ending September 30, 2005.

(2) Appropriation authorization adjustments required to implement negative appropriations for transportation savings shall be made only after the approval of transfers by the legislature pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 221. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 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.

SUBSTANCE ABUSE TESTING AND TREATMENT

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

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

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

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

(3) By April 1, 2005, 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 2003-2004 and projected for fiscal year 2004-2005. The report shall include, but not be limited to, an explanation of an anticipated year-end balance, the number of participants in substance abuse programs, and the number of offenders on waiting lists for residential substance abuse programs. Information required by this subsection shall, where possible,

be separated by MDOC administrative region and by offender type, including, but not limited to, a distinction between prisoners, parolees, and probationers.

EXECUTIVE

Sec. 401. The department shall submit 3-year and 5-year prison population projection updates by February 1, 2005 to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director.

Sec. 402. The department shall prepare by April 1, 2005 individual reports for the technical rule violator program, the community residential program, the electronic tether program, and the special alternative to incarceration program. The reports shall be submitted to the house and senate appropriations subcommittees on corrections, the house and senate fiscal agencies, and the state budget director. The reports shall include the following:

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

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

Sec. 404. The department shall report to the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director by April 1, 2005 on the ratio of correctional officers to prisoners for each correctional institution, the ratio of shift command staff to line custody staff, and the ratio of noncustody institutional staff to prisoners for each correctional institution.

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

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

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

(4) By March 1, 2005, the department shall report to the senate and house appropriations subcommittees on corrections, senate and house fiscal agencies, and state budget director on the effect that any recommended policy changes for technical violators of parole and technical violators of probation would have on admission to prison and jail and the impact on other program alternatives.

Sec. 406. 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 pursuant to the local corrections officers training act, 2003 PA 125, MCL 791.531 to 791.546.

ADMINISTRATION AND PROGRAMS

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

FIELD OPERATIONS ADMINISTRATION

Sec. 601. From the funds appropriated in part 1, the department shall conduct a statewide caseload audit of field agents. The audit shall address public protection issues and assess the ability of the field agents to complete their professional duties. The results of the audit shall be submitted to the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies, and the state budget office by September 30, 2005.

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

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

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

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

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

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

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

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

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

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

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, 2005, 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 progress 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.

COMMUNITY CORRECTIONS

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

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

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

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

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

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

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

(i) A felon or 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 probation residential centers funds shall be based on criteria that include, but are not limited to, the prison commitment rate by category of offenders, trends in prison commitment rates and jail utilization, historical trends in community corrections program capacity and program utilization, and the projected impact and outcome of annual policies and procedures of programs on prison commitment rates and jail utilization.

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) The county jail reimbursement program shall reimburse counties for housing and custody of convicted felons if the conviction was for a crime committed 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 this purpose. Payments to counties under the county jail reimbursement program shall be made in the order in which properly documented requests for reimbursements are received. A request shall be considered to be properly documented if it meets MDOC requirements for documentation. The department shall by October 15, 2004 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 have upper limits of 18 months or less, through funding programs that may be used in lieu of incarceration and that increase the likelihood of rehabilitation.

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

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

(3) In developing 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 fund, consistent with the purposes specified in this section.

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

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

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

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

CONSENT DECREES

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

HEALTH CARE

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

Sec. 902. (1) As a condition of expenditure of the funds appropriated in part 1, the department shall report to the senate and house appropriations subcommittees on corrections on January 1, 2005 and July 1, 2005 the status of payments from contractors to vendors for health care services provided to prisoners, as well as the status of the contracts, and an assessment of prisoner health care quality.

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

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

Sec. 904. From the funds allocated in part 1 for health care services, the department shall conduct a 1-year cost/benefit analysis of privatizing pharmacy services and shall report the findings of this 1-year cost/benefit analysis to the senate and house appropriations subcommittees on corrections and the senate and house fiscal agencies not less than 120 days before any effort to privatize pharmacy services unless a report is completed prior to October 1, 2004.

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, 2005, 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.

Sec. 910. The department shall attempt to collect reimbursement from health insurance providers for the health care of prisoners who have retirement health insurance benefits. By April 1, 2005, 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 status report on its efforts and the amount of reimbursement successfully collected.

INSTITUTIONAL OPERATIONS

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

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

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

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

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

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

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

Sec. 1009. By April 1, 2005, 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, 2005, 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 2002-2003 and 2003-2004 who have a high school diploma or a general educational development (G.E.D.) certificate.

(2) By February 1, 2005, the department shall provide the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, and the state budget director with a statistical report on the efficacy of department-provided prison vocational education programs in reducing offender recidivism rates.

Sec. 1011. The department shall maintain the Michigan Braille transcribing service at its current location at the correctional complex located in Jackson at the site of the former state prison of southern Michigan.

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

A bill to make appropriations for the department of corrections and certain state purposes related to corrections for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to provide for reports; to provide for the creation of certain advisory committees and boards; to prescribe certain powers and duties of the department of corrections, certain other state officers and agencies, and certain advisory committees and boards; to

provide for the collection of certain funds; and to provide for the disposition of fees and other income received by certain state agencies.

Alan L. Cropsey
Cameron Brown
Michael Prusi
Conferees for the Senate

Mike Pumford
Jack Brandenburg
Triette Reeves
Conferees for the House

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

Senate Bill No. 1065, entitled

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

The 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. 1065, entitled

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

Recommends:

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

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of education for the fiscal year ending September 30, 2005, 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	407.0	
GROSS APPROPRIATION.....		\$ 113,549,000
Interdepartmental grant revenues:		
Interdepartmental grant from corrections academy lease.....	1,072,100	
Total interdepartmental grants and intradepartmental transfers	1,072,100	
ADJUSTED GROSS APPROPRIATION		\$ 112,476,900
Federal revenues:		
Total federal revenues	60,796,800	
Special revenue funds:		
Local cost sharing (schools for blind/deaf)	4,928,800	

	For Fiscal Year Ending Sept. 30, 2005
Local school district service fees	280,000
Total local revenues	5,208,800
Gifts, bequests, and donations.....	504,200
Private foundations	102,400
Total private revenues	606,600
Total local and private revenues.....	5,815,400
Certification fees.....	4,369,100
Commodity distribution fees	72,300
Lansing, Michigan school for the blind rent	739,000
Michigan merit award trust fund	13,685,200
Student insurance revenue.....	205,100
Teacher testing fees.....	299,300
Training and orientation workshop fees	100,000
Total other state restricted revenues	19,470,000
State general fund/general purpose	\$ 26,394,700
Sec. 102. STATE BOARD OF EDUCATION/OFFICE OF THE SUPERINTENDENT	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	16.0
State board of education, per diem payments.....	\$ 24,400
Unclassified positions—6.0 FTE positions.....	515,600
State board/superintendent operations—16.0 FTE positions.....	2,561,700
Travel.....	84,400
GROSS APPROPRIATION.....	\$ 3,186,100
Appropriated from:	
Federal revenues:	
Federal revenues	1,715,800
Special revenue funds:	
Certification fees.....	174,400
Private foundations	23,000
State general fund/general purpose	\$ 1,272,900
Sec. 103. CENTRAL SUPPORT	
Full-time equated classified positions	27.0
Central support—27.0 FTE positions	\$ 3,404,500
Travel.....	9,200
Worker's compensation	42,000
Building occupancy charges - property management services	1,342,700
Human resources optimization user charges.....	29,500
Training and orientation workshops	100,000
Terminal leave payments.....	620,400
GROSS APPROPRIATION.....	\$ 5,548,300
Appropriated from:	
Federal revenues:	
Federal revenues	3,427,600
Special revenue funds:	
Certification fees.....	260,800
Commodity distribution fees	7,000
Local cost sharing (schools for blind/deaf)	93,400
Teacher testing fees.....	12,200
Training and orientation workshop fees	100,000
State general fund/general purpose	\$ 1,647,300
Sec. 104. INFORMATION TECHNOLOGY SERVICES	
Information technology operations.....	\$ 2,521,800
GROSS APPROPRIATION.....	\$ 2,521,800
Appropriated from:	
Federal revenues:	
Federal revenues	1,482,800

	For Fiscal Year Ending Sept. 30, 2005
Special revenue funds:	
Certification fees.....	175,400
Local cost sharing (schools for blind/deaf)	47,700
State general fund/general purpose	\$ 815,900
Sec. 105. SPECIAL EDUCATION SERVICES	
Full-time equated classified positions52.0	
Special education operations—52.0 FTE positions	\$ 10,824,300
Travel.....	105,800
GROSS APPROPRIATION.....	\$ 10,930,100
Appropriated from:	
Federal revenues:	
Federal revenues	10,682,100
Special revenue funds:	
Certification fees.....	36,700
State general fund/general purpose	\$ 211,300
Sec. 106. LANSING, MICHIGAN SCHOOL FOR THE BLIND FORMER SITE	
General services.....	\$ 1,821,100
GROSS APPROPRIATION.....	\$ 1,821,100
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from corrections academy lease.....	1,072,100
Special revenue funds:	
Gifts, bequests, and donations.....	10,000
Lansing, Michigan school for the blind rent	739,000
State general fund/general purpose	\$ 0
Sec. 107. MICHIGAN SCHOOLS FOR THE DEAF AND BLIND	
Full-time equated classified positions76.0	
Michigan schools for the deaf and blind operations.....	\$ 10,144,000
Travel.....	28,500
Summer institute	90,000
Camp Tuhsmeheeta—1.0 FTE position.....	250,100
Private gifts - blind	90,000
Private gifts - deaf	50,000
GROSS APPROPRIATION.....	\$ 10,652,600
Appropriated from:	
Federal revenues:	
Federal revenues	4,895,600
Special revenue funds:	
Local cost sharing (schools for blind/deaf)	4,787,700
Local school district service fees	270,000
Gifts, bequests, and donations.....	494,200
Student insurance revenue.....	205,100
State general fund/general purpose	\$ 0
Sec. 108. PROFESSIONAL PREPARATION SERVICES	
Full-time equated classified positions31.0	
Professional preparation operations—31.0 FTE positions	\$ 5,343,900
Travel.....	39,000
Department of attorney general.....	50,000
GROSS APPROPRIATION.....	\$ 5,432,900
Appropriated from:	
Federal revenues:	
Federal revenues	2,547,100
Special revenue funds:	
Certification fees.....	2,598,700
Teacher testing fees.....	287,100
State general fund/general purpose	\$ 0

For Fiscal Year
Ending Sept. 30,
2005

Sec. 109. EARLY CHILDHOOD EDUCATION AND FAMILY SERVICES	
Full-time equated classified positions	23.0
Early childhood education and family services operations—23.0 FTE positions.....	\$ 3,616,100
Travel.....	64,500
GROSS APPROPRIATION	\$ 3,680,600
Appropriated from:	
Federal revenues:	
Federal revenues	2,689,800
Special revenue funds:	
Certification fees.....	53,600
State general fund/general purpose	\$ 937,200
Sec. 110. SCHOOL IMPROVEMENT SERVICES	
Full-time equated classified positions	76.0
School improvement operations—76.0 FTE positions.....	\$ 13,649,200
Travel.....	270,600
GROSS APPROPRIATION	\$ 13,919,800
Appropriated from:	
Federal revenues:	
Federal revenues	13,265,000
Special revenue funds:	
Certification fees.....	502,300
Private foundations	79,400
State general fund/general purpose	\$ 73,100
Sec. 111. SCHOOL FINANCE AND SCHOOL LAW SERVICES	
Full-time equated classified positions	21.0
School finance and school law operations—21.0 FTE positions	\$ 2,464,400
Travel.....	9,300
GROSS APPROPRIATION	\$ 2,473,700
Appropriated from:	
Federal revenues:	
Federal revenues	1,241,300
Special revenue funds:	
Certification fees.....	467,200
State general fund/general purpose	\$ 765,200
Sec. 112. EDUCATIONAL ASSESSMENT AND ACCOUNTABILITY	
Full-time equated classified positions	27.0
Educational assessment operations—27.0 FTE positions	\$ 25,090,300
Travel.....	40,300
GROSS APPROPRIATION	\$ 25,130,600
Appropriated from:	
Federal revenues:	
Federal revenues	11,445,400
Special revenue funds:	
Merit award trust fund	13,685,200
State general fund/general purpose	\$ 0
Sec. 113. GRANTS ADMINISTRATION AND SCHOOL SUPPORT SERVICES	
Full-time equated classified positions	58.0
Grants administration and school support services operations—58.0 FTE positions	\$ 6,709,500
Travel.....	166,900
GROSS APPROPRIATION	\$ 6,876,400
Appropriated from:	
Federal revenues:	
Federal revenues	6,404,300
Special revenue funds:	
Commodity distribution fees	65,300
Local school district service fees	10,000
State general fund/general purpose	\$ 396,800

For Fiscal Year
Ending Sept. 30,
2005

Sec. 114. GRANTS AND DISTRIBUTIONS

FEDERAL PROGRAMS:

Urgent school renovation \$ 1,000,000

STATE PROGRAMS:

National board certification..... \$ 100,000

School breakfast programs 8,025,000

School readiness grants 12,250,000

GROSS APPROPRIATION \$ 21,375,000

Appropriated from:

Federal revenues:

DED-OESE, urgent school renovation 1,000,000

Special revenue funds:

Certification fees..... 100,000

State general fund/general purpose \$ 20,275,000

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 2004-2005 is \$45,864,700.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is estimated at \$9,015,100.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

GRANTS AND DISTRIBUTIONS

STATE PROGRAMS:

School readiness grants \$ 990,100

School lunch and breakfast 8,025,000

TOTAL \$ 9,015,100

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

Sec. 203. As used in this act:

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

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

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

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

Sec. 204. The department of civil service shall bill 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. 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. 206. The department may carry into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 and that do not require additional state matching funds are appropriated for the purposes intended.

Sec. 207. 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. 208. (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) Evaluate the effectiveness of, and make recommendations to local school boards concerning public school violence prevention programs, including, but not limited to, programs aimed at reducing the possession of weapons and the incidence of other violent behaviors on school campuses, violence prevention curricula, conflict resolution and peer mediation training, interagency cooperative referral and treatment programs, parental involvement programs, and school safety planning.

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

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

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

(e) Advance, promote, and encourage the awareness and use of the state police antiviolence hotline.

Sec. 209. 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. 210. 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. 211. 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. 212. 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. 213. 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. 214. (1) The department of management and budget and each principal executive department and agency shall provide to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies a monthly report on all personal service contracts awarded without competitive bidding, pricing, or rate-setting. The notification shall include all of the following:

(a) The total dollar amount of the contract.

(b) The duration of the contract.

(c) The name of the vendor.

(d) The type of service to be provided.

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

(a) The total dollar amount of the contract.

(b) The duration of the contract.

(c) The name of the vendor.

(d) The type of service to be provided.

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

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

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

Sec. 215. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 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. 216. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 218. 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 related to the performance of their responsibilities.

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

MICHIGAN SCHOOLS FOR THE DEAF AND BLIND

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

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

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

(2) In addition to those funds appropriated in part 1, the department may receive and expend additional funds from lease agreements at the Michigan school for the blind's former site in Lansing that have been negotiated with the approval of the department of management and budget. These funds are appropriated to the department for operation, maintenance, and renovation expenses associated with the leased space 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 and any surplus restricted revenue 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, 2005 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, 2006.

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, and from proceeds of the sale of surplus property and facilities at the Michigan schools for the deaf and blind, up to \$250,000.00 of any unexpended and unencumbered funds remaining on September 30, 2005 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, 2006.

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 Wayne State University for the limited license to instruct program, and 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. (1) The funds appropriated in part 1 for school readiness programs shall be made available through a competitive application process as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Except as otherwise provided, an applicant that receives a 2004-2005 grant under this section shall also receive priority for fiscal years 2005-2006 and 2006-2007 funding. However, after 3 fiscal years of continuous funding, an applicant will be required to compete openly with new programs and other programs completing their third year. All grant awards are contingent on the availability of funds and documented evidence of grantee compliance with standards for early childhood development consistent with programs for 4-year-olds, as approved by the state board of education, and with all operational, fiscal, administrative, and other program requirements. A program which offers supplementary day care and thereby offers full-day programs as part of its early childhood development program shall receive priority in the allocation of competitive funds.

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

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.

Sec. 802. The department and the Michigan virtual university shall work collaboratively to implement section 98 of the state school aid act of 1979, 1979 PA 94, MCL 388.1698, in accordance with all applicable federal laws and regulations.

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 department shall release test results at the same time to all private schools and public school districts taking the tests.

(3) 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.

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

A bill to make appropriations for the department of education and certain other purposes relating to education for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to prescribe the powers and duties of certain state departments, school districts, and other governmental bodies; and to provide for the disposition of fees and other income received by certain legal entities and state agencies.

Ron Jelinek
 Alan L. Cropsey
 Michael Switalski
 Conferees for the Senate

John Moolenaar
 Mike Pumford
 Jim Plakas
 Conferees for the House

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

Senate Bill No. 1069, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 4, 6, 11, 11b, 11f, 11g, 11j, 13, 15, 18a, 19, 20, 21b, 22a, 22b, 24, 26, 26a, 31a, 31d, 32c, 32d, 32f, 32j, 39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 98b, 99, 101, 104a, 107, 147, 152, 158b, and 166a (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611b, 388.1611f, 388.1611g, 388.1611j, 388.1613, 388.1615, 388.1618a, 388.1619, 388.1620, 388.1621b, 388.1622a, 388.1622b, 388.1624, 388.1626, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1632f, 388.1632j, 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, 388.1704a, 388.1707, 388.1747, 388.1752, 388.1758b, and 388.1766a), sections 3, 6, 11f, 11g, 11j, 19, 20, 22a, 22b, 24, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 98, 99, 101, 104a, 107, 147, and 166a as amended and sections 32j, 41a, and 98b as added by 2003 PA 158, section 4 as amended by 1995 PA 130, sections 11, 11b, and 26a as amended by 2003 PA 236, section 13 as amended by 1999 PA 119, sections 15

and 18a as amended by 1996 PA 300, sections 21b and 152 as amended by 2000 PA 297, section 26 as amended by 1997 PA 93, section 32f as amended by 2002 PA 521, section 94a as amended by 2003 PA 180, and section 158b as added by 1994 PA 283, and by adding section 146; and to repeal acts and parts of acts.

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. 1069, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 4, 6, 11, 11b, 11f, 11g, 11j, 13, 15, 18a, 19, 20, 21b, 22a, 22b, 24, 26, 26a, 31a, 31d, 32c, 32d, 32f, 32j, 39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 98b, 99, 101, 104a, 107, 147, 152, 158b, and 166a (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611b, 388.1611f, 388.1611g, 388.1611j, 388.1613, 388.1615, 388.1618a, 388.1619, 388.1620, 388.1621b, 388.1622a, 388.1622b, 388.1624, 388.1626, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1632f, 388.1632j, 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, 388.1704a, 388.1707, 388.1747, 388.1752, 388.1758b, and 388.1766a), sections 3, 6, 11f, 11g, 11j, 19, 20, 22a, 22b, 24, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 98, 99, 101, 104a, 107, 147, and 166a as amended and sections 32j, 41a, and 98b as added by 2003 PA 158, section 4 as amended by 1995 PA 130, sections 11, 11b, and 26a as amended by 2003 PA 236, section 13 as amended by 1999 PA 119, sections 15 and 18a as amended by 1996 PA 300, sections 21b and 152 as amended by 2000 PA 297, section 26 as amended by 1997 PA 93, section 32f as amended by 2002 PA 521, section 94a as amended by 2003 PA 180, and section 158b as added by 1994 PA 283, and by adding section 146; and to repeal acts and parts of acts.

Recommends:

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

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 3, 4, 6, 11, 11b, 11f, 11g, 11j, 13, 15, 18a, 19, 20, 20j, 21b, 22a, 22b, 24, 26, 26a, 31a, 31d, 32c, 32d, 32f, 32j, 37, 39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 98b, 99, 101, 104a, 107, 147, 152, 158b, and 163 (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611b, 388.1611f, 388.1611g, 388.1611j, 388.1613, 388.1615, 388.1618a, 388.1619, 388.1620, 388.1620j, 388.1621b, 388.1622a, 388.1622b, 388.1624, 388.1626, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1632f, 388.1632j, 388.1637, 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, 388.1704a, 388.1707, 388.1747, 388.1752, 388.1758b, and 388.1763), sections 3, 11f, 11g, 11j, 19, 20, 22a, 22b, 24, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 98, 99, 104a, 107, and 147 as amended and sections 32j, 41a, and 98b as added by 2003 PA 158, section 4 as amended by 1995 PA 130, section 6 as amended by 2004 PA 227, section 11 as amended by 2004 PA 185, sections 11b and 26a as amended by 2003 PA 236, section 13 as amended by 1999 PA 119, sections 15 and 18a as amended by 1996 PA 300, section 20j as amended by 2001 PA 121, sections 21b, 152, and 163 as amended by 2000 PA 297, section 26 as amended by 1997 PA 93, section 32f as amended by 2002 PA 521, section 37 as amended by 2002 PA 191, section 94a as amended by 2003 PA 180, section 101 as amended by 2004 PA 127, and section 158b as added by 1994 PA 283, and by adding sections 22d, 32k, and 107b; 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, 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 ~~67, 68, 107, and 108~~, 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, ~~32f~~, 105, and 105c, a public school academy. Except in sections 6(4), 6(6), 13, 20, 22a, 105, and 105c, district also includes a university school.

(7) "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 which 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 ~~writing skills~~ **English language arts**, social studies, science, ~~reading skills~~, 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, ~~title VI of Public Law 94-142, 20 U.S.C. 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, 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, 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 ~~8~~ **.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 ~~2~~ **.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 ~~education~~ **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 ~~career development~~ **labor and economic growth**, or participating in any successor of either of those 2 programs, shall not be counted in membership.

(n) If a pupil counted in membership in a public school academy is also educated by a district or intermediate district as part of a cooperative education program, the pupil shall be counted in membership only in the public school academy **unless a written agreement signed by all parties designates the party or parties in which the pupil shall be counted in membership**, and the instructional time scheduled for the pupil in the district or intermediate district shall be included in the full-time equated membership determination under subdivision (q). However, for pupils receiving instruction in both a public school academy and in a district or intermediate district but not as a part of a cooperative education program, the following apply:

(i) If the public school academy provides instruction for at least 1/2 of the class hours specified in subdivision (q), the public school academy shall receive as its prorated share of the full-time equated membership for each of those pupils an amount equal to 1 times the product of the hours of instruction the public school academy provides divided by the number of hours specified in subdivision (q) for full-time equivalency, and the remainder of the full-time membership for each of those pupils shall be allocated to the district or intermediate district providing the remainder of the hours of instruction.

(ii) If the public school academy provides instruction for less than 1/2 of the class hours specified in subdivision (q), the district or intermediate district providing the remainder of the hours of instruction shall receive as its prorated share of the full-time equated membership for each of those pupils an amount equal to 1 times the product of the hours of instruction the district or intermediate district provides divided by the number of hours specified in subdivision (q) for full-time equivalency, and the remainder of the full-time membership for each of those pupils shall be allocated to the public school academy.

(o) An individual less than 16 years of age as of September 1 of the current school year who is being educated in an alternative education program shall not be counted in membership if there are also adult education participants being educated in the same program or classroom.

(p) The department shall give a uniform interpretation of full-time and part-time memberships.

(q) The number of class hours used to calculate full-time equated memberships shall be consistent with section 101(3). In determining full-time equated memberships for pupils who are enrolled in a postsecondary institution, a pupil shall not be considered to be less than a full-time equated pupil solely because of the effect of his or her postsecondary enrollment, including necessary travel time, on the number of class hours provided by the district to the pupil.

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

(s) For a district, university school, or public school academy that has pupils enrolled in a grade level that was not offered by the district, university school, or public school academy in the immediately preceding school year, the number of pupils enrolled in that grade level to be counted in membership is the average of the number of those pupils enrolled and in regular daily attendance on the pupil membership count day and the supplemental count day of the current school year, as determined by the department. Membership shall be calculated by adding the number of pupils registered for attendance in that grade level on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

(t) A pupil enrolled in a cooperative education program may be counted in membership in the pupil's district of residence with the written approval of all parties to the cooperative agreement.

(u) If, as a result of a disciplinary action, a district determines through the district's alternative or disciplinary education program that the best instructional placement for a pupil is in the pupil's home, 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 ~~8~~ **.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 ~~2~~ **.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.

(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 ~~but within the same intermediate district if the educating district enrolls nonresident pupils~~ **if the pupil is enrolled** in accordance with section 105 or 105c.

~~(f) A pupil enrolled in a district other than the pupil's district of residence if the pupil has been continuously enrolled in the educating district since a school year in which the pupil enrolled in the educating district under section 105 or 105c and in which the educating district enrolled nonresident pupils in accordance with section 105 or 105c.~~

~~(g)~~ (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.

~~(h) A pupil enrolled in a district located in a contiguous intermediate district, as described in section 105c, if the educating district enrolls those nonresident pupils in accordance with section 105c.~~

(g) ~~(i)~~ A pupil whose district of residence changed after the pupil membership count day and before the supplemental count day and who continues to be enrolled on the supplemental count day as a nonresident in the district in which he or she was enrolled as a resident on the pupil membership count day of the same school year.

(h) ~~(j)~~ A pupil enrolled in an alternative education program operated by a district other than his or her district of residence who meets 1 or more of the following:

(i) The pupil has been suspended or expelled from his or her district of residence for any reason, including, but not limited to, a suspension or expulsion under section 1310, 1311, or 1311a of the revised school code, MCL 380.1310, 380.1311, and 380.1311a.

(ii) The pupil had previously dropped out of school.

(iii) The pupil is pregnant or is a parent.

(iv) The pupil has been referred to the program by a court.

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

(j) ~~(l)~~ 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. A pupil who is absent from any of the classes in which the pupil is enrolled on the pupil membership count day or supplemental count day and who does not attend each of those classes during the 10 consecutive school days immediately following the pupil membership count day or supplemental count day, except for a pupil who has been excused by the district, shall not be counted as 1.0 full-time equated membership. In addition, a pupil who is excused from attendance on the pupil membership count day or supplemental count day and who fails to attend each of the classes in which the pupil is enrolled within 30 calendar days after the pupil membership count day or supplemental count day shall not be counted as 1.0 full-time equated membership. Pupils not counted as 1.0 full-time equated membership due to an absence from a class shall be counted as a prorated membership for the classes the pupil attended. For purposes of this subsection, "class" means a period of time in 1 day when pupils and a certificated teacher or legally qualified substitute teacher are together and instruction is taking place.

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

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

(11) "School fiscal year" means a fiscal year that commences July 1 and continues through June 30.

(12) "State board" means the state board of education.

(13) "Superintendent", unless the context clearly refers to a district or intermediate district superintendent, means the superintendent of public instruction described in section 3 of article VIII of the state constitution of 1963.

(14) "Supplemental count day" means the day on which the supplemental pupil count is conducted under section 6a.

(15) "Tuition pupil" means a pupil of school age attending school in a district other than the pupil's district of residence for whom tuition may be charged. Tuition pupil does not include a pupil who is a special education pupil or a pupil described in subsection (6)(d) to (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, 2004, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$10,962,387,100.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$377,800,000.00 from the general fund. 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 \$11,008,700,000.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$165,200,000.00 from the general fund.~~ In addition, available federal funds are appropriated for each of those fiscal years.

(2) The appropriations under this section shall be allocated as provided in this act. Money appropriated under this section from the general fund 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**, 31d, 51a(2), ~~and 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). ~~For any~~ **Subject to subsection (5), 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) ~~For any~~ **Subject to subsection (5), if** proration is necessary, ~~after 2002-2003,~~ the department shall calculate the proration in district and intermediate district payments that is required under subsection (3) as follows:

(a) The department shall calculate the percentage of total state school aid allocated under this act for the affected fiscal year for each of the following:

(i) Districts.

(ii) Intermediate districts.

(iii) Entities other than districts or intermediate districts.

(b) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(i) for districts by reducing payments to districts. This reduction shall be made by calculating an equal dollar amount per pupil as necessary to recover this percentage of the proration amount and reducing each district's total state school aid from state sources, other than payments under sections 11f, 11g, **11j, 22a, 26a, 31d, 51a(2), 51a(12), 51c, and 53a, and 56,** by that amount.

(c) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(ii) for intermediate districts by reducing payments to intermediate districts. This reduction shall be made by reducing the payments to each intermediate district, other than payments under sections 11f, 11g, ~~22a, 31d,~~ **26a, 51a(2), 51a(12), 51e, 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,** 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.**

(6) ~~(5)~~ Except for the allocation under section 26a, any general fund allocations under this act that are not expended by the end of the state fiscal year are transferred to the state school aid fund. **If it is determined at the May 2005 revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b, that there is additional school aid fund revenue beyond that determined at the May 2004 revenue estimating conference, then it is the intent of the legislature to enact legislation to fund, to the extent that revenues are available, the same programs in the same amount that were funded under section 81 in 2003 PA 236 and the same pupil membership formula as in effect under 2003 PA 236.**

Sec. 11b. From the general fund money appropriated in section 11, there is allocated for ~~2003-2004~~ **2004-2005** the sum of ~~\$67,600,000.00~~ **\$3,700,000.00** for deposit into the school aid stabilization fund created in section 11a.

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, ~~2004~~ **2005** 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 an amount not to exceed \$141,000.00 ~~each fiscal year for the fiscal year ending September 30, 2003, for the fiscal year ending September 30, 2004, and for the fiscal year ending September 30, 2005.~~ There is allocated an amount not to exceed ~~\$34,200,000.00~~ **\$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, there is allocated an amount not to exceed ~~\$28,300,000.00~~ **\$41,100,000.00** for ~~2003-2004~~ **2004-2005** 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. 13. Except as otherwise provided in this act, the apportionments and limitations of the apportionments made under this act shall be made on the membership and number of teachers and other professionals approved by the superintendent employed as of the pupil membership count day of each year and on the taxable value and the operating millage of each district for the calendar year. In addition, a district maintaining school during the entire year, as provided in section 1561 of the revised school code, MCL 380.1561, shall count memberships and ~~teachers~~ **educational personnel** pursuant to rules promulgated by the superintendent **and shall report to the center as required by state and federal law.**

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 ~~remaining apportionments~~ **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 ~~remaining apportionments~~ **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.

Sec. 18a. Grant funds awarded and allotted to a district, ~~or~~ intermediate district, **or other entity**, unless otherwise specified in this act, shall be expended by the grant recipient before the end of the school fiscal year immediately following the fiscal year in which the funds are received. If a grant recipient does not expend the funds received under this act before the end of the fiscal year in which the funds are received, the grant recipient shall submit a report to the department not later than November 1 after the fiscal year in which the funds are received indicating whether it expects to expend those funds during the fiscal year in which the report is submitted. A recipient of a grant shall return any unexpended grant funds to the department in the manner prescribed by the department not later than September 30 after the fiscal year in which the funds are received.

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, ~~415 Stat. 1425~~, as determined by the department.

(2) Each district and intermediate district shall provide to the department, in a form and manner prescribed by the department, information necessary for the development of an annual progress report on the required implementation of sections 1204a, 1277, 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred to as "public act 25 of 1990".

(3) A district or intermediate district shall comply with all applicable reporting requirements specified in state and federal law. Data provided to the center, in a form and manner prescribed by the center, shall be aggregated and disaggregated as required by state and federal law.

(4) Each district shall furnish to the center not later than 7 weeks after the pupil membership count day, in a manner prescribed by the center, the information necessary for the preparation of the district and high school graduation report. The center shall calculate an annual graduation and pupil dropout rate for each high school, each district, and this state, in compliance with nationally recognized standards for these calculations. The center shall report all graduation and dropout rates to the senate and house education committees and appropriations committees, the state budget director, and the department not later than June 1 of each year.

(5) A district shall furnish to the center, in a manner prescribed by the center, information related to educational personnel as necessary for reporting required by state and federal law.

(6) 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) ~~(6)~~ If a district or intermediate district fails to meet the requirements of subsection (2), (3), (4), ~~or~~ (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.

~~(7) If a school in a district is not accredited under section 1280 of the revised school code, MCL 380.1280, or is not making satisfactory progress toward meeting the standards for that accreditation, the department shall withhold 5% of the total funds for which the district qualifies under this act that are attributable to pupils attending that school. The department shall place the amount withheld from a district under this subsection in an escrow account and shall not release the funds to the district until the district submits to the department a plan for achieving accreditation for each of the district's schools that are not accredited under section 1280 of the revised school code, MCL 380.1280, or are not making satisfactory progress toward meeting the standards for that accreditation.~~

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

Sec. 20. (1) For ~~2002-2003 and for 2003-2004~~ **and for 2004-2005**, the basic foundation allowance is \$6,700.00 per membership pupil.

(2) The amount of each district's foundation allowance shall be calculated as provided in this section, using a basic foundation allowance in the amount specified in subsection (1).

(3) Except as otherwise provided in this section, the amount of a district's foundation allowance shall be calculated as follows, using in all calculations the total amount of the district's foundation allowance as calculated before any proration:

(a) Except as otherwise provided in this subsection, for a district that in the immediately preceding state fiscal year had a foundation allowance in an amount at least equal to the amount of the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year in the basic foundation allowance. However, for 2002-2003, the foundation allowance for a district under this subdivision is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus \$200.00.

(b) For a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of the increase in the basic foundation allowance for the current state fiscal year, as compared to the immediately preceding state fiscal year, or the product of the district's foundation allowance for the immediately preceding state fiscal year times the percentage increase in the United States consumer price index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b. For 2002-2003, for a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of \$200.00 or the product of the district's foundation allowance for the immediately preceding state fiscal year times the percentage increase in the United States consumer price index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b.

(c) For a district that has a foundation allowance that is not a whole dollar amount, the district's foundation allowance shall be rounded up to the nearest whole dollar.

(d) 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 ~~in 2002-2003 or 2003-2004, as applicable,~~ after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 101(3). The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection.

(7) If more than 25% of the pupils residing within a district are in membership in 1 or more public school academies located in the district, then the amount per membership pupil calculated under this section for a public school academy located in the district shall be reduced by an amount equal to the difference between the product of the taxable value per membership pupil of all property in the district that is not a 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 ~~2003-2004 only~~ **2004-2005**, 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 shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of the amount of the grant award to the district for 2001-2002 under former section 32e divided by the district's membership for 2001-2002, and~~ the district's foundation allowance for ~~2003-2004~~ **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, ~~415 Stat. 1425~~, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district may submit to the department an application for flexibility in using the funds resulting from this adjustment that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to reduce class size, but that may be different from the purposes otherwise allowable under this subsection. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to reduce class size. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

(20) For a district that is a qualifying school district with a school reform board in place under part 5a of the revised school code, MCL 380.371 to 380.376, the district's foundation allowance for 2002-2003 shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of \$15,000,000.00 divided by the district's membership for 2002-2003. If a district ceases to meet the requirements of this subsection, the department shall adjust the district's foundation allowance in effect at that time based on a 2002-2003 foundation allowance for the district that does not include the 2002-2003 adjustment under this subsection.

(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** 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. 21b. (1) Subject to subsections (2) and (3), a district shall use funds received under ~~section 20 or, beginning in 2000-2001, under~~ section 22a or 22b to support the attendance of a district pupil at an eligible postsecondary institution under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or under the career and technical preparation act, **2000 PA 258, MCL 388.1901 to 388.1913**.

(2) To the extent required under subsection (3), a district shall pay tuition and mandatory course fees, material fees, and registration fees required by an eligible postsecondary institution for enrollment in an eligible course. A district also shall pay any late fees charged by an eligible postsecondary institution due to the district's failure to make a required payment according to the timetable prescribed by the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, **2000 PA 258, MCL 388.1901 to 388.1913**. A district is not required to pay transportation costs, parking costs, or activity fees.

(3) A district shall pay to the eligible postsecondary institution on behalf of an eligible student an amount equal to the lesser of the amount of the eligible charges described in subsection (2) or the prorated percentage of the state portion of the foundation allowance paid or calculated, as applicable, on behalf of that eligible student under section 20, with the proration based on the proportion of the school year that the eligible student attends the postsecondary institution. A district may pay more money to an eligible postsecondary institution on behalf of an eligible student than required under this section and the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, **2000 PA 258, MCL 388.1901 to 388.1913**, and may use local school operating revenue for that purpose. An eligible student is responsible for payment of the remainder of the costs associated with

his or her postsecondary enrollment that exceed the amount the district is required to pay under this section and the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, **2000 PA 258, MCL 388.1901 to 388.1913**, and that are not paid by the district. As used in this subsection, "local school operating revenue" means that term as defined in section 20.

(4) As used in this section, "eligible course", "eligible student", and "eligible postsecondary institution" mean those terms as defined in section 3 of the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or in section 3 of the career and technical preparation act, **2000 PA 258, MCL 388.1903**, as applicable.

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$6,816,000,000.00~~ **\$6,765,300,000.00** for 2003-2004 **and an amount not to exceed \$6,678,977,800.00 for 2004-2005** for payments to districts, qualifying university schools, and qualifying public school academies to guarantee each district, qualifying university school, and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the payments under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal year.

(2) To ensure that a district receives an amount equal to the district's 1994-95 total state and local per pupil revenue for school operating purposes, there is allocated to each district a state portion of the district's 1994-95 foundation allowance in an amount calculated as follows:

(a) Except as otherwise provided in this subsection, the state portion of a district's 1994-95 foundation allowance is an amount equal to the district's 1994-95 foundation allowance or \$6,500.00, whichever is less, minus the difference between the product of the taxable value per membership pupil of all property in the district that is not a homestead or qualified agricultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur.

(b) For a district that had a 1994-95 foundation allowance greater than \$6,500.00, the state payment under this subsection shall be the sum of the amount calculated under subdivision (a) plus the amount calculated under this subdivision. The amount calculated under this subdivision shall be equal to the difference between the district's 1994-95 foundation allowance minus \$6,500.00 and the current year hold harmless school operating taxes per pupil. If the result of the calculation under subdivision (a) is negative, the negative amount shall be an offset against any state payment calculated under this subdivision. If the result of a calculation under this subdivision is negative, there shall not be a state payment or a deduction under this subdivision. The taxable values per membership pupil used in the calculations under this subdivision are as adjusted by ad valorem property tax revenue captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership.

(3) ~~For~~ **Beginning in 2003-2004**, for pupils in membership in a qualifying public school academy or qualifying university school, there is allocated under this section ~~for 2003-2004~~ to the authorizing body that is the fiscal agent for the qualifying public school academy for forwarding to the qualifying public school academy, or to the board of the public university operating the qualifying university school, an amount equal to the 1994-95 per pupil payment to the qualifying public school academy or qualifying university school under section 20.

(4) A district, qualifying university school, or qualifying public school academy may use funds allocated under this section in conjunction with any federal funds for which the district, qualifying university school, or qualifying public school academy otherwise would be eligible.

(5) For a district that is formed or reconfigured after June 1, 2000 by consolidation of 2 or more districts or by annexation, the resulting district's 1994-95 foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the 1994-95 foundation allowances of each of the original or affected districts, calculated as provided in this section, weighted as to the percentage of pupils in total membership in the resulting district in the state fiscal year in which the consolidation takes place who reside in the geographic area of each of the original districts. If an affected district's 1994-95 foundation allowance is less than the 1994-95 basic foundation allowance, the amount of that district's 1994-95 foundation allowance shall be considered for the purpose of calculations under this subsection to be equal to the amount of the 1994-95 basic foundation allowance.

(6) As used in this section:

(a) "1994-95 foundation allowance" means a district's 1994-95 foundation allowance calculated and certified by the department of treasury or the superintendent under former section 20a as enacted in 1993 PA 336 and as amended by 1994 PA 283.

(b) "Current state fiscal year" means the state fiscal year for which a particular calculation is made.

(c) "Current year hold harmless school operating taxes per pupil" means the per pupil revenue generated by multiplying a district's 1994-95 hold harmless millage by the district's current year taxable value per membership pupil.

(d) "Hold harmless millage" means, for a district with a 1994-95 foundation allowance greater than \$6,500.00, the number of mills by which the exemption from the levy of school operating taxes on a homestead and qualified agricultural property could be reduced as provided in section 1211(1) of the revised school code, MCL 380.1211, and the number of mills of school operating taxes that could be levied on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, as certified by the department of treasury for the 1994 tax year.

(e) "Homestead" means that term as defined in section 1211 of the revised school code, MCL 380.1211.

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

(g) "Qualified agricultural property" means that term as defined in section 1211 of the revised school code, MCL 380.1211.

(h) "Qualifying public school academy" means a public school academy that was in operation in the 1994-95 school year and is in operation in the current state fiscal year.

(i) "Qualifying university school" means a university school that was in operation in the 1994-95 school year and is in operation in the current fiscal year.

(j) "School operating taxes" means local ad valorem property taxes levied under section 1211 of the revised school code, MCL 380.1211, and retained for school operating purposes.

(k) "Taxable value per membership pupil" means each of the following divided by the district's membership:

(i) For the number of mills by which the exemption from the levy of school operating taxes on a homestead and qualified agricultural property may be reduced as provided in section 1211(1) of the revised school code, MCL 380.1211, the taxable value of homestead and qualified agricultural property for the calendar year ending in the current state fiscal year.

(ii) For the number of mills of school operating taxes that may be levied on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, the taxable value of all property for the calendar year ending in the current state fiscal year.

Sec. 22b. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$2,881,000,000.00 for 2003-2004~~ **\$2,910,300,000.00 for 2004-2005** 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 ~~expend funds to pay for necessary costs associated with resolving matters pending in federal court impacting payments to districts, including, but not limited to, expert witness fees. Beginning in 2001-2002, from the allocation in subsection (1), the department shall also pay up to \$1,000,000.00 in litigation costs incurred by this state associated with lawsuits filed by 1 or more districts or intermediate districts against this state. If the allocation under this section is insufficient to fully fund all payments required under this section, the payments under this subsection shall be made in full before any proration of remaining payments under this section.~~

(5) It is the intent of the legislature that all constitutional obligations of this state have been fully funded under sections 22a, 31d, 51a, and 51c. If a claim is made by an entity receiving funds under this act that challenges the legislative determination of the adequacy of this funding or alleges that there exists an unfunded constitutional requirement, the state budget director may escrow or allocate from the discretionary funds for nonmandated payments under this section the amount as may be necessary to satisfy the claim before making any payments to districts under subsection (2). If funds are escrowed, the escrowed funds are a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of litigation. The work project shall be completed upon resolution of the litigation.

(6) If the local claims review board or a court of competent jurisdiction makes a final determination that this state is in violation of section 29 of article IX of the state constitution of 1963 regarding state payments to districts, the state budget director shall use work project funds under subsection (5) or allocate from the discretionary funds for nonmandated payments under this section the amount as may be necessary to satisfy the amount owed to districts before making any payments to districts under subsection (2).

(7) If a claim is made in court that challenges the legislative determination of the adequacy of funding for this state's constitutional obligations or alleges that there exists an unfunded constitutional requirement, any interested party may seek an expedited review of the claim by the local claims review board. If the claim exceeds \$10,000,000.00, this state may remove the action to the court of appeals, and the court of appeals shall have and shall exercise jurisdiction over the claim.

(8) If payments resulting from a final determination by the local claims review board or a court of competent jurisdiction that there has been a violation of section 29 of article IX of the state constitution of 1963 exceed the amount allocated for discretionary nonmandated payments under this section, the legislature shall provide for adequate funding for this state's constitutional obligations at its next legislative session.

(9) If a lawsuit challenging payments made to districts related to costs reimbursed by federal title XIX medicaid funds is filed against this state during 2001-2002, 2002-2003, or 2003-2004, 50% of the amount allocated in subsection (1) not previously paid out for 2002-2003, 2003-2004, and each succeeding fiscal year is a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of the litigation. The work project shall be completed upon resolution of the litigation. In addition, this state reserves the right to terminate future federal title XIX medicaid reimbursement payments to districts if the amount or allocation of reimbursed funds is challenged in the lawsuit. As used in this subsection, "title XIX" means title XIX of the social security act, ~~chapter 531, 49 Stat. 620, 42 U.S.C. USC 1396 to 1396r-6 and 1396r-8 to 1396v.~~

Sec. 22d. (1) From the amount allocated under section 22b, an amount not to exceed \$750,000.00 is allocated 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 the appropriation in section 11, there is allocated ~~each fiscal year for 2002-2003, and for 2003-2004 for 2004-2005~~ to the educating district or intermediate district an amount equal to 100% of the added cost each fiscal year for educating all pupils assigned by a court or the family independence agency to reside in or to attend a juvenile detention facility or child caring institution licensed by the family independence agency ~~or the department of consumer and industry services~~ and approved by the department to provide an on-grounds education program. The total amount to be paid under this section for added cost shall not exceed ~~\$8,900,000.00 for 2002-2003 and~~ \$8,000,000.00 for ~~2003-2004~~ **2004-2005. For the purposes of this section, "added cost" shall be computed by deducting all other revenue received under this act for pupils described in this section from total costs, as approved by the department, in whole or in part, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution. Costs reimbursed by federal funds are not included. ~~For 2003-2004 only~~ **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**.**

(2) A district or intermediate district educating pupils described in this section at a residential child caring institution may operate, and receive funding under this section for, a department-approved on-grounds educational program for

those pupils that is longer than 181 days, but not longer than 233 days, if the child caring institution was licensed as a child caring institution and offered in 1991-92 an on-grounds educational program that was longer than 181 days but not longer than 233 days and that was operated by a district or intermediate district.

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

~~(4) The department shall appoint a committee to study and make recommendations concerning issues related to the education of pupils under this section, including, but not limited to, pupil counts, cost controls, and the number and type of eligible programs under this section. The committee may include, but is not limited to, appointees from 1 or more adjudicated youth educators associations, the house fiscal agency, the senate fiscal agency, the department of management and budget, the family independence agency, the department of corrections, the court system, and the department. Not later than May 15, 2004, the committee shall submit its recommendations to the house and senate appropriations subcommittees responsible for this act and to the department of management and budget.~~

Sec. 26. A district or intermediate district receiving money pursuant to 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the Brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, shall have its funds received under section ~~20~~ **22b**, 56, or 62 reduced by an amount equal to the added local money.

Sec. 26a. From the general fund appropriation in section 11, there is allocated an amount not to exceed ~~\$29,960,000.00 for 2003-2004~~ **\$36,200,000.00 for 2004-2005** 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 ~~2003~~ **2004** or for payments to districts as reimbursement for interest paid as a result of property tax refunds. ~~This reimbursement shall be made by adjusting payments under section 22a to eligible districts, adjusting payments under section 56, 62, or 81 to eligible intermediate districts, and adjusting the state school aid fund. The adjustments~~ 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. 31a. (1) From the ~~state school aid fund~~ money appropriated in section 11, there is allocated for ~~2003-2004~~ **2004-2005** 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, ~~chapter 281, 60 Stat. 230, 42 U.S.C. USC 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c, and 1769f to 1769h,~~ and reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year. However, for a public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the Richard B. Russell national school lunch act.

(2) To be eligible to receive funding under this section, other than funding under subsection (6), a district or public school academy that has not been previously determined to be eligible shall apply to the department, in a form and manner prescribed by the department, and a district or public school academy must meet all of the following:

(a) The sum of the district's or public school academy's combined state and local revenue per membership pupil in the current state fiscal year, as calculated under section 20, plus the amount of the district's per pupil allocation under section 20j(2), is less than or equal to \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00, 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 10% 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 ~~beginning with 2003-2004~~ **for 2004-2005** 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 ~~education~~ **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, ~~115 Stat. 1425~~, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district or public school academy may submit to the department an application for flexibility in using the funds received under this section that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to benefit at-risk pupils in the school, but that may be different from the purposes otherwise allowable under this section. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to benefit at-risk pupils in the school. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

(12) 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 ~~moderate level 2~~ **moderate level 2** on the most recent MEAP ~~reading~~ **English language arts, mathematics, or science** test for which results for the pupil have been received. ~~did not achieve at least a score of moderate on the most recent MEAP mathematics test for which results for the pupil have been received, or did not achieve at least a score of novice on the most recent MEAP science test for which results for the pupil have been received.~~ For pupils in grades K-3, at-risk pupil also includes a pupil who is at risk of not meeting the district's core academic curricular objectives in English language ~~, communication skills, arts or mathematics.~~

Sec. 31d. (1) From the appropriations in section 11, there is allocated an amount not to exceed ~~\$18,315,000.00 for 2002-2003 and an amount not to exceed \$21,300,000.00 for 2003-2004~~ **\$21,095,100.00 for 2004-2005** 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 ~~2003-2004~~ **2004-2005** all available federal funding, estimated at ~~\$272,125,000.00~~ **\$286,494,000.00**, 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. 32c. (1) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$250,000.00 for ~~2003-2004~~ **2004-2005** 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 ~~2003-2004~~ **2004-2005** for school readiness or preschool and parenting program grants to enable eligible districts, as determined under section 37, to develop or expand, in conjunction with whatever federal funds may be available, including, but not limited to, federal funds under title I of the elementary and secondary education act of 1965, ~~Public Law 89-10, 108 Stat. 3519, 20 U.S.C. 20 USC 6301 to 6304, 6311 to 6339, 6361 to 6368, 6371 to 6376, 6381 to 6383, 6391 to 6399, 6421 to 6472, 6491 to 6494, 6511 to 6518, 6531 to 6537, 6551 to 6561, and 6571 to 6578,~~ chapter 1 of title I of the Hawkins-Stafford elementary and secondary school improvement amendments of 1988, ~~Public Law 89-10, 102 Stat. 140~~ **100-297**, and the head start act, ~~subchapter B of chapter 8 of subtitle A of title VI of the omnibus budget reconciliation act of 1981, Public Law 97-35, 42 U.S.C. 42 USC 9831 to 9835, 9836 to 9844, 9846, and 9848 to 9852~~ **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 ~~2003-2004 for the purposes of subsection (4).~~ ~~(4) From the general fund allocation in subsection (3), there is allocated for 2003-2004 an amount not to exceed \$200,000.00~~

2004-2005 for a competitive grant to continue a longitudinal evaluation of children who have participated in the Michigan school readiness program.

(4) ~~(5)~~ 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.

(5) ~~(6)~~ A grant recipient receiving funds under this section shall report to the department no later than October 15 of each year the number of children participating in the program who meet the income or other eligibility criteria specified under section 37(3)(g) and the total number of children participating in the program. For children participating in the program who meet the income or other eligibility criteria specified under section 37(3)(g), grant recipients shall also report whether or not a parent is available to provide care based on employment status. For the purposes of this subsection, "employment status" shall be defined by the family independence agency in a manner consistent with maximizing the amount of spending that may be claimed for temporary assistance for needy families maintenance of effort purposes.

Sec. 32f. (1) ~~From the state school aid fund allocation under section 32a(1), there is allocated for 2001-2002 an amount not to exceed \$45,000,000.00 and for 2002-2003 and 2003-2004 \$0.00, for grants under this section. From the general fund allocation under section 32a(1), there is allocated each fiscal year for 2001-2002, 2002-2003, and 2003-2004 \$0.00 for the purposes of subsection (3).~~

(2) ~~From the allocation in subsection (1), there is allocated for 2001-2002 an amount not to exceed \$2,000,000.00 and for 2002-2003 and 2003-2004 \$0.00, for providing grants to the 8 regional literacy centers for the purposes of expanding training programs for trainers and teachers in the use of strategies for reading instruction and assessment, including the Michigan literacy progress profile.~~

(3) ~~From the general fund allocation in subsection (1), there is allocated to the department \$0.00 each fiscal year for 2001-2002, 2002-2003, and 2003-2004 for the development and dissemination of~~ **In collaboration with central Michigan university, the department shall develop and disseminate** read, educate, and develop youth (**READY**) (**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.

(4) ~~From the general fund allocation in subsection (1), there is allocated to the department each fiscal year for 2001-2002, 2002-2003, and 2003-2004 \$0.00 for the grant review process and grant administration under this section.~~

(5) ~~Except as otherwise provided in subsection (17), to be eligible for a grant under this section, a district must have had at least 1,500 pupils in membership in 1998-99, and the number of pupils in the district that have been determined to have a specific learning disability according to R 340.1713 of the Michigan administrative code, as determined in the December 1, 1998 head count required under the individuals with disabilities education act, title VI of Public Law 91-230, must equal or exceed 5% of the district's membership. In addition, a district is eligible for a grant under this section if the district had at least 1,500 pupils in membership in 1998-99 and if not more than 41% of the district's pupils who took the spring 1999 fourth grade MEAP reading test achieved a score of at least satisfactory. Except as otherwise provided in subsection (17), for a public school academy to be eligible for a grant under this section, the public school academy must be located in a district that is eligible under this subsection.~~

(6) ~~From the allocation in subsection (1), there is allocated for 2001-2002 an amount not to exceed \$43,000,000.00 and for 2002-2003 and 2003-2004 \$0.00, for competitive grants to eligible districts, to intermediate districts, and to public school academies located within eligible districts for reading improvements programs for pupils in grades K to 4, reading disorders and reading methods programs, mentoring programs, language and literacy outreach programs, or cognitive development programs. For 2001-2002, grants under this subsection shall be paid to grant recipients in the same proportion of the total allocation under this subsection as for 2000-2001. If the legislature enacts legislation authorizing the appropriation of federal funds for reading improvement programs for 2001-2002, for 2002-2003, or for 2003-2004, then it is the intent of the legislature that these funds be used to the extent possible for the purposes of this subsection. Federal funds received for reading improvement programs that can be used for substantially similar purposes as described under this section shall be first expended for the purposes of this subsection before funds appropriated from the state school aid fund allocated under this subsection, and the expenditure of funds under this subsection from the state school aid fund shall be reduced by an amount equal to the amount of the expenditure of federal funds under this subsection. If any conflict exists between federal reading program guidelines and this section, federal law will control.~~

(7) ~~Except as otherwise provided in subsection (17), to qualify for funding under this section, a proposed reading improvement program must meet all of the following:~~

(a) ~~The program shall include assessment of reading skills of pupils in grades K to 4 to identify those pupils who are reading below grade level and must provide special reading assistance for these pupils.~~

(b) ~~The program shall be a research-based, validated, structured reading program.~~

(c) ~~The program shall include continuous assessment of pupils and individualized education plans for pupils.~~

(d) ~~The program shall align learning resources to state standards.~~

(e) ~~For each school building receiving funding under this section for a reading improvement program, the program shall serve at least 25% of pupils who are identified as at risk, as determined by the Michigan literacy progress profile, of reading failure, and the amount of the grant shall not exceed \$85,000.00 per school building annually.~~

~~(8) Funds allocated for programs described in subsection (7) may be used to reimburse grant recipients for funds paid by districts for up to 1/2 of the salaries and benefits for each teacher trained and certified to provide a reading improvement program.~~

~~(9) Except as otherwise provided under subsection (17), to qualify for funding under this section, a proposed mentoring program must be a research-based, validated program or a statewide 1 to 1 mentoring program to enhance the independence and life quality of pupils who are mentally impaired by providing opportunities for mentoring and integrated employment.~~

~~(10) Except as otherwise provided under subsection (17), to qualify for funding under this section, a proposed cognitive development program must be a research-based, validated educational service program, focused on assessing and building essential cognitive and perceptual learning abilities to strengthen pupil concentration and learning.~~

~~(11) Except as otherwise provided under subsection (17), to qualify for funding under this section, a proposed structured mentoring tutorial reading program for preschool to grade 4 pupils must be a research-based, validated program that develops individualized instructional plans based on each pupil's age, assessed needs, reading level, interests, and learning style.~~

~~(12) A program receiving funding under this section may be conducted outside of regular school hours or outside the regular school calendar.~~

~~(13) To compete for a grant under this section, an applicant shall apply to the superintendent in the form and manner prescribed by the superintendent. The department shall make applications available for this purpose. An applicant shall include in its application a projected budget for the programs. The grant recipient 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.~~

~~(14) The superintendent shall approve or disapprove applications and notify the applicant of that decision. Priority in awarding grants shall be given to programs that focus on accelerating student achievement on a cost-effective basis, reducing the number of pupils requiring special education programs and services, and improving pupil scores on standardized tests and assessments.~~

~~(15) A grant recipient receiving funds under this section shall report to the department, in the form and manner prescribed by the department, on the results achieved by the program. At a minimum, the grant recipient shall report to the department by October 15 regarding the program's impact on reducing the number of pupils requiring special education programs and services and on improving pupil scores on standardized tests and assessments, and information on the costs and benefits per unit of pupil improvement. In addition, the report shall state the number of pupils eligible for free or reduced-price school lunch who received services under the program and the total number of pupils who received services under the program. Not later than November 15 of each fiscal year, the department shall submit a report to the legislature, the state budget director, and the senate and house fiscal agencies detailing the results of the programs. It is the intent of the legislature that further funding for the programs under this section will reflect the results achieved in these programs.~~

~~(16) Notwithstanding section 17b, payments under this section shall be paid on a schedule determined by the department.~~

~~(17) For a district or public school academy awarded a grant under former section 32, the determination of whether the district or public school academy is eligible for a grant under this section may be made according to the eligibility standards in effect under former section 32. Further, the district or public school academy may continue to use the grant proceeds for any use permissible under this section or former section 32 as in effect at the time the district or public school academy was awarded the grant.~~

~~(18) If the maximum amount appropriated under this section exceeds the amount necessary to fully fund allocations under this section, that excess amount shall not be expended in that state fiscal year but shall instead be carried forward to the succeeding fiscal year and added to any funds appropriated for that fiscal year for expenditure in that fiscal year.~~

~~(19) A district that received funding for 1999-2000 under former section 32 shall receive funding under this section for 2001-2002.~~

~~(20) A district or 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. 32j. (1) From the ~~appropriation allocation~~ in section ~~44~~ **81**, there is allocated an amount not to exceed \$3,326,000.00 for ~~2003-2004~~ **2004-2005** 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 ~~compete for~~ **receive** a grant under this section, an intermediate district shall ~~apply~~ **submit a plan** to the department not later than October 1, ~~2003~~ **2004** in the form and manner prescribed by the department. ~~To be considered for a grant under this section, a grant application~~ **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 ~~successful grant recipient~~ **intermediate district receiving a grant under this section** shall agree to include a data collection system ~~and an evaluation tool~~ approved by the department. ~~to measure the impact of the program on improving school readiness and fostering the maintenance of stable families.~~ The data collection system shall provide a report by October 15 of each year on the number of children in families with income below 200% of the federal poverty level that received services under this program and the total number of children who received services under this program.

(5) The department ~~or superintendent,~~ **as applicable,** shall do all of the following:

~~(a) The department shall make applications available for the purposes of this section not later than August 15, 2003.~~

~~(a) (b)~~ The superintendent shall approve or disapprove ~~applications~~ **the plans** and notify the ~~applying~~ intermediate district of that decision not later than November 15, ~~2003~~ **2004**. The amount ~~of each approved grant shall not exceed~~ **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) (c)~~ The department shall ensure that all programs funded under this section utilize the most current validated research-based methods and curriculum for providing the program components described in subsection (2).

~~(c) (d)~~ The department shall submit a report to the state budget director and the senate and house fiscal agencies ~~detailing the evaluations~~ **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. 32k. (1) From the funds appropriated in section 11, there is allocated an amount not to exceed \$0.00 for a statewide before- or after-school program to provide youth with a safe, engaging environment to motivate and inspire learning outside the traditional classroom setting. 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 the family independence agency under this section.

(3) The department shall, through a competitive bid process, provide grants or contracts up to \$0.00 in state school aid funds for the program based on community needs. A county shall receive no more than 20% of the funds allocated under this section for this program. The use of funds under this section should not be considered an ongoing commitment of funding.

(4) The before- or after-school programs funded under this section shall include, at a minimum, 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) Academic assistance, including assistance with reading and writing.

(e) Preparation toward future self-sufficiency.

(f) Leadership development.

(g) Case management or mentoring.

(h) Parental involvement.

(i) 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, 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 August 30, 2005, 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 and education, the senate and house appropriations subcommittees for this act, 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.

(8) Private foundations may contribute funding to this program, as determined by the department.

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.

(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, ~~including~~ **Subject to subparagraph (ii), this includes**, but is not limited to, a valid teaching certificate and an early childhood (ZA) endorsement. 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.

(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.

(iii) ~~(ii)~~ 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.

(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 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.

(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 using criteria approved by the department. At a minimum, the evaluations shall include assessment of the gains in educational readiness and progress through first grade of 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, ~~chapter 281, 60 Stat. 230, 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766a, 1769, 1769b to 1769c, and 1769f~~ 42 USC 1751 to 1769h, or meet the income and all other eligibility criteria for the family independence agency unified child day care program.

(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.

Sec. 39a. (1) From the ~~appropriation~~ **federal funds appropriated** in section 11, there is allocated for ~~2003-2004~~ **2004-2005** to districts, intermediate districts, and other eligible entities all available federal funding, estimated at ~~\$665,458,500.00~~ **\$637,809,700.00**, for the federal programs under the no child left behind act of 2001, Public Law 107-110, ~~115 Stat. 1425~~. These funds are allocated ~~for each fiscal year~~ as follows:

(a) ~~An amount estimated at \$1,666,300.00 for community service state grants, funded from DED-OESE, community service state grant funds.~~

(a) ~~(b)~~ An amount estimated at ~~\$15,946,200.00~~ **\$12,095,000.00** 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) ~~(c)~~ An amount estimated at ~~\$14,546,300.00~~ **\$9,520,500.00** for the purpose of improving teaching and learning through a more effective use of technology, funded from DED-OESE, educational technology state grant funds.

(c) ~~(d)~~ An amount estimated at ~~\$105,570,600.00~~ **\$105,565,700.00** for the purpose of preparing, training, and recruiting high-quality teachers and class size reduction, funded from DED-OESE, improving teacher quality funds.

(d) ~~(e)~~ An amount estimated at ~~\$4,647,700.00~~ **\$5,713,700.00** for programs to teach English to limited English proficient (LEP) children, funded from DED-OESE, language acquisition state grant funds.

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

(f) ~~(g)~~ An amount estimated at ~~\$247,600.00~~ **\$332,700.00** for Michigan model partnership for character education programs, funded from DED-OESE, title X, fund for improvement of education funds.

(g) ~~(h)~~ An amount estimated at ~~\$2,010,100.00~~ **\$469,900.00** for rural and low income schools, funded from DED-OESE, rural and low income school funds.

(h) ~~(i)~~ An amount estimated at ~~\$11,123,700.00~~ **\$9,563,000.00** to help schools develop and implement comprehensive school reform programs, funded from DED-OESE, title I and title X, comprehensive school reform funds.

(i) ~~(j)~~ An amount estimated at ~~\$427,000,000.00~~ **\$411,090,000.00** to provide supplemental programs to enable educationally disadvantaged children to meet challenging academic standards, funded from DED-OESE, title I, disadvantaged children funds.

(j) ~~(k)~~ An amount estimated at ~~\$8,246,600.00~~ **\$6,622,900.00** for the purpose of providing unified family literacy programs, funded from DED-OESE, title I, even start funds.

(k) ~~(l)~~ An amount estimated at ~~\$8,953,100.00~~ **\$8,175,200.00** for the purpose of identifying and serving migrant children, funded from DED-OESE, title I, migrant education funds.

(l) ~~(m)~~ An amount estimated at ~~\$22,779,000.00~~ **\$21,936,600.00** to promote high-quality school reading instruction for grades K-3, funded from DED-OESE, title I, reading first state grant funds.

(m) ~~(n)~~ An amount estimated at ~~\$13,475,000.00~~ **\$8,582,300.00** for the purpose of implementing innovative strategies for improving student achievement, funded from DED-OESE, title VI, innovative strategies funds.

(n) ~~(o)~~ An amount estimated at ~~\$20,696,300.00~~ **\$29,592,200.00** 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 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 cochairs, representing the department and the Michigan family independence agency, shall name a fiduciary agent and may authorize the fiduciary to expend funds and hire people to accomplish the work of the Michigan after-school partnership.**

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

(2) From the federal funds ~~appropriation~~ **appropriated** in section 11, there is allocated for ~~2003-2004~~ **2004-2005** to districts, intermediate districts, and other eligible entities all available federal funding, estimated at ~~\$5,421,800.00 each fiscal year~~ **\$5,427,500.00**, for the following programs that are funded by federal grants:

(a) An amount estimated at \$600,000.00 for acquired immunodeficiency syndrome education grants, funded from HHS-center for disease control, AIDS funding.

(b) An amount estimated at ~~\$1,553,500.00~~ **\$953,500.00** for emergency services to immigrants, funded from DED-OBEMLA, emergency immigrant education assistance funds.

(c) An amount estimated at ~~\$1,468,300.00~~ **\$1,428,400.00** to provide services to homeless children and youth, funded from DED-OVAE, homeless children and youth funds.

(d) An amount estimated at \$1,000,000.00 for refugee children school impact grants, funded from HHS-ACF, refugee children school impact funds.

(e) An amount estimated at ~~\$800,000.00~~ **\$1,445,600.00** for serve America grants, funded from the corporation for national and community service funds.

(3) All federal funds allocated under this section shall be distributed in accordance with federal law and with flexibility provisions outlined in Public Law 107-116, ~~44 Stat. 2177~~ and in the education flexibility partnership act of 1999, Public Law 106-25, ~~113 Stat. 41~~. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(4) As used in this section:

(a) "DED" means the United States department of education.

(b) "DED-OBEMLA" means the DED office of bilingual education and minority languages affairs.

(c) "DED-OESE" means the DED office of elementary and secondary education.

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

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

(f) "HHS-ACF" means the HHS administration for children and families.

Sec. 41. From the appropriation in section 11, there is allocated an amount not to exceed \$2,800,000.00 for ~~2003-2004~~ **2004-2005** 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** 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 ~~2003-2004~~ **2004-2005** an amount not to exceed ~~\$82,683,000.00~~ **\$905,683,000.00** from state sources and all available federal funding under sections 611 to 619 of part B of the individuals with disabilities education act, ~~title VI of Public Law 91-230, 20 U.S.C. 20 USC 1411 to 1419, estimated at \$285,000,000.00~~ **\$329,850,000.00** 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 ~~C.F.R.~~ **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 for ~~2003-2004~~ **2004-2005** the amount necessary, estimated at ~~\$160,500,000.00~~ **\$168,900,000.00** for 2003-2004, for payments toward reimbursing districts and intermediate districts for 28.6138% of total approved costs of special education, excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Allocations under this subsection shall be made as follows:

(a) The initial amount allocated to a district under this subsection toward fulfilling the specified percentages shall be calculated by multiplying the district's special education pupil membership, excluding pupils described in subsection (12), times the sum of the foundation allowance under section 20 of the pupil's district of residence plus the amount of the district's per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00 minus \$200.00, or, for a special education pupil in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil calculated under section 20(6). For an intermediate district, the amount allocated under this subdivision toward fulfilling the specified percentages shall be an amount per special education membership pupil, excluding pupils described in subsection (12), and shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00 minus \$200.00, and that district's per pupil allocation under section 20j(2).

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

(3) From the funds allocated under subsection (1), there is allocated for ~~2003-2004~~ **2004-2005** the amount necessary, estimated at ~~\$2,600,000.00~~ **\$2,400,000.00**, to make payments to districts and intermediate districts under this subsection. If the amount allocated to a district or intermediate district for a fiscal year under subsection (2)(b) is less than the sum of the amounts allocated to the district or intermediate district for 1996-97 under sections 52 and 58, there is allocated to the district or intermediate district for the fiscal year an amount equal to that difference, adjusted by applying the same proration factor that was used in the distribution of funds under section 52 in 1996-97 as adjusted to the district's or intermediate district's necessary costs of special education used in calculations for the fiscal year. This adjustment is to reflect reductions in special education program operations between 1996-97 and subsequent fiscal years. Adjustments for reductions in special education program operations shall be made in a manner determined by the department and shall include adjustments for program shifts.

(4) If the department determines that the sum of the amounts allocated for a fiscal year to a district or intermediate district under subsection (2)(a) and (b) is not sufficient to fulfill the specified percentages in subsection (2), then the shortfall shall be paid to the district or intermediate district during the fiscal year beginning on the October 1 following the determination and payments under subsection (3) shall be adjusted as necessary. If the department determines that the sum of the amounts allocated for a fiscal year to a district or intermediate district under subsection (2)(a) and (b) exceeds the sum of the amount necessary to fulfill the specified percentages in subsection (2), then the department shall deduct the amount of the excess from the district's or intermediate district's payments under this act for the fiscal year beginning on the October 1 following the determination and payments under subsection (3) shall be adjusted as necessary. However, if the amount allocated under subsection (2)(a) in itself exceeds the amount necessary to fulfill the specified percentages in subsection (2), there shall be no deduction under this subsection.

(5) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$3,500,000.00 may be allocated by the department for ~~2003-2004~~ **2004-2005** to districts or intermediate districts on a competitive grant basis for programs, equipment, and services that the department determines to be designed to benefit or improve special education on a statewide scale.

(6) From the amount allocated in subsection (1), there is allocated an amount not to exceed \$2,200,000.00 for ~~2003-2004~~ **2004-2005** to reimburse 100% of the net increase in necessary costs incurred by a district or intermediate district in implementing the revisions in the administrative rules for special education that became effective on July 1, 1987. As used in this subsection, "net increase in necessary costs" means the necessary additional costs incurred solely because of new or revised requirements in the administrative rules minus cost savings permitted in implementing the revised rules. Net increase in necessary costs shall be determined in a manner specified by the department.

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

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

(b) Reimbursement for ancillary and other related services, as defined by R 340.1701c 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 for ~~2003-2004~~ **2004-2005** an amount not to exceed \$15,313,900.00 to intermediate districts. The payment under this subsection to each intermediate district shall be equal to the amount of the 1996-97 allocation to the intermediate district under subsection (6) of this section as in effect for 1996-97.

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

(10) Special education personnel transferred from 1 district to another to implement the revised school code shall be entitled to the rights, benefits, and tenure to which the person would otherwise be entitled had that person been employed by the receiving district originally.

(11) If a district or intermediate district uses money received under this section for a purpose other than the purpose or purposes for which the money is allocated, the department may require the district or intermediate district to refund the amount of money received. Money that is refunded shall be deposited in the state treasury to the credit of the state school aid fund.

(12) From the funds allocated in subsection (1), there is allocated for ~~2003-2004~~ **2004-2005** the amount necessary, estimated at ~~\$6,300,000.00~~ **\$6,100,000.00**, to pay the foundation allowances for pupils described in this subsection. The allocation to a district under this subsection shall be calculated by multiplying the number of pupils described in this subsection who are counted in membership in the district times the sum of the foundation allowance under section 20 of the pupil's district of residence plus the amount of the district's per pupil allocation under section 20j(2),

not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00 minus \$200.00, or, for a pupil described in this subsection who is counted in membership in a district that is a public school academy or university school, times an amount equal to the amount per membership pupil under section 20(6). The allocation to an intermediate district under this subsection shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$5,000.00 minus \$200.00, and that district's per pupil allocation under section 20j(2). This subsection applies to all of the following pupils:

(a) Pupils described in section 53a.

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

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

(13) After payments under subsections (2) and (12) and section 51c, the remaining expenditures from the allocation in subsection (1) shall be made in the following order:

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

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

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

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

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

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

(14) The allocations under subsection (2), subsection (3), and subsection (12) shall be allocations to intermediate districts only and shall not be allocations to districts, but instead shall be calculations used only to determine the state payments under section 22b.

Sec. 51c. As required by the court in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492, from the allocation under section 51a(1), there is allocated for ~~2003-2004~~ **2004-2005** the amount necessary, estimated at ~~\$644,400,000.00~~ **\$659,400,000.00**, for payments to reimburse districts for 28.6138% of total approved costs of special education excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 22b in order to fully fund those calculated allocations for the same fiscal year.

Sec. 51d. (1) From the federal funds appropriated in section 11, there is allocated for ~~2003-2004~~ **2004-2005** all available federal funding, estimated at ~~\$60,500,000.00~~ **\$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 ~~2003-2004~~ **2004-2005**:

(a) An amount estimated at ~~\$16,000,000.00~~ **\$15,000,000.00** for handicapped infants and toddlers, funded from DED-OSERS, handicapped infants and toddlers funds.

(b) An amount estimated at ~~\$13,500,000.00~~ **\$14,000,000.00** for preschool grants (Public Law 94-142), funded from DED-OSERS, handicapped preschool incentive funds.

(c) An amount estimated at ~~\$31,000,000.00~~ **\$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) ~~reimbursement~~ shall be 100% of the total approved costs of operating special education programs and services approved by the department and included in the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766, minus the district's foundation allowance calculated under section 20, and minus the amount calculated for the district under section 20j. For intermediate districts, reimbursement for pupils described in section (2) shall be calculated in the same manner as for a district, using the foundation allowance under section 20 of the pupil's district of residence, not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current fiscal year and \$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 ~~2003-2004~~ **2004-2005** 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 ~~2003-2004~~ **2004-2005** in section 51a(1) shall be allocated under this section.

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 ~~2003-2004~~ **2004-2005** 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 ~~2002-2003~~ **2003-2004** shall be made in ~~2003-2004~~ **2004-2005** at an amount per ~~2002-2003~~ **2003-2004** membership pupil computed by subtracting from ~~\$132,275.00~~ the ~~2002-2003~~ **\$133,400.00** the ~~2003-2004~~ taxable value behind each membership pupil and multiplying the resulting difference by the ~~2002-2003~~ **2003-2004** millage levied.

Sec. 57. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$50,000.00 for ~~2003-2004~~ **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.

(2) From the appropriation in section 11, there is allocated an amount not to exceed \$0.00 for ~~2003-2004~~ **2004-2005** to support part of the cost of summer institutes 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 ~~2003-2004~~ **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.

Sec. 61a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$30,000,000.00 for ~~2003-2004~~ **2004-2005** 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 ~~2003-2004~~ **2004-2005** 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 ~~2003-2004~~ **2004-2005** 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 ~~2002-2003~~ **2003-2004** shall be made in ~~2003-2004~~ **2004-2005** at an amount per ~~2002-2003~~ **2003-2004** membership pupil computed by subtracting from ~~\$137,700.00~~ **\$142,200.00** the ~~2002-2003~~ **2003-2004** taxable value behind each membership pupil and multiplying the resulting difference by the ~~2002-2003~~ **2003-2004** 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 ~~2003-2004~~ **2004-2005** 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 ~~2003-2004~~ **2004-2005** to the intermediate districts the sum necessary, but not to exceed ~~\$91,702,100.00~~ **\$81,028,100.00**, 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 ~~2003-2004~~ **2004-2005** an amount equal to ~~96.5%~~ **85.2%** of the amount appropriated under this subsection for 2002-2003 in 2002 PA 521, before any reduction made for 2002-2003 under section 11(3). Funding provided under this section shall be used to comply with requirements of this act and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board. **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 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 ~~career development~~ **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 ~~\$4,500,000.00 each fiscal year for 2002-2003 and for 2003-2004~~ **\$1,500,000.00 for 2004-2005** 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 ~~2002-2003 and for 2003-2004~~ **2004-2005**, there is allocated the following amounts ~~each fiscal year for 2004-2005~~ in order to fulfill federal reporting requirements:
- (a) An amount ~~estimated at \$1,000,000.00~~ **not to exceed \$835,000.00** funded from DED-OESE, title I, disadvantaged children funds.
 - (b) An amount ~~estimated at \$284,700.00~~ **not to exceed \$63,000.00** funded from DED-OESE, title I, reading first state grant funds.
 - (c) An amount ~~estimated at \$46,750.00~~ **not to exceed \$46,800.00** funded from DED-OESE, title I, migrant education funds.
 - (d) An amount ~~estimated at \$500,000.00~~ **not to exceed \$285,000.00** funded from DED-OESE, improving teacher quality funds.
 - (e) An amount ~~estimated at \$526,100.00~~ **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:
- (a) **An amount not to exceed \$80,000.00 for data collection systems, funded from DED-NCES, task award funds.**
 - (b) **An amount not to exceed \$100,000.00 for data collection systems development funded from DED-NCES, performance based data management initiative.**
- (8) ~~(7)~~ Funds allocated under this section that are not expended in the fiscal year in which they were allocated may be carried forward to a subsequent fiscal year. ~~From the funds allocated for 1999-2000 that were carried forward under this section and from the general funds appropriated under this section for 2002-2003, the center shall make grants to~~

~~intermediate districts for the purpose of assisting the intermediate districts and their constituent districts in data collection required by state and federal law or necessary for audits according to generally accepted accounting procedures. Grants to each intermediate district shall be made at the rate of \$2.00 per each full-time equated membership pupil times the total number of 2000-2001 pupils in membership in the intermediate district and its constituent districts. An intermediate district shall develop a plan in cooperation with its constituent districts to distribute the grants between the intermediate district and its constituent districts. These grants shall be paid to intermediate districts no later than the next regularly scheduled school aid payment after the effective date of this section.~~

~~(8) If the applicable intermediate district determines that the pupil counts submitted by a district for the February 2002 supplemental pupil count using the single record student database cannot be audited by the intermediate district pursuant to section 101, all of the following apply:~~

~~(a) The district may submit its pupil count data for the February 2002 supplemental pupil count using the education data network system.~~

~~(b) If the applicable intermediate district determines that the pupil counts submitted by the district for the 2002-2003 pupil membership count day using the single record student database cannot be audited by the intermediate district pursuant to section 101, the district may submit its pupil count data for the 2002-2003 pupil membership count day using the education data network system.~~

~~(9) At least 30 days before implementing a proposed electronic data collection, submission, or collation process, or a proposed change to 1 or more of those processes, the center shall submit the proposal and an analysis of the proposal to the senate and house of representatives appropriations subcommittees responsible for this act. The analysis shall include at least a determination of the cost of the proposal for districts and intermediate districts and of available funding for districts and intermediate districts.~~

~~(9) (40) The center may bill departments as necessary in order to fulfill reporting requirements of state and federal law.~~

~~(10) (44) As used in this section:~~

~~(a) "Center" means the center for educational performance and information created under 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) "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 for ~~2003-2004~~ **2004-2005** 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 ~~2003-2004~~ **2004-2005** 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 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, the student may use the services provided by the Michigan virtual university to the district without charge to the student beyond what is charged to a district pupil using the same services.

(6) From the allocations in subsection (1), the amount necessary, not to exceed \$1,250,000.00, shall be used to provide online professional development for classroom teachers. This allocation is intended to be for the ~~first~~ **second** of 3 years. These funds may be used for designing and building courses, marketing and outreach, workshops and evaluation, content acquisition, technical assistance, project management, and customer support. The Michigan virtual university shall offer at least 5 hours of online professional development for classroom teachers under this section in ~~2003-2004~~ **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) As used in this section:

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

(b) "State education agency" means the department.

Sec. 98b. (1) From the school aid stabilization fund created in section 11a, there is appropriated and allocated for ~~2003-2004~~ **2004-2005** an amount not to exceed ~~\$22,000,000.00~~ **\$3,700,000.00** for the freedom to learn program described in this section. In addition, **from the federal funds appropriated in section 11** there is allocated for ~~2003-2004~~ **the following federal funds:**

~~(a) From the federal funds appropriated in section 11, an amount estimated at \$10,343,200.00 from the competitive grants of DED-OESE, title II, educational technology grants funds.~~

~~(b) An amount estimated at \$7,000,000.00 from funds carried forward from 2002-2003 from unexpended DED-OESE, title II, educational technology grants funds~~ **2004-2005 an amount not to exceed \$10,343,200.00 from the competitive grants of DED-OESE, title II, educational technology grants funds, and an amount not to exceed \$7,000,000.00 from funds carried forward from 2003-2004 from unexpended DED-OESE, title II, educational technology grants funds.**

(2) The allocations in subsection (1) shall be used to develop, implement, and operate the freedom to learn program and make program grants. The goal of the program is to achieve one-to-one access to wireless technology for K-12 pupils through statewide and local public-private partnerships. To implement the program, the state education agency shall sign a memorandum of understanding with the Michigan virtual university that provides for joint administration of program grants under this subsection. ~~By December 1, 2003, the~~ **If the Michigan virtual university ceases to operate, or fails to perform its functions described in this section, then 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.** The Michigan virtual university and the state education agency shall make grants to districts as described in this section. In awarding the grants, the Michigan virtual university and the state education agency shall give priority to applications that demonstrate that the district's program will meet all of the following:

(a) Will be ready for **immediate** implementation ~~by January 1, 2004~~ and will have begun professional development on technology integration in the classroom. ~~before January 1, 2004.~~

(b) Will utilize state structure and resources for professional development, as coordinated by the Michigan virtual university.

(c) Will opt to participate in the statewide partnership described in subsection ~~(6)~~ **(9)**.

(3) The amount of program grants to districts is estimated at \$250.00 per pupil in membership in grade 6 in ~~2003-2004~~ **2004-2005**, 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 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 and complete the application process established by

the state education agency and the Michigan virtual university. The application shall include at least all of the following:

(a) If the district is applying for federal funds, how the district will meet the requirements of the competitive grants under DED-OESE, title II, part D.

(b) How the district will provide the opportunity for each pupil in membership in grade 6 to receive a wireless computing device. If the district has already achieved one-to-one wireless access in grade 6 or if the district's school building grade configuration makes implementation of the program for grade 6 impractical, the district may apply for a grant for the next highest grade. If the district does not have a grade 6 or higher, the district may apply for funding for the next lowest grade level. If the district operates 1 or more schools that are not meeting adequate yearly progress, as determined by the department, and that contain grade 6, the district may apply for funding for a school building-wide program for 1 or more of those schools. A public school academy that does not offer a grade higher than grade 5 may apply to receive a grant under this section for pupils in the highest grade offered by the public school academy.

(c) The district shall submit a plan describing the uses of the grant funds. The plan shall describe a plan for professional development on technology integration, content and curriculum, and local partnerships with the other districts and representatives from businesses, industry, and higher education. The plan shall include at least the following:

(i) The academic achievement goals, which may include, but are not limited to, goals related to mathematics, science, and language arts.

(ii) The engagement goals, which may include, but are not limited to, goals related to retention rates, dropout rates, detentions, and suspensions.

(iii) A commitment that at least 25% of the total local budget for the program will be used on professional development on technology integration in the classroom.

(d) A 3- to 5-year plan or funding model for increasing the share that is borne locally of the expenditures for one-to-one wireless access. The Michigan virtual university shall provide districts with sample local plans and funding models for the purposes of this subdivision and with information on available federal and private resources.

(e) How the district will amend its local technology plan as required under state and federal law to reflect the program under this section.

(4) A district that receives a grant under this section shall provide at least a \$25.00 per pupil match for grant money received under this section from local public or private resources.

(5) 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.

(6) ~~(5)~~ A district that received money under section 98 in 2002-2003 for a wireless technology grant is eligible to receive a grant under this section.

(7) The federal funding under subsection ~~(1)(b)~~ (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 and the state education agency for a grant in the form and manner prescribed by the department. An application under this section is not subject to the requirements of subsection (3) if the application demonstrates that the program will meet all of the following:

(a) Will continue as a demonstration program.

(b) Will provide regional assistance to schools that are not meeting adequate yearly progress, as determined by the department, and to new grant recipients, as directed by the state education agency and the Michigan virtual university.

(c) Will seek to expand its existing wireless technology initiatives.

(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.

(9) ~~(6)~~ By October 15, 2003, the The department of management and budget shall establish a statewide public-private partnership to implement the program. The department of management and budget shall select a program partner through a request for proposals process for a total learning technology package that includes, but is not limited to, a wireless laptop, software, professional development, service, and support, and for management by a single point of contact individual responsible for the overall implementation. The proposal selected shall achieve significant efficiencies and economies of scale and be interoperable with existing technologies. The private partner selected in the request for proposals process to partner with the state must possess all of the following:

(a) Experience in the development and successful implementation of large-scale, school-based wireless technology projects.

(b) Proven technical ability to deliver a total solutions package of learning technology for elementary and secondary students and teachers.

(c) Results-based education solutions to increase student achievement and advance professional development for teachers.

(d) Ability to coordinate, utilize, and expand existing technology infrastructures and professional development delivery systems within school districts and regions.

(e) Ability to provide a wireless computing device that is able to be connected to the wireless network and is able to access a school's preexisting local network and the internet both wirelessly in the school and through dial-up or other remote connection from the home or elsewhere outside school.

(10) ~~(7)~~ A district may elect to purchase or lease wireless computing devices from a vendor other than the statewide partnership described in subsection ~~(6)~~ (9) if the Michigan virtual university determines that the vendor meets the requirements of subdivisions (a) to (d) of subsection ~~(6)~~ (9) and the vendor is identified in the district's grant application.

(11) ~~(8)~~ The state education agency shall sign a memorandum of understanding with the Michigan virtual university regarding DED-OESE, title II, educational technology grants, as provided under this subsection. The Michigan virtual university shall coordinate activities described in this subsection with the freedom to learn grants described under this section. The memorandum of understanding shall require that the Michigan virtual university coordinate the following state activities related to DED-OESE, title II, educational technology grants in accordance with federal law:

(a) Assist in the development of innovative strategies for the delivery of specialized or rigorous academic courses and curricula through the use of technology, including distance learning technologies.

(b) Establish and support public-private initiatives for the acquisition of educational technology for students in high-need districts.

(12) ~~(9)~~ Funds allocated under this section that are not expended in the state fiscal year for which they were allocated may be carried forward to a subsequent state fiscal year.

(13) ~~(10)~~ The state education agency and the Michigan virtual university shall complete the memoranda of understanding required under this section within 60 days after the effective date of the amendatory act that added this subsection. It is the intent of the legislature that all plans or applications submitted by the state education agency to the United States department of education relating to the distribution of federal funds under this section are for the purposes described in this section.

(14) ~~(11)~~ The state education agency shall ensure that the program goals and plans for the freedom to learn program are contained in the state technology plan required by federal law.

(15) ~~(12)~~ From the funds allocated under this section, an amount not to exceed ~~\$4,000,000.00~~ **\$2,750,000.00** is allocated to the Michigan virtual university to be used for statewide activities, as follows:

(a) An amount estimated at ~~\$2,700,000.00~~ **\$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 ~~\$250,000.00~~ **\$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 provide immediate feedback on pupil achievement. The assessment system shall include high-quality tests aligned to the state curriculum framework and tests that can be customized by teachers and integrated with on-line instructional resources. The Michigan virtual university and the state education agency shall work in partnership ~~with the department of treasury~~ to implement the assessment program. The state education agency shall give first priority in implementing the assessment systems to districts not meeting adequately yearly progress requirements as established by the federal no child left behind act of 2001, **Public Law 107-110**, and to schools participating in grant programs under this section.

(d) An amount not to exceed ~~\$800,000.00~~ **\$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.

(16) ~~(13)~~ The Michigan virtual university is encouraged to work in partnership with Ferris state university in performing the functions under subsection ~~(12)~~ (15).

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

(18) ~~(15)~~ It is the intent of the legislature that this state will seek to raise private funds for the current and future funding of the freedom to learn program under this section and all of the program components.

(19) ~~(16)~~ As used in this section:

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

(b) "State education agency" means the department.

Sec. 99. (1) From the ~~appropriations~~ **state school aid fund money appropriated** in section 11, there is allocated an amount not to exceed ~~\$2,500,000.00 for 2003-2004~~ **\$2,416,000.00 for 2004-2005 and from the general fund appropriation in section 11, there is allocated an amount not to exceed \$84,000.00 for 2004-2005** 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 an amount estimated at ~~\$2,487,700.00~~ **\$3,581,300.00** 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 4 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 ~~2002-2003~~ **2003-2004** shall receive state funding in an amount equal to ~~24.43%~~ of the amount it received under this section for ~~2002-2003 in 2002 PA 521, before any reduction made for 2002-2003 under section 11(3)~~ **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), ~~including any recommendations for upgrading satellite extensions to full centers.~~

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

(9) In order to receive state funds under this section, a grant recipient shall provide at least a 10% local match from local public or private resources for the funds received under this section.

(10) As used in this section:

(a) "DED" means the United States department of education.

(b) "DED-OESE" means the DED office of elementary and secondary education.

Sec. 101. (1) To be eligible to receive state aid under this act, not later than the fifth Wednesday after the pupil membership count day and not later than the fifth Wednesday after the supplemental count day, each district superintendent through the secretary of the district's board shall file with the intermediate superintendent a certified and sworn copy of the number of pupils enrolled and in regular daily attendance in the district as of the pupil membership count day and as of the supplemental count day, as applicable, for the current school year. In addition, a district maintaining school during the entire year, as provided under section 1561 of the revised school code, MCL 380.1561, shall file with the intermediate superintendent a certified and sworn copy of the number of pupils enrolled and in regular daily attendance in the district for the current school year pursuant to rules promulgated by the superintendent. Not later than the seventh Wednesday after the pupil membership count day and not later than the seventh Wednesday after the supplemental count day, the intermediate district shall transmit to the center ~~the data filed by 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 ~~department center,~~ **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) 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 district not having at least 75% of the district's membership in attendance on any day of pupil instruction shall receive state aid in that proportion of 1/180 that the actual percent of attendance bears to the specified percentage. The superintendent shall promulgate rules for the implementation of this subsection.

(4) Except as otherwise provided in this subsection, the first 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. In addition, for 2003-2004 only, the department shall count as hours of pupil instruction not more than 20 additional hours for which pupil instruction was not provided in a school in a district due to structural roof and truss damage that required the school to be closed. Beginning in ~~2004-2005~~ **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) ~~A~~ **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.

(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. 104a. (1) In order to receive state aid under this act, a district shall comply with this section and shall administer state assessments to high school pupils in the subject areas of ~~communications skills~~ **English language arts**, mathematics, science, and social studies. If the department ~~of treasury or the Michigan assessment governing board, as applicable,~~ determines that it would be consistent with the purposes of this section, the department ~~of treasury or the Michigan assessment governing board, as applicable,~~ may designate the grade 11 Michigan education assessment program tests or the ACT/ACT work keys tests as the assessments to be used for the purposes of this section. The district shall include on the pupil's high school transcript all of the following:

(a) For each high school graduate who has completed a subject area assessment under this section, the pupil's scaled score on the assessment.

(b) If the pupil's scaled score on a subject area assessment falls within the range required under subsection (2) for a category established under subsection (2), an indication that the pupil has achieved state endorsement for that subject area.

(c) The number of school days the pupil was in attendance at school each school year during high school and the total number of school days in session for each of those school years.

(2) The department ~~of treasury~~ shall develop scaled scores for reporting subject area assessment results for each of the subject areas under this section. The department ~~of treasury~~ shall establish 3 categories for each subject area indicating basic competency, above average, and outstanding, and shall establish the scaled score range required for each category. The department ~~of treasury~~ shall design and distribute to districts, intermediate districts, and nonpublic schools a simple and concise document that describes these categories in each subject area and indicates the scaled score ranges for each category in each subject area. A district may award a high school diploma to a pupil who successfully completes local district requirements established in accordance with state law for high school graduation, regardless of whether the pupil is eligible for any state endorsement.

(3) The assessments administered for the purposes of this section shall be administered to pupils during the last 30 school days of grade 11. The department ~~of treasury~~ shall ensure that the assessments are scored and the scores are returned to pupils, their parents or legal guardians, and districts not later than the beginning of the pupil's first semester of grade 12. The department ~~of treasury~~ shall arrange for those portions of a pupil's assessment that cannot be scored mechanically to be scored in Michigan by persons who are Michigan teachers, retired Michigan teachers, or Michigan school administrators and who have been trained in scoring the assessments. The returned scores shall indicate the pupil's scaled score for each subject area assessment, the range of scaled scores for each subject area, and the range of scaled scores required for each category established under subsection (2). In reporting the scores to pupils, parents, and schools, the department ~~of treasury~~ shall provide specific, meaningful, and timely feedback on the pupil's performance on the assessment.

(4) For each pupil who does not achieve state endorsement in 1 or more subject areas, the board of the district in which the pupil is enrolled shall provide that there be at least 1 meeting attended by at least the pupil and a member of the district's staff or a local or intermediate district consultant who is proficient in the measurement and evaluation of pupils. The district may provide the meeting as a group meeting for pupils in similar circumstances. If the pupil is a minor, the district shall invite and encourage the pupil's parent, legal guardian, or person in loco parentis to attend the meeting and shall mail a notice of the meeting to the pupil's parent, legal guardian, or person in loco parentis. The purpose of this meeting and any subsequent meeting under this subsection shall be to determine an educational program for the pupil designed to have the pupil achieve state endorsement in each subject area in which he or she did not achieve state endorsement. In addition, a district may provide for subsequent meetings with the pupil conducted by a high school counselor or teacher designated by the pupil's high school principal, and shall invite and encourage the pupil's parent, legal guardian, or person in loco parentis to attend the subsequent meetings. The district shall provide special programs for the pupil or develop a program using the educational programs regularly provided by the district unless the board of the district decides otherwise and publishes and explains its decision in a public justification report.

(5) A pupil who wants to repeat an assessment administered under this section may repeat the assessment, without charge to the pupil, in the next school year or after graduation. An individual may repeat an assessment at any time the district administers an applicable assessment instrument or during a retesting period under subsection (7).

(6) The department ~~of treasury~~ shall ensure that the length of the assessments used for the purposes of this section and the combined total time necessary to administer all of the assessments are the shortest possible that will still maintain the degree of reliability and validity of the assessment results determined necessary by the department. ~~of treasury~~. The department ~~of treasury~~ shall ensure that the maximum total combined length of time that schools are required to set aside for administration of all of the assessments used for the purposes of this section does not exceed 8 hours. However, this subsection does not limit the amount of time that individuals may have to complete the assessments.

(7) The department ~~of treasury~~ shall establish, schedule, and arrange periodic retesting periods throughout the year for individuals who desire to repeat an assessment under this section. The department ~~of treasury~~ shall coordinate the arrangements for administering the repeat assessments and shall ensure that the retesting is made available at least within each intermediate district and, to the extent possible, within each district.

(8) A district shall provide accommodations to a pupil with disabilities for the assessments required under this section, as provided under section 504 of title V of the rehabilitation act of 1973, ~~Public Law 93-112, 29 U.S.C. USC 794; subtitle A of title II of the Americans with disabilities act of 1990, Public Law 101-336, 42 U.S.C. USC 12131 to 12134; and the implementing regulations for those statutes.~~

(9) For the purposes of this section, the department ~~of treasury~~ shall develop or select and approve assessment instruments to measure pupil performance in ~~communications skills~~ **English language arts**, mathematics, social studies, and science. Unless the department ~~of treasury~~ selects and approves the ACT/ACT work keys tests, the assessment instruments shall be based on the model core academic content standards objectives under section 1278 of the revised school code, MCL 380.1278.

(10) Upon written request by the pupil's parent or legal guardian stating that the request is being made for the purpose of providing the pupil with an opportunity to qualify to take 1 or more postsecondary courses as an eligible student under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, the board of a district shall allow a pupil who is in at least grade 10 to take an assessment administered under this section without charge at any time the district regularly administers the assessment or during a retesting period established under subsection (7). A district is not required to include in an annual education report, or in any other report submitted to the department ~~of treasury~~ for accreditation purposes, results of assessments taken under this subsection by a pupil in grade 11 or lower until the results of that pupil's graduating class are otherwise reported.

(11) All assessment instruments developed or selected and approved by the state under any statute or rule for a purpose related to K to 12 education shall be objective-oriented and consistent with the model core academic content standards objectives under section 1278 of the revised school code, MCL 380.1278.

(12) A person who has graduated from high school after 1996 and who has not previously taken an assessment under this section may take an assessment used for the purposes of this section, without charge to the person, at the district from which he or she graduated from high school at any time that district administers the assessment or during a retesting period scheduled under subsection (7) and have his or her scaled score on the assessment included on his or her high school transcript. If the person's scaled score on a subject area assessment falls within the range required under subsection (2) for a category established under subsection (2), the district shall also indicate on the person's high school transcript that the person has achieved state endorsement for that subject area.

(13) A child who is a student in a nonpublic school or home school may take an assessment under this section. To take an assessment, a child who is a student in a home school shall contact the district in which the child resides, and that district shall administer the assessment, or the child may take the assessment at a nonpublic school if allowed by the nonpublic school. Upon request from a nonpublic school, the department ~~of treasury~~ shall supply assessments and the nonpublic school may administer the assessment.

(14) The purpose of the assessment under this section is to assess pupil performance in mathematics, ~~science, social studies, and communication~~ **English language arts** for the purpose of improving academic achievement and establishing a statewide standard of competency. The assessment under this section provides a common measure of data that will contribute to the improvement of Michigan schools' curriculum and instruction by encouraging alignment with Michigan's curriculum framework standards. These standards are based upon the expectations of what pupils should know and be able to do by the end of grade 11.

~~(15) If the Michigan assessment governing board is established by law, the Michigan assessment governing board shall administer this section and shall have all of the powers and duties as otherwise provided under this section for the department of treasury.~~

(15) ~~(16)~~ As used in this section, ÷

~~(a) "Communications skills" means reading and writing.~~

~~(b) "Social studies" means geography, history, economics, and American government.~~

Sec. 107. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$20,000,000.00 for ~~2003-2004~~ **2004-2005** for adult education programs authorized under this section.

(2) To be eligible to be a participant funded under this section, a person shall be enrolled in an adult basic education program, an adult English as a second language program, a general ~~education~~ **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 ~~education~~ **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 ~~2001-2002~~ **2003-2004** under this section, the amount allocated to each for ~~2003-2004~~ **2004-2005** shall be based on the number of participants served by the district or consortium for ~~2003-2004~~ **2004-2005**, using the amount allocated per full-time equated participant under subsection (5), up to a maximum total allocation under this section in an amount equal to ~~26.67%~~ of the amount the district or consortium received for ~~2001-2002~~ **2003-2004** under this section before any reallocations made for ~~2001-2002~~ **2003-2004** under subsection (4).

(b) A district or consortium that received funding in ~~2002-2003~~ **2003-2004** under this section may operate independently of a consortium or join or form a consortium for ~~2003-2004~~ **2004-2005**. The allocation for ~~2003-2004~~ **2004-2005** to the district or the newly formed consortium under this subsection shall be determined by the department of ~~career development~~ **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 ~~2002-2003~~ **2003-2004**. A district or consortium described in this subdivision shall notify the department of career development of its intention with regard to ~~2003-2004~~ **2004-2005** by October 1, ~~2003~~ **2004**.

(4) A district that operated an adult education program in ~~2002-2003~~ **2003-2004** and does not intend to operate a program in ~~2003-2004~~ **2004-2005** shall notify the department of ~~career development~~ **labor and economic growth** by October 1, ~~2003~~ **2004** of its intention. The funds intended to be allocated under this section to a district that does not operate a program in ~~2003-2004~~ **2004-2005** 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 ~~2003-2004~~ **2004-2005** 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 ~~career development~~ **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 ~~career development~~ **labor and economic growth** shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(7) A general ~~education~~ **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 ~~career development~~ **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 ~~career development~~ **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. 107b. (1) The department may begin the development of a pilot project for an adult learning system in 2 Michigan works! regions as described under this section. If the department begins development of the pilot project, the pilot project shall be developed and administered as provided under this section.

(2) Not later than February 28, 2005, the department, based on the recommendations of the advisory committee established under subsection (5), shall review funding requirements under subsection (7) and make funding recommendations for the pilot project for 2005-2006. The recommended funding shall not exceed the amount of the funds that were allocated for 2004-2005 under section 107 to the adult education providers located within the Michigan works! regions chosen for the pilot project. In the pilot project regions, these funds shall instead be distributed to the agencies selected by the advisory committee to participate as providers in the pilot adult learning system. These agencies shall be selected on a competitive basis.

(3) To be eligible to be enrolled as a participant in a pilot project adult learning system, an individual shall be at least 16 years of age as of September 1 of the immediately preceding state fiscal year and shall meet the following, as applicable:

(a) If the individual has obtained a high school diploma or a general educational development (G.E.D.) certificate, the individual is determined to have English language proficiency, reading, writing, or math skills below employment trainability skills standards as determined by tests approved by the department and is not enrolled in a postsecondary institution. An individual who has obtained a high school diploma is not eligible for enrollment in a G.E.D. test preparation program.

(b) If the individual has not obtained a high school diploma or a G.E.D. certificate, the individual has not attended a secondary institution for at least 6 months before enrollment in a pilot project adult learning system and is not enrolled in a postsecondary institution.

(4) Subject to subsection (7), the advisory committee established under subsection (5) shall determine the amount of the funding under this section that may be used for program administration, including contracting for the provision of career and educational information, counseling services, and assessment services.

(5) The department shall establish an adult learning system advisory committee for the purposes of this section. All of the following apply to this advisory committee:

(a) The advisory committee shall consist of the following 7 members:

(i) A representative of the department, appointed by the director of the department.

(ii) The department's director of adult education.

(iii) A representative of the Michigan works! agency, appointed by the director of the department.

(iv) The executive director of the Michigan association of community and adult education.

(v) A person who is currently serving as an adult education educator, appointed by the director of the department.

(vi) A person who is currently serving as an administrator of a school district adult education program, appointed by the director of the department.

(vii) A representative of a community-based organization, appointed by the director of the department.

(b) The advisory committee shall develop and review proposals for delivery of adult learning services under the pilot project, shall select agencies to participate as providers in the pilot project, and shall do all of the following:

(i) Develop a strategic plan to identify adult learning providers and document the need for an adult learning system in a specific region.

(ii) Provide guidance to a pilot project adult learning system on referring, enrolling, promoting, and recruiting for the pilot project.

(iii) Ensure coordination of a pilot project adult learning system with other available resources in the region, such as schools, postsecondary institutions, job training programs, and social service agencies.

(c) A member of the advisory committee shall serve without compensation. However, a member may be reimbursed for the member's actual and necessary expenses incurred in the performance of the member's duties as a member of the advisory committee.

(d) A majority of the members of the advisory committee constitute a quorum for the transaction of business at a meeting of the advisory committee. A majority of the members present and serving are required for official action of the advisory committee.

(e) The business that the advisory committee may perform shall be conducted at a public meeting of the advisory committee held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(f) A writing prepared, owned, used, in the possession of, or retained by the advisory committee in the performance of an official function is subject to the freedom of information act, 1976 PA 443, MCL 15.231 to 15.246.

(6) To be eligible for funding under this section, a pilot project adult learning system shall do all of the following:

(a) Provide services in compliance with the guidelines established by the advisory committee under subsection (5).

(b) Report outcomes and other measurements of program performance into the Michigan adult education reporting system administered by the department.

(7) The department shall ensure that at least 80% of the funding under this section is used for adult basic education, high school completion, G.E.D. test preparation, or English as a second language proficiency, and shall ensure that these services are provided by a certified teacher. The remainder of the services may include training in employment trainability skills. The department shall reimburse eligible adult learning providers participating in a pilot project adult learning system under this section as follows:

(a) The contract amount shall be allocated to eligible adult learning providers based upon the following performance standards as measured in a manner approved by the department:

(i) The percentage of participants taking both a pretest and a posttest in English language proficiency, reading, writing, and math.

(ii) The percentage of participants showing improvement toward goals identified in their individual adult learner plan.

(iii) The percentage of participants achieving their terminal goals as identified in their individual adult learner plan.

(b) A provider is eligible for reimbursement for a participant in an adult learning program until the participant's reading, writing, or math proficiency, as applicable, is assessed at employment trainability skills standards or the participant fails to show progress on 2 successive assessments as determined by the department.

(c) A provider is eligible for reimbursement for a participant in an English as a second language program until the participant is assessed as having attained basic English proficiency or the participant fails to show progress on 2 successive assessments as determined by the department.

(d) A provider is eligible for reimbursement for a participant in a G.E.D. test preparation program until the participant passes the G.E.D. test or the participant fails to show progress on 2 successive assessments as determined by the department.

(e) A provider is eligible for reimbursement for a participant in a high school completion program until the participant earns a high school diploma or the participant fails to show progress as determined by the department.

(8) An individual who is not eligible to be a participant funded under this section may receive adult learning services in a pilot project adult learning system upon the payment of tuition or fees for service. The tuition or fee level shall be determined by the adult learning provider and approved by the department's director of adult education.

(9) A provider shall not be reimbursed under this section for an individual who is an inmate in a state correctional facility.

(10) A provider shall allow access for the department or its designee to audit all records related to the pilot project adult learning system for which it receives funds. The provider shall reimburse this state for all disallowances found in the audit.

(11) As used in this section:

(a) "Adult learning system" means a system approved by the department that improves reading, writing, and math skills to employment trainability skills standards; an English as a second language program; a G.E.D. preparation program; a high school completion program; or a workforce readiness program that enhances employment opportunities.

(b) "Department" means the department of labor and economic growth.

(c) "Eligible adult learning provider" means a district, public school academy, intermediate district, community college, university, community-based organization, or other organization approved by the department that provides adult learning systems under a contract with the Michigan works! agency that is part of the pilot project adult learning system.

(d) "Employment trainability skills standard" means a proficiency level approved by the department in English language, reading, writing, or mathematics, or any and all of these, as determined by results from assessments approved for use by the department.

(e) "Michigan works! agency" means the agency designated by the chief elected official and approved by the governor to administer the portion of the Michigan works! system for that local workforce investment area.

(f) "Participant" means an individual enrolled in an adult learning program and receiving services from an eligible adult learning provider.

(g) "Pilot project" means a temporary project established to deliver a new adult learning system.

Sec. 147. (1) The allocation for ~~2003-2004~~ **2004-2005** 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 ~~14.37%~~ **14.87%** for the ~~2003-2004~~ **2004-2005** state fiscal year. ~~However, if all eligible districts participating in the school bond loan authority assist the state treasurer in the refinancing of school bond loan authority debt, the annual level percentage of payroll contribution rate for all districts is estimated to be 12.99% for the 2003-2004 fiscal year. If an eligible district does not assist in the refinancing, that district's payroll contribution rate is estimated to be~~

~~14.37% for the 2003-2004 fiscal year.~~ The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This contribution rate reflects an amortization period of ~~33~~ **32** years for ~~2003-2004~~ **2004-2005**. 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. 152. Except for reports due on other dates specified in this act, each district and intermediate district shall furnish to **the center or the department, as applicable**, before the first Monday in November of each year those reports the department considers necessary for the determination of the allocation of funds under this act. In order to receive funds under this act, each district and intermediate district shall also furnish to **the center or the department, as applicable**, the information the department considers necessary for the administration of this act, including information necessary to determine compliance with article 16, and for the provision of reports of educational progress to the senate and house committees responsible for education, the senate and house appropriations subcommittees responsible for appropriations to school districts, the senate and house fiscal agencies, and the state budget director, as appropriate. **This section does not require a district or intermediate district to submit any information to both the center and the department.**

Sec. 158b. Each district that receives federal impact aid ~~under section 3(c)(1) of title 1 of chapter 1124, 64 Stat. 1100, 20 U.S.C. 238,~~ annually shall report to the ~~department~~ **center**, in the form and manner prescribed by the department, the amount of that aid the district received.

Sec. 163. (1) Except as provided in the revised school code or in section ~~408~~ **107b**, the board of a district or intermediate district shall not permit any of the following:

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

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

(2) Except as provided in the revised school code or in section ~~408~~ **107b**, a district or intermediate district employing teachers or counselors not legally certificated shall have deducted the sum equal to the amount paid the teachers or counselors for the period of noncertificated or illegal employment. Each intermediate superintendent shall notify the department of the name of the noncertificated teacher or counselor, and the district employing that individual and the amount of salary the noncertificated teacher or counselor was paid within a constituent district.

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

Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2004-2005 is estimated at \$11,173,900,000.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,113,650,400.00.

Enacting section 2. Sections 11c, 31e, 32b, 68, 107a, and 108 of the state school aid act of 1979, 1979 PA 94, MCL 388.1611c, 388.1631e, 388.1632b, 388.1668, 388.1707a, and 388.1708, are repealed effective October 1, 2004.

Enacting section 3. (1) Except as otherwise provided in subsection (2), this amendatory act takes effect October 1, 2004.

(2) Sections 11j, 20, 22a, 94a, and 101 of the state school aid act of 1979, 1979 PA 94, MCL 388.1611j, 388.1620, 388.1622a, 388.1694a, and 388.1701, as amended by this amendatory act, take effect upon enactment of this amendatory act.

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

A bill to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to create certain funds and provide for their expenditure; to prescribe penalties; and to repeal acts and parts of acts," by amending sections 3, 4, 6, 11, 11b, 11f, 11g, 11j, 13, 15, 18a, 19, 20, 20j, 21b, 22a, 22b, 24, 26, 26a, 31a, 31d, 32c, 32d, 32f, 32j, 37, 39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 98b, 99, 101, 104a, 107, 147, 152, 158b, and 163 (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611b, 388.1611f, 388.1611g, 388.1611j, 388.1613, 388.1615, 388.1618a, 388.1619, 388.1620, 388.1620j, 388.1621b, 388.1622a, 388.1622b, 388.1624, 388.1626, 388.1626a, 388.1631a, 388.1631d, 388.1632c, 388.1632d, 388.1632f, 388.1632j, 388.1637, 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, 388.1704a, 388.1707,

388.1747, 388.1752, 388.1758b, and 388.1763), sections 3, 11f, 11g, 11j, 19, 20, 22a, 22b, 24, 31a, 31d, 32c, 32d, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 98, 99, 104a, 107, and 147 as amended and sections 32j, 41a, and 98b as added by 2003 PA 158, section 4 as amended by 1995 PA 130, section 6 as amended by 2004 PA 227, section 11 as amended by 2004 PA 185, sections 11b and 26a as amended by 2003 PA 236, section 13 as amended by 1999 PA 119, sections 15 and 18a as amended by 1996 PA 300, section 20j as amended by 2001 PA 121, sections 21b, 152, and 163 as amended by 2000 PA 297, section 26 as amended by 1997 PA 93, section 32f as amended by 2002 PA 521, section 37 as amended by 2002 PA 191, section 94a as amended by 2003 PA 180, section 101 as amended by 2004 PA 127, and section 158b as added by 1994 PA 283, and by adding sections 22d, 32k, and 107b; and to repeal acts and parts of acts.

Ron Jelinek
 Alan L. Cropsey
 Michael Switalski
 Conferees for the Senate

John Moolenaar
 Mike Pumford
 Jim Plakas
 Conferees for the House

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

Messages from the Senate

House Bill No. 5517, 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, 2005; 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 appointed Senators Garcia, McManus and Switalski as conferees to join with Representatives Taub, Moolenaar and Williams.

The bill was referred to the Second Conference Committee.

By unanimous consent the House returned to the order of

Reports of Standing Committees

The Committee on Education, by Rep. Palmer, Chair, reported

House Bill No. 5457, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," (MCL 380.1 to 380.1852) by adding section 622a. With the recommendation that the substitute (H-4) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills and laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Palmer, Hummel, Meyer, Bradstreet, Hager, Hart, Ruth Johnson, Voorhees, Vander Veen, Nofs, Stahl, Gielegem, Vagnozzi, Spade, Hopgood, Meisner and Clack

Nays: None

The Committee on Education, by Rep. Palmer, Chair, reported

House Bill No. 5475, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," (MCL 380.1 to 380.1852) by adding section 620. With the recommendation that the substitute (H-5) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills and laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Palmer, Hummel, Meyer, Bradstreet, Hager, Ruth Johnson, Voorhees, Vander Veen, Nofs, Stahl and Vagnozzi

Nays: Reps. Hart and Clack

The Committee on Education, by Rep. Palmer, Chair, reported

House Bill No. 5627, entitled

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 7 and 18 (MCL 388.1607 and 388.1618), section 7 as amended by 1996 PA 300 and section 18 as amended by 2003 PA 158.

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 and laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Palmer, Hummel, Meyer, Bradstreet, Hager, Hart, Ruth Johnson, Voorhees, Vander Veen, Nofs, Stahl, Gielegem, Vagnozzi, Spade, Hopgood, Meisner and Clack

Nays: None

The Committee on Education, by Rep. Palmer, Chair, reported

House Bill No. 5839, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 687 and 1731 (MCL 380.687 and 380.1731), section 687 as amended by 2003 PA 299 and section 1731 as amended by 2002 PA 70, and by adding section 625b.

With the recommendation that the substitute (H-5) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills and laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Palmer, Hummel, Bradstreet, Hager, Hart, Ruth Johnson, Tabor, Voorhees, Vander Veen, Nofs, Stahl, Vagnozzi, Spade and Clack

Nays: Rep. Gielegem

The Committee on Education, by Rep. Palmer, Chair, reported

House Bill No. 5850, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," by amending section 1804 (MCL 380.1804) and by adding sections 1814, 1815, and 1816.

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 and laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Palmer, Hummel, Meyer, Bradstreet, Hager, Hart, Ruth Johnson, Tabor, Voorhees, Vander Veen, Nofs, Stahl, Gielegem, Vagnozzi, Spade, Hopgood, Meisner and Clack

Nays: None

The Committee on Education, by Rep. Palmer, Chair, reported

House Bill No. 5851, entitled

A bill to amend 1927 PA 175, entitled "The code of criminal procedure," by amending section 13p of chapter XVII (MCL 777.13p), as amended by 2002 PA 475.

Without amendment and with the recommendation that the bill pass.

The bill was referred to the order of Second Reading of Bills and laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Palmer, Hummel, Meyer, Bradstreet, Hager, Hart, Ruth Johnson, Tabor, Voorhees, Vander Veen, Nofs, Stahl, Gielegem, Vagnozzi, Spade, Hopgood, Meisner and Clack

Nays: None

The Committee on Education, by Rep. Palmer, Chair, reported

House Bill No. 5921, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," by amending section 612 (MCL 380.612) and by adding section 634.

With the recommendation that the substitute (H-4) be adopted and that the bill then pass.

The bill and substitute were referred to the order of Second Reading of Bills and laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Palmer, Hummel, Bradstreet, Hager, Hart, Ruth Johnson, Tabor, Voorhees, Vander Veen, Nofs, Stahl, Gielegem, Vagnozzi and Hopgood

Nays: None

COMMITTEE ATTENDANCE REPORT

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

Meeting held on: Wednesday, September 8, 2004

Present: Reps. Palmer, Hummel, Meyer, Bradstreet, Hager, Hart, Ruth Johnson, Tabor, Voorhees, Vander Veen, Nofs, Stahl, Gielegem, Vagnozzi, Spade, Hopgood, Meisner and Clack

Absent: Rep. Smith

Excused: Rep. Smith

The Committee on Land Use and Environment, by Rep. Ruth Johnson, Chair, reported

House Bill No. 5771, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending sections 11701, 11702, 11703, 11704, 11705, 11706, 11707, 11708, 11709, 11710, 11711, 11712, 11713, 11714, 11715, 11716, 11717, 11718, and 11719 (MCL 324.11701, 324.11702, 324.11703, 324.11704, 324.11705, 324.11706, 324.11707, 324.11708, 324.11709, 324.11710, 324.11711, 324.11712, 324.11713, 324.11714, 324.11715, 324.11716, 324.11717, 324.11718, and 324.11719) and by adding sections 11715b, 11715d, 11717b, and 11720.

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 and laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Ruth Johnson, LaJoy, DeRossett, Nitz, Ward, Farrah, Gielegem and Dennis

Nays: None

The Committee on Land Use and Environment, by Rep. Ruth Johnson, Chair, reported

House Bill No. 5772, entitled

A bill to amend 1927 PA 175, entitled "The code of criminal procedure," by amending section 13c of chapter XVII (MCL 777.13c), as added by 2002 PA 30.

Without amendment and with the recommendation that the bill pass.

The bill was referred to the order of Second Reading of Bills and laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Ruth Johnson, LaJoy, DeRossett, Nitz, Ward, Farrah, Gielegghem and Dennis

Nays: None

COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Ruth Johnson, Chair, of the Committee on Land Use and Environment, was received and read:

Meeting held on: Wednesday, September 8, 2004

Present: Reps. Ruth Johnson, LaJoy, Ehardt, DeRossett, Nitz, Ward, Farrah, Gielegghem, Dennis and Law

Absent: Rep. Milosch

Excused: Rep. Milosch

The Committee on Agriculture and Resource Management, by Rep. Meyer, Chair, reported

House Bill No. 6122, entitled

A bill to amend 1855 PA 105, entitled "An act to regulate the disposition of the surplus funds in the state treasury; to provide for the deposit of surplus funds in certain financial institutions; to lend surplus funds pursuant to loan agreements secured by certain commercial, agricultural, or industrial real and personal property; to authorize the loan of surplus funds to certain municipalities; to authorize the participation in certain loan programs; to authorize an appropriation; and to prescribe the duties of certain state agencies," (MCL 21.142 to 21.147) by adding section 2g.

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 and laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Meyer, Nitz, DeRossett, Hager, Casperson, Hune, Stahl, Sheltroun, Rivet, Spade and Law

Nays: None

The Committee on Agriculture and Resource Management, by Rep. Meyer, Chair, reported

Senate Bill No. 953, entitled

A bill to amend 1855 PA 105, entitled "An act to regulate the disposition of the surplus funds in the state treasury; to provide for the deposit of surplus funds in certain financial institutions; to lend surplus funds pursuant to loan agreements secured by certain commercial, agricultural, or industrial real and personal property; to authorize the loan of surplus funds to certain municipalities; to authorize the participation in certain loan programs; to authorize an appropriation; and to prescribe the duties of certain state agencies," (MCL 21.141 to 21.147) by adding section 2g.

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 and laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Meyer, Nitz, DeRossett, Hager, Casperson, Hune, Stahl, Sheltroun, Rivet and Spade

Nays: Rep. Law

The Committee on Agriculture and Resource Management, by Rep. Meyer, Chair, reported

Senate Bill No. 955, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending section 9 (MCL 211.9), as amended by 2003 PA 140.

Without amendment and with the recommendation that the bill pass.

The bill was referred to the order of Second Reading of Bills and laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Meyer, Nitz, DeRossett, Hager, Casperson, Hune, Stahl, Sheltroun, Rivet and Spade

Nays: Rep. Law

COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Meyer, Chair, of the Committee on Agriculture and Resource Management, was received and read:

Meeting held on: Wednesday, September 8, 2004

Present: Reps. Meyer, Nitz, DeRossett, Hager, Casperson, Hune, Stahl, Sheltroun, Rivet, Spade and Law

Reps. Hunter, Daniels and Woodward entered the House Chambers.

Rep. Nitz moved that Rep. Pumford be excused temporarily from today's session.
The motion prevailed.

By unanimous consent the House returned to the order of
Motions and Resolutions

Rep. Richardville moved to vacate the enrollment of **House Bill No. 5801**.
The motion prevailed.

Messages from the Senate**House Bill No. 5801, entitled**

A bill to amend 1952 PA 214, entitled "An act authorizing the Mackinac bridge authority to acquire a bridge connecting the upper and lower peninsulas of Michigan, including causeways, tunnels, roads and all useful related equipment and facilities, including park, parking, recreation, lighting and terminal facilities; extending the corporate existence of the authority; authorizing such authority to enjoy and carry out all powers incident to its corporate objects; authorizing the appropriation and use of state funds for the preliminary purposes of the authority; providing for the payment of the cost of such bridge and in that connection authorizing the authority to issue revenue bonds payable solely from the revenues of the bridge; granting the right of condemnation to the authority; granting the use of state land and property to the authority; making provisions for the payment and security of such bonds and granting certain rights and remedies to the holders thereof; authorizing banks and trust companies to perform certain acts in connection therewith; authorizing the imposition of tolls and charges; authorizing the authority to secure the consent of the United States government to the construction of the bridge and to secure approval of plans, specifications and location of same; authorizing employment of engineers irrespective of whether such engineers have been previously employed to make preliminary inspections or reports with respect to the bridge; authorizing the state highway department to operate and maintain such bridge or to contribute thereto and enter into leases and agreements in connection therewith; exempting such bonds and the property of the authority from taxation; prohibiting competing traffic facilities; authorizing the operation of ferries by the authority; providing for the construction and use of certain buildings; and making an appropriation," by amending section 12 (MCL 254.322), as amended by 2003 PA 176.

(The bill was enrolled earlier today, see today's Journal, p. 1805.)

Rep. Richardville moved to reconsider the vote by which the House concurred in the Senate substitute (S-1).

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

The question being on concurring in the substitute (S-1) made to the bill by the Senate,

41702, 41709, 42101, 42501, 42702, 44513, 44517, 45503, 45902, 45903, 45906, 51311, 61525, 62509, 63103c, 63524, 63525, 63704, 63708, 72108, 76105, 76109, 76504, and 80159 (MCL 324.3104, 324.3113, 324.3503, 324.4105, 324.6516, 324.6517, 324.6521, 324.8308, 324.8310, 324.8504, 324.9112, 324.11509, 324.11511, 324.11512, 324.11516, 324.11542, 324.11703, 324.11704, 324.11709, 324.30104, 324.30105, 324.30113, 324.30304, 324.30307, 324.31509, 324.31512, 324.32312, 324.32503, 324.32515, 324.32606, 324.35304, 324.36505, 324.41702, 324.41709, 324.42101, 324.42501, 324.42702, 324.44513, 324.44517, 324.45503, 324.45902, 324.45903, 324.45906, 324.51311, 324.61525, 324.62509, 324.63103c, 324.63524, 324.63525, 324.63704, 324.63708, 324.72108, 324.76105, 324.76109, 324.76504, and 324.80159), sections 3104, 30104, and 32312 as amended by 2003 PA 163, sections 3503, 6521, and 8504 as added by 1995 PA 60, sections 6516 and 6517 as amended by 1996 PA 166, section 8310 as amended by 2002 PA 418, section 9112 as amended by 2000 PA 504, sections 11509 and 11511 as amended by 1996 PA 358, sections 11512 and 11516 as amended by 2003 PA 153, section 11542 as amended by 1996 PA 359, section 30105 as amended by 1999 PA 106, section 30113 as amended by 1995 PA 171, sections 30304, 31509, 31512, 32515, and 35304 as added by 1995 PA 59, section 30307 as amended by 1998 PA 228, section 32503 as amended by 2002 PA 148, section 32606 as added by 2000 PA 278, section 36505 as amended by 1998 PA 470, section 41702 as amended by 2001 PA 23, sections 41709, 42101, 42501, 44513, 44517, 45503, 45903, 51311, 63525, 63704, and 63708 as added by 1995 PA 57, section 42702 as amended by 2000 PA 191, section 45902 as amended by 1996 PA 200, section 45906 as amended by 2003 PA 270, section 61525 as amended by 1998 PA 303, section 62509 as amended by 1998 PA 467, sections 63103c as added by 1997 PA 149, sections 63524 and 76504 as amended by 2001 PA 78, sections 72108 and 80159 as added by 1995 PA 58, and sections 76105 and 76109 as amended by 2001 PA 75, and by adding sections 1301, 1303, 1305, 1307, 1309, 1311, and 1313.

(The bill was received from the Senate on August 25, with substitute (S-1) and title amendment, consideration of which, under the rules, was postponed until August 26, see House Journal No. 73, p. 1785.)

The question being on concurring in the substitute (S-1) made to the bill by the Senate,

Rep. Sheen moved to amend the Senate substitute (S-1) as follows:

1. Amend page 73, following line 7, by inserting:

“Sec. 40116. (1) A person shall not take game during the established daylight shooting hours from August 15 through April 30 unless the person wears a cap, hat, vest, jacket, or rain gear of the highly visible color commonly referred to as hunter orange. Hunter orange includes blaze orange, flame orange, or fluorescent blaze orange, and camouflage that is not less than 50% hunter orange. The garments that are hunter orange shall be the hunter’s outermost garment and shall be visible from all sides of the hunter. ~~This section~~

(2) **Subsection (1)** does not apply to a person engaged in the taking of deer with a bow during archery deer season, a person taking bear with a bow, or a person engaged in the taking of ~~waterfowl, crow, or turkey~~ **or migratory birds other than woodcock.**

(3) ~~(2)~~ The failure of a person to comply with this section is not evidence of contributory negligence in a civil action for injury to the person or for the person’s wrongful death.”.

The motion prevailed and the amendment was adopted, a majority of the members serving voting therefor.

The question being on concurring in the substitute (S-1) made to the bill by the Senate,

The substitute (S-1), as amended, was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 727

Yeas—103

Accavitti	Gieleghem	Meyer	Shulman
Acciavatti	Gillard	Middaugh	Smith
Adamini	Gleason	Milosch	Spade
Amos	Hager	Minore	Stahl
Bieda	Hardman	Moolenaar	Stakoe
Bisbee	Hood	Mortimer	Stallworth
Bradstreet	Hoogendyk	Murphy	Steil
Brandenburg	Hopgood	Newell	Stewart
Brown	Howell	Nitz	Tabor
Byrum	Huizenga	Nofs	Taub
Casperson	Hummel	O’Neil	Tobocman
Caswell	Hune	Palmer	Vagnozzi
Caul	Hunter	Palsrok	Van Regenmorter
Clack	Jamnick	Pappageorge	Vander Veen

Condino	Johnson, Rick	Pastor	Voorhees
Daniels	Johnson, Ruth	Phillips	Walker
Dennis	Julian	Reeves	Ward
DeRossett	Koetje	Richardville	Waters
Drolet	Kolb	Rivet	Wenke
Ehardt	Kooiman	Robertson	Whitmer
Elkins	LaJoy	Rocca	Williams
Emmons	LaSata	Sak	Wojno
Farhat	Law	Shackleton	Woodward
Farrah	Lipsey	Shaffer	Woronchak
Gaffney	McConico	Sheen	Zelenko
Garfield	Meisner	Sheltrown	

Nays—0

In The Chair: Julian

The question being on agreeing to the title of the bill,

Rep. Richardville moved to amend the title to read as follows:

A bill to amend 1994 PA 451, entitled “An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, and assessments; to provide certain appropriations; to prescribe penalties and provide remedies; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts,” by amending sections 3104, 3503, 4105, 6516, 6517, 6521, 8310, 8504, 9112, 11509, 11511, 11512, 11516, 11542, 11703, 11704, 11709, 30104, 30105, 30113, 30304, 30307, 31509, 31512, 32312, 32503, 32515, 35304, 36505, 40116, 41702, 41709, 42101, 42501, 42702, 44513, 44517, 45503, 45902, 45903, 45906, 61525, 62509, 63103a, 63103c, 63514, 63524, 63525, 63704, 63708, 72108, 76105, 76109, 76504, and 80159 (MCL 324.3104, 324.3503, 324.4105, 324.6516, 324.6517, 324.6521, 324.8310, 324.8504, 324.9112, 324.11509, 324.11511, 324.11512, 324.11516, 324.11542, 324.11703, 324.11704, 324.11709, 324.30104, 324.30105, 324.30113, 324.30304, 324.30307, 324.31509, 324.31512, 324.32312, 324.32503, 324.32515, 324.35304, 324.36505, 324.40116, 324.41702, 324.41709, 324.42101, 324.42501, 324.42702, 324.44513, 324.44517, 324.45503, 324.45902, 324.45903, 324.45906, 324.61525, 324.62509, 324.63103a, 324.63103c, 324.63514, 324.63524, 324.63525, 324.63704, 324.63708, 324.72108, 324.76105, 324.76109, 324.76504, and 324.80159), sections 3104, 30104, and 32312 as amended by 2003 PA 163, sections 3503, 6521, and 8504 as added by 1995 PA 60, sections 6516 and 6517 as amended by 1996 PA 166, section 8310 as amended by 2002 PA 418, section 9112 as amended by 2000 PA 504, sections 11509 and 11511 as amended by 1996 PA 358, sections 11512 and 11516 as amended by 2003 PA 153, section 11542 as amended by 1996 PA 359, section 30105 as amended by 1999 PA 106, section 30113 as amended by 2004 PA 246, sections 30304, 31509, 31512, 32515, and 35304 as added by 1995 PA 59, section 30307 as amended by 1998 PA 228, section 32503 as amended by 2002 PA 148, section 36505 as amended by 1998 PA 470, section 40116 as amended by 1996 PA 154, section 41702 as amended by 2001 PA 23, sections 41709, 42101, 42501, 44513, 44517, 45503, 45903, 63514, 63525, 63704, and 63708 as added by 1995 PA 57, section 42702 as amended by 2000 PA 191, section 45902 as amended by 1996 PA 200, section 45906 as amended by 2003 PA 270, section 61525 as amended by 1998 PA 303, section 62509 as amended by 1998 PA 467, sections 63103a and 63103c as added by 1997 PA 149, sections 63524 and 76504 as amended by 2001 PA 78, sections 72108 and 80159 as added by 1995 PA 58, and sections 76105 and 76109 as amended by 2001 PA 75, and by adding sections 1301, 1303, 1305, 1307, 1309, and 1311.

The motion prevailed.

The House agreed to the title as amended.

Second Reading of Bills

Senate Bill No. 885, entitled

A bill to amend 1979 PA 94, entitled “The state school aid act of 1979,” by amending section 32j (MCL 388.1632j), as added by 2003 PA 158.

The bill was read a second time.

Rep. Richardville moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville moved that the bill be placed on its immediate passage.

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

Rep. Nitz moved that Reps. Caswell and Brandenburg be excused temporarily from today’s session. The motion prevailed.

Rep. Farrah moved that Rep. Sak 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. 885, entitled

A bill to amend 1979 PA 94, entitled “The state school aid act of 1979,” by amending section 32j (MCL 388.1632j), as added by 2003 PA 158.

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

Roll Call No. 728

Yeas—103

Accavitti	Gillard	Meyer	Shulman
Acciavatti	Gleason	Middaugh	Smith
Adamini	Hager	Milosch	Spade
Amos	Hardman	Minore	Stahl
Bieda	Hart	Moolenaar	Stakoe
Bisbee	Hood	Mortimer	Stallworth
Bradstreet	Hoogendyk	Murphy	Steil
Brown	Hopgood	Newell	Stewart
Byrum	Howell	Nitz	Tabor
Casperson	Huizenga	Nofs	Taub
Caul	Hummel	O’Neil	Tobocman
Clack	Hune	Palmer	Vagnozzi
Condino	Hunter	Palsrok	Van Regenmorter
Daniels	Jamnick	Pappageorge	Vander Veen
Dennis	Johnson, Rick	Pastor	Voorhees
DeRoche	Johnson, Ruth	Phillips	Walker
DeRossett	Julian	Plakas	Ward
Drolet	Koetje	Reeves	Waters
Ehardt	Kolb	Richardville	Wenke
Elkins	Kooiman	Rivet	Whitmer
Emmons	LaJoy	Robertson	Williams
Farhat	LaSata	Rocca	Wojno
Farrah	Law	Shackleton	Woodward
Gaffney	Lipsey	Shaffer	Woronchak
Garfield	McConico	Sheen	Zelenko
Gielegem	Meisner	Sheltrown	

Nays—0

In The Chair: Julian

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

“An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to create certain funds and provide for their expenditure; to prescribe penalties; and to repeal acts and parts of acts,”

The House agreed to the full title.

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

Rep. Caswell, under Rule 33, made the following statement:

“Mr. Speaker and members of the House:

I was absent from the Chamber when the vote was taken on Roll Call No. 728. Had I been present, I would have voted ‘yea’.”

Rep. Brandenburg, under Rule 33, made the following statement:

“Mr. Speaker and members of the House:

I was absent from the Chamber when the vote was taken on Roll Call No. 728. Had I been present, I would have voted ‘yea’.”

Rep. Sak, under Rule 33, made the following statement:

“Mr. Speaker and members of the House:

I was absent from the Chamber when the vote was taken on Roll Call No. 728. Had I been present, I would have voted ‘yea’.”

Second Reading of Bills

Senate Bill No. 722, entitled

A bill to amend 1994 PA 451, entitled “Natural resources and environmental protection act,” by amending section 14501 (MCL 324.14501), as amended by 1998 PA 289, and by adding section 14514.

The bill was read a second time.

Rep. Richardville moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville 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. 722, entitled

A bill to amend 1994 PA 451, entitled “Natural resources and environmental protection act,” by amending section 14501 (MCL 324.14501), as amended by 1998 PA 289, and by adding section 14514.

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

Roll Call No. 729

Yeas—107

Accavitti	Gielegem	Meyer	Sheltrown
Acciavatti	Gillard	Middaugh	Shulman
Adamini	Gleason	Milosch	Smith
Amos	Hager	Minore	Spade
Bieda	Hardman	Moolenaar	Stahl
Bisbee	Hart	Mortimer	Stakoe
Bradstreet	Hood	Murphy	Stallworth
Brandenburg	Hoogendyk	Newell	Steil

Brown	Hopgood	Nitz	Stewart
Byrum	Howell	Nofs	Tabor
Casperson	Huizenga	O'Neil	Taub
Caswell	Hummel	Palmer	Tobocman
Caul	Hune	Palsrok	Vagnozzi
Clack	Hunter	Pappageorge	Van Regenmorter
Condino	Jamnick	Pastor	Vander Veen
Daniels	Johnson, Rick	Phillips	Voorhees
Dennis	Johnson, Ruth	Plakas	Walker
DeRoche	Julian	Pumford	Ward
DeRossett	Koetje	Reeves	Waters
Drolet	Kolb	Richardville	Wenke
Ehardt	Kooiman	Rivet	Whitmer
Elkins	LaJoy	Robertson	Williams
Emmons	LaSata	Rocca	Wojno
Farhat	Law	Sak	Woodward
Farrah	Lipsey	Shackleton	Woronchak
Gaffney	McConico	Shaffer	Zelenko
Garfield	Meisner	Sheen	

Nays—0

In The Chair: Julian

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

“An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, and assessments; to provide certain appropriations; to prescribe penalties and provide remedies; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts,”

The House agreed to the full title.

Rep. Richardville 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. 723, entitled

A bill to amend 1994 PA 451, entitled “Natural resources and environmental protection act,” by amending section 14513 (MCL 324.14513), as added by 1998 PA 289.

The bill was read a second time.

Rep. Richardville moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville 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. 723, entitled

A bill to amend 1994 PA 451, entitled “Natural resources and environmental protection act,” by amending section 14513 (MCL 324.14513), as added by 1998 PA 289.

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

Roll Call No. 730**Yeas—107**

Accavitti	Gielegem	Meyer	Sheltrown
Acciavatti	Gillard	Middaugh	Shulman
Adamini	Gleason	Milosch	Smith
Amos	Hager	Minore	Spade
Bieda	Hardman	Moolenaar	Stahl
Bisbee	Hart	Mortimer	Stakoe
Bradstreet	Hood	Murphy	Stallworth
Brandenburg	Hoogendyk	Newell	Steil
Brown	Hopgood	Nitz	Stewart
Byrum	Howell	Nofs	Tabor
Casperson	Huizenga	O'Neil	Taub
Caswell	Hummel	Palmer	Tobocman
Caul	Hune	Palsrok	Vagnozzi
Clack	Hunter	Pappageorge	Van Regenmorter
Condino	Jamnick	Pastor	Vander Veen
Daniels	Johnson, Rick	Phillips	Voorhees
Dennis	Johnson, Ruth	Plakas	Walker
DeRoche	Julian	Pumford	Ward
DeRossett	Koetje	Reeves	Waters
Drolet	Kolb	Richardville	Wenke
Ehardt	Kooiman	Rivet	Whitmer
Elkins	LaJoy	Robertson	Williams
Emmons	LaSata	Rocca	Wojno
Farhat	Law	Sak	Woodward
Farrah	Lipsey	Shackleton	Woronchak
Gaffney	McConico	Shaffer	Zelenko
Garfield	Meisner	Sheen	

Nays—0

In The Chair: Julian

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

“An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, and assessments; to provide certain appropriations; to prescribe penalties and provide remedies; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts.”

The House agreed to the full title.

Rep. Richardville 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. 757, entitled**

A bill to amend 1978 PA 368, entitled “Public health code,” (MCL 333.1101 to 333.25211) by adding section 5475a.

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. Richardville moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville 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. 757, entitled

A bill to amend 1978 PA 368, entitled “Public health code,” (MCL 333.1101 to 333.25211) by adding section 5475a.
Was read a third time and passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 731

Yeas—105

Accavitti	Gleason	Middaugh	Sheltrown
Acciavatti	Hager	Milosch	Shulman
Adamini	Hardman	Minore	Smith
Amos	Hart	Moolenaar	Spade
Bieda	Hood	Mortimer	Stahl
Bisbee	Hoogendyk	Murphy	Stakoe
Brandenburg	Hopgood	Newell	Stallworth
Brown	Howell	Nitz	Steil
Byrum	Huizenga	Nofs	Stewart
Casperson	Hummel	O’Neil	Tabor
Caswell	Hune	Palmer	Taub
Caul	Hunter	Palsrok	Tobocman
Clack	Jamnick	Pappageorge	Vagnozzi
Condino	Johnson, Rick	Pastor	Van Regenmorter
Daniels	Johnson, Ruth	Phillips	Vander Veen
Dennis	Julian	Plakas	Voorhees
DeRoche	Koetje	Pumford	Walker
DeRossett	Kolb	Reeves	Ward
Ehardt	Kooiman	Richardville	Waters
Elkins	LaJoy	Rivet	Wenke
Emmons	LaSata	Robertson	Whitmer
Farhat	Law	Rocca	Williams
Farrah	Lipsey	Sak	Wojno
Gaffney	McConico	Shackleton	Woodward
Garfield	Meisner	Shaffer	Woronchak
Gielegghem	Meyer	Sheen	Zelenko
Gillard			

Nays—1

Drolet

In The Chair: Julian

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

“An act to protect and promote the public health; to codify, revise, consolidate, classify, and add to the laws relating to public health; to provide for the prevention and control of diseases and disabilities; to provide for the classification, administration, regulation, financing, and maintenance of personal, environmental, and other health services and activities; to create or continue, and prescribe the powers and duties of, departments, boards, commissions, councils,

committees, task forces, and other agencies; to prescribe the powers and duties of governmental entities and officials; to regulate occupations, facilities, and agencies affecting the public health; to regulate health maintenance organizations and certain third party administrators and insurers; to provide for the imposition of a regulatory fee; to provide for the levy of taxes against certain health facilities or agencies; to promote the efficient and economical delivery of health care services, to provide for the appropriate utilization of health care facilities and services, and to provide for the closure of hospitals or consolidation of hospitals or services; to provide for the collection and use of data and information; to provide for the transfer of property; to provide certain immunity from liability; to regulate and prohibit the sale and offering for sale of drug paraphernalia under certain circumstances; to provide for the implementation of federal law; to provide for penalties and remedies; to provide for sanctions for violations of this act and local ordinances; to provide for an appropriation and supplements; to repeal certain acts and parts of acts; to repeal certain parts of this act; and to repeal certain parts of this act on specific dates.”

The House agreed to the full title.

Rep. Richardville 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. 1244, entitled

A bill to amend 1998 PA 386, entitled “Estates and protected individuals code,” (MCL 700.1101 to 700.8102) by adding section 3619.

Was read a second time, and the question being on the adoption of the proposed substitute (H-1) previously recommended by the Committee on Judiciary,

The substitute (H-1) was adopted, a majority of the members serving voting therefor.

Rep. Richardville moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville 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. 1244, entitled

A bill to amend 1998 PA 386, entitled “Estates and protected individuals code,” (MCL 700.1101 to 700.8102) by adding section 3619.

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

Roll Call No. 732

Yeas—107

Accavitti	Gielegem	Meyer	Sheltrown
Acciavatti	Gillard	Middaugh	Shulman
Adamini	Gleason	Milosch	Smith
Amos	Hager	Minore	Spade
Bieda	Hardman	Moolenaar	Stahl
Bisbee	Hart	Mortimer	Stakoe
Bradstreet	Hood	Murphy	Stallworth
Brandenburg	Hoogendyk	Newell	Steil
Brown	Hopgood	Nitz	Stewart
Byrum	Howell	Nofs	Tabor
Casperson	Huizenga	O’Neil	Taub
Caswell	Hummel	Palmer	Tobocman
Caul	Hune	Palsrok	Vagnozzi
Clack	Hunter	Pappageorge	Van Regenmorter
Condino	Jamnick	Pastor	Vander Veen
Daniels	Johnson, Rick	Phillips	Voorhees

Dennis	Johnson, Ruth	Plakas	Walker
DeRoche	Julian	Pumford	Ward
DeRossett	Koetje	Reeves	Waters
Drolet	Kolb	Richardville	Wenke
Ehardt	Kooiman	Rivet	Whitmer
Elkins	LaJoy	Robertson	Williams
Emmons	LaSata	Rocca	Wojno
Farhat	Law	Sak	Woodward
Farrah	Lipsey	Shackleton	Woronchak
Gaffney	McConico	Shaffer	Zelenko
Garfield	Meisner	Sheen	

Nays—0

In The Chair: Julian

The question being on agreeing to the title of the bill,

Rep. Richardville moved to amend the title to read as follows:

A bill to amend 1998 PA 386, entitled “An act to codify, revise, consolidate, and classify aspects of the law relating to wills and intestacy, relating to the administration and distribution of estates of certain individuals, relating to trusts, and relating to the affairs of certain individuals under legal incapacity; to provide for the powers and procedures of the court that has jurisdiction over these matters; to provide for the validity and effect of certain transfers, contracts, and deposits that relate to death; to provide procedures to facilitate enforcement of certain trusts; and to repeal acts and parts of acts,” by amending section 3614 (MCL 700.3614).

The motion prevailed.

The House agreed to the title as amended.

Rep. Richardville 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. 1252, entitled

A bill to amend 1961 PA 236, entitled “Revised judicature act of 1961,” by amending section 2543 (MCL 600.2543), as amended by 1986 PA 308.

Was read a second time, and the question being on the adoption of the proposed substitute (H-1) previously recommended by the Committee on Judiciary,

The substitute (H-1) was adopted, a majority of the members serving voting therefor.

Rep. Richardville moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville 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. 1252, entitled

A bill to amend 1961 PA 236, entitled “Revised judicature act of 1961,” by amending section 2543 (MCL 600.2543), as amended by 1986 PA 308.

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

Roll Call No. 733

Yeas—104

Accavitti	Gleason	Middaugh	Sheltrown
Acciavatti	Hager	Milosch	Shulman

Adamini	Hardman	Minore	Smith
Amos	Hart	Moolenaar	Spade
Bieda	Hood	Mortimer	Stahl
Bisbee	Hoogendyk	Murphy	Stakoe
Brandenburg	Hopgood	Newell	Stallworth
Brown	Howell	Nitz	Steil
Byrum	Huizenga	Nofs	Stewart
Casperson	Hummel	O'Neil	Tabor
Caswell	Hune	Palmer	Taub
Caul	Hunter	Palsrok	Tobocman
Clack	Jamnack	Pappageorge	Vagnozzi
Condino	Johnson, Rick	Pastor	Van Regenmorter
Daniels	Johnson, Ruth	Phillips	Vander Veen
Dennis	Julian	Plakas	Voorhees
DeRoche	Koetje	Pumford	Walker
DeRossett	Kolb	Reeves	Ward
Ehardt	Kooiman	Richardville	Waters
Elkins	LaJoy	Rivet	Wenke
Emmons	LaSata	Robertson	Whitmer
Farhat	Law	Rocca	Williams
Farrah	Lipsey	Sak	Wojno
Gaffney	McConico	Shackleton	Woodward
Gielegghem	Meisner	Shaffer	Woronchak
Gillard	Meyer	Sheen	Zelenko

Nays—3

Bradstreet

Drolet

Garfield

In The Chair: Julian

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

“An act to revise and consolidate the statutes relating to the organization and jurisdiction of the courts of this state; the powers and duties of such courts, and of the judges and other officers thereof; the forms and attributes of civil claims and actions; the time within which civil actions and proceedings may be brought in said courts; pleading, evidence, practice and procedure in civil and criminal actions and proceedings in said courts; to provide remedies and penalties for the violation of certain provisions of this act; to repeal all acts and parts of acts inconsistent with or contravening any of the provisions of this act; and to repeal acts and parts of acts,”

The House agreed to the full title.

Rep. Richardville 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. 1328, entitled

A bill to amend 1931 PA 328, entitled “The Michigan penal code,” by amending section 224a (MCL 750.224a), as amended by 2002 PA 709.

The bill was read a second time.

Rep. Richardville moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville 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. 1328, entitled

A bill to amend 1931 PA 328, entitled “The Michigan penal code,” by amending section 224a (MCL 750.224a), as amended by 2002 PA 709.

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

Roll Call No. 734

Yeas—107

Accavitti	Gielegem	Meyer	Sheltrown
Acciavatti	Gillard	Middaugh	Shulman
Adamini	Gleason	Milosch	Smith
Amos	Hager	Minore	Spade
Bieda	Hardman	Moolenaar	Stahl
Bisbee	Hart	Mortimer	Stakoe
Bradstreet	Hood	Murphy	Stallworth
Brandenburg	Hoogendyk	Newell	Steil
Brown	Hopgood	Nitz	Stewart
Byrum	Howell	Nofs	Tabor
Casperson	Huizenga	O’Neil	Taub
Caswell	Hummel	Palmer	Tobocman
Caul	Hune	Palsrok	Vagnozzi
Clack	Hunter	Pappageorge	Van Regenmorter
Condino	Jamnick	Pastor	Vander Veen
Daniels	Johnson, Rick	Phillips	Voorhees
Dennis	Johnson, Ruth	Plakas	Walker
DeRoche	Julian	Pumford	Ward
DeRossett	Koetje	Reeves	Waters
Drolet	Kolb	Richardville	Wenke
Ehardt	Kooiman	Rivet	Whitmer
Elkins	LaJoy	Robertson	Williams
Emmons	LaSata	Rocca	Wojno
Farhat	Law	Sak	Woodward
Farrah	Lipsey	Shackleton	Woronchak
Gaffney	McConico	Shaffer	Zelenko
Garfield	Meisner	Sheen	

Nays—0

In The Chair: Julian

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

“An act to revise, consolidate, codify and add to the statutes relating to crimes; to define crimes and prescribe the penalties therefor; to provide for restitution under certain circumstances; to provide for the competency of evidence at the trial of persons accused of crime; to provide immunity from prosecution for certain witnesses appearing at such trials; and to repeal certain acts and parts of acts inconsistent with or contravening any of the provisions of this act,”

The House agreed to the full title.

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

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

Second Reading of Bills

House Bill No. 5784, entitled

A bill to provide for the transfer between state departments of certain state property in Ingham and Clinton counties.
The bill was read a second time.

Rep. Ward moved to substitute (H-1) the bill.

The motion prevailed and the substitute (H-1) was adopted, a majority of the members serving voting therefor.

Rep. Murphy moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville 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

House Bill No. 5784, entitled

A bill to provide for the transfer between state departments of certain state property in Ingham and Clinton counties.
Was read a third time and passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 735

Yeas—98

Accavitti	Gielegem	Meyer	Smith
Acciavatti	Gillard	Middaugh	Spade
Adamini	Gleason	Milosch	Stahl
Amos	Hager	Minore	Stakoe
Bieda	Hardman	Mortimer	Stallworth
Bisbee	Hood	Murphy	Steil
Brandenburg	Hoogendyk	Newell	Stewart
Brown	Hopgood	Nitz	Tabor
Byrum	Howell	Nofs	Taub
Casperson	Huizenga	O'Neil	Tobocman
Caswell	Hummel	Palmer	Vagnozzi
Clack	Hune	Palsrok	Van Regenmorter
Condino	Hunter	Pappageorge	Vander Veen
Daniels	Johnson, Rick	Pastor	Voorhees
Dennis	Johnson, Ruth	Phillips	Walker
DeRoche	Julian	Plakas	Ward
DeRossett	Koetje	Pumford	Waters
Drolet	Kolb	Reeves	Wenke
Ehardt	Kooiman	Richardville	Whitmer
Elkins	LaJoy	Rivet	Williams
Emmons	LaSata	Sak	Wojno
Farhat	Law	Sheen	Woodward
Farrah	Lipsey	Sheltrown	Woronchak
Gaffney	McConico	Shulman	Zelenko
Garfield	Meisner		

Nays—0

The question being on agreeing to the title of the bill,

Rep. Richardville moved to amend the title to read as follows:

A bill to provide for the transfer between state departments of certain state property in Ingham and Clinton counties; to provide for the exchange of certain properties in Livingston county; and to prescribe certain conditions for the transfer and exchange.

The motion prevailed.

The House agreed to the title as amended.

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

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

Second Reading of Bills

Rep. Richardville moved that Rule 48 be suspended.

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

House Bill No. 5457, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," (MCL 380.1 to 380.1852) by adding section 622a.

Was read a second time, and the question being on the adoption of the proposed substitute (H-4) previously recommended by the Committee on Education,

The substitute (H-4) was not adopted, a majority of the members serving not voting therefor.

Rep. Palmer moved to substitute (H-5) the bill.

The motion prevailed and the substitute (H-5) was adopted, a majority of the members serving voting therefor.

Rep. Palmer moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville 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

House Bill No. 5457, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," (MCL 380.1 to 380.1852) by adding section 622a.

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

Roll Call No. 736

Yeas—102

Accavitti	Gillard	Meyer	Shulman
Acciavatti	Gleason	Middaugh	Smith
Adamini	Hager	Milosch	Spade
Amos	Hardman	Moolenaar	Stahl
Bieda	Hart	Mortimer	Stakoe
Bisbee	Hood	Murphy	Stallworth
Bradstreet	Hoogendyk	Newell	Steil
Brandenburg	Hopgood	Nitz	Stewart
Brown	Howell	Nofs	Tabor
Byrum	Huizenga	O'Neil	Taub
Casperson	Hummel	Palmer	Tobocman
Caul	Hune	Palsrok	Vagnozzi
Clack	Hunter	Pappageorge	Van Regenmorter
Condino	Jamnick	Pastor	Vander Veen
Daniels	Johnson, Rick	Phillips	Voorhees
DeRoche	Johnson, Ruth	Plakas	Walker

DeRossett	Julian	Reeves	Ward
Drolet	Koetje	Richardville	Waters
Ehardt	Kolb	Rivet	Wenke
Elkins	Kooiman	Robertson	Whitmer
Emmons	LaJoy	Sak	Williams
Farhat	LaSata	Shackleton	Wojno
Farrah	Law	Shaffer	Woodward
Gaffney	Lipsey	Sheen	Woronchak
Garfield	McConico	Sheltrown	Zelenko
Gielegem	Meisner		

Nays—4

Caswell	Dennis	Minore	Pumford
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In The Chair: Julian

The House agreed to the title of the bill.
 Rep. Richardville moved that the bill be given immediate effect.
 The motion prevailed, 2/3 of the members serving voting therefor.

Rep. Dennis, having reserved the right to explain her protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

I voted no on HB 5457 because it creates an undo burden on Intermediate School Districts. Five audits for each ISD is absurd and a waste of money that should be going for student services. Additional audits should only be done if an ISD is not in compliance with state law or if it is determined that there are irregularities in financial management.”

Second Reading of Bills

Rep. Richardville moved that Rule 48 be suspended.
 The motion prevailed, 3/5 of the members present voting therefor.

House Bill No. 5475, entitled

A bill to amend 1976 PA 451, entitled “The revised school code,” (MCL 380.1 to 380.1852) by adding section 620. Was read a second time, and the question being on the adoption of the proposed substitute (H-5) previously recommended by the Committee on Education,

The substitute (H-5) was adopted, a majority of the members serving voting therefor.

Rep. Bradstreet moved to amend the bill as follows:

1. Amend page 5, following line 22, by inserting:

“(b) **Travel expenses for air or boat travel for work-related purposes within this state between an island and the mainland.**” and relettering the remaining subdivisions.

The motion prevailed and the amendment was adopted, a majority of the members serving voting therefor.

Rep. Gielegem moved to amend the bill as follows:

1. Amend page 1, following “**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**” by inserting:

“**Sec. 506b. (1) Not later than December 31 of each year, the center for educational performance and information shall submit all of the following information for each public school academy for the immediately preceding school fiscal year to the department in the form and manner prescribed by the department:**

(a) All of the following general information:

(i) The amount of the public school academy's total budget.

(ii) The number of pupils served by the public school academy.

(iii) The number of employees employed by the public school academy.

(b) Except as otherwise provided in subsection (2) and subject to subsection (6), for each public school academy board member or employee of the public school academy who had travel expenses during the school fiscal year that totaled more than \$3,000.00 and that were paid for with public school academy funds, all of the following information concerning that travel:

(i) The total cost of air travel.

(ii) The total cost of overnight lodging.

(iii) The total cost of car rental.

(iv) The total cost of meals.

(v) The dates, purpose, and locations of travel.

(vi) The name and position of the board member or employee.

(c) Except as otherwise provided in subsection (3) and subject to subsection (5), for each contract, other than an employment contract or a contract that is reported under subdivision (f), that was entered into by the public school academy during the school fiscal year and that either obligated the public school academy for an amount in excess of \$100,000.00; was not competitively bid and obligated the public school academy for an amount in excess of \$25,000.00; or was entered into with an entity in which a public school academy board member or school administrator of the public school academy, or a family member of a public school academy board member or school administrator of the public school academy, was known by the public school academy board to have a monetary interest, a description of the contract that includes at least all of the following:

(i) The subject matter and cost of the contract.

(ii) Whether the contract was competitively bid or was a single source contract.

(iii) The name and position of each individual who signed the contract on behalf of the public school academy.

(d) Except as otherwise provided in subsection (3), if there was a modification made during the school fiscal year to an existing contract that resulted in an additional financial obligation owed by the public school academy in excess of \$100,000.00 or that resulted in the total financial obligation owed by the public school academy from the existing contract exceeding \$100,000.00, or was a modification to an existing contract that was not competitively bid and the modification resulted in an additional financial obligation owed by the public school academy in excess of \$25,000.00 or resulted in the total financial obligation owed by the public school academy from the existing contract exceeding \$25,000.00, a description of the modification and the total amount of the additional and total financial obligation.

(e) Subject to subsection (4), for each public school academy employee with a compensation package with a total annual monetary value in the top 3% among the public school academy's employees, all of the following:

(i) The dollar value of his or her salary.

(ii) The dollar value of all expense accounts provided for the employee and the dollar value of all reimbursed expenses.

(iii) The dollar value of any bonus, stipend, or any other form of supplemental compensation. As used in this subparagraph, "supplemental compensation" means any payment or benefit made available to that employee that is not generally made available to all teaching, administrative, and executive-level employees of the public school academy.

(f) Total costs incurred during the school fiscal year, and the source or sources of the money expended during the school fiscal year, for fiber optic or cable equipment and operating system software for fiber optic or cable equipment networks. The description of the source or sources of the money expended for purposes described in this subdivision shall specify the amount used from each of the separate funds maintained by the public school academy and used from each other source.

(g) Payments made during the school fiscal year to persons who were not employees of the public school academy for public relations, polling, lobbying, or legal services and a description of the services received by the public school academy in return.

(h) For each person not included under subdivision (e) or (g) to whom the public school academy was required to issue a federal income tax form 1099 that showed payments in excess of \$25,000.00 during the school fiscal year, the total amount paid to the individual, a description of the project or projects for which the person was contracted, and the services provided by the person.

(i) The amount and percentage of the public school academy's total budget that was spent on each of the following:

(i) Administrative costs, as defined under the Michigan public school accounting manual.

(ii) Public relations, surveys, polling, lobbying, and legal services.

(j) A list of all motor vehicles weighing 7,500 pounds or less that were owned or leased by the public school academy during the school fiscal year and are not reported under subdivision (c) and a description of the purposes for which each of these motor vehicles was used.

(2) Subsection (1)(b) does not apply to any of the following:

(a) Round-trip air travel on a scheduled airline from a location in the Upper Peninsula to a location in the Lower Peninsula or chartered round-trip air travel from a location in the Upper Peninsula to a location in the Lower Peninsula if the cost of the chartered air travel is less than the published cost of the same air travel on a scheduled airline.

(b) Travel expenses for work-related travel within the boundaries of the intermediate school district within which the public school academy is located.

(c) Mileage reimbursement.

(3) Subsection (1)(c) and (d) does not apply to a contract for utilities or to a contract for an annuity or retirement benefit in which all employees are eligible to participate unless the contract is for payment of a commission to a third-party broker for securing 1 of those contracts.

(4) If a public school academy has fewer than 3 employees in the top 3% of employees as described in subsection (1)(e), the center for educational performance and information shall submit the information required under subsection (1)(e) for each public school academy employee with a compensation package with a total monetary value in the top 3 among the public school academy's employees. If a public school academy has more than 20 employees in the top 3% of employees as described in subsection (1)(e), the center for educational performance and information shall submit the information under subsection (1)(e) for each public school academy employee with a compensation package with a total monetary value in the top 20 among the public school academy's employees.

(5) For the purposes of subsection (1)(c), a public school academy board member or school administrator of a public school academy, or a family member of a public school academy board member or school administrator of a public school academy, is not considered to have a monetary interest in any of the following contracts:

(a) A contract between the public school academy and any of the following:

(i) A corporation in which a public school academy board member, public school academy administrator, or family member is a stockholder owning 1% or less of the total stock outstanding in any class if the stock is not listed on a stock exchange or owning stock that has a present market value of \$25,000.00 or less if the stock is listed on a stock exchange.

(ii) A corporation in which a trust, if a public school academy board member, public school academy administrator, or family member is a beneficiary under the trust, owns 1% or less of the total stock outstanding in any class if the stock is not listed on a stock exchange or owning stock that has a present market value of \$25,000.00 or less if the stock is listed on a stock exchange.

(iii) A professional limited liability company organized pursuant to the Michigan limited liability company act, 1993 PA 23, MCL 450.5101 to 450.6200, if a public school academy board member, public school academy administrator, or family member is an employee but not a member of the company.

(b) A contract between the public school academy and any of the following:

(i) A corporation in which a public school academy board member, public school academy administrator, or family member is not a stockholder owning more than 1% of the total stock outstanding in any class if the stock is not listed on a stock exchange; is not a stockholder owning stock that has a present market value in excess of \$25,000.00 if the stock is listed on a stock exchange; or is not a director, officer, or employee.

(ii) A firm, partnership, or other unincorporated association, in which a public school academy board member, public school academy administrator, or family member is not a partner, member, or employee.

(iii) A corporation or firm that has an indebtedness owed to a public school academy board member, public school academy administrator, or family member.

(6) Beginning January 1, 2006, the monetary amount specified in subsection (1)(b) shall be adjusted each January 1 pursuant to the annual average percentage increase or decrease in the Detroit consumer price index—all items. The adjustment for each year shall be made by comparing the percentage increase or decrease in the Detroit consumer price index for the preceding August by the corresponding Detroit consumer price index—all items 1 year earlier. The resultant percentage change shall then be multiplied by the affected monetary amount. These results shall be rounded up to the nearest dollar and added to or subtracted from the current monetary amount as previously adjusted by this subsection to determine the new amount for that year. The adjustment shall apply only to expenditures or violations occurring after the date of the adjusting of the amount. The adjusted amount shall be determined and announced by the department on or before December 15 of each year and shall be provided to all persons requesting the adjusted amount. If the index is unavailable, the department shall make a reasonable approximation.

(7) The department shall post the information received under subsection (1) on its website.

(8) As used in this section:

(a) “Family member” means a person’s spouse or spouse’s sibling or child; a person’s sibling or sibling’s spouse or child; a person’s child or child’s spouse; or a person’s parent or parent’s spouse, and includes these relationships as created by adoption or marriage.

(b) “Total budget” means budget for all funds held by the public school academy.”.

The question being on the adoption of the amendment offered by Rep. Gieleghem,

Rep. Gieleghem demanded the yeas and nays.

The demand was supported.

The question being on the adoption of the amendment offered by Rep. Gieleghem,

Point of Order

Rep. Palmer requested a ruling from the Chair regarding the germaneness of the amendment offered by Rep. Gieleghem.

The Chair ruled that the amendment is not germane pursuant to House Rule 64.

Rep. Gieleghem appealed the decision of the Chair.

The question being, “Shall the judgment of the Chair stand as the judgment of the House?”

The judgment of the Chair stood as the judgment of the House, a majority of the members present voting therefor, by yeas and nays, as follows:

Roll Call No. 737

Yeas—62

Acciavatti	Hager	Milosch	Sheen
Amos	Hart	Moolenaar	Shulman
Bisbee	Hoogendyk	Mortimer	Stahl
Bradstreet	Howell	Newell	Stakoe
Brandenburg	Huizenga	Nitz	Steil
Casperson	Hummel	Nofs	Stewart
Caswell	Hune	Palmer	Tabor
Caul	Johnson, Rick	Palsrok	Taub
DeRoche	Johnson, Ruth	Pappageorge	Van Regenmorter
DeRossett	Julian	Pastor	Vander Veen
Drolet	Koetje	Pumford	Voorhees
Ehardt	Kooiman	Richardville	Walker
Emmons	LaJoy	Robertson	Ward
Farhat	LaSata	Shackleton	Wenke
Gaffney	Meyer	Shaffer	Woronchak
Garfield	Middaugh		

Nays—44

Accavitti	Gieleghem	McConico	Smith
Adamini	Gillard	Meisner	Spade
Bieda	Gleason	Minore	Stallworth
Brown	Hardman	Murphy	Tobocman
Byrum	Hood	O’Neil	Vagnozzi
Clack	Hopgood	Phillips	Waters
Condino	Hunter	Plakas	Whitmer
Daniels	Jamnick	Reeves	Williams
Dennis	Kolb	Rivet	Wojno
Elkins	Law	Sak	Woodward
Farrah	Lipsey	Sheltrown	Zelenko

Rep. Bradstreet moved that the bill be placed on the order of Third Reading of Bills.
The motion prevailed.

Rep. Richardville 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

House Bill No. 5475, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," (MCL 380.1 to 380.1852) by adding section 620.
Was read a third time and passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 738

Yeas—71

Acciavatti	Garfield	Milosch	Sheen
Amos	Gillard	Moolenaar	Shulman
Bisbee	Hager	Mortimer	Stahl
Bradstreet	Hoogendyk	Newell	Stakoe
Brandenburg	Howell	Nitz	Steil
Byrum	Huizenga	Nofs	Stewart
Casperson	Hummel	O'Neil	Tabor
Caswell	Hune	Palmer	Taub
Caul	Johnson, Rick	Palsrok	Vagnozzi
DeRoche	Johnson, Ruth	Pappageorge	Van Regenmorter
DeRossett	Koetje	Pastor	Vander Veen
Drolet	Kooiman	Plakas	Voorhees
Ehardt	LaJoy	Rivet	Walker
Elkins	LaSata	Robertson	Ward
Emmons	Law	Rocca	Wenke
Farhat	McConico	Sak	Woodward
Farrah	Meyer	Shackleton	Woronchak
Gaffney	Middaugh	Shaffer	

Nays—36

Accavitti	Gleason	Lipsey	Smith
Adamini	Hardman	Meisner	Spade
Bieda	Hart	Minore	Stallworth
Brown	Hood	Murphy	Tobocman
Clack	Hopgood	Phillips	Waters
Condino	Hunter	Pumford	Whitmer
Daniels	Jamnack	Reeves	Williams
Dennis	Julian	Richardville	Wojno
Gielegem	Kolb	Sheltrown	Zelenko

In The Chair: Julian

The House agreed to the title of the bill.
Rep. Richardville moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.

Reps. Accavitti, Brown, Dennis and Hopgood, having reserved the right to explain their protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

I voted no on House Bill 5475(H-5) because the bill, while well intentioned, does not go far enough. First, I would have liked the opportunity to vote on an amendment that would have extended to charter schools the same accountability standards set forth in the bill for intermediate school districts (ISD’s) . When are House Republicans going to show the citizens of this state that they are serious about holding charter schools to the same accountability standards as other public schools.

Secondly, HB 5475 requires ISD’s to submit mountains of information to the state on its operations and doesn’t include any funds to get this accomplished. ISD’s serve an important role as partners with member school districts in providing a number of services, especially in the areas of special education and vocational training. Unfortunately, the requirements of this bill mean that ISDs will have to take money away from services for students and spend it on satisfying the needs of another unfunded state mandate.”

Rep. Zelenko, having reserved the right to explain her protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

I voted no on House Bill 5475(H-5) because it requires ISD’s to submit mountains of information to the state on its operations and doesn’t include any funds to get this accomplished. ISD’s serve an important role as partners with member school districts in providing a number of services, especially in the areas of special education and vocational training. Unfortunately, the requirements of this bill mean that ISDs will have to take money away from services for students and spend it on satisfying the needs of another unfunded state mandate.

Secondly, because the bill, while well intended, does not go far enough. Specifically, I would have liked the opportunity to vote on an amendment that would have extended to charter schools the same accountability standards set forth in the bill for intermediate school districts . When will the legislature show the citizens of this state that we are serious about holding charter schools to the same accountability standards as other public schools?”

Rep. Jamnick, having reserved the right to explain her protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

I voted no on HB 5475 (H-5) because the bill, while well intended, does not go far enough. First, I would have liked the opportunity to vote on an amendment that would have extended to charter schools the same the accountability standards set forth in the bill for intermediate school districts. This bill does required the submissal of substantial amounts of date with no funds to assist with getting accomplished.”

Rep. Adamini, having reserved the right to explain his protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

I voted no on House Bill 5475(H-5) because the bill, while well intentioned, does not go far enough. First, I would have liked the opportunity to vote on an amendment that would have extended to charter schools the same accountability standards set forth in the bill for intermediate school districts (ISD’s) . When are House Republicans going to show the citizens of this state that they are serious about holding charter schools to the same accountability standards as other public schools.

Secondly, HB 5475 requires ISD’s to submit mountains of information to the state on its operations and doesn’t include any funds to get this accomplished. ISD’s serve an important role as partners with member school districts in providing a number of services, especially in the areas of special education and vocational training. Unfortunately, the requirements of this bill mean that ISDs will have to take money away from services for students and spend it on satisfying the needs of another unfunded state mandate.”

Rep. Waters, having reserved the right to explain her protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

I voted no on House Bill 5475(H-5) because the bill, while well intentioned, does not go far enough. First, I would have liked the opportunity to vote on an amendment that would have extended to charter schools the same accountability standards set forth in the bill for intermediate school districts (ISDs) . When are House Republicans going to show the citizens of this state that they are serious about holding charter schools to the same accountability standards as other public schools?

Secondly, HB 5475 requires ISDs to submit mountains of information to the state on their operations and doesn’t include any funds to get this accomplished. ISDs serve an important role as partners with member school districts in

providing a number of services, especially in the areas of special education and vocational training. Unfortunately, the requirements of this bill mean that ISDs will have to take money away from services for students and spend it on satisfying the needs of another unfunded state mandate.”

Rep. Bieda, having reserved the right to explain his protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

I voted ‘no’ on House Bill 5475 (H-5) because the bill, although well-intentioned, does not go far enough. For one, I would have liked the opportunity to vote on an amendment that would have extended to charter schools the same accountability standards set forth in the bill for intermediate school districts (ISD’s).

In addition, this bill requires ISD’s to submit mountains of information to our state bureaucracy on its operations and doesn’t include any funds to get this accomplished. I believe that ISD’s perform an important role as partners with member school districts in providing a number of services, especially in the areas of special education and vocational training. Unfortunately, the requirements of this bill mean that ISDs will have to take money away from services for students and spend it on satisfying the needs of another unfunded state mandate. In other words, more money being spent on pushing paper rather than educating students. Thus I voted no on House Bill 5475. Thank you.”

Second Reading of Bills

Rep. Richardville moved that Rule 48 be suspended.

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

House Bill No. 5627, entitled

A bill to amend 1979 PA 94, entitled “The state school aid act of 1979,” by amending sections 7 and 18 (MCL 388.1607 and 388.1618), section 7 as amended by 1996 PA 300 and section 18 as amended by 2003 PA 158.

Was read a second time, and the question being on the adoption of the proposed substitute (H-3) previously recommended by the Committee on Education,

The substitute (H-3) was adopted, a majority of the members serving voting therefor.

Rep. Ruth Johnson moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville 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

House Bill No. 5627, entitled

A bill to amend 1979 PA 94, entitled “The state school aid act of 1979,” by amending sections 7 and 18 (MCL 388.1607 and 388.1618), section 7 as amended by 1996 PA 300 and section 18 as amended by 2003 PA 158.

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

Roll Call No. 739

Yeas—101

Accavitti	Gielegghem	Meisner	Sheen
Acciavatti	Gillard	Meyer	Sheltrown
Adamini	Gleason	Middaugh	Shulman
Amos	Hager	Milosch	Spade
Bieda	Hardman	Moolenaar	Stahl
Bisbee	Hart	Mortimer	Stakoe
Bradstreet	Hoogendyk	Murphy	Stallworth
Brandenburg	Hopgood	Newell	Steil
Brown	Howell	Nitz	Stewart
Byrum	Huizenga	Nofs	Tabor

Roll Call No. 740**Yeas—49**

Accavitti	Gleason	Meisner	Smith
Adamini	Hardman	Meyer	Spade
Bieda	Hart	Minore	Stallworth
Brown	Hood	Murphy	Tobocman
Byrum	Hopgood	O'Neil	Vagnozzi
Clack	Hunter	Phillips	Waters
Condino	Jamnick	Plakas	Whitmer
Daniels	Kolb	Pumford	Williams
Dennis	LaSata	Reeves	Wojno
Elkins	Law	Rivet	Woodward
Farrah	Lipsey	Sak	Woronchak
Gielegghem	McConico	Sheltrown	Zelenko
Gillard			

Nays—55

Acciavatti	Gaffney	Middaugh	Shaffer
Amos	Garfield	Milosch	Sheen
Bisbee	Hager	Moolenaar	Shulman
Bradstreet	Hoogendyk	Mortimer	Stahl
Brandenburg	Howell	Newell	Stakoe
Casperson	Huizenga	Nitz	Steil
Caswell	Hummel	Nofs	Tabor
Caul	Hune	Palmer	Taub
DeRoche	Johnson, Rick	Palsrok	Van Regenmorter
DeRossett	Johnson, Ruth	Pappageorge	Vander Veen
Drolet	Julian	Pastor	Voorhees
Ehardt	Koetje	Robertson	Ward
Emmons	Kooiman	Rocca	Wenke
Farhat	LaJoy	Shackleton	

In The Chair: Julian

Rep. Ruth Johnson moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville 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**House Bill No. 5839, entitled**

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 687 and 1731 (MCL 380.687 and 380.1731), section 687 as amended by 2003 PA 299 and section 1731 as amended by 2002 PA 70, and by adding section 625b.

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

Roll Call No. 741**Yeas—61**

Acciavatti	Hager	Middaugh	Sheen
Amos	Hart	Milosch	Shulman
Bisbee	Hoogendyk	Moolenaar	Stahl

Bradstreet	Howell	Mortimer	Stakoe
Brandenburg	Huizenga	Newell	Steil
Casperson	Hummel	Nitz	Stewart
Caswell	Hune	Nofs	Tabor
Caul	Johnson, Rick	Palmer	Taub
DeRoche	Johnson, Ruth	Palsrok	Van Regenmorter
DeRossett	Julian	Pappageorge	Vander Veen
Drolet	Koetje	Pastor	Voorhees
Ehardt	Kooiman	Robertson	Walker
Emmons	LaJoy	Rocca	Ward
Farhat	LaSata	Shackleton	Wenke
Gaffney	Meyer	Shaffer	Woodward
Garfield			

Nays—46

Accavitti	Gillard	Minore	Smith
Adamini	Gleason	Murphy	Spade
Bieda	Hardman	O'Neil	Stallworth
Brown	Hood	Phillips	Tobocman
Byrum	Hopgood	Plakas	Vagnozzi
Clack	Hunter	Pumford	Waters
Condino	Jamnick	Reeves	Whitmer
Daniels	Kolb	Richardville	Williams
Dennis	Law	Rivet	Wojno
Elkins	Lipsey	Sak	Woronchak
Farrah	McConico	Sheltrown	Zelenko
Gielegthem	Meisner		

In The Chair: Julian

The question being on agreeing to the title of the bill,

Rep. Richardville moved to amend the title to read as follows:

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 681, 682, 687, 1723, 1724, 1724a, and 1731 (MCL 380.681, 380.682, 380.687, 380.1723, 380.1724, 380.1724a, and 380.1731), sections 681, 682, 687, and 1724 as amended by 2003 PA 299, section 1724a as added by 1994 PA 258, and section 1731 as amended by 2002 PA 70, and by adding section 625b.

The motion prevailed.

The House agreed to the title as amended.

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

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

Rep. Hopgood, having reserved the right to explain his protest against the passage of the bill, made the following statement:

"Mr. Speaker and members of the House:

I voted no on House Bill 5839 (H-5) because the bill creates the potential for increased costs to our intermediate school districts (ISDs) for their special education and vocational-technical education bonds. With the intention of stopping bond funds from being used on inappropriate purposes, this bill may unintentionally cost schools substantial sums of money. If the lenders and those extending credit see a risk that the millage may be repealed and thus unavailable to fund operations, they may either choose not to do business with the ISDs or they may raise their rates to account for that risk.

The increased funds spent on this means that much less funding for our children in special education programs and those trying to move forward through vocational-technical programs. In the long run, this hurts our children. For this reason, I voted no on HB 5839 (H-5).”

Rep. Bieda, having reserved the right to explain his protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

I voted no on House Bill 5839 (H-5) because of the negative effects this bill would have on the cost of bonds for schools. According to expert testimony provided during the House Education Committee discussion of House Bill 5839, the bond recall provisions of this bill will cost schools (and ultimately taxpayers) substantial sums of money. If those doing business with ISDs or extending credit to or evaluating credit of ISDs see risk that general or dedicated millage may not be available to fund operations, they will either refuse to do business with the ISD, or raise rates to account for the risk. While I support efforts to add vital spending accountability measure, we should be extremely careful that we do not create more financial harm. Thus, I voted no on House Bill 5839. Thank you.”

Rep. Adamini, having reserved the right to explain his protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

I voted no on House Bill 5839 (H-5) because the bill, while well intentioned, does not go far enough. I would have liked the opportunity to vote on an amendment that would have extended to charter schools the same accountability standards set forth in the bill for intermediate school districts (ISDs) . When are House Republicans going to show the citizens of this state that they are serious about holding charter schools to the same accountability standards as other public schools.

With this bill, layers of additional oversight are added for ISDs to ensure they are held properly accountable and yet a blind eye is turned to the actions of charter schools. For this reason, I voted against this bill.”

Rep. Accavitti, having reserved the right to explain his protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

It is my belief this bill will raise the cost of borrowing for school districts. Because more public dollars will be paid in interest and bond fees less will be spent on facilities and education. I can not find fault with the lenders as they must charge fees based on the risk they are taking. The fact that the borrowers source of revenue to repay the lenders would be in question makes the transaction more risky for all.”

Rep. Meisner, having reserved the right to explain his protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

While I support adding greater accountability to our intermediate school district structure, I don't support doing it in ways that will take money out of the classroom and make the business of running schools more expensive. According to the non-partisan bond counsel for the Macomb ISD, under this bill, those doing business with schools would ‘...either refuse to do business with the ISD or raise rates to account for the risk.’ This amounts to a new tax on schools, which is contrary to the best interests of the schools in my district.”

Second Reading of Bills

Rep. Richardville moved that Rule 48 be suspended.

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

House Bill No. 5850, entitled

A bill to amend 1976 PA 451, entitled “The revised school code,” by amending section 1804 (MCL 380.1804) and by adding sections 1814, 1815, and 1816.

Was read a second time, and the question being on the adoption of the proposed substitute (H-2) previously recommended by the Committee on Education,

The substitute (H-2) was adopted, a majority of the members serving voting therefor.

Rep. Vagnozzi moved to amend the bill as follows:

1. Amend page 1, line 9, after “**district**” by inserting “**or public school academy**”.
 2. Amend page 2, line 1, after “**district**” by inserting “**or public school academy**”.
 3. Amend page 3, line 23, after “**district**” by inserting “**or public school academy**”.
 4. Amend page 3, line 27, after “**district**” by inserting “**or public school academy**”.
 5. Amend page 4, line 2, after the first “**district**” by inserting “**or public school academy**”.
 6. Amend page 4, line 2, after the second “**district**” by inserting “**or public school academy**”.
- The question being on the adoption of the amendments offered by Rep. Vagnozzi,

Point of Order

Rep. Palmer requested a ruling from the Chair regarding the germaneness of the amendments offered by Rep. Vagnozzi.

The Chair ruled that the amendments are not germane pursuant to House Rule 64.

Rep. Ruth Johnson moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville moved that the bill be placed on its immediate passage.

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

Rep. Waters moved that Rep. Minore be excused temporarily from today’s session.
The motion prevailed.

By unanimous consent the House returned to the order of
Third Reading of Bills

House Bill No. 5850, entitled

A bill to amend 1976 PA 451, entitled “The revised school code,” by amending section 1804 (MCL 380.1804) and by adding sections 1814, 1815, and 1816.

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

Roll Call No. 742

Yeas—106

Accavitti	Gielegem	Meyer	Sheltrown
Acciavatti	Gillard	Middaugh	Shulman
Adamini	Gleason	Milosch	Smith
Amos	Hager	Moolenaar	Spade
Bieda	Hardman	Mortimer	Stahl
Bisbee	Hart	Murphy	Stakoe
Bradstreet	Hood	Newell	Stallworth
Brandenburg	Hoogendyk	Nitz	Steil
Brown	Hopgood	Nofs	Stewart
Byrum	Howell	O’Neil	Tabor
Casperson	Huizenga	Palmer	Taub
Caswell	Hummel	Palsrok	Tobocman
Caul	Hune	Pappageorge	Vagnozzi
Clack	Hunter	Pastor	Van Regenmorter
Condino	Jamnick	Phillips	Vander Veen
Daniels	Johnson, Rick	Plakas	Voorhees
Dennis	Johnson, Ruth	Pumford	Walker
DeRoche	Julian	Reeves	Ward

DeRossett	Koetje	Richardville	Waters
Drolet	Kolb	Rivet	Wenke
Ehardt	Kooiman	Robertson	Whitmer
Elkins	LaJoy	Rocca	Williams
Emmons	LaSata	Sak	Wojno
Farhat	Law	Shackleton	Woodward
Farrah	Lipsey	Shaffer	Woronchak
Gaffney	McConico	Sheen	Zelenko
Garfield	Meisner		

Nays—0

In The Chair: Julian

The House agreed to the title of the bill.
Rep. Richardville moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.

Second Reading of Bills

Rep. Richardville moved that Rule 48 be suspended.
The motion prevailed, 3/5 of the members present voting therefor.

House Bill No. 5851, entitled

A bill to amend 1927 PA 175, entitled “The code of criminal procedure,” by amending section 13p of chapter XVII (MCL 777.13p), as amended by 2002 PA 475.

The bill was read a second time.

Rep. Ruth Johnson moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Richardville 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

House Bill No. 5851, entitled

A bill to amend 1927 PA 175, entitled “The code of criminal procedure,” by amending section 13p of chapter XVII (MCL 777.13p), as amended by 2002 PA 475.

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

Roll Call No. 743

Yeas—106

Accavitti	Gielegem	Meyer	Sheltrown
Acciavatti	Gillard	Middaugh	Shulman
Adamini	Gleason	Milosch	Smith
Amos	Hager	Moolenaar	Spade
Bieda	Hardman	Mortimer	Stahl
Bisbee	Hart	Murphy	Stakoe
Bradstreet	Hood	Newell	Stallworth
Brandenburg	Hoogendyk	Nitz	Steil

Brown	Hopgood	Nofs	Stewart
Byrum	Howell	O'Neil	Tabor
Casperson	Huizenga	Palmer	Taub
Caswell	Hummel	Palsrok	Tobocman
Caul	Hune	Pappageorge	Vagnozzi
Clack	Hunter	Pastor	Van Regenmorter
Condino	Jamnick	Phillips	Vander Veen
Daniels	Johnson, Rick	Plakas	Voorhees
Dennis	Johnson, Ruth	Pumford	Walker
DeRoche	Julian	Reeves	Ward
DeRossett	Koetje	Richardville	Waters
Drolet	Kolb	Rivet	Wenke
Ehardt	Kooiman	Robertson	Whitmer
Elkins	LaJoy	Rocca	Williams
Emmons	LaSata	Sak	Wojno
Farhat	Law	Shackleton	Woodward
Farrah	Lipsey	Shaffer	Woronchak
Gaffney	McConico	Sheen	Zelenko
Garfield	Meisner		

Nays—0

In The Chair: Julian

The House agreed to the title of the bill.

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

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

Second Reading of Bills

Rep. Richardville moved that Rule 48 be suspended.

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

House Bill No. 5921, entitled

A bill to amend 1976 PA 451, entitled "The revised school code," by amending section 612 (MCL 380.612) and by adding section 634.

Was read a second time, and the question being on the adoption of the proposed substitute (H-4) previously recommended by the Committee on Education,

The substitute (H-4) was adopted, a majority of the members serving voting therefor.

Rep. Hopgood moved to amend the bill as follows:

1. Amend page 1, following "**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**" by inserting:

"Sec. 506c. (1) Not later than July 1, 2005, each public school academy board of directors shall adopt and implement a conflict of interest policy designed to avoid conflicts of interest by public school academy officials and employees.

(2) Not later than July 1, 2005, each public school academy board of directors shall adopt and implement a policy to prohibit use of public school academy funds or other public funds under the control of the public school academy for purchasing alcoholic beverages, jewelry, gifts, fees for golf, or any item the purchase or possession of which is illegal. Subject to subsection (8), the policy may allow the use of public funds for the purchase of a plaque, medal, trophy, or other award for the recognition of an employee, volunteer, or pupil if the purchase does not exceed \$100.00 per recipient. As used in this subsection, "public funds" means funds generated from taxes levied under this act, state appropriations of state or federal funds, or payments made to the public school academy for services, but does not include voluntary contributions made for a specific purpose by a public school academy board member, a public school academy employee, another individual, or a private entity.

(3) The department shall develop and distribute to public school academies a model conflict of interest policy for the purposes of subsection (1) and a model policy meeting the requirements of subsection (2).

(4) Subject to subsection (8), in any 1-month period, a public school academy board member or public school academy administrator shall not accept from a person who does business or seeks to do business of any kind with the public school academy any money, goods, or services with a value in excess of \$44.00 if the board member or official does not provide goods or services of equal value in exchange. This subsection does not apply to a gift or reward already prohibited under section 1805.

(5) If a public school academy board member or public school academy administrator has a substantial conflict of interest in a proposed contract, the public school academy shall not enter into that contract. As used in this subsection, "substantial conflict of interest" means a conflict of interest on the part of a public school academy board member or public school academy administrator in respect to a contract with the public school academy that is of such substance as to induce action on his or her part to promote the contract for his or her own personal benefit. In the following cases, there is no substantial conflict of interest:

(a) A contract between the public school academy and any of the following:

(i) A corporation in which a public school academy board member or public school academy administrator is a stockholder owning 1% or less of the total stock outstanding in any class if the stock is not listed on a stock exchange or owning stock that has a present market value of \$25,000.00 or less if the stock is listed on a stock exchange.

(ii) A corporation in which a trust, if a public school academy board member or public school academy administrator is a beneficiary under the trust, owns 1% or less of the total stock outstanding in any class if the stock is not listed on a stock exchange or owning stock that has a present market value of \$25,000.00 or less if the stock is listed on a stock exchange.

(iii) A professional limited liability company organized pursuant to the Michigan limited liability company act, 1993 PA 23, MCL 450.5101 to 450.6200, if a public school academy board member or public school academy administrator is an employee but not a member of the company.

(b) A contract between the public school academy and any of the following:

(i) A corporation in which a public school academy board member or public school academy administrator is not a stockholder owning more than 1% of the total stock outstanding in any class if the stock is not listed on a stock exchange; is not a stockholder owning stock that has a present market value in excess of \$25,000.00 if the stock is listed on a stock exchange; or is not a director, officer, or employee.

(ii) A firm, partnership, or other unincorporated association, in which a public school academy board member or public school academy administrator is not a partner, member, or employee.

(iii) A corporation or firm that has an indebtedness owed to a public school academy board member or public school academy administrator.

(c) A contract awarded to the lowest qualified bidder, upon receipt of sealed bids pursuant to a published notice for bids if the notice does not bar, except as authorized by law, any qualified person, firm, corporation, or trust from bidding. This subdivision does not apply to amendments or renegotiations of a contract or to additional payments under the contract that were not authorized by the contract at the time of award.

(6) If a public school academy board member, public school academy administrator, or an employee of a public school academy who recommends, negotiates, or is authorized to sign a contract on behalf of the public school academy either is employed by or under contract with a business enterprise with which the public school academy is considering entering into a contract or knows that he or she has a family member who has an ownership interest in or is employed by a business enterprise with which the public school academy is considering entering into a contract, the board member, administrator, or employee shall disclose this fact to the public school academy board of directors at a public meeting of the public school academy board of directors before the public school academy board of directors enters into the contract. If the public school academy board of directors receives a disclosure described in this subsection, the public school academy board of directors shall vote at a public meeting of the public school academy board of directors on whether or not it considers the relationship described in the disclosure to be a conflict of interest, and shall not enter into the contract without first voting at a public meeting of the public school academy board of directors to enter into the contract. As used in this subsection, "family member" means a person's spouse or spouse's sibling or child; a person's sibling or sibling's spouse or child; a person's child or child's spouse; or a person's parent or parent's spouse, and includes these relationships as created by adoption or marriage.

(7) A public school academy board of directors shall ensure that each employment contract with a school administrator employed by the public school academy includes both a provision prohibiting the school administrator from engaging in conduct involving moral turpitude and a provision allowing the public school academy board of directors to void the contract if the school administrator violates the provision prohibiting conduct involving moral turpitude.

(8) Beginning January 1, 2005, the monetary amounts specified in subsections (2) and (4) shall be adjusted each January 1 pursuant to the annual average percentage increase or decrease in the Detroit consumer price

index—all items. The adjustment for each year shall be made by comparing the percentage increase or decrease in the Detroit consumer price index for the preceding August by the corresponding Detroit consumer price index—all items 1 year earlier. The resultant percentage change shall then be multiplied by the affected monetary amount. These results shall be rounded up to the nearest dollar and added to or subtracted from the current monetary amounts as previously adjusted by this subsection to determine the new amount for that year. The adjustment shall apply only to expenditures or violations occurring after the date of the adjusting of the amount. The adjusted amount shall be determined and announced by the department on or before December 15 of each year and shall be provided to all persons requesting the adjusted amount. If the index is unavailable, the department shall make a reasonable approximation.”.

The question being on the adoption of the amendment offered by Rep. Hopgood,

Point of Order

Rep. Palmer requested a ruling from the Chair regarding the germaneness of the amendment offered by Rep. Hopgood.

The Chair ruled that the amendment is not germane pursuant to House Rule 64.

Rep. Ruth Johnson moved that the bill be placed on the order of Third Reading of Bills.
The motion prevailed.

Rep. Richardville 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

House Bill No. 5921, entitled

A bill to amend 1976 PA 451, entitled “The revised school code,” by amending section 612 (MCL 380.612) and by adding section 634.

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

Roll Call No. 744

Yeas—91

Accavitti	Garfield	Middaugh	Sheltrown
Acciavatti	Gieleghem	Milosch	Shulman
Adamini	Gleason	Moolenaar	Spade
Amos	Hager	Mortimer	Stahl
Bieda	Hart	Murphy	Stakoe
Bisbee	Hoogendyk	Newell	Steil
Bradstreet	Howell	Nitz	Stewart
Brandenburg	Huizenga	Nofs	Tabor
Brown	Hummel	O’Neil	Taub
Byrum	Hune	Palmer	Tobocman
Casperson	Hunter	Palsrok	Vagnozzi
Caswell	Jamnack	Pappageorge	Van Regenmorter
Caul	Johnson, Rick	Pastor	Vander Veen
Condino	Johnson, Ruth	Plakas	Voorhees
Dennis	Julian	Pumford	Walker
DeRoche	Koetje	Richardville	Ward
DeRossett	Kolb	Rivet	Wenke
Drolet	Kooiman	Robertson	Whitmer
Ehardt	LaJoy	Rocca	Williams
Emmons	LaSata	Sak	Wojno
Farhat	Lipsey	Shackleton	Woodward
Farrah	McConico	Shaffer	Woronchak
Gaffney	Meyer	Sheen	

Nays—16

Clack	Hardman	Meisner	Smith
Daniels	Hood	Minore	Stallworth
Elkins	Hopgood	Phillips	Waters
Gillard	Law	Reeves	Zelenko

In The Chair: Julian

The question being on agreeing to the title of the bill,

Rep. Richardville moved to amend the title to read as follows:

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 611, 612, 614, 614a, 616, 617, and 701 (MCL 380.611, 380.612, 380.614, 380.614a, 380.616, 380.617, and 380.701), section 611 as amended by 1981 PA 87, section 614 as amended by 2004 PA 233, section 614a as added by 2004 PA 234, and sections 616, 617, and 701 as amended by 2003 PA 299, and by adding section 634.

The motion prevailed.

The House agreed to the title as amended.

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

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

Reps. Hopgood, Law, Phillips and Waters, having reserved the right to explain their protest against the passage of the bill, made the following statement:

"Mr. Speaker and members of the House:

I voted no on House Bill 5921 (H-3) because the bill, while well intentioned, does not go far enough. I would have liked the opportunity to vote on an amendment that would have extended to charter schools the same accountability standards set forth in the bill for intermediate school districts (ISDs). When are House Republicans going to show the citizens of this state that they are serious about holding charter schools to the same accountability standards as other public schools.

With this bill, layers of additional oversight are added for ISDs to ensure they are held properly accountable and yet a blind eye is turned to the actions of charter schools. For this reason, I voted against this bill."

By unanimous consent the House returned to the order of

Motions and Resolutions

THIS RESOLUTION IS OFFERED TO COMPLY WITH MCL §§ 18.1246, 830.415, and 830.417 AND REQUIRES A RECORD ROLL CALL VOTE

Rep. Shackleton offered the following concurrent resolution:

House Concurrent Resolution No. 67.

A concurrent resolution approving an increase in Total Project Cost, 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 Community Health Center for Forensic Psychiatry.

Whereas, The Department of Community Health Center for Forensic Psychiatry (the "Facility") was established in 1999 PA 265 at a Total Facility Cost of \$95,100,000, of which the State Building Authority (the "Authority") share was \$0 and the State General Fund/General Purpose share was \$95,100,000; and

Whereas, 2001 PA 81 maintained the Total Project Cost at \$95,100,000 and increased the Authority's share by \$95,099,900 to a share of \$95,099,900, and decreased the State General Fund/General Purpose share by \$95,099,900 to a share of \$100; and

Whereas, It is estimated that the total cost to complete the project has increased to \$109,900,000, thereby increasing the State Building Authority share by \$14,800,000, from \$95,099,900 to \$109,899,900; and

Whereas, Pursuant to section 246 of 1984 PA 431, as amended, being MCL § 18.1246, the authorized cost of projects shall only be established or revised by specific reference in a budget act, by concurrent resolution adopted by both houses of the legislature, or inferred by the total amount of any appropriations made to complete plans and construction; and

Whereas, Section 5 of 1964 PA 183, as amended, being MCL § 830.415, requires the approval of the State Administrative Board, the Attorney General, and the Michigan Legislature by concurrent resolution concurred in by a majority of the members elected to and serving in each house, with the votes and names of the members voting thereon entered in the journal, before land owned by the State of Michigan (the “State”) may be conveyed to the State Building Authority (the “Authority”); and

Whereas, The site for the Facility, located in Washtenaw County, is currently owned by the State; and

Whereas, Section 7 of 1964 PA 183, as amended, being MCL § 830.417, requires the approval of the State Administrative Board and the Michigan Legislature by concurrent resolution concurred in by a majority of the members elected to and serving in each house, with the votes and names of the members voting thereon entered in the journal, before the State may enter into a lease with the Authority upon a showing of a public purpose; and

Whereas, Providing additional space to be used by the State pursuant to the lease for the Facility is a recognized public purpose; and

Whereas, A lease between the Authority and the State has been prepared providing for the leasing of the Facility by the Authority to the State (the “Lease”); and

Whereas, The Executive Director of the Authority has furnished the Joint Capital Outlay Subcommittee of the Legislature with information and documents relative to the Lease; now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Total Facility Cost for the Department of Community Health Center for Forensic Psychiatry shall not exceed \$109,900,000 (the Authority share shall not exceed \$109,899,900 and the State General Fund/General Purpose share shall not exceed \$100), plus interest charges on monies advanced by the State to meet the construction cash flow requirements of the Facility, if any, of which not more than \$109,899,900, plus interest charges on monies advanced by the State to meet the construction cash flow requirements of the Facility, if any, shall be financed from bonds issued by the Authority, exclusive of amounts necessary for reserves, interest, or other nonconstruction costs; and be it further

Resolved, That the Legislature hereby approves the necessary conveyances of property to the Authority as more particularly described in the Lease and attachments thereto; and be it further

Resolved, That the Legislature hereby approves the Authority acquiring the Facility and leasing it to the State and hereby determines that the leasing of the Facility from the Authority is for a public purpose as authorized by 1964 PA 183, as amended; and be it further

Resolved, That the annual amounts of “True Rental” for the Facility shall be within or below the range of \$7,535,000 and \$10,035,000, as shall reflect variations that may occur in the components upon which the appraisal of True Rental was based, which amounts shall be certified by the appraiser and thereafter approved by the State Administrative Board and the Authority as authorized by 1964 PA 183, as amended; and be it further

Resolved, That the Lease is hereby approved by this concurrent resolution, and the Governor and the Secretary of State are authorized and directed to execute the Lease for and on behalf of the State; and be it further

Resolved, That, by hereby approving the Lease between the State and the Authority, the Legislature agrees to appropriate annually sufficient amounts to pay the rent as obligated pursuant to the Lease; and be it further

Resolved, That the Legislature hereby directs any damages or settlements received by the State of Michigan resulting from the construction of the Facility shall be deposited as State General Fund/General Purpose money; and be it further

Resolved, That a copy of this concurrent resolution be transmitted to the Governor, the Secretary of State, the Authority, and the State Budget Director.

Pending the reference of the concurrent resolution to a committee,

Rep. Richardville moved that Rule 77 be suspended and the concurrent 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 concurrent resolution,

The Clerk made the following statement:

“Mr. Speaker and members of the House, the lease and exhibits attached to the resolution are available for review by the membership in the Clerk’s office.”

The question being on the adoption of the concurrent resolution,

The concurrent resolution was adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 745

Yeas—102

Accavitti	Hager	Milosch	Sheltrown
Acciavatti	Hardman	Minore	Shulman
Adamini	Hart	Moolenaar	Smith

Amos	Hood	Mortimer	Spade
Bieda	Hoogendyk	Murphy	Stahl
Bisbee	Hopgood	Newell	Stakoe
Brown	Howell	Nitz	Stallworth
Byrum	Huizenga	Nofs	Steil
Casperson	Hummel	O'Neil	Stewart
Caswell	Hune	Palmer	Tabor
Caul	Hunter	Palsrok	Tobocman
Clack	Jamnick	Pappageorge	Vagnozzi
Condino	Johnson, Rick	Pastor	Van Regenmorter
Daniels	Johnson, Ruth	Phillips	Vander Veen
Dennis	Julian	Plakas	Voorhees
DeRoche	Koetje	Pumford	Walker
DeRossett	Kolb	Reeves	Ward
Ehardt	Kooiman	Richardville	Waters
Elkins	LaJoy	Rivet	Wenke
Emmons	LaSata	Robertson	Whitmer
Farhat	Law	Rocca	Williams
Farrah	Lipsey	Sak	Wojno
Gaffney	McConico	Shackleton	Woodward
Gielegem	Meisner	Shaffer	Woronchak
Gillard	Meyer	Sheen	Zelenko
Gleason	Middaugh		

Nays—5

Bradstreet	Drolet	Garfield	Taub
Brandenburg			

In The Chair: Julian

Reports of Select Committees

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning
House Bill No. 5520, entitled

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2005; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

Recommends:

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

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2005; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the judicial branch for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

For Fiscal Year
Ending Sept. 30,
2005

JUDICIARY

APPROPRIATION SUMMARY:

Full-time equated exempted positions	582.5	
GROSS APPROPRIATION		\$ 253,216,700
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		4,633,500
ADJUSTED GROSS APPROPRIATION		\$ 248,583,200
Federal revenues:		
Total federal revenues		4,015,600
Special revenue funds:		
Total local revenues		3,298,100
Total private revenues		842,500
Total other state restricted revenues		82,333,700
State general fund/general purpose		\$ 158,093,300
Sec. 102. SUPREME COURT		
Full-time equated exempted positions	285.0	
Supreme court administration—117.0 FTE positions		\$ 10,704,000
Judicial institute—19.0 FTE positions		2,661,300
State court administrative office—79.0 FTE positions		10,149,100
Judicial information systems—21.0 FTE positions		4,608,500
Direct trial court automation support—33.0 FTE positions		3,298,100
Foster care review board—12.0 FTE positions		1,207,500
Community dispute resolution—4.0 FTE positions		2,248,400
Other federal grants		275,000
Drug treatment courts		4,635,000
GROSS APPROPRIATION		\$ 39,786,900
Appropriated from:		
Interdepartmental grant revenues:		
IDG from department of community health		1,800,000
IDG from department of career development		95,000
IDG from state police - criminal justice improvement		2,015,000
IDG from state police - Michigan justice training fund		300,000
Federal revenues:		
DOJ, victims assistance programs		50,000
DOJ, drug court training and evaluation		300,000
DOT, national highway traffic safety administration		215,300
HHS, access and visitation grant		387,000
HHS, children's justice grant		200,000
HHS, court improvement project		1,160,000
HHS, title IV-D child support program		907,700
HHS, title IV-E foster care program		520,600
Other federal grant revenues		275,000
Special revenue funds:		
Local - user fees		3,298,100
Private		169,000
Private - interest on lawyers trust accounts		232,700
Private - state justice institute		370,800
Community dispute resolution fund		2,248,400
Law exam fees		482,100
Drug court fund		1,688,300
Miscellaneous revenue		227,900
Justice system fund		600,000
State court fund		319,000
State general fund/general purpose		\$ 21,925,000

	For Fiscal Year Ending Sept. 30, 2005
Sec. 103. COURT OF APPEALS	
Full-time equated exempted positions	228.5
Court of appeals operations—228.5 FTE positions	\$ 17,911,800
GROSS APPROPRIATION	\$ 17,911,800
Appropriated from:	
Special revenue funds:	
Court filing/motion fees	1,746,000
Miscellaneous revenue	77,800
State general fund/general purpose	\$ 16,088,000
Sec. 104. BRANCHWIDE APPROPRIATIONS	
Full-time equated exempted positions	4.0
Branchwide appropriations—4.0 FTE positions	\$ 7,077,900
GROSS APPROPRIATION	\$ 7,077,900
Appropriated from:	
State general fund/general purpose	\$ 7,077,900
Sec. 105. JUSTICES' AND JUDGES' COMPENSATION	
Full-time judges positions	613.0
Supreme court justices' salaries—7.0 judges	\$ 1,152,300
Court of appeals judges' salaries—28.0 judges	4,240,300
District court judges' state base salaries—258.0 judges	23,877,200
District court judicial salary standardization	11,796,800
Probate court judges' state base salaries—103.0 judges	9,030,800
Probate court judicial salary standardization	4,344,200
Circuit court judges' state base salaries—217.0 judges	20,416,900
Circuit court judicial salary standardization	9,910,700
Judges' retirement system defined contributions	2,704,100
OASI, social security	4,689,700
GROSS APPROPRIATION	\$ 92,163,000
Appropriated from:	
Special revenue funds:	
Court fee fund	7,090,200
State general fund/general purpose	\$ 85,072,800
Sec. 106. JUDICIAL AGENCIES	
Full-time equated exempted positions	10.0
Judicial tenure commission—10.0 FTE positions	\$ 989,000
GROSS APPROPRIATION	\$ 989,000
Appropriated from:	
State general fund/general purpose	\$ 989,000
Sec. 107. INDIGENT DEFENSE - CRIMINAL	
Full-time equated exempted positions	55.0
Appellate public defender program—47.0 FTE positions	\$ 4,586,500
Appellate assigned counsel administration—8.0 FTE positions	843,500
GROSS APPROPRIATION	\$ 5,430,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG from state police - Michigan justice training fund	423,500
Special revenue funds:	
Private - interest on lawyers trust accounts	70,000
Miscellaneous revenue	113,100
State general fund/general purpose	\$ 4,823,400
Sec. 108. INDIGENT CIVIL LEGAL ASSISTANCE	
Indigent civil legal assistance	\$ 7,337,000
GROSS APPROPRIATION	\$ 7,337,000
Appropriated from:	
Special revenue funds:	
State court fund	7,337,000
State general fund/general purpose	\$ 0

For Fiscal Year
Ending Sept. 30,
2005

Sec. 109. TRIAL COURT OPERATIONS

Court equity fund reimbursements	\$	68,906,000
Judicial technology improvement.....		4,465,000
GROSS APPROPRIATION.....	\$	73,371,000

Appropriated from:

Special revenue funds:

Court equity fund.....		46,788,800
Judicial technology improvement fund.....		4,465,000
State general fund/general purpose	\$	22,117,200

Sec. 110. GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT

Drug case-flow program	\$	250,000
Drunk driving case-flow program		2,300,000
Juror compensation reimbursement.....		6,600,000
Transcript fee reimbursement.....		100
GROSS APPROPRIATION.....	\$	9,150,100

Appropriated from:

Special revenue funds:

Drug fund		250,000
Drunk driving fund		2,300,000
Juror compensation fund		6,600,000
Transcript fee fund.....		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 2004-2005 is \$240,427,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is estimated at \$123,214,400.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

JUDICIARY

SUPREME COURT

State court administrative office	\$	511,900
Drug treatment courts		4,335,000

TRIAL COURT OPERATIONS

Court equity fund reimbursements	\$	68,906,000
Judicial technology improvement fund.....		4,465,000

JUSTICES' AND JUDGES' COMPENSATION

District court judicial salary standardization	\$	11,796,800
Probate court judges' state base salaries		9,030,800
Probate court judicial salary standardization.....		4,344,200
Circuit court judicial salary standardization.....		9,910,700
Grant to OASI contribution fund, employers share, social security.....		763,900

GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT

Drunk driving case-flow program	\$	2,300,000
Drug case-flow program		250,000
Juror compensation reimbursement.....		6,600,000
Transcript fee reimbursement.....		100
TOTAL	\$	123,214,400

Sec. 202. (1) The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

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

Sec. 203. As used in this act:

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

Sec. 207. At least 90 days before beginning any effort to privatize, the judicial branch 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 reporting requirements of this act shall be completed with the approval of, and at the direction of, the supreme court. Unless otherwise specified, the judicial branch shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

Sec. 211. (1) The judicial branch shall provide to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies a monthly report on all personal service contracts awarded without competitive bidding, pricing, or rate setting. The notification shall include all of the following:

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

(2) For personal service contracts of \$100,000.00 or more, the judicial branch shall provide a monthly report on all of the following:

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

Sec. 212. The judicial branch shall receive and retain copies of all reports funded from appropriations in part 1 and shall follow federal and state guidelines for short-term and long-term retention of these reports and records.

Sec. 214. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and 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. 215. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 shall be limited to situations in which 1 or more of the following conditions apply:

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

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

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

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

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

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

JUDICIAL BRANCH

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

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

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

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

Sec. 304. The judicial branch shall cooperate with the auditor general regarding audits of the judicial branch conducted pursuant to section 53 of article IV of the state constitution of 1963.

Sec. 305. To avoid the overexpenditure of funds appropriated under this act, the supreme court shall report quarterly to the state budget director and to the judiciary subcommittees of the house and senate appropriations committees regarding the status of the accounts set forth in part 1.

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

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

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

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

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

Sec. 310. From the funds appropriated in part 1 for drug treatment court programs, under the direction of the supreme court, the state court administrative office shall contract with 1 or more independent third parties for evaluation and monitoring of drug court programs funded by the judiciary. The evaluation shall include measures of the impact of drug court programs in changing offender criminal involvement (recidivism) and substance abuse and in reducing prison admissions. The evaluation of a program funded with federal Byrne funds shall be consistent with any requirements contained in the federal Byrne grant for that program. Evaluations required by this section shall to the extent feasible compare offenders treated under the programs with other offenders of similar characteristics. Not later than June 1, 2005, the state court administrative office shall provide a progress report regarding the status and findings of the evaluation to the senate and house appropriations subcommittees on the judiciary, the senate and house fiscal agencies, and the state budget director.

Sec. 311. (1) The funds appropriated in part 1 for drug treatment courts shall be administered by the state court administrative office to operate drug treatment court programs. A drug treatment court program shall not receive funds for more than 5 years. A drug treatment court shall be responsible for handling cases involving substance abusing nonviolent offenders through comprehensive supervision, testing, treatment services, and immediate sanctions and incentives. A drug treatment court shall use all available county and state personnel involved in the disposition of cases including, but not limited to, parole and probation agents, prosecuting attorneys, defense attorneys, and community corrections providers. The funds may be used in connection with other federal, state, and local funding sources.

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

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

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

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

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

Sec. 313. (1) The appropriation in part 1 for the judicial technology improvement fund shall be allocated for the development of a statewide judicial information system. The supreme court, working with the department of state police, department of corrections, secretary of state, prosecuting attorneys association of Michigan, and the department of information technology, will develop a statewide telecommunications infrastructure to integrate criminal justice information systems. The judicial technology improvement fund shall also provide grants to local trial court funding units to encourage technology innovations by local trial courts that will result in enhanced public service. These innovations will include, but not be limited to, electronic filing, on-line payments of fines and fees, and web-based instructions for completion of court documents.

(2) Funds in part 1 may be used to develop, operate, and maintain the cyber court created in chapter 80 of the revised judicature act of 1961, 1961 PA 236, MCL 600.8001 to 600.8029.

Sec. 314. If funds become available from the federal government for mental health courts, the state court administrative office shall assist those local trial courts who are interested in starting a mental health court in writing grants and any other assistance that may help them receive such funds.

Sec. 315. The judicial branch shall communicate regarding information technology activities with the department of information technology.

Sec. 317. From the funds appropriated in part 1 for transcript fee reimbursement, the judiciary shall reimburse counties for additional costs incurred in the event of a statutory increase in transcript fees under section 2543 of the revised judicature act of 1961, 1961 PA 236, MCL 600.2543.

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

A bill to make appropriations for the judicial branch for the fiscal year ending September 30, 2005; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

John Stewart
Glenn Steil, Jr.
Tupac Hunter
Conferees for the House

Alan L. Cropsey
Valde Garcia
Michael Switalski
Conferees for the Senate

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

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text 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. 746

Yeas—107

Accavitti	Gielegem	Meyer	Sheltrown
Acciavatti	Gillard	Middaugh	Shulman
Adamini	Gleason	Milosch	Smith
Amos	Hager	Minore	Spade
Bieda	Hardman	Moolenaar	Stahl
Bisbee	Hart	Mortimer	Stakoe

Bradstreet	Hood	Murphy	Stallworth
Brandenburg	Hoogendyk	Newell	Steil
Brown	Hopgood	Nitz	Stewart
Byrum	Howell	Nofs	Tabor
Casperson	Huizenga	O'Neil	Taub
Caswell	Hummel	Palmer	Tobocman
Caul	Hune	Palsrok	Vagnozzi
Clack	Hunter	Pappageorge	Van Regenmorter
Condino	Jamnick	Pastor	Vander Veen
Daniels	Johnson, Rick	Phillips	Voorhees
Dennis	Johnson, Ruth	Plakas	Walker
DeRoche	Julian	Pumford	Ward
DeRossett	Koetje	Reeves	Waters
Drolet	Kolb	Richardville	Wenke
Ehardt	Kooiman	Rivet	Whitmer
Elkins	LaJoy	Robertson	Williams
Emmons	LaSata	Rocca	Wojno
Farhat	Law	Sak	Woodward
Farrah	Lipsey	Shackleton	Woronchak
Gaffney	McConico	Shaffer	Zelenko
Garfield	Meisner	Sheen	

Nays—0

In The Chair: Julian

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **House Bill No. 5521, entitled**

A bill to make appropriations for the department of labor and economic growth, the Michigan strategic fund, and certain other state purposes for the fiscal year ending September 30, 2005; to provide for the expenditure of those appropriations; to provide for the imposition of certain fees; to provide for the disposition of fees and other income received by the state agencies; to provide for reports to certain persons; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

Recommends:

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

A bill to make appropriations for the department of labor and economic growth, the Michigan strategic fund, and certain other state purposes for the fiscal year ending September 30, 2005; to provide for the expenditure of those appropriations; to provide for the imposition of certain fees; to provide for the disposition of fees and other income received by the state agencies; to provide for reports to certain persons; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. The amounts listed in this part are appropriated for the department of labor and economic growth and the Michigan strategic fund, subject to the conditions set forth in this act, for the fiscal year ending September 30, 2005, from the funds identified in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF LABOR AND ECONOMIC GROWTH

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	58.5
Full-time equated classified positions	4,248.5
GROSS APPROPRIATION.....	\$ 1,241,865,600

	For Fiscal Year Ending Sept. 30, 2005
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	515,200
ADJUSTED GROSS APPROPRIATION	\$ 1,241,350,400
Federal revenues:	
Total federal revenues	836,502,100
Special revenue funds:	
Total local revenues	15,669,600
Total private revenues	4,140,100
Total other state restricted revenues	290,500,600
State general fund/general purpose	\$ 94,538,000
Sec. 102. EXECUTIVE DIRECTION	
Full-time equated unclassified positions	58.5
Full-time equated classified positions	256.0
Unclassified salaries	\$ 5,349,400
Energy office—9.0 FTE positions	4,213,500
Executive director programs—27.0 FTE positions	2,964,300
Policy development—25.0 FTE positions	2,734,700
Utility consumer representation	550,000
Regulatory efficiency improvements/backlog reduction initiative	665,600
MES board of review program—18.0 FTE positions	1,930,600
Commission on disability concerns—7.0 FTE positions	969,100
Commission for the blind—94.0 FTE positions	18,122,400
Youth low-vision program.....	241,800
Bureau of hearings—68.0 FTE positions.....	8,196,300
Rights-of-way oversight authority—5.0 FTE positions	500,000
Land bank fast track authority—3.0 FTE positions	650,000
GROSS APPROPRIATION.....	\$ 47,087,700
Appropriated from:	
Federal revenues:	
DOE-OEERE, multiple grants.....	3,679,100
DOL-ETA, unemployment insurance	9,392,500
DOL-ETA, workforce investment act.....	99,200
DOL, federal funds	269,900
DOL, multiple grants for safety and health	170,200
Federal revenues	13,804,500
HHS, temporary assistance for needy families	23,000
Special revenue funds:	
Local revenues	500,000
Private - oil overcharge.....	30,000
Private revenues.....	120,700
Bank fees	174,800
Boiler fees.....	33,500
Construction code fund	480,900
Consumer finance fees	61,200
Corporation fees.....	2,425,300
Credit union fees.....	112,700
Elevator fees	37,400
Fees and collections/asbestos	11,100
Insurance regulatory fees	566,200
Land bank fast track authority	650,000
Licensing and regulation fees.....	1,121,500
Liquor license fees.....	100,000
Liquor purchase revolving fund	1,773,500
Manufactured housing commission fees.....	159,900
Metro authority fund.....	500,000
Michigan state housing development authority fees and charges	475,900

	For Fiscal Year Ending Sept. 30, 2005
Motor carrier fees	36,100
Public utility assessments	1,399,600
Safety education and training fund.....	243,900
Second injury fund.....	82,300
Securities fees	2,328,900
Self-insurers security fund	22,300
Silicosis and dust disease fund.....	32,700
State restricted revenues	477,300
Tax tribunal fees	1,100
Utility consumer representation fund	550,000
Worker's compensation administrative revolving fund.....	80,800
State general fund/general purpose	\$ 5,059,700
Sec. 103. MANAGEMENT SERVICES	
Full-time equated classified positions	161.0
Administrative services—161.0 FTE positions.....	\$ 14,959,500
Building occupancy charges - property development services.....	9,282,400
Rent	17,338,600
Worker's compensation	1,947,700
Special project advances	940,000
Human resources optimization user charges.....	147,600
GROSS APPROPRIATION.....	\$ 44,615,800
Appropriated from:	
Interdepartmental grant revenues:	
IDG from department of community health	300,000
Federal revenues:	
CNS	295,700
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants	4,854,000
DOL-ETA, workforce investment act.....	439,100
DOL-ETA, unemployment insurance	14,125,000
DOL, federal funds	2,306,500
DOL, multiple grants for safety and health	573,600
Federal funds	20,600
Federal revenues	785,700
HHS, temporary assistance for needy families	311,400
Special revenue funds:	
Local revenue	135,500
Private - special project advances	940,000
Bank fees	287,800
Boiler fee revenue.....	239,100
Construction code fund	1,294,900
Consumer finance fees	103,900
Contingent fund, penalty and interest account	804,500
Corporation fees.....	2,584,100
Credit union fees.....	207,000
Elevator fees	268,100
Fees and collections/asbestos	45,300
Fire service fees	295,700
Insurance licensing and regulation fees.....	1,748,600
Insurance regulatory fees	553,600
Licensing and regulation fees.....	462,400
Liquor purchase revolving fund	3,784,500
Manufactured housing commission fees.....	243,300
Michigan state housing development authority fees and charges	2,933,300
Motor carrier fees	149,100
Private occupational school license fees	14,000
Public utility assessments	1,402,700

	For Fiscal Year Ending Sept. 30, 2005
Rehabilitation services fees.....	90,300
Safety education and training fund.....	359,900
Second injury fund.....	171,200
Securities fees.....	304,700
Self-insurers security fund.....	61,000
Silicosis and dust disease fund.....	68,600
Worker's compensation administrative revolving fund.....	95,600
State general fund/general purpose.....	\$ 955,500
Sec. 104. OFFICE OF FINANCIAL AND INSURANCE SERVICES	
Full-time equated classified positions.....	266.0
Administration—8.0 FTE positions.....	\$ 2,632,400
Financial evaluation—145.0 FTE positions.....	19,543,000
Policy conduct and consumer assistance—113.0 FTE positions.....	12,865,700
GROSS APPROPRIATION.....	\$ 35,041,100
Appropriated from:	
Federal revenues:	
Federal funds.....	50,400
Special revenue funds:	
Bank fees.....	7,078,600
Consumer finance fees.....	3,275,100
Credit union fees.....	4,484,200
Insurance continuing education fees.....	741,400
Insurance licensing and regulation fees.....	4,291,500
Insurance regulatory fees.....	13,288,100
Multiple employer welfare arrangement.....	65,700
Securities fees.....	1,766,100
State general fund/general purpose.....	\$ 0
Sec. 105. PUBLIC SERVICE COMMISSION	
Full-time equated classified positions.....	146.0
Administration, planning and regulation—146.0 FTE positions.....	\$ 18,734,700
Low-income/energy efficiency assistance.....	45,000,000
GROSS APPROPRIATION.....	\$ 63,734,700
Appropriated from:	
Federal revenues:	
DOE-OEERE, multiple grants.....	149,000
DOT-RSPA, gas pipeline safety.....	940,700
Special revenue funds:	
Low-income and energy efficiency fund.....	45,000,000
Motor carrier fees.....	1,958,500
Public utility assessments.....	15,686,500
State general fund/general purpose.....	\$ 0
Sec. 106. LIQUOR CONTROL COMMISSION	
Full-time equated classified positions.....	152.0
Management support services— 28.0 FTE positions.....	\$ 2,901,800
Liquor licensing and enforcement—124.0 FTE positions.....	11,587,700
Liquor law enforcement grants.....	6,000,000
Grant to department of agriculture, wine industry council.....	457,200
GROSS APPROPRIATION.....	\$ 20,946,700
Appropriated from:	
Special revenue funds:	
Liquor license revenue.....	11,411,500
Liquor purchase revolving fund.....	9,078,000
Nonretail liquor license revenue.....	457,200
State general fund/general purpose.....	\$ 0

For Fiscal Year
Ending Sept. 30,
2005

Sec. 107. MICHIGAN BROADBAND DEVELOPMENT AUTHORITY

Full-time equated classified positions	10.0	
Director of legal and regulatory affairs—1.0 FTE positions.....		\$ 143,400
Director of finance—1.0 FTE positions		134,500
Director of marketing and customer development—1.0 FTE positions		134,500
Director of accounting and purchasing—1.0 FTE positions		108,500
Project director—1.0 FTE positions		108,500
Director of community and government affairs—1.0 FTE positions		92,300
Executive assistant 13—1.0 FTE positions		71,100
Executive assistant 11—1.0 FTE positions.....		61,900
Accountant—1.0 FTE positions		54,000
Intern positions—1.0 FTE positions.....		30,000
Administration		357,900
GROSS APPROPRIATION.....		\$ 1,296,600
Appropriated from:		
Special revenue funds:		
Michigan broadband development authority fees and charges.....		1,296,600
State general fund/general purpose		\$ 0

Sec. 108. MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Full-time equated classified positions	232.0	
Payments on behalf of tenants		\$ 120,000,000
Housing and rental assistance program—232.0 FTE positions		31,624,300
GROSS APPROPRIATION.....		\$ 151,624,300
Appropriated from:		
Federal revenues:		
HUD, lower income housing assistance program		136,971,200
Special revenue funds:		
Michigan state housing development authority fees and charges		14,653,100
State general fund/general purpose		\$ 0

Sec. 109. TAX TRIBUNAL

Full-time equated classified positions	12.0	
Operations—12.0 FTE positions		\$ 1,371,300
GROSS APPROPRIATION.....		\$ 1,371,300
Appropriated from:		
Special revenue funds:		
Securities fees		376,100
Tax tribunal fees		688,300
State general fund/general purpose		\$ 306,900

Sec. 110. GRANTS

Fire protection grants		\$ 7,210,500
GROSS APPROPRIATION.....		\$ 7,210,500
Appropriated from:		
Special revenue funds:		
Fire protection fund		3,500,000
Liquor purchase revolving fund		3,710,500
State general fund/general purpose		\$ 0

Sec. 111. OCCUPATIONAL REGULATION

Full-time equated classified positions	409.0	
Code enforcement and fire safety—177.0 FTE positions		\$ 16,501,800
Boiler inspection program—23.0 FTE positions		2,305,200
Elevator inspection program—27.0 FTE positions		2,374,700
Commercial services—149.0 FTE positions.....		14,735,700
Local manufactured housing communities inspections.....		250,000
Manufactured housing and land resources program—22.0 FTE positions		2,749,300
Property development group—11.0 FTE positions		1,408,300
Remuneration grants.....		10,000,000
GROSS APPROPRIATION.....		\$ 50,325,000

	For Fiscal Year Ending Sept. 30, 2005
Appropriated from:	
Interdepartmental grant revenues:	
IDG from department of community health, inspection contract.....	111,100
Federal revenues:	
Federal funds	872,300
FEMA	150,000
DOT	85,000
Special revenue funds:	
Boiler fee revenue.....	2,460,000
Construction code fund	13,450,000
Corporation fees.....	5,143,000
Elevator fees	2,493,300
Fire service fees	2,100,000
Homeowner construction lien recovery fund.....	1,532,800
Licensing and regulation fees.....	8,307,100
Limited liability partnership revenue	10,000
Manufactured housing commission fees.....	2,364,300
Property development fees	253,200
Remonumentation fees	10,635,300
Real estate appraiser continuing education fund	45,000
Real estate education fund	217,500
State general fund/general purpose	\$ 95,100
Sec. 112. EMPLOYMENT RELATIONS	
Full-time equated classified positions	25.0
Employment and labor relations—25.0 FTE positions	\$ 3,306,400
GROSS APPROPRIATION.....	\$ 3,306,400
Appropriated from:	
Federal revenues:	
EEOC, federal funds	10,000
Special revenue funds:	
Securities fees	3,238,400
State general fund/general purpose	\$ 58,000
Sec. 113. SAFETY AND REGULATION	
Full-time equated classified positions	229.0
Occupational safety and health—229.0 FTE positions	\$ 23,829,900
GROSS APPROPRIATION.....	\$ 23,829,900
Appropriated from:	
Federal revenues:	
DOL, multiple grants for safety and health	11,400,100
Special revenue funds:	
Corporate fees.....	1,966,500
Fees and collections/asbestos	748,200
Licensing and regulation fees.....	1,062,200
Safety education and training fund.....	7,036,600
Securities fees	1,616,300
State general fund/general purpose	\$ 0
Sec. 114. BUREAU OF WORKER'S AND UNEMPLOYMENT COMPENSATION	
Full-time equated classified positions	1,216.0
Administration—96.6 FTE positions	\$ 8,721,700
Board of magistrates and appellate commission—19.4 FTE positions	2,591,700
Wage and hour division—31.0 FTE positions	2,381,200
Insurance funds administration—28.0 FTE positions	4,199,200
Supplemental benefit fund	1,300,000
Unemployment programs—963.7 FTE positions	76,928,100
Advocacy assistance program—8.0 FTE positions	1,500,000
Expanded fraud control program—33.2 FTE positions	2,789,200

	For Fiscal Year Ending Sept. 30, 2005
Special audit and collections program—34.0 FTE positions	2,467,500
Training program for agency staff—2.1 FTE positions	1,775,100
GROSS APPROPRIATION	\$ 104,653,700
Appropriated from:	
Federal revenues:	
DOL-ETA, employment and training administration	576,600
DOL-ETA, unemployment insurance	79,149,800
Federal Reed act funds.....	4,233,500
Special revenue funds:	
Corporation fees.....	3,512,000
Contingent fund, penalty and interest account	6,588,400
Licensing and regulation fees.....	703,500
Second injury fund.....	2,262,200
Securities fees	3,575,300
Self-insurers security fund	1,068,300
Silicosis and dust disease fund.....	868,700
Worker’s compensation administrative revolving fund.....	2,115,400
State general fund/general purpose	\$ 0
Sec. 115. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 42,159,400
GROSS APPROPRIATION	\$ 42,159,400
Appropriated from:	
Federal revenues:	
DOL-ETA, unemployment insurance	20,162,000
DOL, multiple grants for safety and health	188,500
Federal revenues	7,065,900
Special revenue funds:	
Bank fees	463,700
Boiler fee revenue.....	256,900
Construction code fund	1,395,100
Consumer finance fees	91,700
Corporation fees.....	1,665,900
Credit union fees.....	261,900
Elevator fees	247,000
Fees and collections/asbestos	11,000
Insurance regulatory fees	483,600
Licensing and regulation fees.....	1,077,700
Liquor purchase revolving fund	4,216,700
Manufactured housing commission fees.....	69,900
Michigan state housing development authority fees and charges	1,798,800
Motor carrier fees	93,400
Public utility assessments	750,800
Safety education and training fund.....	277,000
Second injury fund.....	104,000
Securities fees	1,392,700
Self-insurers security fund	37,100
Silicosis and dust disease fund.....	48,100
State general fund/general purpose	\$ 0
Sec. 116. WORKFORCE DEVELOPMENT	
Full-time equated classified positions	878.5
Employment training services—503.0 FTE positions.....	\$ 83,780,300
Michigan career and technical institute—77.5 FTE positions	11,545,600
Employment services—246.0 FTE positions	44,334,000
Labor market information—52.0 FTE positions	5,747,700
GROSS APPROPRIATION	\$ 145,407,600

For Fiscal Year
Ending Sept. 30,
2005

Appropriated from:	
Federal revenues:	
CNS	1,585,900
DAG, employment and training	172,400
DED-OPSE, multiple grants.....	1,115,500
DED-OSERS, centers for independent living.....	58,200
DED-OSERS, rehabilitation long-term training	566,900
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants	47,335,400
DED-OSERS, state grants for technical related assistance.....	56,000
DOL-ETA, workforce investment act.....	4,077,500
DED, Perkins act	174,900
DOL, federal funds	61,821,500
DOL-ODEP.....	225,000
HHS, temporary assistance for needy families	3,207,100
HHS-SSA, supplemental security income	4,394,800
Special revenue funds:	
Local revenue	4,071,300
Local vocational rehabilitation match	3,054,000
Private - gifts, bequests, and donations	1,396,300
Contingent fund, penalty and interest account	1,710,600
Rehabilitation services fees.....	1,199,900
Second injury fund.....	51,500
Student fees	308,000
Training material fees	256,400
State general fund/general purpose	\$ 8,568,500
Sec. 117. CAREER EDUCATION PROGRAMS	
Full-time equated classified positions	57.0
Career and technical education—25.0 FTE positions	\$ 3,266,100
Postsecondary education—14.0 FTE positions	2,455,000
Adult education—16.0 FTE positions	2,304,400
Commission on Spanish-speaking affairs—2.0 FTE positions.....	221,000
GROSS APPROPRIATION.....	\$ 8,246,500
Appropriated from:	
Federal revenues:	
Federal revenues	6,116,700
Special revenue funds:	
Private occupational school license fees	388,600
Defaulted loan collection fees.....	100,000
State general fund/general purpose	\$ 1,641,200
Sec. 118. DEPARTMENT GRANTS	
Adult basic education.....	\$ 17,000,000
Carl D. Perkins grants.....	47,500,000
Focus:HOPE	5,860,200
Gear-up program grants	3,000,000
Job training programs subgrantees	119,612,700
Michigan community service commission subgrantees	5,900,000
Michigan virtual university	1,000,000
Personal assistance services	459,500
Precollege programs in engineering and the sciences.....	680,100
Vocational rehabilitation client services/facilities	54,989,500
Vocational rehabilitation independent living	3,079,700
Welfare-to-work programs	113,798,600
GROSS APPROPRIATION.....	\$ 372,880,300
Appropriated from:	
Federal revenues:	
CNS	5,500,000

	For Fiscal Year Ending Sept. 30, 2005
DAG, employment and training	13,000,000
DED-OESE, gear-up	3,000,000
DED-OSERS, centers for independent living	450,200
DED-OSERS, client assistance for individuals with disabilities	440,000
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants	35,797,900
DED-OSERS, rehabilitation services facilities	2,272,500
DED-OSERS, supported employment	1,541,300
DED-OSERS, state grants for technical related assistance	2,240,800
DED-OVAE, adult education.....	17,000,000
DED-OVAE, basic grants to states	47,500,000
DOL-ETA, workforce investment act.....	119,602,700
Federal section 903(d), SSA funds.....	21,300,000
HHS-SSA, supplemental security income	2,480,600
HHS, temporary assistance for needy families	67,299,000
Special revenue funds:	
Local vocational rehabilitation facilities match.....	1,278,300
Local vocational rehabilitation match	6,630,500
Private - gifts, bequests, and donations	800,000
Contingent fund, penalty and interest account	1,000,000
State general fund/general purpose	\$ 23,746,500
Sec. 119. MICHIGAN STRATEGIC FUND	
Full-time equated classified positions	199.0
Administration—39.0 FTE positions	\$ 2,732,400
Job creation services—160.0 FTE positions.....	19,600,700
Michigan promotion program.....	5,717,500
Economic development job training grants	10,048,000
Community development block grants	50,000,000
Technology tri-corridor: life sciences initiative.....	30,000,000
Human resources optimization user charges.....	29,500
GROSS APPROPRIATION	\$ 118,128,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDEQ, air quality fees	104,100
Federal revenues:	
DOL-ETA, employment service	813,600
HUD-CPD, community development block grant.....	52,200,700
Special revenue funds:	
Private - special project advances	853,100
Industry support fees.....	50,000
Tobacco settlement revenue	10,000,000
State general fund/general purpose	\$ 54,106,600

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 2004-2005 is \$385,038,600.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$25,112,200.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF LABOR AND ECONOMIC GROWTH

Fire protection grants.....	\$ 7,210,500
Liquor law enforcement	6,000,000
Local manufactured housing inspections.....	201,700
Remonumentation grants.....	10,000,000
Fire fighters training council.....	1,700,000
Total department of labor and economic growth	\$ 25,112,200

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

Sec. 203. As used in this appropriation act:

- (a) "CEO" means chief executive officer of the Michigan economic development corporation.
- (b) "CNS" means the corporation for national services.
- (c) "DAG" means the United States department of agriculture.
- (d) "DED" means the United States department of education.
- (e) "DED-OESE" means the DED office of elementary and secondary education.
- (f) "DED-OPSE" means the DED office of postsecondary education.
- (g) "DED-OSERS" means the DED office of special education rehabilitation services.
- (h) "DED-OVAE" means the DED office of vocational and adult education.
- (i) "Department" means the department of labor and economic growth, including the Michigan strategic fund.
- (j) "Director" means the director of the department of labor and economic growth.
- (k) "DOE" means the United States department of energy.
- (l) "DOE-OEERE" means the DOE office of energy efficiency and renewable energy.
- (m) "DOL" means the United States department of labor.
- (n) "DOL-ETA" means the DOL employment and training administration.
- (o) "DOL-ODEP" means the DOL office of disability employment policy.
- (p) "DOT" means the United States department of transportation.
- (q) "DOT-RSPA" means the DOT research and special programs administration.
- (r) "EEOC" means equal employment opportunity commission.
- (s) "Fiscal agencies" means Michigan house fiscal agency and Michigan senate fiscal agency.
- (t) "FTE" means full-time equated.
- (u) "Fund" means the Michigan strategic fund.
- (v) "GED" means general education degree.
- (w) "HHS" means the United States department of health and human services.
- (x) "HHS-SSA" means HHS social security administration.
- (y) "HUD" means the United States department of housing and urban development.
- (z) "HUD-CPD" means HUD community planning and development.
- (aa) "IDG" means interdepartmental grant.
- (bb) "MDCH" means the Michigan department of community health.
- (cc) "MDEQ" means the Michigan department of environmental quality.
- (dd) "MEDC" means the Michigan economic development corporation, which is the public body corporate created under section 28 of article VII of the state constitution of 1963 and the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by contractual interlocal agreement effective April 5, 1999, between local participating economic development corporations formed under the economic development corporations act, 1974 PA 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund.
- (ee) "MES" means Michigan employment security.
- (ff) "Subcommittees" means all members of the subcommittees of the house and senate appropriations committees with jurisdiction over the budget for the department.

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 full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department or state classified civil service positions funded fully by federal funds.

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

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

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

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

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

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

Sec. 212. The department shall receive and retain copies of all reports funded from appropriations in part 1. The department shall follow federal and state guidelines for short-term and long-term retention of these reports and records.

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

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

Sec. 216. It is the intent of the legislature that all revenue sources for funds appropriated in part 1 shall not be aggregated into general categories and shall be specifically identified and detailed as much as possible.

Sec. 217. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 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.

REGULATORY

Sec. 301. The appropriation in part 1 for fire protection grants from the liquor purchase revolving fund and the fire protection fund shall be appropriated to cities, villages, and townships with state-owned facilities for fire services, instead of taxes, in accordance with 1977 PA 289, MCL 141.951 to 141.956.

Sec. 302. The funds collected by the office of financial and insurance services in connection with a conservatorship pursuant to section 32 of the mortgage brokers, lenders, and servicers licensing act, 1987 PA 173, MCL 445.1682, shall be appropriated for all expenses necessary to provide for the required services. Funds are available 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. 303. The funds collected by the department from corporations being liquidated pursuant to the insurance code of 1956, 1956 PA 218, MCL 500.100 to 500.8302, shall be appropriated for all expenses necessary to provide for the required services. Funds are available 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. 304. The department may make available to interested entities otherwise unavailable customized listings of nonconfidential information in its possession, such as names and addresses of licensees, and charge for this information as follows: base fee for 1 to 1,000 records at the cost to the department; 1,001 to 10,000 records at 2.5 cents per record; and 10,001 or more records at .5 cents per record. The revenue received from this service may be used to offset expenses of programs as appropriated in part 1. The balance of this revenue collected and unexpended at the end of the fiscal year shall revert to the appropriate restricted revenue account or fund or, in absence of such an account or fund, to the general fund. The department shall submit an annual report on or before December 1 of each year to the state budget office and the subcommittees that states the amount of revenue received from the sale of information.

Sec. 306. The Michigan state housing development authority shall annually present a report to the state budget office and the subcommittees on the status of the authority's housing production goals under all financing programs established or administered by the authority. The report shall give special attention to efforts to raise affordable multifamily housing production goals.

Sec. 308. The funds collected by the department for licenses, permits, and other elevator regulation fees set forth in R 408.8151 of the Michigan administrative code and as determined under section 8 of 1976 PA 333, MCL 338.2158, and section 16 of 1967 PA 227, MCL 408.816, that are unexpended at the end of the fiscal year shall carry forward to the subsequent fiscal year. The department shall submit a report on an annual basis to the state budget office and the subcommittees on the amount of funds available under this section.

Sec. 309. If the revenue collected by the department for occupational safety and health from fees and collections exceeds the amount appropriated in part 1, the revenue may be carried forward 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. 310. Money appropriated under this act for fire safety programs shall not be expended unless, in accordance with section 2c of the fire prevention code, 1941 PA 207, MCL 29.2c, inspection and plan review fees will be charged according to the following schedule:

<u>Operation and maintenance inspection fee</u>		
<u>Facility type</u>	<u>Facility size</u>	<u>Fee</u>
Hospitals	Any	\$8.00 per bed
<u>Plan review and construction inspection fees for hospitals and schools</u>		
<u>Project cost range</u>		<u>Fee</u>
\$101,000.00 or less		minimum fee of \$155.00
\$101,001.00 to \$1,500,000.00		\$1.60 per \$1,000.00
\$1,500,001.00 to \$10,000,000.00		\$1.30 per \$1,000.00
\$10,000,001.00 or more		\$1.10 per \$1,000.00
		or a maximum fee of \$60,000.00.

Sec. 313. If the revenue collected by the department from licensing and regulation fees exceeds the amount appropriated in part 1, the revenue may be carried forward 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. 314. Funds earned or authorized by the United States department of labor in excess of the gross appropriation in part 1 for the unemployment insurance agency and the employment service agency from the United States department of labor are appropriated and may be expended for staffing and related expenses incurred in the operation of its programs. These funds may be spent after the department notifies the state budget office and the subcommittees of the purpose and amount of each grant award.

Sec. 315. The department shall sell documents at a price not to exceed the cost of production and distribution. Money received from the sale of these documents shall revert to the department. The funds are available for expenditure when they are received by the department of treasury and may only be used for costs directly related to the continued updating and distribution of the documents pursuant to this section. This section applies only for the following documents:

(a) Corporation and securities division documents, reports, and papers required or permitted by law pursuant to section 1060(5) of the business corporation act, 1972 PA 284, MCL 450.2060.

(b) The subdivision control manual, the state boundary commission operations manual, and other local government assistance manuals.

(c) The Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1101 to 436.2303.

(d) The mobile home commission act, 1987 PA 96, MCL 125.2301 to 125.2349; the business corporation act, 1972 PA 284, MCL 450.1101 to 450.2098; the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192; and the uniform securities act, 1964 PA 265, MCL 451.501 to 451.818.

- (e) Labor law books.
- (f) Worker's compensation health care services rules.
- (g) Construction code manuals.
- (h) Copies of transcripts from administrative law hearings.

Sec. 317. The department, bureau of safety and regulation, shall provide an annual report by February 1 of each year to the state budget office, the fiscal agencies, and the subcommittees on the number of individuals killed and the number of individuals injured on the job within industries regulated by the bureau during the most recent year for which data are available.

Sec. 322. From the funds appropriated in part 1 for utility consumer representation, the department shall produce and facilitate the airing of public service announcements that inform utility customers of the availability and purpose of these funds. The utility consumer participation board shall report to the subcommittees, fiscal agencies, and state budget office by September 30 on its efforts in this area, including the amount of expenditures made for this purpose.

Sec. 326. The appropriation in part 1 for the Michigan commission for the blind includes funds for case services. These funds may be used for tuition payments for blind clients for the school year beginning September 2004.

Sec. 330. (1) The bureau of worker's and unemployment compensation shall include in the remote initial claims center (RICCS) automated phone system a choice to speak with an employee of the unemployment agency as an option. This option should be provided in the system as early as possible as deemed appropriate in the system design. The department shall monitor the system to ensure compliance with these guidelines.

(2) The bureau of worker's and unemployment compensation should continue to provide training opportunities to employees affected with the implementation of RICCS.

Sec. 332. It is the intent of the legislature that the department make every effort to hold administrative law hearings on actions initiated by the department against regulated businesses or against individuals in regulated occupations in locations that are within 150 miles of the regulated business or of the office of the individual in a regulated occupation. In addition, it is the intent of the legislature that the department make every effort to hold administrative law hearings on actions initiated by an individual outside the department in locations within 150 miles of the home of the individual bringing the action if that individual wishes to testify at the hearing.

Sec. 335. The public service commission shall report by June 1 of each year to the subcommittees, the state budget office, and the fiscal agencies on the distribution of funds appropriated in part 1 for the low-income/energy efficiency assistance program.

Sec. 336. The department shall provide the subcommittees, fiscal agencies, and state budget director with a report on or before December 1 outlining actual expenditures for the last completed fiscal year for each division within the office of financial and insurance services.

Sec. 340. The office of financial and insurance services shall provide copies of the quarterly and annual financial filings of health maintenance organizations to the fiscal agencies on a timely basis.

Sec. 347. In addition to the funds appropriated in part 1 for fire protection grants, \$3,700,000.00 shall be appropriated contingent upon enactment of House Bill No. 5313 of the 92nd Legislature and the meeting of the threshold conditions on revenue.

Sec. 349. The department and the Michigan state housing development authority shall work collaboratively with other state departments and agencies to maximize the use of available Michigan state housing development authority fund equity to provide senior assisted living that offers a continuum of care from independent apartments to assisted living to nursing care and Alzheimer programs.

Sec. 350. (1) The department shall allocate funds to promote awareness of the right of a policyholder, subscriber, member, enrollee, or other individual participating in a health benefit plan, after the covered person has exhausted the health carrier's internal grievance process provided for by law, to request an external review for an adverse determination.

(2) As used in this section, "covered person" means that term as defined in section 3 of the patient's right to independent review act, 2000 PA 251, MCL 550.1903.

Sec. 351. (1) The department shall issue a report to the subcommittees by the end of each calendar year, but not later than December 31 of each year, showing the date each real estate continuing education course was submitted for approval and the date of final disposition, approval, or denial.

(2) The department shall post on its website the approved real estate continuing education courses, as well as the dates, times, instructors, locations, course title, and credit hours of the courses.

(3) The department shall have available to the public online the precensure and continuing education course approvals.

(4) It is the intent of the legislature that sponsors of continuing education be able to report an applicant's or licensee's completion of courses to the department via electronic methods.

Sec. 352. From the funds appropriated in part 1 for unclassified salaries, the department shall provide funding for 5 worker's compensation appellate commissioners and 26 worker's compensation board of magistrates. Expenditures shall be made so that the 2 bodies shall decide worker's compensation cases in a timely manner.

Sec. 353. (1) The department shall prepare a detailed report and deliver it to the subcommittees not later than January 15, 2005.

(2) The report shall contain input from a delegate appointed from and by the following organizations:

- (a) Michigan fire chiefs association.
- (b) Michigan state fireman's association.
- (c) Michigan firefighter's union.
- (d) Michigan fire service instructors association.
- (e) Michigan fire inspectors society.
- (f) Michigan chapter of the international association of arson investigators.

(3) The report prepared pursuant to subsection (1) shall contain information about the quality and adequacy of service from the state fire investigation, education, and training under the reorganization of the fire marshal division responsibilities. The report shall be based on the performance of the fire marshal division in the performance of its fire safety duties during fiscal year 2003-2004.

Sec. 356. It is the intent of the legislature that the Michigan commission for the blind work collaboratively with service organizations to identify qualified match dollars to maximize use of available federal funds.

Sec. 357. If there is insufficient funding in part 1 for remonumentation grants to meet the programmatic needs, the department is encouraged to request additional authorization through the legislative process.

Sec. 358. The real estate education fund created in section 37 of the state license fee act, 1979 PA 152, MCL 338.2237, and administered by the department shall allow prelicensure and postlicensure education to be delivered through on-line courses by a community college, university, or private school, after licensure and approval by the department. Expenditures from this fund may also be made to support department grants for educational providers to establish on-line courses that would be made available to students throughout the year.

Sec. 360. The department shall create a tracking system for real estate license continuing education credits that would allow the licensee to ascertain the number of approved course credits that the licensee has completed.

Sec. 361. In addition to the amounts appropriated in part 1 for the administration of the land bank fast track authority, the authority may expend revenues received under the land bank fast track act, 2003 PA 258, MCL 124.751 to 124.774, for the purposes authorized by the act including, but not limited to, the acquisition, lease, management, demolition, maintenance, or rehabilitation of real or personal property, payment of debt service for notes or bonds issued by the authority, and other expenses to clear or quiet title property held by the authority.

Sec. 362. (1) Of the funds appropriated in part 1 for the department, \$200,000.00 may be used for administration and enforcement of boxing regulation in Michigan.

(2) It is the intent of the legislature that any additional responsibilities associated with the administration and enforcement of boxing regulation be accompanied by the passage and statutory changes that would provide an adequate fee structure to support those activities within the department.

Sec. 363. It is the intent of the legislature that the next vacancy on the worker's compensation board of magistrates be filled by an individual that is a permanent resident in the Upper Peninsula.

Sec. 364. The department shall provide a report to the chairs of the appropriation subcommittees on labor and economic growth by January 1 on the total administrative costs allocated for the broadband development authority. These costs should include all staffing and other related costs associated with contracts. The report shall also include any payments to date for reimbursement to the Michigan state housing development authority. If no payments have been made, then the report shall include a detailed plan outlining the reimbursement schedule.

WORKFORCE AND CAREER DEVELOPMENT

Sec. 401. The Michigan career and technical institute may receive equipment and in-kind contributions for the direct support of staff services through the Pine Lake fund, the Delton-Kellogg school district or other local or intermediate school district, or any combination of local or intermediate school districts in addition to those authorized in part 1.

Sec. 402. The Michigan rehabilitation service shall make every effort to ensure that all sources of matching funds in this state are used to obtain federal vocational rehabilitation funds. All sources include, but are not limited to, privately raised funds to support public nonprofit rehabilitation centers as permitted by the rehabilitation act of 1973, Public Law 93-112, 29 USC 701 to 718, 720 to 751, 760 to 765, 771 to 776, 780 to 785, 791 to 794e, 795 to 795n, and 796 to 796l.

Sec. 403. The local match requirements for vocational rehabilitation facilities establishment grants shall not exceed 21.3% for the fiscal year ending September 30.

Sec. 404. (1) Of the funds appropriated in part 1 for vocational rehabilitation independent living, all general fund/general purpose revenue not used to match federal funds shall be used for the support of centers for independent living which are in compliance with federal standards for such centers, for the development of new centers in areas presently unserved or underserved, for technical assistance to centers, and for projects to build capacity of centers to deliver independent living services. Applications for such funds shall be reviewed in accordance with criteria and procedures established by the statewide independent living council, the Michigan rehabilitation services unit within the department, and the Michigan commission for the blind. Funds must be used in a manner consistent with the priorities

established in the state plan for independent living. The department is directed to work with the Michigan association of centers for independent living and the local workforce development boards to identify other competitive sources of funding.

(2) The statewide independent living council and the Michigan association of centers for independent living shall jointly produce a report providing the following information:

(a) Results in terms of enhanced statewide access to independent living services to individuals who do not have access to such services through other existing public agencies, including measures by which these results can be monitored over time. These measures shall include:

(i) Total number of persons assisted by the centers and a comparison to the number assisted in the previous year.

(ii) Number of persons moved out of nursing homes into independent living situations and a comparison to the number assisted in the previous year.

(iii) Number of persons for whom accommodations were provided to enable independent living or access to employment and a comparison to the number assisted in the previous year.

(iv) The total number of disabled individuals served by personal care attendants and the number of personal care attendants provided through the use of any funds appropriated in part 1 administered by a center for independent living and a comparison to the number served in the previous year.

(b) Information from each center for independent living receiving funding through appropriations in part 1 detailing their total budget for their most recently completed fiscal year as well as the amount within that budget funded through the vocational rehabilitation independent living grant program referenced in part 1, the total amount funded through other state agencies, the amount funded through federal sources, and the amount funded through local and private sources.

(c) Savings to state taxpayers in other specific areas that can be shown to be the direct result of activities funded from the vocational rehabilitation independent living grant program during the most recently completed state fiscal year.

(3) The report required in subsection (2) shall be submitted to the subcommittees, the fiscal agencies, and the state budget director on or before January 30.

Sec. 405. (1) The appropriation in part 1 to the department for the work first program shall be expended for grants which provide employment and training services to family independence program applicants and recipients and may be expended for grants that provide employment and training services to former family independence program recipients, as well as to recipients of noncash public assistance, specifically child day care, Medicaid, or food stamp benefits. The work first program, however, shall not be construed to be an entitlement to services.

(2) An applicant may be a school district, intermediate school district, community college, public or private nonprofit college or university, nonprofit organization that provides school-to-work transition programs or that provides employment and training services or vocational rehabilitation programs or state licensed accredited vocational or technical education programs, proprietary school licensed by the state board of education, local workforce development board, or a consortium consisting of any combination of school districts, intermediate school districts, community colleges, nonprofit organizations described in this subsection, licensed proprietary schools, or public or private nonprofit colleges or universities described in this subsection.

(3) When the work first job search requirements have been completed, if the participant has not found employment, the work first site shall identify the barriers which may have prevented the participant from obtaining employment and assist the client in removing those barriers. The work first site shall also identify appropriate education and job training programs which would be available to the participant. The department shall encourage the Michigan works! agencies to consider transportation challenges for work first participants placed in employment. When an individual is referred to work first because of an inability to retain employment, the Michigan works! agencies shall confer with the Michigan rehabilitation services, the family independence agency, or other professionals if considered appropriate by the Michigan works! agency to screen for and identify issues that are preventing the participant from succeeding in the labor market. Each Michigan works! agency shall determine locally the number of times an individual may be referred back to the program before consulting with other service agencies. If no prohibitive barriers to work are found, the individual shall comply with the work first program, or be subject to appropriate penalties.

(4) Work first program participants shall include applicants and recipients of the family independence program established under section 57a of the social welfare act, 1939 PA 280, MCL 400.57a, and such individuals referred to a job club program by a county family independence agency board or a county friend of the court as long as the participation in the job club is part of an application submitted under this section.

(5) Participants in the work first program shall not be enrolled and counted in membership in a school district or intermediate school district.

(6) The department will work with the family independence agency to coordinate support services to work first participants relating to special/emergency needs.

(7) Work first program participants must receive or be provided an explanation of the program including their benefits and responsibilities before the job interview phase of the program. This explanation shall include clear

guidelines with regard to an individual's eligibility for postemployment training support and for applying hours in training toward work requirements.

(8) The department shall make every effort to place a minimum of 50% of clients who participate in the work first program in positions that provide wages of \$8.00 per hour or more.

(9) The department shall submit to the fiscal agencies and the state budget director by March 15 a report on the work first program, including the number of participants served under this section, the number of persons who located employment through work first, the average wage of participants who found employment, the number of persons who retained jobs for 90 days, the number of participants placed in employment training and education programs, the number of clients referred to work first who failed to report, a compilation of barriers to employment by incidence and type experienced by participants, and the number of participants referred back to the family independence agency.

(10) The department shall provide to the state budget director and the fiscal agencies by May 15 and November 15 of each year a report on the work first grants. The report due by May 15 shall provide the information described in this subsection for each grant or contract awarded during the preceding 2 quarters of the state fiscal year. The report due by November 15 shall provide this information for each grant or contract awarded during the preceding full fiscal year. The report shall contain both of the following:

(a) The amount and recipient of each grant or contract.

(b) The number of participants in each service delivery area and the number of clients placed in employment in each service delivery area.

(11) The department shall make available to work first participants guidelines on eligibility for postemployment training and how training/education hours are applied toward work participation requirements. These guidelines will be presented during joint orientation conducted by the family independence agency and the department contracted staff in accordance with department policy issuances and family independence agency program bulletins. These guidelines presented by the department and the family independence agency shall balance the ability of participants to obtain training and subsequent long-term high-wage employment with the need to connect participants with the workplace. Any and all training/education, with the exception of high school completion and GED preparation, must be occupationally relevant and in demand in the labor market as determined by the workforce development board. Participants must make satisfactory progress to continue in a training/education component.

(12) The work participation requirement is up to 40 hours per week. However, work first participants may meet the work participation requirement by combining a minimum of 10 hours per week of work with training/education. Training/education may last up to 12 months and the calculated hours may include actual classroom seat time up to 10 hours per week plus up to 1 hour of study time for each hour of classroom seat time. Work first participants may enroll in additional hours of classroom seat time beyond 10 hours. However, these hours and the related study time will not count toward the work participation requirement. The training may be no longer than a 1-year program or the final year of a 2- or 4-year undergraduate program designed to lead to immediate labor force attachment.

(13) Work first participants may meet the work participation requirement through enrollment in a short-term vocational program requiring 30 hours of classroom seat time per week for a period not to exceed 6 months, or by enrollment in full-time internships, practicums, or clinicals required by an academic or training institution for licensure, professional certification, or degree completion, without an additional work requirement. In cases where a short-term vocational program lasts less than 6 months, the participant shall be eligible to enroll in 1 additional short-term vocational program for a combined period not to exceed a total of 6 months.

(14) Work first participants who lack a high school diploma or GED and who enroll in high school completion or classes to obtain a GED may count up to 10 hours of classroom seat time, combined with a minimum number of hours of work per week, to meet their work participation requirement. There shall be no time limit on high school completion. GED preparation shall be limited to 6 months.

(15) The department shall convene a work group to review and recommend available options for providing increased flexibility regarding the education requirements as outlined in this act.

Sec. 406. (1) Using all relevant state data sources, the department shall conduct a 3-year longitudinal study of all former work first participants, whose family independence program cases closed due to earnings during fiscal year 1999 and in succeeding fiscal years. The data will include the following:

(a) The number and percentage employed.

(b) The average hourly wage of those employed.

(c) The current hourly wage of those employed.

(d) The range of wages earned by those employed.

(e) The number of individuals that earned each wage amount.

(f) The number and percentage receiving health care benefits from their employer.

(g) The number and percentage receiving tuition reimbursement from their employer.

(h) The number and percentage receiving training benefits from their employer.

(i) The type of jobs obtained by former participants in general categories.

(j) The length of time former participants have retained their jobs, or if participants have had more than 1 job, the length of time employed at each job.

(k) The number and percentage continuing to receive any type of public assistance.

(l) If the former recipient has children, whether the children are enrolled in and attending school.

(m) The extent to which the former participant feels that they and their family are better off now than when they were on cash assistance with regard to household income, housing, food and nutritional needs, child health care, and access to health insurance coverage.

(2) The department shall notify the subcommittees, fiscal agencies, and state budget director electronically by March 15, 2004 of the location of the Internet site where the report containing the identified data is located.

(3) The department shall cooperate with the family independence agency in formulating and acquiring the identified data.

(4) The department may retain a third party to conduct the studies to obtain the data identified under this section.

Sec. 407. State and federal funds allocated to local workforce development boards for disbursement shall not be expended unless the local workforce development boards maintain a partnership with governmental agencies, public school districts, and public colleges located within the local service delivery area. Each board shall appoint an education advisory group made up of high-level administrators within local educational institutions, workforce development board members, other employers, labor, academic educators, and parents of public school pupils.

Sec. 409. (1) Of the funds appropriated in part 1 for precollege programs in engineering and the sciences, \$340,050.00 shall be provided in the form of a grant to the Detroit precollege engineering program, incorporated and \$340,050.00 shall be provided in the form of a grant to the Grand Rapids area precollege engineering program.

(2) The department shall submit a report to the subcommittees and the fiscal agencies by February 1 regarding dropout rates, grade point averages, enrollment in science, engineering, and math-based curricula, and employment in science, engineering, and math-based fields for students within the programs. The report shall continue to evaluate the effectiveness of the precollege programs in engineering and sciences funded through part 1 appropriations and shall make recommendations on whether state support to expand such programs to other areas of the state is warranted in future fiscal years.

Sec. 410. (1) The department shall have at least 1 disabled veterans outreach program specialist or local veterans employment representative present, at each Michigan works! service center on a full- or part-time basis during hours of operation.

(2) The department shall ensure that each Michigan works! service center shall have the necessary equipment to allow the disabled veterans outreach specialist or local veterans employment representative to perform his or her duties in the same manner they were performed prior to February 1, 1999.

(3) The department shall require each Michigan works! service center to have an employee available to ask each individual who enters the office for service whether that individual is a veteran and to refer each veteran to the disabled veterans outreach program specialist or local veterans employment representative on duty at the time.

(4) The department shall require that each Michigan works! service center shall have posted in a conspicuous place within the office a notice advising veterans that a disabled veterans outreach program specialist or a local veterans employment representative is available to assist him or her.

(5) The department shall require each Michigan works! service center to provide free mediated services to employers wishing to hire a veteran.

(6) The department shall continue to make the appropriate placement of veterans and disabled veterans a priority.

Sec. 414. The department may carry into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 and that do not require additional state matching funds are appropriated for the purposes intended.

Sec. 415. Of the amounts appropriated in part 1 for postsecondary education, private occupational school license fees shall fund related administrative costs of the proprietary schools oversight unit within the department.

Sec. 417. The department is appropriated an amount not to exceed \$100,000.00 from collection of defaulted loans under the future faculty program in the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks programs to offset costs of administering the loan collections.

Sec. 418. From the funds appropriated in part 1 for postsecondary education, the department shall compile data from each university that receives funding for the future faculty program within the King-Chavez-Parks initiative on employment outcomes for program participants. The report shall be distributed to the house and senate appropriations committees, the fiscal agencies, and the state budget office by February 1 of each year. The report shall include data from each participating university covering the most recently completed fiscal year. The data shall include all of the following:

(a) The number of participants receiving support under the program.

(b) The number of participants obtaining full-time employment.

(c) The number of participants obtaining full-time employment in college faculty positions.

(d) The number of participants obtaining full-time employment in college faculty positions within the university through which they received future faculty program support for graduate studies.

Sec. 420. The department shall work with the department of community health to establish a Medicaid buy-in program for the working disabled through the options available under the federal ticket to work and work incentives improvement act of 1999.

Sec. 421. The King-Chavez-Parks initiative shall be marketed by the department to Michigan parents and high school and college students, to promote the benefits and the availability of the college day, select student support services, college/university partnership, visiting professors, Morris Hood, Jr. educator development, and future faculty programs. The department shall provide electronic notification of the location of the report on the Internet to the subcommittees on December 30, 2004, identifying all efforts taken to market these programs, including, but not limited to, the amount of funding allocated for this purpose, the fund source and any expenditures or encumbrances relating to this marketing effort. It is the intent of the legislature that the department administer the King-Chavez-Parks initiative in the same manner as when it was previously contained in the department of education and consistent with all boilerplate language pertaining to the above listed programs as included in the appropriations act for higher education institutions.

Sec. 425. The department shall work cooperatively with the department of civil service to identify state employees who will lose their jobs as a result of an agency or program being reorganized, modified, or eliminated and shall develop training programs and provide training to these individuals that will provide them an opportunity and skills necessary to secure new employment within state government or the private sector. It shall be a priority of the department to provide training and employment opportunities to these individuals through their employment service locations.

Sec. 426. From the funds appropriated in part 1 to job training programs subgrantees, the department shall allocate sufficient funds to the Michigan works! service centers to allow these centers to remain fully operational.

Sec. 428. From the funds appropriated in part 1 for the Michigan virtual university, \$1,000,000.00 of general fund/general purpose funding shall be allocated to support general operations and operation of the Michigan virtual high school as described in section 98 of the state school aid act of 1979, 1979 PA 94, MCL 388.1698.

Sec. 429. (1) Focus: HOPE shall submit a report on the use of the grant's funds appropriated in part 1 to the chairs of the subcommittees, the fiscal agencies, and the state budget office that includes, but is not limited to, the following:

- (a) Detailed expenditures for administration including salaries and wages of employees.
 - (b) Amount allocated for education and training programs including number of students served by each program.
 - (c) Amount allocated for job search assistance and career planning including the number of students served by each program.
 - (d) Detailed expenditures for any contracts entered into with the use of these funds.
 - (e) Detailed expenditures for any program enhancements including number of new hires and capital expenditures.
- (2) The report shall be submitted on or before January 31.

Sec. 430. (1) The following work project accounts totaling \$11,300,000.00 are hereby canceled effective September 30, 2004:

(a) 08230 AY 2002 Welfare-to-work programs	\$ 10,180,000.00.
(b) 08203 AY 2002 Job training programs	\$ 620,000.00.
(c) 04000 AY 2002 Employment services	\$ 500,000.00.

(2) The following work project account is hereby reduced for the fiscal year ending September 30, 2004:

02000 AY 2002 Unemployment programs	\$ 10,000,000.00.
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(3) Of the amount in subsection (1), \$5,300,000.00 is appropriated to welfare-to-work programs for the fiscal year ending September 30, 2005. After that appropriation, \$6,000,000.00 is appropriated to job training program subgrantees for the fiscal year ending September 30, 2005. In the event that the work projects in subsection (1) total more than \$11,300,000.00, any funds over that amount are appropriated to the welfare-to-work programs for the fiscal year ending September 30, 2005.

(4) Of the amount in subsection (2), \$10,000,000.00 is appropriated to welfare-to-work programs for the fiscal year ending September 30, 2005.

(5) The amounts specified in subsections (3) and (4) for the welfare to work programs and job training programs subgrantees under section 903(d) of title IX of the social security act, chapter 531, 116 Stat. 31, 42 USC 1103, are appropriated to the department to support job search and job readiness activities and to support 1-stop center operations.

MICHIGAN STRATEGIC FUND

Sec. 501. (1) The appropriation in part 1 to the fund for economic development job training shall be expended in 2 categories: the business response program for employee training grants which maintain or attract permanent jobs for Michigan residents and the manufacturing competitiveness program for grants to fund collaborative efforts which increase the competitiveness of multiple companies within a grant. The business response program is allocated up to \$6,524,000.00, and the manufacturing competitiveness program is allocated up to \$3,524,000.00 not to exceed the part 1 appropriation for this program in its entirety. The fund has the authority to reallocate these amounts during the fiscal year dependent on business demand and economic conditions.

(2) Not more than \$800,000.00 of the total grant may be expended for administrative costs. Not more than 10% of the total grant award may be expended by a recipient for administration costs.

(3) No funds appropriated in part 1 to the fund for economic development job training grants may be expended for the training of permanent striker replacement workers, unless a strike exceeds 3 years and good faith negotiations are ongoing.

(4) Of the total funds appropriated in part 1 for economic development job training grants, at least 75% of the funds shall be awarded to community colleges or a consortium of community colleges and other eligible applicants pursuant to subsection (5).

(5) An applicant may be a school district, intermediate school district, community college, public or private nonprofit college or university, nonprofit organization whose primary purpose is to provide education programs or employment and training services or vocational rehabilitation programs or school-to-work transition programs, local workforce development board, the headquarters of a federal and state sponsored manufacturing technology center, or a consortium consisting of any combination of school districts, intermediate school districts, community colleges, nonprofit organizations described in this subsection, or public or private nonprofit colleges or universities described in this subsection.

(6) On or before October 1, the fund shall publish proposed application criteria, instructions, and forms for use by eligible applicants. The fund shall provide at least a 2-week period for public comment prior to finalization of the application criteria, instructions, and forms.

(7) The award process will include a simple notice of intent to be reviewed to see if the application merits further consideration. If so, a full application may be submitted. Applications for all grants shall be submitted to the fund, and each application shall contain at least all of the following:

(a) The name, address, and total number of employees of each business organization whose employees are receiving job training.

(b) A description of the specific job skills that will be taught.

(c) A clear statement of the project's scope of activities and number of participants to be involved.

(d) A commitment to maintain participant records in a form and manner required by the fund.

(e) A budget which relates to the proposed activities and various program components.

(8) Priority in the fund's awarding of grants shall be based on the following criteria:

(a) Demonstrated need for the type of training offered.

(b) Creation and/or retention of high wage and high skilled level jobs.

(c) Other criteria determined by the fund to be important.

(d) In addition, for the manufacturing competitiveness program, the following criteria will receive priority: strong level of collaboration and cooperation and demonstration of new techniques, systems, and processes of value to the affected companies.

(9) Participants in economic development job training programs shall be 16 years or older and not enrolled and counted in membership in a school district, intermediate school district, or community college.

(10) A recipient of a grant under this section shall not charge tuition or fees to participants in the program funded by the grant. However, a nonprofit organization may charge tuition or fees if the tuition plan or fees are recognized by the state and the nonprofit organization receives additional funding from other governmental or private funding sources for its programs.

(11) For training delivered to incumbent workers under the business response program, the business receiving the benefit of the training shall provide a minimum of 20% of the program costs in matching funds as necessitated by the program. For training delivered under the manufacturing competitiveness program, the business receiving the benefit of the training shall provide a minimum of 30% of the program costs in matching funds as necessitated by the program.

(12) Grant funds shall be expended on a cost reimbursement basis.

(13) A recipient of a grant under this section shall allow the fund or the agency's designee to audit all records related to the grant for all entities that receive money, either directly or indirectly through a contract, from the grant funds. A grant recipient or contractor shall reimburse the state for all disallowances found in the audit.

(14) The fund shall provide to the state budget director and the fiscal agencies by May 1 and November 1 of each year a report on the economic development job training grants. The report due by May 1 shall provide the information described in this subsection for each grant or contract awarded during the preceding 2 quarters of the state fiscal year. The report due by November 1 shall provide this information for each grant or contract awarded during the preceding full fiscal year. The report shall contain all of the following:

(a) The amount and recipient of each grant or contract.

(b) The number of participants under each grant or contract and the number of new hires who are in training under the grant.

(c) The names, addresses, and total number of employees of all business organizations for whom training is or will be provided.

(d) The matching funds, if any, to be provided by a business organization.

(15) Of the funds appropriated in part 1 for economic development job training grants, the fund shall not use these funds to finance the startup or in any way subsidize any private distributor of liquor products in Michigan.

(16) As a condition of receiving funds under part 1 of this act, the fund shall not expend any of the economic development job training grant funds to train any employee who is an officer of a corporation in a corporation employing more than 250 employees.

(17) The Michigan growth capital fund shall be used to develop the technology business sector in Michigan. The Michigan growth capital fund will be used to encourage private and public investment in the technology business sector, and all of the following apply:

(a) An applicant must match state funds on a 1:1 basis.

(b) Eligible uses of the Michigan growth capital fund include investments in organizations and programs that promote the development of new industry sectors in Michigan; inducements to attract additional venture capital funds to finance technology development; support organizations, initiatives, or events that promote entrepreneurship; provide match for university federal research grants; and support technology transfer and commercialization programs with universities and the private sector.

(c) The Michigan economic development corporation shall administer the Michigan growth capital fund.

(d) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the Michigan growth capital fund, shall be received, held, and applied by the fund for the purposes described in this subsection.

(e) The Michigan economic development corporation shall provide an annual report on the status of the Michigan growth capital fund to the subcommittees, the fiscal agencies, and the state budget office by January 31.

Sec. 502. Travel Michigan may establish and collect a fee to cover the cost of materials and processing of photographic prints, slides, videotapes, and travel product database information that are requested by the media and other segments of the public and private sectors. The fees collected shall be appropriated for all expenses necessary to purchase and distribute these photographic prints, slides, videotapes, and travel product database information. The funds are available for expenditure when they are received by the department of treasury.

Sec. 504. Travel Michigan may receive and expend private revenue related to the use of the "Michigan Great Lakes. Great Times." copyrighted slogan and image. This revenue may come from the direct licensing of the name and image or from the royalty payments from various merchandise sales. Revenue collected is appropriated for the marketing of the state as a travel destination. The funds are available for expenditure when they are received by the department of treasury.

Sec. 506. The fund shall submit on or before May 1 and November 1 to the subcommittees, state budget office, and the fiscal agencies a listing of all grants which have been awarded by the fund or by the Michigan economic development corporation from the funds appropriated in part 1. The list shall include all of the following:

(a) The name of the recipient.

(b) The amount awarded to the recipient.

(c) The purpose of the grant.

Sec. 507. (1) The fund shall provide reports to the relevant subcommittees, the state budget director, and the fiscal agencies concerning the activities of the Michigan economic development corporation grants and investment programs financed from the fund using investment or Indian gaming revenues. The report shall provide a list of individual grants and loans made from the fund. The report shall include, but not be limited to, the following programs funded in part 1:

(a) Travel Michigan.

(b) Michigan business development.

(c) Global business development.

(d) Small, minority, and disabled business services.

(e) Community development block grants.

(f) Strategic fund administration.

(g) Renaissance zones.

(h) Emerging business sectors and roundtables.

(i) Business and clean air ombudsman.

(j) Economic development job training grants.

(k) Community assistance team.

(l) Technology tri-corridor.

(m) Any other programs of the fund.

(2) The reports in subsection (1) shall be submitted by January 1. The report for each program in subsection (1)(a) through (m) shall include details on the actual spending and number of FTEs for that program for the previous fiscal year.

Sec. 508. As a condition of receiving funds under part 1, any interlocal agreement entered into by the fund shall include language which states that if a local unit of government has a contract or memorandum of understanding with a private economic development agency, the Michigan economic development corporation will work cooperatively with that private organization in that local area.

Sec. 509. (1) Of the funds appropriated to the fund or through grants to the Michigan economic development corporation, no funds shall be expended for the purchase of options on land or the purchase of land unless at least 1 of the following conditions applies:

(a) The land is located in an economically distressed area.

(b) The land is obtained through a purchase or exercise of an option at the invitation of the local unit of government and local economic development agency.

(2) Consideration may be given to purchases where the proposed use of the land is consistent with a regional land use plan, will result in the redevelopment of an economically distressed area, can be supported by existing infrastructure, and will not cause shifts in population away from the area's population centers.

(3) As used in this section, "economically distressed area" means an area in a city, village, or township that has been designated as blighted; a city, village, or township that shows negative population change from 1970 and a poverty rate and unemployment rate greater than the statewide average; or an area certified as a neighborhood enterprise zone.

Sec. 510. (1) From the funds appropriated in part 1 for the technology tri-corridor: life sciences initiative, \$30,000,000.00 is appropriated for the life sciences initiative. All funding for the areas of homeland security and automotive initiative shall be funded from the Indian casino revenue or other federal sources. The program shall be administered by the Michigan economic development corporation.

(2) A technology tri-corridor steering committee, appointed by the governor, shall consist of 19 members including the CEO, the director, the state treasurer, a member from Michigan State University, the University of Michigan, Wayne State University, Western Michigan University, and the Van Andel Institute, 2 members representing the legislature, 1 of whom is chosen by the speaker of the house of representatives and 1 of whom is chosen by the majority leader of the senate, and 2 members actively engaged in each of the 3 targeted business sectors. The remaining members shall be appointed at large and may include members from the private sector, public sector, or other Michigan universities. Committee members are authorized to designate alternate members. The purpose of the steering committee is to provide advice and oversight of the initiative, including the development of criteria for the awards to qualifying universities, institutions, companies, or individuals. The steering committee will make decisions regarding distribution of these funds.

(3) Of the funds appropriated, \$1,500,000.00 shall be allocated to a private research institute that has received a specific federal appropriation prior to 2005 for the creation of a good manufacturing practice facility. The facility shall be used for the production of drugs approved for use in clinical trials, as approved by the United States Food and Drug Administration and shall work to market the core technology alliance for the purposes of commercialization and providing access to advanced technologies to researchers affiliated with universities, private research institutes, and biotech or pharmaceutical firms. It is the intent of the legislature that \$1,500,000.00 shall be made available for these purposes in fiscal years 2006 and 2007.

(4) Of the funds appropriated, up to \$2,500,000.00 may be used for administering the life sciences initiative including the monitoring of previous years' awards. Not more than \$5,000,000.00 shall be used to support a competitive business commercial development fund to support business commercialization research opportunities in Michigan. In allocating funding to the business commercial development fund, the steering committee shall give maximum priority to supporting all potential commercialization opportunities that appear to have merit. Of the remaining funds appropriated for the life sciences initiative, 55% are allocated for a basic research fund, to be distributed on a competitive basis to Michigan universities or Michigan nonprofit research institutes, or both, for basic research in health-related areas. In addition, 45% of the remaining appropriated funds for the life sciences initiative are earmarked for a collaborative research fund to support peer-reviewed collaborative grants among Michigan universities and/or private research facilities, with emphasis on research testing or developing emerging discoveries.

(5) Repayment of any funds received as a result of awards made under 1999 PA 120, 2000 PA 292, 2001 PA 80, 2002 PA 517, 2003 PA 169, or this act including, but not limited to, funds received as interest or return on investment shall be deposited in the business commercial development fund. These funds are authorized for expenditure upon receipt and shall not lapse to the general fund.

(6) The records of steering committee involving a proposal submitted by an eligible entity that are of a scientific, technical, or proprietary nature, the release of which could cause competitive harm to the eligible entity as determined by the steering committee, are exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

Sec. 511. The money appropriated in part 1 to the fund is subject to the condition that none is spent for premiums or advertising material involving personal effects or apparel including, but not limited to, T-shirts, hats, coffee mugs, or other promotional items, except travel Michigan.

Sec. 512. (1) From the general fund/general purpose appropriations in part 1 to the fund and granted or transferred to the Michigan economic development corporation, any unexpended or unencumbered balance shall be disposed of in accordance with the requirements in the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, unless carryforward authorization has been otherwise provided for.

(2) Any encumbered funds shall be used for the same purposes for which funding was originally appropriated in this act.

Sec. 513. As a condition of receiving funds under part 1, the fund shall ensure that the MEDC and the fund comply with all of the following:

- (a) The freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.
- (b) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.
- (c) Annual audits of all financial records by the auditor general or his or her designee.
- (d) All reports required by law to be submitted to the legislature.
- (e) If the MEDC is unable for any reason to perform duties under this act, the fund may exercise those duties.

Sec. 514. As a condition for receiving the appropriations in part 1, any staff of the Michigan economic development corporation involved in private fund-raising activities shall not be party to any decisions regarding the awarding of grants or tax abatements from the fund, the Michigan economic development corporation, or the Michigan economic growth authority.

Sec. 515. (1) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the core communities fund, shall be received, held, and applied by the fund for the purposes described in this act.

(2) The fund shall provide an annual report on the status of this fund. The report shall be provided to the subcommittees, the fiscal agencies, and the state budget office by January 31.

Sec. 518. (1) The funding appropriated in part 1 of 2000 PA 291 for the Michigan core communities fund may be used to create an urban revitalization infrastructure program in the fund for economic development awards to create new jobs or contribute to redevelopment and encourage private investment in core communities.

(2) Awards may be provided to qualified local governmental units as defined in the obsolete property rehabilitation act, 2000 PA 146, or certified technology parks, as defined in the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174.

(3) Awards can be used for land and property acquisition and assembly, demolition, site development, utility modifications and improvements, street and road improvements, telecommunication infrastructure, site location and relocation, infrastructure improvements, and any other costs related to the successful development and implementation of core community or certified technology park projects, at the discretion of the Michigan economic development corporation.

(4) Funding may be provided in the form of loans, grants, sales or cash flow participation agreements, guarantees, or any combination of these. A cash match of at least 10%, or local repayment guarantee with a dedicated funding source, is required. Priority shall be given to projects which are integrated with existing economic development programs, and to projects in proportion to the amount that local matching rates exceed 10%.

(5) The Michigan economic development corporation shall have all administrative responsibility for the Michigan core communities fund and shall establish application and application scoring criteria and approve awards. The Michigan economic development corporation may utilize up to 1/2 of 1% of the fund for administrative purposes.

(6) Funds will be awarded through an open competitive process based on criteria including the following: project impact, project marketability, lack of adequate infrastructure or land assembly financing sources, local administrative capacity, and the level of local matching funds. Awardees shall agree to expedite the local development process, such as fast-track permitting procedures, streamlined regulatory requirements, standardized construction and building codes, and the use of competitive construction permitting fees.

(7) No single applicant shall be awarded more than \$10,000,000.00 per project.

(8) Fifteen days prior to the award of the funds, notification shall be provided to the speaker of the house of representatives, the senate majority leader, the members of the house and senate appropriations committees, the fiscal agencies, and the state budget director.

(9) Funds shall not be awarded for any of the following purposes:

- (a) Land sited for use as, or support for, a gaming facility.
- (b) Land or other facilities owned or operated by a gaming facility.
- (c) Publicly owned land or facilities which may directly or indirectly support a gaming facility.

Sec. 519. It is the intent of the legislature that the members of the executive committee of the corporation board of the MEDC be subject to the advice and consent of the senate.

Sec. 521. Up to \$100,000.00 from Indian casino revenue or other available resources, or both, shall be spent to create and administer a state clearinghouse on entrepreneurship available to the public through the Internet.

Sec. 522. Of the funds appropriated in part 1 of the Michigan strategic fund unit, administration line, \$100,000.00 in general fund/general purpose shall be used to conduct a feasibility study on the creation of a Michigan center for excellence. The purpose of the center is to provide federal grant and procurement assistance in order to expand Michigan's opportunities to compete for and procure federal research and development grant funds and other defense contracts. The study or a status report on the study shall be made available to the chairpersons of the appropriations subcommittees on labor and economic growth no later than May 1.

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

A bill to make appropriations for the department of labor and economic growth, the Michigan strategic fund, and certain other state purposes for the fiscal year ending September 30, 2005; to provide for the expenditure of those

appropriations; to provide for the imposition of certain fees; to provide for the disposition of fees and other income received by the state agencies; to provide for reports to certain persons; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

Marc Shulman
 Glenn Steil, Jr.
 Gretchen Whitmer
 Conferees for the House

Valde Garcia
 Thomas M. George
 Michael Prusi
 Conferees for the Senate

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

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text 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. 747

Yeas—87

Accavitti	Hager	Middaugh	Shulman
Adamini	Hardman	Milosch	Smith
Amos	Hart	Minore	Spade
Bieda	Hood	Mortimer	Stakoe
Bradstreet	Hopgood	Murphy	Stallworth
Brown	Howell	Newell	Steil
Byrum	Huizenga	Nofs	Stewart
Casperson	Hunter	O'Neil	Tabor
Caul	Jamnick	Palsrok	Taub
Clack	Johnson, Rick	Pappageorge	Tobocman
Condino	Johnson, Ruth	Phillips	Vagnozzi
Daniels	Julian	Plakas	Van Regenmorter
Dennis	Koetje	Pumford	Voorhees
DeRossett	Kolb	Reeves	Waters
Elkins	Kooiman	Richardville	Wenke
Emmons	LaJoy	Rivet	Whitmer
Farhat	LaSata	Robertson	Williams
Farrah	Law	Rocca	Wojno
Gaffney	Lipsey	Sak	Woodward
Gielegem	McConico	Shackleton	Woronchak
Gillard	Meisner	Shaffer	Zelenko
Gleason	Meyer	Sheltrown	

Nays—20

Acciavatti	Drolet	Hune	Sheen
Bisbee	Ehardt	Moolenaar	Stahl
Brandenburg	Garfield	Nitz	Vander Veen
Caswell	Hoogendyk	Palmer	Walker
DeRoche	Hummel	Pastor	Ward

In The Chair: Julian

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **House Bill No. 5522, entitled**

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

Recommends:

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

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

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

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 military and veterans affairs for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	7.0	
Full-time equated classified positions	1,016.0	
GROSS APPROPRIATION		\$ 110,713,400
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		1,042,500
ADJUSTED GROSS APPROPRIATION		\$ 109,670,900
Federal revenues:		
Total federal revenues		45,418,100
Special revenue funds:		
Total local revenues		0
Total private revenues		1,282,300
Total other state restricted revenues		25,599,800
State general fund/general purpose		\$ 37,370,700

Sec. 102. HEADQUARTERS AND ARMORIES

Full-time equated unclassified positions	7.0	
Full-time equated classified positions	124.0	
Headquarters and armories—83.5 FTE positions		\$ 9,562,200
Human resources optimization user charge		29,500
Unclassified military personnel		660,300
Military appeals tribunal		900
Michigan emergency volunteers		5,000
State active duty		70,100
Challenge program—40.5 FTE positions		3,901,200
Homeland security		400,000
GROSS APPROPRIATION		\$ 14,629,200

Appropriated from:

Interdepartmental grant revenues:		
IDG, community health.....		100,000
IDG, challenge grant.....		242,500
IDG, state police		300,000
IDG, family independence agency		400,000
Federal revenues:		
DOD-DOA-NGB.....		3,985,100

	For Fiscal Year Ending Sept. 30, 2005
Special revenue funds:	
Rental fees	350,000
Mackinac Bridge authority	40,000
Private donations	857,300
State general fund/general purpose	\$ 8,354,300
Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES	
Full-time equated classified positions200.0	
Military training sites and support facilities—200.0 FTE positions	\$ 17,478,200
Military training sites and support facilities test projects	100,000
GROSS APPROPRIATION	\$ 17,578,200
Appropriated from:	
Federal revenues:	
DOD-DOA-NGB	14,693,600
Special revenue funds:	
Test project fees	100,000
State general fund/general purpose	\$ 2,784,600
Sec. 104. DEPARTMENTWIDE APPROPRIATIONS	
Departmentwide accounts	\$ 1,735,000
Special maintenance - state	151,200
Special maintenance - federal	5,300,000
Military retirement	2,676,000
Counternarcotic operations	50,000
Starbase grant	600,000
GROSS APPROPRIATION	\$ 10,512,200
Appropriated from:	
Federal revenues:	
DOD-DOA-NGB	7,166,100
Federal counternarcotic revenues	50,000
State general fund/general purpose	\$ 3,296,100
Sec. 105. VETERANS SERVICE ORGANIZATIONS	
American legion	\$ 886,000
Disabled American veterans	732,400
Marine corps league	336,300
American veterans of World War II and Korea	464,800
Veterans of foreign wars	886,000
Michigan paralyzed veterans of America	165,700
Purple heart	157,900
Veterans of World War I	100
Polish legion of American veterans	41,200
Jewish veterans of America	41,200
State of Michigan council - Vietnam veterans of America	159,500
Catholic war veterans	41,200
GROSS APPROPRIATION	\$ 3,912,300
Appropriated from:	
State general fund/general purpose	\$ 3,912,300
Sec. 106. GRAND RAPIDS VETERANS' HOME	
Full-time equated classified positions517.0	
Grand Rapids veterans' home—517.0 FTE positions	\$ 43,753,300
Board of managers	300,000
GROSS APPROPRIATION	\$ 44,053,300
Appropriated from:	
Federal revenues:	
DVA-VHA	13,626,400
HHS-Medicaid	365,300
HHS-Medicare	718,000
Special revenue funds:	
Private - veterans' home post and posthumous funds	300,000

	For Fiscal Year Ending Sept. 30, 2005
Income and assessments.....	15,337,500
Lease revenue	34,100
State general fund/general purpose	\$ 13,672,000
Sec. 107. D.J. JACOBETTI VETERANS' HOME	
Full-time equated classified positions	159.0
D.J. Jacobetti veterans' home—159.0 FTE positions	\$ 13,600,000
Board of managers.....	125,000
GROSS APPROPRIATION.....	\$ 13,725,000
Appropriated from:	
Federal revenues:	
DVA-VHA	4,062,800
HHS-Medicare	272,600
HHS-Medicaid	34,600
Special revenue funds:	
Private - veterans' home post and posthumous funds.....	125,000
Income and assessments.....	4,595,000
State general fund/general purpose	\$ 4,635,000
Sec. 108. VETERANS' AFFAIRS DIRECTORATE	
Full-time equated classified positions	16.0
Veterans' affairs directorate administration—3.0 FTE positions	\$ 302,900
Veterans' trust fund administration—13.0 FTE positions	1,081,800
Veterans' trust fund grants	3,746,500
GROSS APPROPRIATION.....	\$ 5,131,200
Appropriated from:	
Special revenue funds:	
Michigan veterans' trust fund	4,828,300
State general fund/general purpose	\$ 302,900
Sec. 109. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 1,172,000
GROSS APPROPRIATION.....	\$ 1,172,000
Appropriated from:	
Federal revenues:	
DOD-DOA-NGB.....	157,800
DVA-VHA	277,600
HHS-Medicare	8,200
Special revenue funds:	
Income and assessments.....	314,900
State general fund/general purpose	\$ 413,500

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 2004-2005 is \$62,970,500.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$120,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
MILITARY TRAINING SITES AND SUPPORT FACILITIES

Payments in lieu of taxes	\$ 70,000
MICHIGAN VETERANS' TRUST FUND	
County counselor travel expenses	\$ 50,000
TOTAL	\$ 120,000

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

Sec. 203. As used in this act:

- (a) "Department" means the department of military and veterans affairs.
- (b) "Director" means the director of the department of military and veterans affairs.

- (c) "DOD" means the United States department of defense.
- (d) "DOD-DOA-NGB" means the DOD department of the army, national guard bureau.
- (e) "DVA" means the United States department of veterans' affairs.
- (f) "DVA-VHA" means the DVA veterans' health administration.
- (g) "FTE" means full-time equated.
- (h) "HHS" means the United States department of health and human services.
- (i) "IDG" means interdepartmental grant.

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 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 by the last business day 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 justification for the exception.

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

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

Sec. 209. Funds appropriated in part 1 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 and services, or both, manufactured or provided by Michigan businesses, if they are competitively priced and of comparable value.

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

Sec. 211. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. The department shall follow all federal guidelines and state laws regarding short-term and long-term retention of records.

Sec. 212. (1) Of the funds appropriated in section 103 for military training sites and support facilities, there shall be established a Michigan national guard education assistance program. Disbursements to the educational assistance program shall not exceed \$1,300,000.00 without legislative approval. Under the program, a member of the national guard who is in active service and who enrolls as a full- or part-time student at a public or private state college or university may be eligible to receive up to an equivalent of 50% of the total cost of tuition not to exceed \$2,000.00, as education assistance, in any academic year.

(2) As used in this section, an eligible person means a member of the Michigan national guard who is in active service, as defined in section 105 of the Michigan military act, 1967 PA 150, MCL 32.505. An eligible person does not include a member of the Michigan national guard or air national guard who is absent without leave or who is under charges as described in the Michigan code of military justice of 1980, 1980 PA 523, MCL 32.1001 to 32.1148.

(3) The department of military and veterans affairs, office of the adjutant general shall administer the education assistance program and prescribe forms and procedures to effectively carry out the education assistance program.

(4) An eligible person shall apply to the department of military and veterans affairs, office of the adjutant general for education assistance and shall provide evidence of attendance and completion of the course of study with a grade of at least 2.0 on a 4.0 scale, or its equivalent. The adjutant general shall approve the application for reimbursement if the applicant meets the definition of an eligible person under subsection (2) and other criteria as established by the adjutant general.

(5) The education assistance program applies to any course of instruction that is included in an associate, undergraduate, or postgraduate degree program offered by a college or university of this state.

(6) The education assistance program applies to an eligible person notwithstanding any other educational incentive or benefit received by the eligible person under any other educational assistance program provided by any other state.

(7) An eligible person who successfully completes the course of study with a grade of at least 2.0 on a 4.0 scale, or its equivalent, shall be eligible for reimbursement.

(8) The department of military and veterans affairs may use funds from the appropriated funds to administer the education assistance program.

(9) Reimbursed members who do not complete their national guard obligation shall pay the state for money received from the state for tuition. Members who fail to repay the state within the time limits established by the adjutant general shall be indebted to the state. The department shall work in conjunction with the department of treasury for inclusion in the tax intercept program for amounts due the state.

(10) A portion of the funds for the Michigan national guard education assistance program may be used by the department for the purpose of promoting the program and for encouraging those persons the department wishes to have enlist or reenlist in the Michigan national guard.

Sec. 213. The department shall consult with the house and senate appropriations subcommittees on military and veterans affairs regarding the projected closing or consolidation of any national guard armories.

Sec. 214. It is the intent of the legislature that, should the necessary legislation be enacted and funding become available, funds be appropriated for state military cemeteries in Crawford and Dickinson Counties.

Sec. 221. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. These user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 223. 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. 225. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 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.

HEADQUARTERS AND ARMORIES

Sec. 301. The department may charge reasonable rental and equipment usage fees for renting an armory or using the distance learning network. The fee shall include the cost of overtime compensation, insurance coverage, and any maintenance required.

Sec. 302. (1) The funds appropriated in this act for private donations to the challenge program shall be considered state restricted revenue, and unexpended funds remaining at the close of the fiscal year shall not lapse to the general fund but shall be carried forward to the subsequent fiscal year.

(2) The department shall make every effort to identify alternative sources of revenue to replace the general fund/general purpose funding provided in this act for the challenge program.

(3) The department may charge a parent or guardian of a participant in the challenge program a fee for participating in the program if the participant is a member of a family with an income that exceeds 200% of the federal poverty guidelines as published by the United States department of health and human services. The amount charged the parent or guardian shall not exceed the per student state share cost of administering the program. The parent or guardian shall be notified of any charge to be assessed under this subsection prior to enrollment of the child in the program.

Sec. 304. The department will partner with the family independence agency to identify youth who may be eligible for the challenge program from those youth served by family independence agency programs. These eligible youth shall be given priority for enrollment in the program.

VETERANS SERVICE ORGANIZATIONS

Sec. 501. (1) Money appropriated in section 105 for grants to veterans service organizations shall be used only for salaries, wages, related personnel costs, training, and equipment for accredited veteran service advocacy officers and necessary support and managerial staff. Training shall be provided for service advocacy officers and shall be conducted by accredited advocacy officers.

(2) To receive a grant from the money appropriated in section 105, a veterans service organization shall meet the following eligibility requirements:

(a) Be congressionally chartered by the United States Congress.

(b) Be an active participating member of the Michigan veterans organizations' rehabilitation and veterans service committee and abide by its rules, guidelines, and programs.

(c) Demonstrate the receipt of monetary or service support from its own organization.

(d) Comply with the department's and the legislature's requirements of accounting audits, service work activity, accounting of recoveries, listing of volunteer hours, budget requests, and other requirements specified in subsection (3).

(e) For a veterans service organization founded after September 30, 1989, be in operation and providing service to Michigan veterans for not less than 2 years before receiving an initial state grant. During this 2-year period of time, the organization shall file a listing of service work activity and an accounting of recoveries with the department, the senate and house fiscal agencies, the senate and house of representatives appropriations subcommittees on military affairs, and the state budget office on forms as prescribed by the department.

(3) A veterans service organization receiving a grant from the money appropriated in section 105 shall file with the department an accounting of its expenditures, audited and certified by a certified public accountant, within 120 days after the organization's fiscal year end. Each organization shall provide a detailed budget request for the fiscal year ending September 30, 2006, to the department by November 15, 2004, within the format as prescribed by the department to be used in the development of the budget for the fiscal year ending September 30, 2006. Each veterans service organization shall provide 5 copies of a listing of all service activity, an accounting of recoveries, and a listing of volunteer hours for the fiscal year ending September 30, 2004, to the department by January 31, 2005. The listing of volunteer hours shall include the hours, services, and donations provided to residents of the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home. Each veterans service organization shall provide a copy of the most recent and completed internal revenue service form 990 to the department at the end of the fiscal year ending September 30, 2004. A veterans service organization receiving a grant from the money appropriated in section 105 shall use the forms recommended by the Michigan veterans organizations' rehabilitation and veterans service committee for filing reports required by this act. The department shall forward information required under this section to the senate and house fiscal agencies, the senate and house of representatives appropriations subcommittees on military affairs, and the state budget office.

VETERANS' HOMES

Sec. 601. Appropriations in this act for the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home shall not be used for any purpose other than for veterans and veterans' families.

Sec. 602. The Grand Rapids veterans' home and the D.J. Jacobetti veterans' home, together with the department and the department of management and budget, shall produce and deliver to the senate and house of representatives appropriations subcommittees on state police and military affairs an annual written report. The report shall include an accounting of member populations and bed space available; a description and accounting of services and activities provided to members; financial information; current state nursing home licensure status; the steps required for Medicaid certification, including a listing of any personnel, equipment, supplies, or budgetary increases required; and whether or not steps are being taken toward Medicaid certification. The annual report shall be submitted to the senate and house of representatives appropriations subcommittees on military affairs no later than February 1, 2005.

Sec. 603. The money appropriated in this act for the boards of managers may be expended for facility improvements, the purchase and repair of equipment and furnishings, member services, and other purposes that benefit the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home.

VETERANS' TRUST FUND

Sec. 703. (1) By April 1, 2005, the department shall submit to the senate and house of representatives appropriations subcommittees on military affairs and the state budget office a detailed annual report of the Michigan veterans' trust fund for fiscal year 2003-2004. The report shall include information on grants provided from the emergency grant

program and the veterans survivor tuition program, including details concerning the methodology of allocations, the selection of emergency grant program authorized agents, and a detailed breakdown of trust fund expenditures for that year. The report shall also provide an update on the department's efforts to reduce program administrative costs.

(2) The annual report required under subsection (1) shall contain information on the veterans survivors tuition program, including the number of participants, where the participants attended school, payments made to each school, the average grade point and number of college credits earned by each participant, the number of participants suspended by the program, and the number of participants who earned a degree during fiscal year 2003-2004.

Sec. 704. The Michigan veterans affairs directorate administration and the Michigan veterans' trust fund administration shall take steps to assist the county veterans counselors of the state to obtain training necessary for the execution of their duties.

Sec. 705. (1) It is the intent of the legislature that prior to the enactment of the fiscal year 2005-2006 appropriations bill for the Michigan veterans' trust fund, there shall be legislation enacted which shall provide a dedicated funding source for the cost of the veterans' survivors tuition program which is a fund source other than from revenue from the Michigan veterans' trust fund so that annual interest earnings from the trust fund can be used solely for its original intent of providing temporary emergency financial assistance to wartime veterans in the state.

(2) Should the provisions of subsection (1) be enacted, it is the intent of the legislature that the veterans' trust fund board only expend interest earned by the Michigan veterans' trust fund as provided in 1946 (1st Ex Sess) PA 9, MCL 35.601 to 35.610, and that the board earmark funds each year from the interest earnings to pay into the corpus of the fund until the corpus of the fund reaches its original amount of \$50,000,000.00.

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

A bill to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

Sandy Caul
Shelley Goodman Taub
Carl Williams
Conferees for the House

Cameron Brown
Tony Stamas
Hansen Clarke
Conferees for the Senate

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

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text 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. 748

Yeas—107

Accavitti	Gielegem	Meyer	Sheltrown
Acciavatti	Gillard	Middaugh	Shulman
Adamini	Gleason	Milosch	Smith
Amos	Hager	Minore	Spade
Bieda	Hardman	Moolenaar	Stahl
Bisbee	Hart	Mortimer	Stakoe
Bradstreet	Hood	Murphy	Stallworth
Brandenburg	Hoogendyk	Newell	Steil
Brown	Hopgood	Nitz	Stewart
Byrum	Howell	Nofs	Tabor
Casperson	Huizenga	O'Neil	Taub
Caswell	Hummel	Palmer	Tobocman
Caul	Hune	Palsrok	Vagnozzi
Clack	Hunter	Pappageorge	Van Regenmorter

Condino	Jamnick	Pastor	Vander Veen
Daniels	Johnson, Rick	Phillips	Voorhees
Dennis	Johnson, Ruth	Plakas	Walker
DeRoche	Julian	Pumford	Ward
DeRossett	Koetje	Reeves	Waters
Drolet	Kolb	Richardville	Wenke
Ehardt	Kooiman	Rivet	Whitmer
Elkins	LaJoy	Robertson	Williams
Emmons	LaSata	Rocca	Wojno
Farhat	Law	Sak	Woodward
Farrah	Lipsey	Shackleton	Woronchak
Gaffney	McConico	Shaffer	Zelenko
Garfield	Meisner	Sheen	

Nays—0

In The Chair: Julian

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **House Bill No. 5526, entitled**

A bill to make appropriations for the department of state police and certain other state purposes for the fiscal year ending September 30, 2005; to provide for the expenditure of those appropriations; to provide for certain reports and the consideration of those reports; to provide for the disposition of other income received by the various state agencies; to provide for certain emergency powers; and to provide for the powers and duties of certain committees, certain state agencies, and certain employees.

Recommends:

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

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

A bill to make appropriations for the department of state police and certain other state purposes for the fiscal year ending September 30, 2005; to provide for the expenditure of those appropriations; to provide for certain reports and the consideration of those reports; to provide for the disposition of other income received by the various state agencies; to provide for certain emergency powers; and to provide for the powers and duties of certain committees, certain state agencies, and certain employees.

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 state police for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF STATE POLICE

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	3.0	
Full-time equated classified positions	2,948.0	
GROSS APPROPRIATION.....		\$ 475,845,900
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		19,916,800
ADJUSTED GROSS APPROPRIATION		\$ 455,929,100
Federal revenues:		
Total federal revenues		106,255,100
Special revenue funds:		
Total local revenues		4,681,100
Total private revenues		10,700

	For Fiscal Year Ending Sept. 30, 2005
Total other state restricted revenues	100,602,000
State general fund/general purpose	\$ 244,380,200
Sec. 102. EXECUTIVE DIRECTION	
Full-time equated unclassified positions	3.0
Full-time equated classified positions	39.0
Unclassified positions	\$ 238,300
Executive direction—34.0 FTE positions	3,467,800
Auto theft prevention program—5.0 FTE positions	7,098,600
GROSS APPROPRIATION	\$ 10,804,700
Appropriated from:	
Special revenue funds:	
Auto theft prevention fund	7,098,600
State general fund/general purpose	\$ 3,706,100
Sec. 103. DEPARTMENTWIDE APPROPRIATIONS	
Special maintenance and utilities	\$ 479,400
Rent and building occupancy charges	7,388,400
Worker's compensation	2,995,000
Fleet leasing	14,119,200
In-service training	850,000
Narcotics investigation funds	265,000
GROSS APPROPRIATION	\$ 26,097,000
Appropriated from:	
Interdepartmental grant revenues:	
IDT, Michigan justice training fund	850,000
IDG, training academy charges	208,600
Federal revenues:	
DOJ	37,000
DOT	18,500
DHS	8,500
Federal narcotics investigation revenues	95,000
Special revenue funds:	
Forensic science reimbursement fees	74,100
State forensic laboratory fund	74,100
Criminal justice information center service fees	109,500
Secondary road patrol and training fund	2,400
Hazardous materials training center fees	60,100
Michigan justice training fund	4,800
Motor carrier fees	5,500
Highway safety fund	5,900
Traffic law enforcement and safety fund	11,600
Narcotics investigation revenues	170,000
State general fund/general purpose	\$ 24,361,400
Sec. 104. SUPPORT SERVICES	
Full-time equated classified positions	132.0
Human resources—29.0 FTE positions	\$ 2,170,900
Human resources optimization user charges	88,600
Management services—50.0 FTE positions	3,683,900
Training administration—41.0 FTE positions	4,746,900
Communications—12.0 FTE positions	4,661,000
GROSS APPROPRIATION	\$ 15,351,300
Appropriated from:	
Interdepartmental grant revenues:	
IDT, truck safety fund	4,300
IDT, auto theft funds	23,000
IDG-MDOT, state trunkline fund	30,000
IDG, training academy charges	2,899,000
IDG-MDTR, casino gaming fees	29,000

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Special revenue funds:	
Local - LEIN fees	34,900
Highway safety fund	123,500
Auto theft prevention fund	4,300
Precision driving track fees	280,800
Traffic law enforcement and safety fund	213,500
Motor carrier fees	136,800
Nuclear plant emergency planning reimbursement	3,100
State general fund/general purpose	\$ 11,569,100

Sec. 105. HIGHWAY SAFETY PLANNING

Full-time equated classified positions	26.0
State program planning and administration—14.0 FTE positions	\$ 1,146,000
Grants to local governments and nonprofit organizations	4,500,000
Secondary road patrol program—2.0 FTE positions	14,012,100
Truck safety program—2.0 FTE positions	2,987,400
Highway traffic safety coordination—8.0 FTE positions	5,990,400
GROSS APPROPRIATION	\$ 28,635,900

Appropriated from:

Federal revenues:

DOT	10,555,600
DOJ	563,800

Special revenue funds:

Truck driver safety fund	2,987,400
Secondary road patrol and training fund	14,012,100
State general fund/general purpose	\$ 517,000

Sec. 106. CRIMINAL JUSTICE INFORMATION CENTER

Full-time equated classified positions	100.0
Criminal justice information center division—83.0 FTE positions	\$ 7,533,100
Criminal records improvement—1.0 FTE positions	4,730,500
Traffic safety—16.0 FTE positions	1,537,200
GROSS APPROPRIATION	\$ 13,800,800

Appropriated from:

Interdepartmental grant revenues:

IDG-MDOS	325,900
IDG-MDOT, state trunkline fund	347,500

Federal revenues:

DOJ	4,730,500
DOT	400,400

Special revenue funds:

Criminal justice information center service fees	6,201,300
State general fund/general purpose	\$ 1,795,200

Sec. 107. FORENSIC SCIENCES

Full-time equated classified positions	209.0
Laboratory operations—177.0 FTE positions	\$ 17,741,700
DNA analysis program—32.0 FTE positions	8,529,200
GROSS APPROPRIATION	\$ 26,270,900

Appropriated from:

Federal revenues:

DOJ	3,514,600
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Special revenue funds:

Forensic science reimbursement fees	1,659,400
State forensic laboratory fund	1,617,400
State general fund/general purpose	\$ 19,479,500

Sec. 108. MICHIGAN COMMISSION ON LAW ENFORCEMENT STANDARDS

Full-time equated classified positions	28.0
Standards and training—22.0 FTE positions	\$ 2,231,100

	For Fiscal Year Ending Sept. 30, 2005
Training only to local units—2.0 FTE positions	827,700
Concealed weapons enforcement training	140,000
Officer's survivor tuition program	48,800
Public safety officers benefit program	150,000
Justice training grants—4.0 FTE positions	9,054,700
GROSS APPROPRIATION	\$ 12,452,300
Appropriated from:	
Federal revenues:	
DOJ	375,200
Special revenue funds:	
Secondary road patrol and training fund	827,700
Concealed weapons enforcement fee	140,000
Michigan justice training fund	9,054,700
Licensing fees	51,900
State general fund/general purpose	\$ 2,002,800
Sec. 109. FIRE INVESTIGATION	
Full-time equated classified positions	29.0
Fire investigation—29.0 FTE positions	\$ 3,555,200
Fire investigation training to locals	50,500
GROSS APPROPRIATION	\$ 3,605,700
Appropriated from:	
State general fund/general purpose	\$ 3,605,700
Sec. 110. EMERGENCY MANAGEMENT	
Full-time equated classified positions	69.0
Emergency management planning and administration—52.0 FTE positions	\$ 3,988,350
Grants to local government	2,482,100
FEMA program assistance—3.0 FTE positions	983,000
Nuclear power plant emergency planning—6.0 FTE positions	1,236,200
Hazardous materials transportation—1.0 FTE positions	580,600
Hazardous materials programs—7.0 FTE positions	61,646,050
GROSS APPROPRIATION	\$ 70,916,300
Appropriated from:	
Federal revenues:	
FEMA	6,079,000
DOT	580,600
DHS	59,968,500
Special revenue funds:	
Nuclear plant emergency planning reimbursement	1,236,200
Hazardous materials training center fees	1,347,500
State general fund/general purpose	\$ 1,704,500
Sec. 111. UNIFORM SERVICES	
Full-time equated classified positions	1,684.0
Uniform services—525.0 FTE positions	\$ 47,701,300
Commercial mobile radio service projects	800,000
Security guards—15.0 FTE positions	948,500
Reimbursed services	2,126,900
At-post troopers—1,144.0 FTE positions	117,432,600
GROSS APPROPRIATION	\$ 169,009,300
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDMB, building occupancy charges	592,600
IDG-MDTR emergency telephone fund operations	400,000
IDG-MDTR emergency telephone fund coordinator	400,000
Federal revenues:	
DOJ	1,622,900

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Special revenue funds:	
Narcotics investigation revenues	44,000
Highway safety fund	14,738,900
State police service fees	2,126,900
Traffic enforcement and safety fund	30,170,500
State general fund/general purpose	\$ 118,913,500
Sec. 112. SPECIAL OPERATIONS	
Full-time equated classified positions49.0	
Operational support—34.0 FTE positions	\$ 2,891,100
Traffic services—10.0 FTE positions	3,326,900
Aviation program—5.0 FTE positions	1,498,400
GROSS APPROPRIATION	\$ 7,716,400
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDOC, contract.....	83,400
Federal revenues:	
DOT	1,619,300
Special revenue funds:	
Private donations	10,700
Rental of department aircraft	165,400
Drunk driving prevention and training fund	1,053,100
State general fund/general purpose	\$ 4,784,500
Sec. 113. CRIMINAL INVESTIGATIONS	
Full-time equated classified positions383.0	
Criminal investigations—280.0 FTE positions	\$ 32,558,100
Federal antidrug initiatives—62.0 FTE positions	10,504,600
Reimbursed services, materials, and equipment	2,570,200
Auto theft prevention—9.0 FTE positions.....	1,471,100
Casino gaming oversight—32.0 FTE positions	3,812,000
GROSS APPROPRIATION	\$ 50,916,000
Appropriated from:	
Interdepartmental grant revenues:	
IDT, auto theft funds.....	1,194,300
IDG-MDTR, casino gaming fees	3,812,000
IDG-MDCH, tobacco tax	610,000
Federal revenues:	
Federal investigations - reimbursed services	730,300
DOJ.....	7,908,900
Federal narcotics investigation revenues	409,500
Special revenue funds:	
Local - reimbursed services	1,839,900
Narcotics investigation revenues	567,600
Forfeiture funds	352,000
State general fund/general purpose	\$ 33,491,500
Sec. 114. MOTOR CARRIER ENFORCEMENT	
Full-time equated classified positions200.0	
Motor carrier enforcement—122.0 FTE positions	\$ 9,219,900
Truck safety enforcement team operations—15.0 FTE positions.....	1,183,000
Safety inspections—43.0 FTE positions.....	7,252,300
School bus inspections—16.0 FTE positions	1,200,700
Safety projects—4.0 FTE positions.....	177,300
GROSS APPROPRIATION	\$ 19,033,200
Appropriated from:	
Interdepartmental grant revenues:	
IDT, truck safety fund.....	1,183,000
IDG-MDOT, state trunkline fund	6,816,000

	For Fiscal Year Ending Sept. 30, 2005
Federal revenues:	
DOT.....	5,979,100
Special revenue funds:	
Motor carrier fees	3,854,400
State general fund/general purpose	\$ 1,200,700
Sec. 115. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 21,236,100
GROSS APPROPRIATION.....	\$ 21,236,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDTR, casino gaming fees.....	75,000
IDG-MDOT, state trunkline fund	33,200
Federal revenues:	
DOT.....	1,057,900
Special revenue funds:	
Local - LEIN fees	2,771,400
Local - AFIS fees.....	34,900
Motor carrier fees	15,000
State general fund/general purpose	\$ 17,248,700

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 2004-2005 is \$344,982,200.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$20,107,800.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF STATE POLICE

OFFICE OF HIGHWAY SAFETY PLANNING

Secondary road patrol program \$ 13,872,000

COMMISSION ON LAW ENFORCEMENT STANDARDS

Training only to local units..... \$ 647,200

Justice training grants

5,538,100

FIRE INVESTIGATION

Fire investigation training for locals

\$ 50,500

Total.....

\$ 20,107,800

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) "AFIS" means the automated fingerprint identification system.
- (b) "Department" means the department of state police.
- (c) "DHS" means the United States department of homeland security.
- (d) "DNA" means deoxyribonucleic acid.
- (e) "DOJ" means the United States department of justice.
- (f) "DOT" means the United States department of transportation.
- (g) "FEMA" means the federal emergency management agency.
- (h) "FTE" means full-time equated.
- (i) "IDG" means interdepartmental grant.
- (j) "IDT" means intradepartmental transfer.
- (k) "LEIN" means law enforcement information network.
- (l) "MCOLES" means the Michigan commission on law enforcement standards.
- (m) "MDCH" means the Michigan department of community health.
- (n) "MDMB" means the Michigan department of management and budget.
- (o) "MDOC" means the Michigan department of corrections.
- (p) "MDOS" means the Michigan department of state.
- (q) "MDOT" means the Michigan department of transportation.
- (r) "MDTR" means the Michigan department of treasury.

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 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 by the last business day 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 justification for the exception.

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

Sec. 208. Unless otherwise specified, 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 and services, or both, manufactured or provided by Michigan businesses, if they are competitively priced and of comparable value.

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

Sec. 211. It is the intent of the legislature that personnel of the department who request and are eligible for reimbursement of expenses related to the operation of the department be reimbursed from the appropriations provided in this act within 30 days after submitting a request, or the eligible personnel shall be paid an additional amount equal to 0.75% of the payment due. The department shall pay an additional amount equal to 0.75% of the payment due for the first month and each succeeding month or portion of a month the payment remains past due.

Sec. 212. Of the state general fund/general purpose revenue appropriated in this act, \$32,175,400.00 represents a state spending increase over the amount provided to the department of state police for the fiscal year ending September 30, 1994, and may be used to meet state match requirements of programs contained in the violent crime control and law enforcement act of 1994, 42 USC 13701 to 14223, or successor grant programs, so that any additional federal money received supplements funding provided to the department of state police in this act.

Sec. 213. (1) It is the intent of the legislature that the department shall not provide any subsidy for contractual services it provides.

(2) When the department provides contractual services to a local unit of government, the department shall be reimbursed for all costs incurred in providing the services, including, but not limited to, retirement and overtime costs.

(3) Contractual services provided to an entity other than a local unit of government may be provided by department personnel, but only on an overtime basis outside the normal work schedule of the personnel.

(4) This section does not apply to state agencies.

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

Sec. 215. Not later than January 1, 2005, the department shall report to the state police appropriations subcommittees of the house and senate and the house and senate fiscal agencies. The report shall contain the following information regarding the department's activities related to casino gaming oversight during fiscal year 2003-2004:

- (a) The amount of money received and expended.
- (b) The nature and structure of the casino gaming oversight unit.
- (c) The positions and classifications of employees assigned.
- (d) The number of full-time and part-time employees and the aggregate number of FTEs.
- (e) The number of enlisted and civilian positions.
- (f) The duties and responsibilities of the assigned employees.
- (g) The immediate past position of the enlisted employees assigned.

Sec. 216. The department shall collect and computerize the vehicle identification number (VIN) of all vehicles that are entered into the state accident data collection system and make this and other vehicle information available to the public at cost. For bulk access to the accident records in which the VIN has been collected and computerized, the department shall make those records available to the public at cost, provided that the name and address have been excluded.

Sec. 217. From the funds appropriated in part 1, the department shall maintain a toll-free hotline in collaboration with the department of education. The toll-free hotline shall be operated 24 hours per day, 7 days per week, and shall provide students, school officials, and other individuals an opportunity to report specific threats of imminent school violence or other suspicious or criminal conduct by juveniles to the appropriate local law enforcement entities for investigation. The department may expend funds for the promotion of the hotline.

Sec. 218. (1) Funds appropriated in part 1 for at-post troopers shall only be expended for trooper salaries, wages, benefits, retirement, equipment, supplies, and other expenses directly related to state troopers assigned to general law enforcement duties at a department post, detachment, satellite office, or a resident trooper function.

(2) From the funds appropriated in part 1 for at-post troopers, 1 or more trooper recruit schools of a size, length, and date to be determined by the department or the legislature shall be conducted during fiscal year 2004-2005 with the goal of maintaining at-post trooper strength of at least 1,075 on September 30, 2005.

(3) The department shall submit quarterly written reports to the senate and house appropriations subcommittees on state police and military and veterans affairs no later than December 1, 2004, March 1, 2005, June 1, 2005, and September 1, 2005 which shall include a trooper strength report and the status of the department's plan for accomplishing the goal of subsection (2). If the department determines that insufficient appropriations exist under part 1 to accomplish the goal of subsection (2), the department shall submit a proposal outlining a plan to accomplish the goal including an accounting of any additional funding necessary to that end.

Sec. 219. The department of state police shall notify the house and senate appropriations subcommittees on state police and military and veterans affairs and the house and senate fiscal agencies not less than 180 days before recommending to close or consolidate any state police posts.

Sec. 220. The department of state police, in keeping with its role as the general law enforcement agency of the state and as the law enforcement agency of last resort for communities that are either without local law enforcement resources or are seriously underserved by local law enforcement resources, shall provide general law enforcement assistance to those communities until adequate law enforcement services can be provided to those communities by other means.

Sec. 221. (1) Of the funds appropriated in part 1 for rent and building occupancy charges, funds shall be used for the necessary rental costs for a state police post in Marshall.

(2) From the funds appropriated in part 1, the state police and the department of management and budget shall conduct a study regarding the feasibility of a new state police post in Marshall to replace the current post in Battle Creek. The study shall review the possibility of partnering with local communities and first responders in the construction and occupancy of the new facility and shall be completed and the findings communicated to the senate and house of representatives appropriations subcommittees on state police by November 15, 2004.

Sec. 223. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 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.

INFORMATION TECHNOLOGY

Sec. 301. The money appropriated in part 1 for computer services shall be funded by LEIN user fees sufficient to pay 1/3 of the service and contract maintenance costs of the LEIN system.

Sec. 302. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. These user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 303. 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. 304. A portion of the funds appropriated in part 1 shall be used by the department to produce a written report detailing departmental policies regarding access to and use of information from the LEIN system. The report shall include a description of departmental measures to protect the security of information in the LEIN system including safeguards that would prevent unauthorized persons from obtaining information from the LEIN system. The department shall submit a copy of this report to the senate and house appropriations committees not later than April 1, 2005.

Sec. 305. The criminal justice information systems policy council shall encourage members of the law enforcement agencies in the state to be sensitive to, and note when necessary, activities or circumstances that may suggest the unauthorized access or misuse of information from the LEIN system. The criminal justice information systems policy council shall advise LEIN auditors, as a part of their audit of law enforcement agencies, to investigate in depth all suspected incidents of improper access or improper use of information from the LEIN system and determine whether or not those incidents were illegal. In those incidents that may be determined to be illegal, the executive secretary for the council shall determine whether those incidents were of a negligent or criminal nature. If an incident is determined to be an illegal act, the council shall inform the chairs of both the senate and house appropriations committees.

Sec. 306. (1) The department of state police, working with the criminal justice information system policy council, shall implement procedures by which all probation information is placed on the LEIN system. The LEIN system shall include information on each probationer, including any probation conditions placed on a probationer and the name of the probation officer assigned to a probationer. The LEIN system shall also include any nonstandard probation terms.

(2) If the department determines that amendments to the code of criminal procedure, 1927 PA 175, MCL 760.1 to 777.69, are required to include all probation information on the LEIN system, the department shall deliver to members of the senate and house appropriations subcommittees on state police and military affairs amendments to the code of criminal procedure, 1927 PA 175, MCL 760.1 to 777.69, that, in the department's view, are necessary to accomplish this goal. These proposed amendments shall be delivered to subcommittee members not later than December 1, 2004.

Sec. 307. The department of state police shall serve as an active liaison between the department of information technology and local public safety agencies to facilitate the use of the Michigan public safety communications system towers by those local public safety agencies that have an interest in using the towers as a part of their own communications system. The department of state police shall deliver a written report to the senate and house appropriations subcommittees on state police and military and veterans affairs by April 1, 2005, which shall include an assessment of the progress toward establishing local public safety agency use of the Michigan public safety communications system towers, an accounting of problems that may be preventing local use of the towers, and any recommendations the department has that may foster this utilization.

HIGHWAY SAFETY PLANNING

Sec. 401. On a quarterly basis, the department shall report to the senate and house appropriations subcommittees on state police and military affairs on the status of assessments collected and authorized under section 629e of the Michigan vehicle code, 1949 PA 300, MCL 257.629e, for the purposes of supporting the secondary road patrol grant program. Each quarterly report shall contain updated information on collection levels, revised projected grant allotments to counties for the year, a comparison of projected collections and grant distribution levels with the funds appropriated in part 1 for the secondary road patrol program, and the extent collection levels have exceeded or failed to meet appropriated levels for the current fiscal year or expenditure levels from the previous fiscal year.

FORENSIC SCIENCES

Sec. 501. (1) The department shall distribute a copy of the department's protocol for retaining and purging DNA analysis samples and records to each police agency in this state.

(2) The department shall report to the house and senate appropriations subcommittees on state police and military and veterans affairs and the house and senate fiscal agencies when any changes to the department's DNA protocol are made.

Sec. 502. The department shall work with the department of community health, 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.

MICHIGAN COMMISSION ON LAW ENFORCEMENT STANDARDS

Sec. 601. The money appropriated to the MCOLES for maintenance and delivery of training to locals is provided in accordance with a state reimbursement policy in which 100% of the determined state reimbursement rate shall be distributed upon certification by the MCOLES.

Sec. 602. From the appropriations in part 1 for the training of new state troopers and other new police officers in the state and for the continuing education of all law enforcement officers in the state, sufficient funds shall be used to include curricula on the content and application of federal firearms laws, including the procedures necessary for law enforcement to turn appropriate cases over to the federal bureau of alcohol, tobacco, and firearms or any other applicable federal criminal justice agency.

EMERGENCY MANAGEMENT

Sec. 801. (1) The state director of emergency management may expend money appropriated under this act to call upon any agency or department of the state or any resource of the state to protect life or property or to provide for the health or safety of the population in any area of the state in which the governor proclaims a state of emergency or state of disaster under 1945 PA 302, MCL 10.31 to 10.33, or under the emergency management act, 1976 PA 390, MCL 30.401 to 30.421. The state director of emergency management may expend the amounts the director considers necessary to accomplish these purposes. The director shall submit to the state budget director as soon as possible a complete report of all actions taken under the authority of this section. The report shall contain, as a separate item, a statement of all money expended that is not reimbursable from federal money. The state budget director shall review the expenditures and submit recommendations to the legislature in regard to any possible need for a supplemental appropriation.

(2) In addition to the money appropriated in this act, the department may receive and expend money from local, private, federal, or state sources for the purpose of providing emergency management training to local or private interests and for the purpose of supporting emergency preparedness, response, recovery, and mitigation activity. If additional expenditure authorization in the Michigan administrative information network is approved by the state budget office under this section, the department and the state budget office shall notify the house and senate appropriations subcommittees on state police and military and veterans affairs and the house and senate fiscal agencies within 10 days after the approval. The notification shall include the amount and source of the additional authorization, the date of its approval, and the projected use of funds to be expended under the authorization.

Sec. 802. The department shall not make any purchases related to a statewide emergency management computer network unless authorized to do so by the director of the department of information technology.

UNIFORM SERVICES

Sec. 901. State police enlisted personnel who are employed to enforce traffic laws as provided in section 629e of the Michigan vehicle code, 1949 PA 300, MCL 257.629e, shall not be prohibited from responding to crimes in progress or other emergency situations, and are responsible for protecting every citizen of this state from harm.

SPECIAL OPERATIONS

Sec. 1001. In addition to the appropriations in section 112 to the department of state police for the aviation program, the department is authorized to sell its aircraft and the proceeds from the sale are appropriated and may be applied to the renovation cost of replacement aircraft. If additional expenditure authorization in the Michigan administrative information network is approved by the state budget office under this section, the department and the state budget office shall notify the house and senate appropriations subcommittees on state police and military and veterans affairs and the house and senate fiscal agencies within 10 days after the approval. The notification shall include the amount and source of the additional authorization, the date of its approval, and the projected use of funds to be expended under the authorization.

Sec. 1002. Money privately donated to the department is appropriated under section 112 to be used for the purposes designated by the donor of the money. Money privately donated to the department's canine unit shall be used to purchase equipment and other items to enhance the operation of the canine unit. It is the intent of the legislature that money from private donations not supplant general fund appropriations.

CRIMINAL INVESTIGATIONS

Sec. 1101. (1) There is sufficient money appropriated in section 113 to criminal investigations to ensure that the citizens in a service area of any state police post in the vicinity of a state prison do not experience a downgrading of state police services in their area. Criminal investigations shall be available by temporary or permanent assignment of a detective when either a temporary or permanent prison facility is opened.

(2) If the department is unable to comply with subsection (1) and there is a prison scheduled to open, the department shall provide troopers to serve as investigators on an interim basis.

MOTOR CARRIER ENFORCEMENT

Sec. 1201. (1) The department shall report to the house and senate appropriations subcommittees on state police and the house and senate fiscal agencies by March 1, 2005 regarding the inspection of school buses and other motor vehicles under section 715a of the Michigan vehicle code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil transportation act, 1990 PA 187, MCL 257.1839. The report shall include the following information regarding inspections conducted in calendar year 2004:

- (a) The number of buses and vehicles inspected by the department.
- (b) The number of buses and vehicles passing and failing inspection.
- (c) The estimated number of buses and vehicles not inspected.

(2) If each school bus within a school system receives a 100% successful state inspection on its first inspection in a given year, the department shall award a certificate to that school system.

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

A bill to make appropriations for the department of state police and certain other state purposes for the fiscal year ending September 30, 2005; to provide for the expenditure of those appropriations; to provide for certain reports and the consideration of those reports; to provide for the disposition of other income received by the various state agencies; to provide for certain emergency powers; and to provide for the powers and duties of certain committees, certain state agencies, and certain employees.

Sandy Caul
Shelley Goodman Taub
Carl Williams
Conferees for the House

Cameron Brown
Tony Stamas
Hansen Clarke
Conferees for the Senate

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

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text 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. 749**Yeas—106**

Accavitti	Gillard	Middaugh	Sheltrown
Acciavatti	Gleason	Milosch	Shulman
Adamini	Hager	Minore	Smith
Amos	Hardman	Moolenaar	Spade
Bieda	Hart	Mortimer	Stahl
Bisbee	Hood	Murphy	Stakoe
Bradstreet	Hoogendyk	Newell	Stallworth
Brandenburg	Hopgood	Nitz	Steil
Brown	Howell	Nofs	Stewart
Byrum	Huizenga	O'Neil	Tabor
Casperson	Hummel	Palmer	Taub
Caswell	Hune	Palsrok	Tobocman
Caul	Hunter	Pappageorge	Vagnozzi
Clack	Jamnick	Pastor	Van Regenmorter
Condino	Johnson, Rick	Phillips	Vander Veen
Daniels	Johnson, Ruth	Plakas	Voorhees
Dennis	Julian	Pumford	Walker
DeRoche	Koetje	Reeves	Ward
DeRossett	Kolb	Richardville	Waters
Ehardt	Kooiman	Rivet	Wenke
Elkins	LaJoy	Robertson	Whitmer
Emmons	LaSata	Rocca	Williams

Farhat
Farrah
Gaffney
Garfield
Gieleghem

Law
Lipsey
McConico
Meisner
Meyer

Sak
Shackleton
Shaffer
Sheen

Wojno
Woodward
Woronchak
Zelenko

Nays—1

Drolet

In The Chair: Julian

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning
House Bill No. 5516, 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, 2005; 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 Senate recede from the Substitute of the Senate as passed by the Senate.

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

A bill to make appropriations for the family independence agency and certain state purposes related to public welfare services for the fiscal year ending September 30, 2005; 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 family independence agency for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

FAMILY INDEPENDENCE AGENCY

APPROPRIATION SUMMARY:

Full-time equated classified positions	10,297.0	
Unclassified positions	5.0	
Total full-time equated positions	10,302.0	
GROSS APPROPRIATION		\$ 4,291,526,700
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers	1,084,400	
ADJUSTED GROSS APPROPRIATION		\$ 4,290,442,300
Federal revenues:		
Total federal revenues	3,028,126,600	
Special revenue funds:		
Total private revenues	9,757,600	
Total local revenues	73,326,100	
Total other state restricted revenues	69,549,200	
State general fund/general purpose		\$ 1,109,682,800

For Fiscal Year
Ending Sept. 30,
2005

Sec. 102. EXECUTIVE OPERATIONS

Total full-time equated positions	387.1	
Full-time equated unclassified positions	5.0	
Full-time equated classified positions	382.1	
Unclassified salaries—5.0 FTE positions		\$ 537,200
Salaries and wages—291.3 FTE positions.....		13,915,900
Contractual services, supplies, and materials		6,700,300
Demonstration projects—4.8 FTE positions.....		6,852,000
Inspector general salaries and wages—86.0 FTE positions		4,361,600
GROSS APPROPRIATION		\$ 32,367,000
Appropriated from:		
Federal revenues:		
Total federal revenues		20,549,600
Special revenue funds:		
Total private revenues		1,219,300
Total local revenues		200,000
State general fund/general purpose		\$ 10,398,100

Sec. 103. FAMILY INDEPENDENCE SERVICES ADMINISTRATION

Full-time equated classified positions.....	111.8	
Salaries and wages—56.2 FTE positions.....		\$ 2,721,800
Contractual services, supplies, and materials		10,746,600
Employment and training support services.....		17,279,100
Wage employment verification reporting		1,387,500
Urban and rural empowerment/enterprise zones.....		100
Training and staff development—50.1 FTE positions		8,645,500
Community services block grant		28,082,700
Nutrition education		7,669,800
Michigan housing and community development fund		2,000,000
Homeless prevention and food for the elderly.....		150,000
GROSS APPROPRIATION		\$ 78,683,100
Appropriated from:		
Federal revenues:		
Total federal revenues		68,709,200
Special revenue funds:		
State general fund/general purpose		\$ 9,973,900

Sec. 104. CHILD SUPPORT ENFORCEMENT

Full-time equated classified positions	174.7	
Child support enforcement operations—168.7 FTE positions		\$ 24,359,000
Legal support contracts		139,819,500
Child support incentive payments		32,409,600
Child support distribution computer system—6.0 FTE positions		26,035,900
GROSS APPROPRIATION		\$ 222,624,000
Appropriated from:		
Federal revenues:		
Total federal revenues		204,107,700
Special revenue funds:		
Total local revenues		340,000
State general fund/general purpose		\$ 18,176,300

Sec. 105. CHILD AND FAMILY SERVICES

Full-time equated classified positions	99.5	
Salaries and wages—38.7 FTE positions.....		\$ 2,019,800
Contractual services, supplies, and materials		1,295,500
Refugee assistance program—2.9 FTE positions.....		12,661,100
Foster care payments.....		149,186,800
Wayne County foster care payments		76,177,300
Adoption subsidies.....		219,061,500

	For Fiscal Year Ending Sept. 30, 2005
Adoption support services—7.7 FTE positions	14,488,300
Youth in transition—2.0 FTE positions	12,482,700
Interstate compact	300,000
Children’s benefit fund donations	21,000
Domestic violence prevention and treatment—3.5 FTE positions	13,770,600
Teenage parent counseling—2.3 FTE positions	3,793,500
Families first.....	17,448,100
Child safety and permanency plan	16,900,700
Strong families/safe children.....	14,095,300
Child protection/community partners—18.3 FTE positions.....	5,713,400
Zero to three	4,000,000
Family group decision making	2,454,700
Family reunification program.....	4,062,700
Family preservation and prevention services—12.0 FTE positions	1,871,000
Black child and family institute	100,000
Rape prevention and services	2,600,000
Children’s trust fund administration—4.3 FTE positions	473,800
Children’s trust fund grants.....	3,615,000
Attorney general contracts	2,742,400
Guardian contract.....	600,000
Prosecuting attorney contracts	1,061,700
Child care fund	171,337,900
Child care fund administration—5.8 FTE positions	883,800
County juvenile offices	3,754,000
Community support services—2.0 FTE positions.....	1,328,700
GROSS APPROPRIATION.....	\$ 760,301,300
Appropriated from:	
Federal revenues:	
Total federal revenues	428,197,900
Special revenue funds:	
Private-children’s benefit fund donations	21,000
Private-collections.....	5,033,900
Local funds - county payback	45,385,900
Children’s trust fund	3,294,100
State general fund/general purpose	\$ 278,368,500
Sec. 106. JUVENILE JUSTICE SERVICES	
Full-time equated classified positions	750.4
W.J. Maxey training school—301.0 FTE positions	\$ 22,212,800
Adrian training school—138.0 FTE positions	9,552,000
Bay pines center—44.0 FTE positions	3,045,000
Nokomis challenge center—43.0 FTE positions.....	2,875,000
Shawono center—39.0 FTE positions	2,775,000
Arbor heights—34.0 FTE positions.....	2,875,000
Community juvenile justice centers—37.0 FTE positions	3,011,400
Juvenile justice field staff, administration and maintenance—93.7 FTE positions	19,446,000
Federally funded activities—13.7 FTE positions.....	1,734,100
W.J. Maxey memorial fund	45,000
Juvenile accountability incentive block grant—3.0 FTE positions	8,397,900
Committee on juvenile justice administration—4.0 FTE positions.....	460,600
Committee on juvenile justice grants	5,000,000
GROSS APPROPRIATION.....	\$ 81,429,800
Appropriated from:	
Federal revenues:	
Total federal revenues	18,352,400
Special revenue funds:	
Total private revenues	645,000

	For Fiscal Year Ending Sept. 30, 2005
Local funds - county payback	26,900,100
State general fund/general purpose	\$ 35,532,300
Sec. 107. LOCAL OFFICE STAFF AND OPERATIONS	
Full-time equated classified positions	7,991.1
Field staff, salaries and wages—7,876.4 FTE positions	\$ 335,754,800
Contractual services, supplies, and materials	24,264,300
Outstationed eligibility workers—29.0 FTE positions.....	5,476,800
County donated funds positions—6.9 FTE positions.....	517,100
Food stamp reinvestment—78.8 FTE positions	17,040,400
Wayne County gifts and bequests.....	100,000
Volunteer services and reimbursement	1,294,900
GROSS APPROPRIATION	\$ 384,448,300
Appropriated from:	
Federal revenues:	
Total federal revenues	236,279,200
Special revenue funds:	
Local funds - donated funds.....	195,700
Private funds - hospital contributions.....	2,738,400
Private funds - Wayne County gifts	100,000
State general fund/general purpose	\$ 145,135,000
Sec. 108. DISABILITY DETERMINATION SERVICES	
Full-time equated classified positions	568.4
Disability determination operations—544.9 FTE positions	\$ 73,050,700
Medical consultation program—18.4 FTE positions	2,756,900
Retirement disability determination—5.1 FTE positions.....	857,400
GROSS APPROPRIATION	\$ 76,665,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG from DMB-office of retirement systems.....	1,084,400
ADJUSTED GROSS APPROPRIATION	\$ 75,580,600
Appropriated from:	
Federal revenues:	
Total federal revenues	72,800,000
State general fund/general purpose	\$ 2,780,600
Sec. 109. CENTRAL SUPPORT ACCOUNTS	
Rent	\$ 43,923,800
Occupancy charge	10,046,200
Travel.....	5,593,600
Equipment.....	145,300
Worker's compensation	5,714,000
Advisory commissions	17,900
Human resources optimization user charges.....	561,000
Payroll taxes and fringe benefits	195,707,500
GROSS APPROPRIATION	\$ 261,709,300
Appropriated from:	
Federal revenues:	
Total federal revenues	169,058,800
Special revenue funds:	
Local funds - county payback	304,400
State general fund/general purpose	\$ 92,346,100
Sec. 110. OFFICE OF CHILDREN AND ADULT LICENSING	
Full-time equated classified positions	219.0
AFC, children's welfare and day care licensure—219.0 FTE positions.....	\$ 23,047,800
GROSS APPROPRIATION	\$ 23,047,800
Appropriated from:	
Federal revenues:	
Total federal revenues	11,258,600

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Ending Sept. 30,
2005

Special revenue funds:	
Restricted-licensing fees	585,400
Restricted-health fees and collections	94,200
State general fund/general purpose	\$ 11,109,600
Sec. 111. PUBLIC ASSISTANCE	
Family independence program	\$ 386,642,100
State disability assistance payments.....	34,748,700
Food assistance program benefits.....	1,099,429,300
State supplementation	58,868,400
State supplementation administration.....	2,493,200
Low-income home energy assistance program	116,467,700
Food bank funding	525,000
Homeless shelter contracts	11,646,700
Multicultural assimilation funding	1,715,500
Indigent burial	6,155,500
Emergency services local office allocations	21,865,500
Weatherization assistance.....	15,940,800
Day care services	491,672,000
GROSS APPROPRIATION.....	\$ 2,248,170,400
Appropriated from:	
Federal revenues:	
Total federal revenues	1,721,193,300
Special revenue funds:	
Child support collections	47,710,700
Supplemental security income recoveries.....	5,104,800
Public assistance recoupment revenue.....	2,500,000
State general fund/general purpose	\$ 471,661,600
Sec. 112. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 42,849,900
Child support automation	52,205,700
Client services system.....	11,512,100
Data system enhancement	15,513,000
GROSS APPROPRIATION.....	\$ 122,080,700
Appropriated from:	
Federal revenues:	
Total federal revenues	77,619,900
Special revenue funds:	
Total other state restricted revenue	10,260,000
State general fund/general purpose	\$ 34,200,800

PART 2
PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2004-2005 is \$1,179,766,200.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$188,458,500.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

**FAMILY INDEPENDENCE AGENCY
CHILD AND FAMILY SERVICES**

Adoption subsidies.....	\$ 81,052,800
Child care fund.	102,200,000
County juvenile officers.....	3,266,000

PUBLIC ASSISTANCE

State disability program.	1,939,700
TOTAL	\$ 188,458,500

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

Sec. 203. As used in this act:

- (a) "AFC" means adult foster care.
- (b) "Department" means the family independence agency.

(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 shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report monthly to the chairpersons of the senate and house appropriations committees and the 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. 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 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. The department may receive and expend advances or reimbursements from the department of state police for the administration of the individual and family grant disaster assistance program. An account shall be established in the department for this purpose when a disaster is declared. The authorization and allotment for the account shall be in the amount advanced or reimbursed from the department of state police.

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 family independence agency 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, 2005.

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

Sec. 215. 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. Upon receipt of the notification, a joint house and senate committee made up of the members of the house and senate appropriations subcommittees dealing with appropriations for the family independence agency may be appointed to meet with the director of the department to review the substantive, procedural, and legal ramifications of the legislative objective and to develop a plan to attain that legislative objective.

Sec. 217. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 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. 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 family independence agency 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 family independence agency 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.

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 section 104 of title I of the personal responsibility and work opportunity reconciliation act of 1996, 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. 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 family independence agency 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 house and senate appropriations subcommittees for the family independence agency 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.

Sec. 260. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department 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. (1) The department, with the county family independence agency boards of directors and the department of management and budget, shall develop a 5-year plan in every county to restructure local offices. This plan is to be presented to the house and senate appropriations subcommittees for the family independence agency budget by February 1, 2005. Issues to be covered shall include service delivery structure, facility needs, caseload size, and administrative support. Any plan presented shall ensure that the department provides a presence and services in every county. Up to 25% of any savings resulting from this plan may be appropriated to the counties generating the savings to fund additional prevention services.

(2) The department shall meet with the Michigan department of labor and economic growth and its Michigan works! agencies by September 30, 2005 to examine possible colocation of offices and caseworkers. The department shall report to the house and senate appropriations subcommittees for the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director on the results of this meeting no later than October 15, 2005.

Sec. 264. Provided that an employee does not violate federal or state laws, breach confidentiality, violate civil service rules, or represent a formal department position without prior written authorization, the department shall ensure that all department employees, while on their personal time, are permitted to have appropriate communications with legislators and their 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) A report required to be provided to the legislature and the state budget director, no later than January 15, 2005, shall include all of the following information for the programs listed in subsection (2):

- (a) The average cost per recipient served by the program.
- (b) Information on program goals, as well as outcome measures and results used to monitor progress toward these goals.

(2) The programs for which the report in subsection (1) is to be prepared are the following:

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

Sec. 271. (1) The department shall report to the senate and house appropriations subcommittees on the family independence agency, 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 family independence agency, 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 and the Michigan judicial institute.
- (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, 2004 on each specific policy change made to implement enacted legislation to the senate and house appropriations subcommittees on the family independence agency 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 family independence agency 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, 2005, the department shall report to the senate and house appropriations subcommittees on the family independence agency budget, the senate and house fiscal agencies, and the senate and house policy offices the annual regulatory plan submitted to the office of regulatory reform pursuant to section 53 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.253.

Sec. 274. The department shall report to the house and senate appropriations subcommittees on the family independence agency 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. 276. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. The department shall follow all federal guidelines and state laws regarding short-term and long-term retention of records.

Sec. 277. Not more than 30 days after receiving a published report from the office of auditor general that states that the department has not complied with state or federal law, rule, or regulation, the department shall provide a report to the house and senate committees having jurisdiction over the family independence agency. The report shall state the reason for the noncompliance, a corrective action plan to bring the department into compliance, and the time frame for implementing and executing the plan.

Sec. 278. (1) The department shall contract with a private consulting firm or firms to evaluate the following:

- (a) Maximization of federal funds.
- (b) Child day care program efficiency.
- (c) Local and central office management efficiency savings.
- (d) Fraud collection.

(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 achieved from recommendation implementation.

(3) As part of the annual budget presentation, the department shall report to the house and senate appropriations subcommittees for the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director on the recommendations and plans for implementation.

(4) The department shall implement a corrective action plan to address procedural and internal control weaknesses identified by the office of the auditor general in the single audit of the department dated July 2004.

(5) The department shall provide a copy of the detailed corrective action plan referred to in subsection (4) to the house and senate appropriations subcommittees on the family independence agency budget, house and senate standing committees on human services matters, house and senate fiscal agencies and policy offices, and state budget director by December 31, 2004. By April 1, 2005, the department shall provide a progress report including the specific corrective action plan changes implemented to that date and the timetable for implementation of the remaining corrective action plan changes.

EXECUTIVE OPERATIONS

Sec. 303. (1) From the funds appropriated in part 1 for inspector general salaries and wages and payroll taxes and fringe benefits, the department shall expend up to \$136,700.00 to add 2 FTEs as inspector general agents dedicated to fraud detection in day care services.

(2) The department may also contract with a private organization for fraud detection services and recovery of funds. The contracted organization shall not charge the department a fee for services, but shall receive a negotiated percentage of the savings achieved or funds that are recovered.

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.

FAMILY INDEPENDENCE SERVICES ADMINISTRATION

Sec. 403. 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 family independence agency the proposed use and distribution plan for community services block grant funds appropriated in part 1 for the succeeding fiscal year.

Sec. 404. 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, 2004, and the plan shall be delivered to the appropriations subcommittees on the family independence agency in the house and senate, the senate and house fiscal agencies, and the state budget director.

Sec. 414. (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) From the funds appropriated in part 1 for community services block grants, the department is authorized to make allocations of TANF funds only to the community action agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

(3) In addition to the money referred to in subsection (1), from the funds appropriated in part 1 for community services block grant, the department may award up to \$500,000.00 to organizations based on the number of clients educated, with an emphasis on clients who have never filed for the earned income tax credit (EITC), clients with children, and clients for whom the receipt of the EITC will make it easier for them to move off public assistance.

Sec. 415. (1) From the funds appropriated in part 1 for employment and training support services, the department shall expend \$200,000.00 in TANF to fund a fatherhood initiative program. 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. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

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

Sec. 416. (1) From the funds appropriated in part 1 for employment and training support services, the department may expend up to \$250,000.00 in TANF to fund a marriage initiative program. 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. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

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

Sec. 417. The department shall report to the senate and house appropriations subcommittees for the family independence agency budget, the senate and house standing committees on human services matters, the senate and house fiscal agencies and policy offices, and the state budget office on the implementation of the bureau of community action and economic opportunity and the commission on community action and social opportunity. The report is due November 15, 2004 and shall include all of the following:

- (a) Number of full-time equated employees funded.
- (b) Administrative duties performed.

(c) The relationship between duties and the bureau of community action and economic opportunity and the commission on community action and social opportunity.

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. It is the intent of the legislature that the same amount 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 in 4 other counties.

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. The department shall provide 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 section 103 for food for the elderly, the department shall allocate money to assist the state's elderly population to participate in the state 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) From the money appropriated in section 107 for food stamp reinvestment, the department shall make available \$20,000.00 to contract with the center for civil justice to support a food stamp error reduction project. The funding is conditional upon the United States department of agriculture approval of an amendment to the food stamp reinvestment plan of this state for the use of these funds for screening activities covered under the project contract.

CHILD AND FAMILY SERVICES

Sec. 501. (1) The following goal is established by state law. During the fiscal year ending September 30, 2005, 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, 2005, the department shall report to the house and senate appropriations subcommittees for the family independence agency budget, the house and senate 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.

(2) By October 1, 2004, the department shall discontinue the Michigan children's institute (MCI) preliminary consent denial review process implemented in August 2003. The department shall report to the house and senate appropriations subcommittees for the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director on MCI standards for timely review and consent for adoption cases by January 15, 2005.

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.

(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, by January 1, 2005, 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.

(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.

(iii) The perpetrator no longer has access to the child victim.

(iv) Unsatisfactory family response - referral to court not feasible.

(v) Child protective services not needed - family is receiving services from another program.

(vi) Client unavailable for services, location of client unknown.

(vii) Other.

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

family independence agency 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, 2005.

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 2004-2005 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 family independence agency.

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. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

(2) The agencies receiving teenage parent counseling TANF funds shall report to the family independence agency 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 submit a report on prevention programs for which funds are appropriated in part 1 to the senate and house appropriations subcommittees on the family independence agency, the senate and house standing committees having jurisdiction over human services matters, the senate and house fiscal agencies, and the senate and house policy offices no later than March 15, 2005 that includes all of the following information:

(a) The average cost per recipient served by the program.

(b) Information on program goals and outcome measures and results used to monitor progress toward these goals.

Sec. 531. (1) From the funds appropriated in part 1, the department may 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 agency 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 house and senate appropriations subcommittees on the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director on or before January 15, 2005 on the implementation of the licensing and contract compliance review process.

Sec. 533. (1) The family independence agency 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 family independence agency 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, 2004, 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.

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.

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, 2005, counties shall have an approved service spending plan for the fiscal year ending September 30, 2005. Counties must submit the service spending plan to the department by December 15, 2004 for approval.

Sec. 543. The department shall develop a comprehensive plan to provide education and training to reduce the incidences of criminal sexual conduct involving underage youth. The plan shall be designed to reach state and local law enforcement officials, schools and education agencies, health care, counseling, and pregnancy prevention services, and any other agency the department considers relevant. The department shall issue a report, by November 1, 2004, to the house and senate appropriations subcommittees on the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director that shall contain at least all of the following:

(a) The names of the task force members or committee members, and their representative organizations, who helped develop the plan.

(b) The recommendations the department is making to each of the following:

(i) State and local law enforcement agencies.

(ii) Schools and education agencies.

(iii) Health care professionals.

(iv) Counseling agencies.

(v) Pregnancy prevention programs.

(c) The annual goals for reporting and reducing incidences of criminal sexual conduct involving underage youth.

(d) A summary of past plans and their outcomes submitted in compliance with federal guidelines.

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

Sec. 545. (1) From the funds appropriated in part 1 for foster care payments, Wayne County foster care payments, adoption subsidies, and adoption support services, \$7,390,700.00 shall be used to provide a 3.0% rate increase to child placing agencies and residential facilities beginning October 1, 2004, and a 1.0% rate increase to foster care parents and parents receiving adoption subsidies beginning October 1, 2004.

(2) By April 1, 2005, the department shall develop and implement, in conjunction with representatives from private child placing agencies, a new specialized foster care system. Prior to implementation, the department shall provide a report describing the new system to the house and senate appropriations subcommittees for the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director. From the funds appropriated in part 1 for foster care payments and Wayne County foster care payments, up to \$1,000,000.00 may be used to implement the new specialized foster care system.

(3) As part of a new system, the department shall provide for approval of new specialized foster care programs.

Sec. 546. From the funds appropriated in part 1 for domestic violence prevention and treatment, the department shall allocate \$75,000.00 in TANF funds to Barry County for services that comply with all domestic violence board standards and reporting requirements.

Sec. 547. The department shall develop and implement a plan to review each court order placing a child into foster care within 60 days to verify federal compliance and shall report on the results by October 1, 2004 to the senate and house appropriations subcommittees for the family independence agency budget, the senate and house fiscal agencies and policy offices, and the state budget director.

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, 2005, the department shall report the results of the study received under subsection (3) to the senate and house of representatives appropriations subcommittees on the family independence agency, the senate and house of representatives standing committees with jurisdiction over families and human services issues, the senate and house fiscal agencies and policy offices, and the state budget office.

PUBLIC ASSISTANCE

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) It is the intent of the legislature that the department 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 section 402 of title IV of the personal responsibility and work opportunity reconciliation act of 1996, 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, 2004 and ending September 30, 2005.

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 \$947.00. The funds shall be distributed as follows: \$603.00 for funeral directors; \$200.00 for cemeteries or crematoriums; and \$144.00 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.

Sec. 619. The department shall exempt from the denial of title IV-A assistance and food assistance benefits, contained in section 115 of title I of the personal responsibility and work opportunity reconciliation act of 1996, 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 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. 632. The department shall calculate the food assistance allotment for applicants who are United States citizens and who live in a household with legal immigrants in a manner that maximizes the food assistance available to these United States citizens under federal law.

Sec. 635. Within 6 business days of receiving all information necessary to process an application for payments for child day care, the family independence agency 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 family independence agency 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 shall 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. 643. As a condition of receipt of federal TANF funds, homeless shelters shall collaborate with the family independence agency 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 shelters within state emergency relief, 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 family independence agency'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 section 6(o)(6) of the food stamp act of 1977, Public Law 88-525, 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 August 30, 2005, 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 family independence agency 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 council activities within state emergency relief, 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. By January 1, 2005, the department shall report on the new transportation initiatives developed to the senate and house appropriations subcommittees on the family independence agency, senate and house standing committees on human services matters, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director.

Sec. 666. The department shall continue to implement the plan developed during the fiscal year ending in 2004 to increase the participation of eligible family independence program recipients in the federal earned income tax credit. The department shall report the details of the plan to the senate and house appropriations subcommittees on the family independence agency 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, 2004.

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 \$6,850,000.00 for the annual clothing allowance. The allowance shall be granted to all eligible children as defined by the department.

Sec. 670. It is the intent of the legislature that the funds appropriated in part 1 for kinship care in the fiscal year ending September 30, 2005 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. 671. The department shall work with private nonprofit service providers to implement an Internet-based information system providing centralized benefit eligibility information and electronic application forms and application submission. This system may be used by volunteer counselors to assist users in obtaining all available public assistance.

Sec. 672. By January 1, 2005, the department shall report to the house and senate appropriations subcommittees for the family independence agency budget, the house and senate standing committees on human services, the house and senate fiscal agencies and policy offices, and the state budget director on the department's food assistance outreach efforts.

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, and other process changes. Quarterly, beginning December 31, 2004, the department shall report to the house and senate appropriations subcommittees for the family independence agency budget, the house and senate 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, 2005, the department shall report the results of the analysis to the senate and house subcommittees on the family independence agency 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 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.

(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 cochairs 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) 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 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.

JUVENILE JUSTICE SERVICES

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. 703. A juvenile adjudicated and placed in a state-operated maximum security program funded under part 1 for juvenile justice services shall not be allowed to leave the property of the maximum security facility at which the

program is located except when required to leave the property for medical treatment, court appearances, or other good cause approved by the facility director. For purposes of this section, "juvenile" means that term as defined in section 115n of the social welfare act, 1939 PA 280, MCL 400.115n.

Sec. 704. New facilities funded under part 1 for juvenile justice services shall not be located within 1,500 feet of property in use for a K-12 educational program.

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 shall submit a quarterly report to the legislature, beginning December 31, 2004, outlining 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 report shall include 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. 713. (1) The department shall work cooperatively with judiciary and with the departments of community health and career development to coordinate and improve the delivery of mental health and substance abuse treatment and education and training services to individuals leaving the juvenile justice system, especially those aging out of the system identified as continuing to pose a serious risk to themselves or others.

(2) As required by section 18 of chapter XIIIA of the probate code of 1939, 1939 PA 288, MCL 712A.18, juveniles committed to an institution operated by the department shall receive medical, dental, surgical, or other health care as necessary. The Medicaid reimbursable rate scale shall be used as the standard for allowable charges for services rendered. The family independence agency shall reimburse providers for the actual charges less than or equal to the Medicaid reimbursable rate scale for each service provided.

Sec. 714. (1) The family independence agency 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 house and senate appropriations subcommittees for the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director by January 15, 2005 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 house and senate appropriations subcommittees for the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director by October 30, 2004 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. 716. It is the intent of the legislature that the department continue to review juvenile justice facilities and maximize cost and efficiency. By January 15, 2005, the department shall report to the house and senate appropriations subcommittees for the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director on utilization of juvenile justice facilities and potential consolidation efforts.

Sec. 718. The department shall notify the department of management and budget that W.J. Maxey training school property identified by the department as parcels 1, 3, and 4 is no longer necessary to support department functions.

Sec. 719. It is the intent of the legislature that the administration's proposal for the Adrian training school be implemented, except that the W.J. Maxey training school Sequoyah center shall be closed and residents at the Sequoyah center and the male residents at the Adrian training school shall be relocated to alternative public or private facilities or community settings. 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.

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 family independence agency 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. 752. The department shall research and report to the legislature on potential sources of federal funding to support child advocacy centers.

DISABILITY DETERMINATION SERVICES

Sec. 801. The family independence agency 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) In addition to the amount retained in subsection (1), additional incentives may be retained and used by the state for special, enhanced, or centralized initiatives or services that are reasonably calculated by the department, in consultation with the child support program leadership group, which consists of representatives of the state court administrative office, the friend of the court association, the prosecuting attorney's association of Michigan, the Michigan department of information technology, the family independence agency office of child support, and the state budget office, to result in an equivalent or greater increase in child support collections or child support incentive payments received from the federal government. If payment from the federal government for collection performance incentives exceeds the amount received by the state for the fiscal year 2000, the total amount paid to counties shall be no less than the total amount paid for federal performance incentives in fiscal year 2001.

(3) At the end of the current fiscal year, the department may, if it is 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.

(4) For the purpose of providing title IV-D child support enforcement funding, the department, as the IV-D agency, shall, within 30 days of the passage of this act, maintain a cooperative agreement with the state attorney general for IV-D funding to support the child support enforcement activities of the office of the attorney general. The department to the extent possible under federal law shall provide to the office of the attorney general any information used by the

office of child support enforcement to locate parents who fail to pay court-ordered child support, to collect child support, or to enforce child support orders.

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. 1004. The department shall evaluate the potential for licensing of secure adult foster care facilities.

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

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, 2005; 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.

Jerry Kooiman
Jacob Hoogendyk, Jr.
Chris Kolb
Conferees for the House

Bill Hardiman
Thomas M. George
Hansen Clarke
Conferees for the Senate

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

Rep. Richardville moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text 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. 750

Yeas—94

Accavitti	Gillard	Milosch	Smith
Acciavatti	Gleason	Minore	Spade
Adamini	Hager	Moolenaar	Stakoe
Amos	Hardman	Mortimer	Stallworth
Bieda	Hart	Murphy	Steil
Bisbee	Hood	Newell	Stewart
Brown	Hopgood	Nitz	Tabor
Byrum	Howell	Nofs	Taub
Casperson	Huizenga	O'Neil	Tobocman
Caswell	Hunter	Palsrok	Vagnozzi
Caul	Jamnick	Pappageorge	Van Regenmorter
Clack	Johnson, Rick	Phillips	Vander Veen
Condino	Julian	Plakas	Voorhees
Daniels	Koetje	Pumford	Walker
Dennis	Kolb	Reeves	Ward

DeRoche	Kooiman	Richardville	Waters
DeRossett	LaJoy	Rivet	Wenke
Ehardt	LaSata	Robertson	Whitmer
Elkins	Law	Sak	Williams
Emmons	Lipsey	Shackleton	Wojno
Farhat	McConico	Shaffer	Woodward
Farrah	Meisner	Sheltrown	Woronchak
Gaffney	Meyer	Shulman	Zelenko
Gielegem	Middaugh		

Nays—13

Bradstreet	Hoogendyk	Johnson, Ruth	Rocca
Brandenburg	Hummel	Palmer	Sheen
Drolet	Hune	Pastor	Stahl
Garfield			

In The Chair: Julian

By unanimous consent the House returned to the order of

Motions and Resolutions

Reps. Woronchak and Hood offered the following resolution:

House Resolution No. 301.

A resolution recognizing the significant contributions Henry Ford made to education, particularly in technical training.

Whereas, Henry Ford is honored as the “Father of Industrial Education” by the Henry Ford Trade School Alumni Association; and

Whereas, He has served as a great role model for generations to come leaving a legacy and creating opportunities that previously did not exist; and

Whereas, The Henry Ford Trade School was started by Henry Ford in Highland Park in 1916 with one instructor and six underprivileged and disadvantaged boys. It provided the students with the opportunity to change their lives from working in unskilled jobs to become highly skilled craftsman; and

Whereas, Mr. Ford and School Superintendent Dr. Frederick E. Searle, pioneered the modern concept of vocational training that combined on-the-job shop training with related formal classroom instruction; and

Whereas, Due to the popularity and success of the trade school by 1920, enrollment had grown to 400 students with a waiting list of 6,000 applicants. It was then moved in 1932 from Highland Park to the Rouge Complex in Dearborn where greater educational opportunities could be provided; and

Whereas, At the Rouge Complex, the enrollment peaked at about 2,800 students and 135 instructors; and

Whereas, When the school closed in 1952, a grant of \$1 million was made by the Trade School Board of Trustees from the Henry and Clara Ford Estate to Dearborn Junior College. In honor of the donation, the college was renamed Henry Ford Community College; now, therefore, be it

Resolved by the House of Representatives, That the members of this legislative body recognize Mr. Henry Ford for the legacy left by the founding of the Trade School to further educated students, particularly in technical training; and be it further

Resolved, That a copy of this resolution be transmitted to the Henry Ford Community College and to the Henry Ford Trade School Alumni Association for the dedication of the statue of Mr. Henry Ford on September 28, 2004.

Pending the reference of the resolution to a committee,

Rep. Richardville 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.

Reps. Woronchak, Accavitti, Adamini, Bieda, Brown, Condino, Dennis, Ehardt, Farrah, Garfield, Gielegem, Gillard, Gleason, Hardman, Hopgood, Huizenga, Jamnick, Kolb, Kooiman, LaSata, Lipsey, Meisner, Meyer, Middaugh, Milosch, Murphy, Pappageorge, Phillips, Plakas, Richardville, Sak, Shaffer, Sheltroun, Spade, Stakoe, Stallworth, Tabor, Taub, Tobocman, Vagnozzi, Vander Veen, Voorhees and Wojno offered the following resolution:

House Resolution No. 302.

A resolution to designate November 2, 2004, as Take Your Child to the Polls Day in Michigan.

Whereas, In the 1972 general election, 63 percent of American adults voted, a number that dropped to 51 percent in the closely contested 2000 Presidential campaign; and

Whereas S, Among young people, the decline in voter participation rates is even more alarming—although about half of all college students are registered to vote, only about 20 percent actually vote; and

Whereas, A major study by CIRCLE (the Center for Information and Research on Civic Learning and Engagement) shows that the turnout of Americans between the ages of 18 and 24 has fallen by at least 13 percentage points since 1972. Partially as a result of this decline, the under-25 age group now constitutes as little as 5.1 percent of the electorate in some election years; and

Whereas, Reversing this precipitous decline in election participation by young people is crucial to the continued vitality of American democracy; and

Whereas, A wealth of research by the Council for Excellence in Government suggests that parents have a major role in their children's future voting habits. One such recent study shows that 75 percent of young adults who grew up with political discussion at home are registered to vote and that young people whose parents regularly voted are twice as likely to vote as their peers; and

Whereas, The survey also showed that parents who discuss politics with their children, who take their children to vote, and who make a habit of voting regularly raise children who vote, volunteer and invest themselves in civic and community activities. Simply stated, if parents vote regularly, their children are far more likely to vote when they become adults; now, therefore, be it

Resolved by the House of Representatives, That the members of this legislative body designate November 2, 2004, Take Your Child to the Polls Day in Michigan; and be it further

Resolved, That each member of the Michigan House of Representatives is urged to publicize this resolution in their communities and encourage their constituents to vote and include their children in the voting process.

Pending the reference of the resolution to a committee,

Rep. Richardville 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.

Reps. Bieda, Condino, Tobocman, Accavitti, Anderson, Waters, Zelenko, Law, Clack, Stallworth, Gielegem, Spade, Vagnozzi, Sheltroun, Gleason, Cheeks, Reeves, Sak, Hunter, Adamini, Brown, Lipsey, Meisner, Gillard, Minore, McConico, O'Neil, Farrah, Elkins, Dennis, Hood, Kolb, Jamnick, Murphy, Williams, Phillips, Hopgood and Daniels offered the following resolution:

House Resolution No. 303.

A resolution to memorialize the United States Congress to adopt H.R. 3665 and to award Congressional Gold Medals to former President Jimmy Carter and former First Lady Rosalynn Carter.

Whereas, H.R. 3665 was introduced in the United States House of Representatives by the Honorable Sanford D. Bishop, Jr. of Georgia; and

Whereas, President Jimmy Carter and his wife First Lady Rosalynn Carter epitomize the best qualities in American service, volunteerism, and statesmanship, through their life work in Plains, Georgia, and throughout the world. Since leaving the White House, the Carters have redefined the role of former president to help broker peace and fight disease worldwide; and

Whereas, President and Mrs. Carter have selflessly distinguished themselves as exemplary public servants, both in the United States and throughout the world; and

Whereas, President Carter's domestic accomplishments included a long-term program designed to solve the mounting energy shortfalls, including a limit in imported oil, gradual price decontrol on domestically produced oil, a stringent program of conservation and development of alternate sources of energy such as solar, nuclear, and geothermal power; an overhaul of the civil service system; creation of the Departments of Education and Energy; deregulation of the airlines to stimulate competition and lower fares; and environmental efforts that included passage of a law preserving the vast wilderness areas of Alaska; and

Whereas, President Carter's foreign policy achievements included negotiating the Panama Canal treaties, the historic Camp David Accords between Israel and Egypt, the SALT II treaty with the former Soviet Union, and the establishment of diplomatic relations with the People's Republic of China; and

Whereas, First Lady Rosalynn Carter focused national attention on the performing arts, and invited to the White House leading classical artists from around the world as well as traditional American artists. She also took a strong interest in programs to aid mental health, the community and the elderly. From 1977 to 1978, Mrs. Carter served as the Honorary Chairperson of the President's Commission on Mental Health. Mrs. Carter also served as the President's personal emissary to Latin America; and

Whereas, After serving as President and First Lady of the United States, President and Mrs. Carter built the Carter Center in Atlanta, a nonprofit organization promoting international peace, human rights, conflict resolution, democracy and economic development, and the fight against poverty, hunger and disease in some 65 countries. Mrs. Carter currently serves as Vice Chair of the Carter Center, where she leads a program to diminish stigma against mental illness and to promote greater access to mental health care; and

Whereas, Since 1982, President and Mrs. Carter have been active volunteers with the Habitat for Humanity and serve on its International Board of Advisors. Habitat for Humanity is a nonprofit organization which since its founding in 1976 has built over 30,000 homes; and

Whereas, In December 2002, President Carter received the Nobel Peace Prize for his decades of untiring effort to find peaceful solutions to international conflicts, to advance democracy and human rights, and to promote economic and social development; now therefore, be it

Resolved by the House of Representatives, That we memorialize the United States Congress to adopt H.R. 3665 and to award Congressional Gold Medals to former President Jimmy Carter and former First Lady Rosalynn Carter, in recognition of their life work and service to the United States; and be it further

Resolved, That copies of this resolution be transmitted to the Speaker of the United States House of Representatives, the President of the United States Senate, the members of the Michigan Congressional delegation, the majority and minority leaders of Congress, the chair and ranking minority member of the House Committee on Financial Services, and President and Mrs. Carter.

The resolution was referred to the Committee on Government Operations.

Reps. Woronchak, Accavitti, Adamini, Bieda, Brown, Caswell, Condino, Dennis, Ehardt, Farrah, Garfield, Gielegem, Gillard, Gleason, Hardman, Hopgood, Huizenga, Jamnick, Koetje, Kolb, Kooiman, LaSata, Law, Lipsey, Meisner, Meyer, Middaugh, Minore, Murphy, Pappageorge, Phillips, Plakas, Richardville, Sak, Shaffer, Sheltroun, Shulman, Spade, Stakoe, Stallworth, Tabor, Taub, Tobocman, Vagnozzi, Vander Veen, Voorhees, Wojno and Zelenko offered the following resolution:

House Resolution No. 304.

A resolution declaring September 12-17, 2004, as Assisted Living Week in the state of Michigan.

Whereas, We take pride in joining citizens throughout the country in recognizing National Assisted Living Week and in proclaiming September 12-17, 2004, as Michigan Assisted Living Week; and

Whereas, The week is a tribute to residents of assisted living facilities and to the staff and owners who provide quality care for the disabled and elderly; and

Whereas, Assisted living facilities provide an important option for people who do not need skilled nursing home care but are not able to live on their own. They are vital to people who need assistance with activities of daily living but wish to remain independent for as long as possible. Residents are not able to live by themselves, but also do not require constant care. They provide a bridge for the gap between living independently and nursing homes.

Whereas, Unlike a traditional nursing home setting, assisted living environments vary drastically according to the needs of the residents. They can range from a senior high rise apartment complex where residents live independently with the knowledge that support services are available to them, to a large home in a residential neighborhood with few residents. Some facilities provide very specialized levels of care, including programs for people with dementia or Alzheimer's disease.

Whereas, More than a million Americans are living in an estimated 30,000 to 40,000 assisted living communities nationwide. In Michigan, approximately 10,000 residents live in licensed adult foster care homes, approximately 11,000 live in homes for the aged, and tens of thousands of older adults live in unlicensed community living or retirement residence settings. Many of these individuals continue to lead active, meaningful lives in their facilities and communities; and

Whereas, Michigan residents are well served by the choices assisted living environments offer people seeking long-term health services; now, therefore, be it

Resolved by the House of Representatives, That members of this legislative body declare September 12-17, 2004, as Assisted Living Week in the state of Michigan. We join together in honoring assisted living facilities, their residents, and staff. We urge all Michigan residents to join us in recognizing the significant contributions of long term care facilities and caregivers in this state and beyond.

Resolved, That a copy of this resolution be transmitted to the Michigan Assisted Living Association, Michigan Center for Assisted Living, Michigan Association of Homes and Services for the Aged, and the Jewish Home and Aging Services as evidence of our support.

Pending the reference of the resolution to a committee,

Rep. Richardville 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

First Conference Report

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

Senate Bill No. 1063, entitled

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2005; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

Recommends:

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

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2005; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2005, 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.....	5,112.6	
Average population	1,102.0	
GROSS APPROPRIATION.....		\$ 10,173,609,800
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		70,037,000
ADJUSTED GROSS APPROPRIATION		\$ 10,103,572,800
Federal revenues:		
Total federal revenues		5,502,732,900
Special revenue funds:		
Total local revenues		523,452,400
Total private revenues		55,476,400
Merit award trust fund		110,675,000
Tobacco settlement trust fund		66,125,000
Total other state restricted revenues		1,287,044,700
State general fund/general purpose		\$ 2,558,066,400

Sec. 102. DEPARTMENTWIDE ADMINISTRATION

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	250.1	
Director and other unclassified—6.0 FTE positions		\$ 581,500
Community health advisory council.....		8,000
Departmental administration and management—228.7 FTE positions.....		22,498,700

	For Fiscal Year Ending Sept. 30, 2005
Certificate of need program administration—10.0 FTE positions.....	1,007,600
Worker’s compensation program	8,558,700
Rent and building occupancy	8,259,300
Developmental disabilities council and projects—10.0 FTE positions	2,809,100
Rural health services	1,377,900
Michigan essential health care provider program	1,391,700
Primary care services—1.4 FTE positions.....	3,048,900
GROSS APPROPRIATION	\$ 49,541,400
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of treasury, Michigan state hospital finance authority.....	107,400
Federal revenues:	
Total federal revenues	15,242,900
Special revenue funds:	
Total private revenues	185,900
Total other state restricted revenues	3,947,900
State general fund/general purpose	\$ 30,057,300
Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
ADMINISTRATION AND SPECIAL PROJECTS	
Full-time equated classified positions	103.5
Mental health/substance abuse program administration—103.5 FTE positions	\$ 11,429,700
Consumer involvement program	189,100
Gambling addiction.....	3,500,000
Protection and advocacy services support	777,400
Mental health initiatives for older persons	1,349,200
Community residential and support services	3,311,800
Highway safety projects.....	1,837,200
Federal and other special projects	2,746,000
Family support subsidy	16,680,700
Housing and support services.....	5,923,000
GROSS APPROPRIATION	\$ 47,744,100
Federal revenues:	
Total federal revenues	29,686,400
Special revenue funds:	
Total private revenues	190,000
Total other state restricted revenues	3,682,300
State general fund/general purpose	\$ 14,185,400
Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
PROGRAMS	
Full-time equated classified positions	9.5
Medicaid mental health services	\$ 1,414,985,200
Community mental health non-Medicaid services	313,352,400
Medicaid adult benefits waiver	40,000,000
Multicultural services.....	4,963,800
Medicaid substance abuse services.....	28,732,300
Respite services	1,000,000
CMHSP, purchase of state services contracts	120,746,800
Civil service charges.....	1,765,500
Federal mental health block grant—2.5 FTE positions.....	15,326,600
State disability assistance program substance abuse services	2,509,800
Community substance abuse prevention, education, and treatment programs.....	82,770,600
Children’s waiver home care program.....	19,549,800
Omnibus reconciliation act implementation—7.0 FTE positions.....	12,807,300
GROSS APPROPRIATION	\$ 2,058,510,100

For Fiscal Year
Ending Sept. 30,
2005

Appropriated from:	
Federal revenues:	
Total federal revenues	946,153,500
Special revenue funds:	
Total local revenues	26,000,000
Total other state restricted revenues	6,542,400
State general fund/general purpose	\$ 1,079,814,200
Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES	
Total average population	1,102.0
Full-time equated classified positions	3,457.1
Caro regional mental health center-psychiatric hospital-adult—529.7 FTE positions.....	\$ 39,681,300
Average population	192.0
Kalamazoo psychiatric hospital-adult—500.4 FTE positions	35,953,000
Average population	184.0
Walter P. Reuther psychiatric hospital-adult—477.9 FTE positions	40,877,900
Average population	242.0
Hawthorn center-psychiatric hospital-children and adolescents—226.2 FTE positions	19,014,400
Average population	67.0
Mount Pleasant center-developmental disabilities—514.3 FTE positions.....	35,146,100
Average population	192.0
Center for forensic psychiatry—493.0 FTE positions.....	44,709,200
Average population	225.0
Forensic mental health services provided to the department of corrections— 704.6 FTE positions.....	68,687,700
Revenue recapture.....	750,000
IDEA, federal special education.....	120,000
Special maintenance and equipment.....	335,300
Purchase of medical services for residents of hospitals and centers	1,358,200
Closed site, transition, and related costs—11.0 FTE positions	601,000
Severance pay	216,900
Gifts and bequests for patient living and treatment environment	1,000,000
GROSS APPROPRIATION.....	\$ 288,451,000
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of corrections.....	68,687,700
Federal revenues:	
Total federal revenues	32,213,900
Special revenue funds:	
CMHSP, purchase of state services contracts	120,746,800
Other local revenues	13,853,500
Total private revenues	1,000,000
Total other state restricted revenues	8,426,600
State general fund/general purpose	\$ 43,522,500
Sec. 106. PUBLIC HEALTH ADMINISTRATION	
Full-time equated classified positions	83.4
Executive administration—11.0 FTE positions	\$ 1,667,900
Minority health grants and contracts	1,550,000
Vital records and health statistics—72.4 FTE positions	6,959,300
GROSS APPROPRIATION.....	\$ 10,177,200
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from family independence agency	689,100
Federal revenues:	
Total federal revenues	2,479,400

	For Fiscal Year Ending Sept. 30, 2005
Special revenue funds:	
Total other state restricted revenues	5,622,300
State general fund/general purpose	\$ 1,386,400
Sec. 107. HEALTH REGULATORY SYSTEMS	
Full-time equated classified positions	339.0
Health systems administration—184.0 FTE positions	\$ 18,266,900
Emergency medical services program state staff—5.0 FTE positions.....	940,600
Radiological health administration—25.0 FTE positions	2,191,400
Substance abuse program administration—4.0 FTE positions	414,100
Emergency medical services grants and services.....	1,046,200
Health professions—121.0 FTE positions	15,095,500
GROSS APPROPRIATION.....	\$ 37,954,700
Appropriated from:	
Federal revenues:	
Total federal revenues	13,481,800
Special revenue funds:	
Total other state restricted revenues	19,082,100
State general fund/general purpose	\$ 5,390,800
Sec. 108. INFECTIOUS DISEASE CONTROL	
Full-time equated classified positions	49.0
AIDS prevention, testing, and care programs—12.0 FTE positions	\$ 30,222,900
Immunization local agreements.....	14,010,300
Immunization program management and field support—14.0 FTE positions	1,670,400
Sexually transmitted disease control local agreements	3,494,900
Sexually transmitted disease control management and field support—23.0 FTE positions.....	3,482,600
GROSS APPROPRIATION.....	\$ 52,881,100
Appropriated from:	
Federal revenues:	
Total federal revenues	37,839,500
Special revenue funds:	
Total private revenues	2,655,700
Total other state restricted revenues	7,728,600
State general fund/general purpose	\$ 4,657,300
Sec. 109. LABORATORY SERVICES	
Full-time equated classified positions	121.0
Bovine tuberculosis—2.0 FTE positions	\$ 500,000
Laboratory services—119.0 FTE positions.....	14,380,400
GROSS APPROPRIATION.....	\$ 14,880,400
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from environmental quality	406,000
Federal revenues:	
Total federal revenues	2,819,900
Special revenue funds:	
Total other state restricted revenues	4,785,800
State general fund/general purpose	\$ 6,868,700
Sec. 110. EPIDEMIOLOGY	
Full-time equated classified positions	107.9
AIDS surveillance and prevention program.....	\$ 1,887,800
Asthma prevention and control—2.3 FTE positions.....	1,036,800
Bioterrorism preparedness—59.5 FTE positions	51,902,200
Epidemiology administration—41.1 FTE positions	6,233,600
Newborn screening follow-up and treatment services—5.0 FTE positions.....	3,712,500
Tuberculosis control and recalcitrant AIDS program	867,000
GROSS APPROPRIATION.....	\$ 65,639,900

For Fiscal Year
Ending Sept. 30,
2005

Appropriated from:	
Federal revenues:	
Total federal revenues	59,642,500
Special revenue funds:	
Total private revenues	77,500
Total other state restricted revenues	3,893,500
State general fund/general purpose	\$ 2,026,400
Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS	
Full-time equated classified positions	7.0
Implementation of 1993 PA 133, MCL 333.17015	\$ 100,000
Lead abatement program—7.0 FTE positions	1,728,400
Local health services.....	220,000
Local public health operations	40,618,400
Medical services cost reimbursement to local health departments.....	1,800,000
GROSS APPROPRIATION.....	\$ 44,466,800
Appropriated from:	
Federal revenues:	
Total federal revenues	3,291,000
Special revenue funds:	
Total other state restricted revenues	480,900
State general fund/general purpose	\$ 40,694,900
Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION	
Full-time equated classified positions	49.8
African-American male health initiative	\$ 106,700
AIDS and risk reduction clearinghouse and media campaign.....	1,576,000
Alzheimer’s information network.....	550,000
Cancer prevention and control program—14.3 FTE positions	14,743,800
Chronic disease prevention—1.0 FTE positions	5,334,300
Diabetes and kidney program—9.1 FTE positions	3,571,900
Health education, promotion, and research programs—9.3 FTE positions	1,018,100
Injury control intervention project—1.0 FTE positions	520,100
Michigan Parkinson’s foundation.....	200,000
Morris Hood Wayne State University diabetes outreach	400,000
Physical fitness, nutrition, and health	1,000,000
Public health traffic safety coordination.....	564,500
Smoking prevention program—13.1 FTE positions.....	6,414,600
Tobacco tax collection and enforcement	810,000
Violence prevention—2.0 FTE positions.....	1,779,600
GROSS APPROPRIATION.....	\$ 38,589,600
Appropriated from:	
Federal revenues:	
Total federal revenues	18,440,700
Special revenue funds:	
Total other state restricted revenues	18,168,700
State general fund/general purpose	\$ 1,980,200
Sec. 113. FAMILY, MATERNAL, AND CHILDREN’S HEALTH SERVICES	
Full-time equated classified positions	45.4
Childhood lead program—5.8 FTE positions	\$ 2,492,600
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—39.6 FTE positions	4,581,200
Family planning local agreements.....	12,270,300
Local MCH services.....	7,264,200
Migrant health care	612,200

	For Fiscal Year Ending Sept. 30, 2005
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	1,000,000
Special projects.....	6,213,400
Sudden infant death syndrome program	321,300
GROSS APPROPRIATION.....	\$ 45,987,800
Appropriated from:	
Federal revenues:	
Total federal revenues	31,572,400
Special revenue funds:	
Total other state restricted revenues	8,904,000
State general fund/general purpose	\$ 5,511,400
Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAMS	
Full-time equated classified positions	41.0
Women, infants, and children program administration and special projects—	
41.0 FTE positions.....	\$ 5,702,700
Women, infants, and children program local agreements and food costs.....	181,392,100
GROSS APPROPRIATION.....	\$ 187,094,800
Appropriated from:	
Federal revenues:	
Total federal revenues	136,747,500
Special revenue funds:	
Total private revenues	50,347,300
State general fund/general purpose	\$ 0
Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES	
Full-time equated classified positions	47.7
Children's special health care services administration—47.7 FTE positions	\$ 4,319,700
Amputee program	184,600
Bequests for care and services	1,754,600
Case management services	3,773,500
Conveyor contract.....	513,500
Medical care and treatment	172,774,200
GROSS APPROPRIATION.....	\$ 183,320,100
Appropriated from:	
Federal revenues:	
Total federal revenues	88,284,700
Special revenue funds:	
Total private revenues	1,000,000
Total other state restricted revenues	650,000
State general fund/general purpose	\$ 93,385,400
Sec. 116. OFFICE OF DRUG CONTROL POLICY	
Full-time equated classified positions	16.0
Drug control policy—16.0 FTE positions	\$ 2,040,800
Anti-drug abuse grants.....	26,859,200
Interdepartmental grant to judiciary for drug treatment courts	1,800,000
GROSS APPROPRIATION.....	\$ 30,700,000
Appropriated from:	
Federal revenues:	
Total federal revenues	30,334,200
State general fund/general purpose	\$ 365,800
Sec. 117. CRIME VICTIM SERVICES COMMISSION	
Full-time equated classified positions	9.0
Grants administration services—9.0 FTE positions.....	\$ 1,137,300
Justice assistance grants.....	13,000,000

	For Fiscal Year Ending Sept. 30, 2005
Crime victim rights services grants	8,985,300
GROSS APPROPRIATION	\$ 23,122,600
Appropriated from:	
Federal revenues:	
Total federal revenues	13,954,700
Special revenue funds:	
Total other state restricted revenues	9,167,900
State general fund/general purpose	\$ 0
Sec. 118. OFFICE OF SERVICES TO THE AGING	
Full-time equated classified positions36.5	
Commission (per diem \$50.00)	\$ 10,500
Office of services to aging administration—36.5 FTE positions	4,952,400
Community services.....	35,404,200
Nutrition services.....	37,290,500
Senior volunteer services	5,645,900
Senior citizen centers staffing and equipment	1,068,700
Employment assistance	2,818,300
Respite care program	7,600,000
GROSS APPROPRIATION	\$ 94,790,500
Appropriated from:	
Federal revenues:	
Total federal revenues	52,038,500
Special revenue funds:	
Total private revenues	20,000
Tobacco settlement revenue	5,000,000
Total other state restricted revenues	2,767,000
State general fund/general purpose	\$ 34,965,000
Sec. 119. MEDICAL SERVICES ADMINISTRATION	
Full-time equated classified positions339.7	
Medical services administration—339.7 FTE positions.....	\$ 47,398,100
Facility inspection contract - state police.....	132,800
MIChild administration	4,327,800
GROSS APPROPRIATION	\$ 51,858,700
Appropriated from:	
Federal revenues:	
Total federal revenues	35,377,400
Special revenue funds:	
State general fund/general purpose	\$ 16,481,300
Sec. 120. MEDICAL SERVICES	
Hospital services and therapy.....	\$ 1,186,087,500
Hospital disproportionate share payments	50,000,000
Physician services	239,908,200
Medicare premium payments	233,705,600
Pharmaceutical services	732,084,000
Home health services	47,158,200
Transportation.....	8,538,300
Auxiliary medical services.....	101,301,900
Ambulance services	11,000,000
Long-term care services	1,689,989,700
Elder prescription insurance coverage.....	19,500,000
Health plan services.....	1,748,749,000
MIChild program	36,875,600
Medicaid adult benefits waiver	138,991,900
Maternal and child health.....	9,234,500
Social services to the physically disabled	1,344,900
Medical expenses recoupment.....	(23,113,000)

	For Fiscal Year Ending Sept. 30, 2005
Subtotal basic medical services program.....	6,231,356,300
School-based services	63,609,100
Special adjustor payments.....	522,451,700
Subtotal special medical services payments	586,060,800
GROSS APPROPRIATION.....	\$ 6,817,417,100
Appropriated from:	
Federal revenues:	
Total federal revenues	3,935,316,000
Special revenue funds:	
Total local revenues	362,852,100
Merit award trust fund	110,675,000
Tobacco settlement trust fund	61,125,000
Total other state restricted revenues	1,180,624,400
State general fund/general purpose	\$ 1,166,824,600
Sec. 121. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 30,481,900
GROSS APPROPRIATION.....	\$ 30,481,900
Appropriated from:	
Interdepartmental grant revenues:	
Interdepartmental grant from the department of corrections.....	146,800
Federal revenues:	
Total federal revenues	17,816,000
Special revenue funds:	
Total other state restricted revenues	2,570,300
State general fund/general purpose	\$ 9,948,800

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2004-2005 is \$4,021,911,100.00 and state spending from state resources to be paid to units of local government for fiscal year 2004-2005 is \$1,054,030,900.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF COMMUNITY HEALTH

DEPARTMENTWIDE ADMINISTRATION

Departmental administration and management	\$ 11,087,100
Rural health services	35,000

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS

Mental health initiatives for older persons	1,049,200
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COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

State disability assistance program substance abuse services	2,509,800
Community substance abuse prevention, education, and treatment programs.....	18,590,500
Medicaid mental health services	586,547,000
Community mental health non-Medicaid services	313,352,400
Medicaid adult benefits waiver	12,120,000
Multicultural services.....	4,963,800
Medicaid substance abuse services.....	12,438,200
Respite services	1,000,000
Omnibus budget reconciliation act implementation.....	3,859,500

INFECTIOUS DISEASE CONTROL

AIDS prevention, testing and care programs.....	2,031,100
Immunization local agreements.....	2,973,900
Sexually transmitted disease control local agreements	406,100

LOCAL HEALTH ADMINISTRATION AND GRANTS

Local public health operations	40,618,400
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CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION	
Smoking prevention program	1,960,300
FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES	
Childhood lead program.....	106,900
Family planning local agreements.....	2,094,400
Local MCH services.....	246,100
Prenatal care outreach and service delivery support.....	610,000
School health and education programs	500,000
CHILDREN'S SPECIAL HEALTH CARE SERVICES	
Case management services.....	3,169,900
MEDICAL SERVICES	
Transportation.....	1,175,300
OFFICE OF SERVICES TO THE AGING	
Community services.....	12,148,400
Nutrition services.....	11,538,800
Senior volunteer services	517,500
CRIME VICTIM SERVICES COMMISSION	
Crime victim rights services grants.....	6,381,300
TOTAL OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT	\$ 1,054,030,900

Sec. 202. (1) The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(2) Funds for which the state is acting as the custodian or agent are not subject to annual appropriation.

Sec. 203. As used in this act:

- (a) "AIDS" means acquired immunodeficiency syndrome.
- (b) "CMHSP" means a community mental health services program as that term is defined in section 100a of the mental health code, 1974 PA 258, MCL 330.1100a.
- (c) "Disease management" means a comprehensive system that incorporates the patient, physician, and health plan into 1 system with the common goal of achieving desired outcomes for patients.
- (d) "Department" means the Michigan department of community health.
- (e) "DSH" means disproportionate share hospital.
- (f) "EPIC" means elder prescription insurance coverage program.
- (g) "EPSDT" means early and periodic screening, diagnosis, and treatment.
- (h) "FTE" means full-time equated.
- (i) "GME" means graduate medical education.
- (j) "Health plan" means, at a minimum, an organization that meets the criteria for delivering the comprehensive package of services under the department's comprehensive health plan.
- (k) "HIV/AIDS" means human immunodeficiency virus/acquired immune deficiency syndrome.
- (l) "HMO" means health maintenance organization.
- (m) "IDEA" means individual disability education act.
- (n) "IDG" means interdepartmental grant.
- (o) "MCH" means maternal and child health.
- (p) "MICHild" means the program described in section 1670.
- (q) "MSS/ISS" means maternal and infant support services.
- (r) "Specialty prepaid health plan" means a program described in section 232b of the mental health code, 1974 PA 258, MCL 330.1232b.
- (s) "Title XVIII" means title XVIII of the social security act, 42 USC 1395 to 1395hhh.
- (t) "Title XIX" means title XIX of the social security act, 42 USC 1396 to 1396v.
- (u) "Title XX" means title XX of the social security act, 49 USC 1397 to 1397f.
- (v) "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 shall be imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

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

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

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

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

(2) Funds appropriated in part 1 shall not be used for the purchase of out-of-state goods or services, or both, if competitively priced and comparable quality Michigan goods or services, or both, are available.

Sec. 211. If the revenue collected by the department from fees and collections exceeds the amount appropriated in part 1, the revenue may be carried forward with the approval of the state budget director into the subsequent fiscal year. The revenue carried forward under this section shall be used as the first source of funds in the subsequent fiscal year.

Sec. 212. (1) From the amounts appropriated in part 1, no greater than the following amounts are supported with federal maternal and child health block grant, preventive health and health services block grant, substance abuse block grant, healthy Michigan fund, and Michigan health initiative funds:

(a) Maternal and child health block grant	\$ 21,714,000
(b) Preventive health and health services block grant	5,081,300
(c) Substance abuse block grant.....	60,269,400
(d) Healthy Michigan fund.....	43,400,000
(e) Michigan health initiative.....	9,834,100

(2) On or before February 1, 2005, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the detailed name and amounts of federal, restricted, private, and local sources of revenue that support the appropriations in each of the line items in part 1 of this act.

(3) Upon the release of the fiscal year 2005-2006 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 2005-2006 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, 2005, 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 2004-2005, but shall also include reimbursements, refunds, adjustments, and settlements from prior years.

(3) The department shall report by March 15, 2005 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, 2004 and May 1, 2005 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, 2005, 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. 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, 2005 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.

DEPARTMENTWIDE ADMINISTRATION

Sec. 301. From funds appropriated for worker's compensation, the department may make payments in lieu of worker's compensation payments for wage and salary and related fringe benefits for employees who return to work under limited duty assignments.

Sec. 303. The department is prohibited from requiring first-party payment from individuals or families with a taxable income of \$10,000.00 or less for mental health services for determinations made in accordance with section 818 of the mental health code, 1974 PA 258, MCL 330.1818.

Sec. 304. The funds appropriated in part 1 for the Michigan essential health care provider program may also provide loan repayment for dentists that fit the criteria established by part 27 of the public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

Sec. 305. The department is directed to continue support of multicultural agencies that provide primary care services from the funds appropriated in part 1.

Sec. 307. From the funds appropriated in part 1 for primary care services, an amount not to exceed \$3,048,900.00 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. 308. From the funds appropriated in part 1 for primary care services, \$250,000.00 shall be allocated to a pilot project to support operation of a health center that serves the uninsured, underinsured, and Medicaid population of Barry County who are not currently being served. Physicians shall provide services to the health center on a voluntary basis.

Sec. 313. By November 1, 2004, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on activities undertaken by the department to address compulsive gambling.

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS

Sec. 350. The department may enter into a contract with the protection and advocacy service, authorized under section 931 of the mental health code, 1974 PA 258, MCL 330.1931, or a similar organization to provide legal services for purposes of gaining and maintaining occupancy in a community living arrangement which is under lease or contract with the department or a community mental health services program to provide services to persons with mental illness or developmental disability.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 401. Funds appropriated in part 1 are intended to support a system of comprehensive community mental health services under the full authority and responsibility of local CMHSPs or specialty prepaid health plans. The department shall ensure that each CMHSP or specialty prepaid health plan provides all of the following:

- (a) A system of single entry and single exit.
- (b) A complete array of mental health services which shall include, but shall not be limited to, all of the following services: residential and other individualized living arrangements, outpatient services, acute inpatient services, and long-term, 24-hour inpatient care in a structured, secure environment.
- (c) The coordination of inpatient and outpatient hospital services through agreements with state-operated psychiatric hospitals, units, and centers in facilities owned or leased by the state, and privately-owned hospitals, units, and centers licensed by the state pursuant to sections 134 through 149b of the mental health code, 1974 PA 258, MCL 330.1134 to 330.1149b.
- (d) Individualized plans of service that are sufficient to meet the needs of individuals, including those discharged from psychiatric hospitals or centers, and that ensure the full range of recipient needs is addressed through the CMHSP's or specialty prepaid health plan's program or through assistance with locating and obtaining services to meet these needs.
- (e) A system of case management to monitor and ensure the provision of services consistent with the individualized plan of services or supports.
- (f) A system of continuous quality improvement.
- (g) A system to monitor and evaluate the mental health services provided.
- (h) A system that serves at-risk and delinquent youth as required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106.

Sec. 402. (1) From funds appropriated in part 1, final authorizations to CMHSPs or specialty prepaid health plans shall be made upon the execution of contracts between the department and CMHSPs or specialty prepaid health plans.

The contracts shall contain an approved plan and budget as well as policies and procedures governing the obligations and responsibilities of both parties to the contracts. Each contract with a CMHSP or specialty prepaid health plan that the department is authorized to enter into under this subsection shall include a provision that the contract is not valid unless the total dollar obligation for all of the contracts between the department and the CMHSPs or specialty prepaid health plans entered into under this subsection for fiscal year 2004-2005 does not exceed the amount of money appropriated in part 1 for the contracts authorized under this subsection.

(2) The department shall immediately report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director if either of the following occurs:

(a) Any new contracts with CMHSPs or specialty prepaid health plans that would affect rates or expenditures are enacted.

(b) Any amendments to contracts with CMHSPs or specialty prepaid health plans that would affect rates or expenditures are enacted.

(3) The report required by subsection (2) shall include information about the changes and their effects on rates and expenditures.

Sec. 403. From the funds appropriated in part 1 for multicultural services, the department shall ensure that CMHSPs or specialty prepaid health plans continue contracts with multicultural services providers.

Sec. 404. (1) Not later than May 31 of each fiscal year, the department shall provide a report on the community mental health services programs to the members of the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director that includes the information required by this section.

(2) The report shall contain information for each CMHSP or specialty prepaid health plan and a statewide summary, each of which shall include at least the following information:

(a) A demographic description of service recipients which, minimally, shall include reimbursement eligibility, client population, age, ethnicity, housing arrangements, and diagnosis.

(b) When the encounter data is available, a breakdown of clients served, by diagnosis. As used in this subdivision, "diagnosis" means a recipient's primary diagnosis, stated as a specifically named mental illness, emotional disorder, or developmental disability corresponding to terminology employed in the latest edition of the American psychiatric association's diagnostic and statistical manual.

(c) Per capita expenditures by client population group.

(d) Financial information which, minimally, shall include a description of funding authorized; expenditures by client group and fund source; and cost information by service category, including administration. Service category shall include all department approved services.

(e) Data describing service outcomes which shall include, but not be limited to, an evaluation of consumer satisfaction, consumer choice, and quality of life concerns including, but not limited to, housing and employment.

(f) Information about access to community mental health services programs which shall include, but not be limited to, the following:

(i) The number of people receiving requested services.

(ii) The number of people who requested services but did not receive services.

(iii) The number of people requesting services who are on waiting lists for services.

(iv) The average length of time that people remained on waiting lists for services.

(g) The number of second opinions requested under the code and the determination of any appeals.

(h) An analysis of information provided by community mental health service programs in response to the needs assessment requirements of the mental health code, including information about the number of persons in the service delivery system who have requested and are clinically appropriate for different services.

(i) An estimate of the number of FTEs employed by the CMHSPs or specialty prepaid health plans or contracted with directly by the CMHSPs or specialty prepaid health plans as of September 30, 2004 and an estimate of the number of FTEs employed through contracts with provider organizations as of September 30, 2004.

(j) Lapses and carryforwards during fiscal year 2003-2004 for CMHSPs or specialty prepaid health plans.

(k) Contracts for mental health services entered into by CMHSPs or specialty prepaid health plans with providers, including amount and rates, organized by type of service provided.

(l) Information on the community mental health Medicaid managed care program, including, but not limited to, both of the following:

(i) Expenditures by each CMHSP or specialty prepaid health plan organized by Medicaid eligibility group, including per eligible individual expenditure averages.

(ii) Performance indicator information required to be submitted to the department in the contracts with CMHSPs or specialty prepaid health plans.

(3) The department shall include data reporting requirements listed in subsection (2) in the annual contract with each individual CMHSP or specialty prepaid health plan.

(4) The department shall take all reasonable actions to ensure that the data required are complete and consistent among all CMHSPs or specialty prepaid health plans.

Sec. 405. It is the intent of the legislature that the employee wage pass-through funded 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 family independence agency to adult foster care providers. Programs accredited by department-approved accrediting organizations shall be reimbursed at the personal care rate, while all other eligible programs shall be reimbursed at the domiciliary care rate.

Sec. 407. (1) The amount appropriated in part 1 for substance abuse prevention, education, and treatment grants shall be expended for contracting with coordinating agencies or designated service providers. It is the intent of the legislature that the coordinating agencies and designated service providers work with the CMHSPs or specialty prepaid health plans to coordinate the care and services provided to individuals with both mental illness and substance abuse diagnoses.

(2) The department shall establish a fee schedule for providing substance abuse services and charge participants in accordance with their ability to pay. Any changes in the fee schedule shall be developed by the department with input from substance abuse coordinating agencies.

Sec. 408. (1) By April 15, 2005, the department shall report the following data from fiscal year 2003-2004 on substance abuse prevention, education, and treatment programs to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget office:

(a) Expenditures stratified by coordinating agency, by central diagnosis and referral agency, by fund source, by subcontractor, by population served, and by service type. Additionally, data on administrative expenditures by coordinating agency and by subcontractor shall be reported.

(b) Expenditures per state client, with data on the distribution of expenditures reported using a histogram approach.

(c) Number of services provided by central diagnosis and referral agency, by subcontractor, and by service type. Additionally, data on length of stay, referral source, and participation in other state programs.

(d) Collections from other first- or third-party payers, private donations, or other state or local programs, by coordinating agency, by subcontractor, by population served, and by service type.

(2) The department shall take all reasonable actions to ensure that the required data reported are complete and consistent among all coordinating agencies.

Sec. 409. The funding in part 1 for substance abuse services shall be distributed in a manner that provides priority to service providers that furnish child care services to clients with children.

Sec. 410. The department shall assure that substance abuse treatment is provided to applicants and recipients of public assistance through the family independence agency who are required to obtain substance abuse treatment as a condition of eligibility for public assistance.

Sec. 411. (1) The department shall ensure that each contract with a CMHSP or specialty prepaid health plan requires the CMHSP or specialty prepaid health plan to implement programs to encourage diversion of persons with serious mental illness, serious emotional disturbance, or developmental disability from possible jail incarceration when appropriate.

(2) Each CMHSP or specialty prepaid health plan shall have jail diversion services and shall work toward establishing working relationships with representative staff of local law enforcement agencies, including county prosecutors' offices, county sheriffs' offices, county jails, municipal police agencies, municipal detention facilities, and the courts. Written interagency agreements describing what services each participating agency is prepared to commit to the local jail diversion effort and the procedures to be used by local law enforcement agencies to access mental health jail diversion services are strongly encouraged.

Sec. 412. The department shall contract directly with the Salvation Army harbor light program to provide non-Medicaid substance abuse services at not less than the amount contracted for in fiscal year 2003-2004.

Sec. 414. Medicaid substance abuse treatment services shall be managed by selected CMHSPs or specialty prepaid health plans pursuant to the centers for Medicare and Medicaid services' approval of Michigan's 1915(b) waiver request to implement a managed care plan for specialized substance abuse services. The selected CMHSPs or specialty prepaid health plans shall receive a capitated payment on a per eligible per month basis to assure provision of medically necessary substance abuse services to all beneficiaries who require those services. The selected CMHSPs or specialty prepaid health plans shall be responsible for the reimbursement of claims for specialized substance abuse services. The CMHSPs or specialty prepaid health plans that are not coordinating agencies may continue to contract

with a coordinating agency. Any alternative arrangement must be based on client service needs and have prior approval from the department.

Sec. 418. On or before the tenth of each month, the department shall report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director on the amount of funding paid to the CMHSPs or specialty prepaid health plans to support the Medicaid managed mental health care program in that month. The information shall include the total paid to each CMHSP or specialty prepaid health plan, per capita rate paid for each eligibility group for each CMHSP or specialty prepaid health plan, and number of cases in each eligibility group for each CMHSP or specialty prepaid health plan, and year-to-date summary of eligibles and expenditures for the Medicaid managed mental health care program.

Sec. 423. The department shall work cooperatively with the family independence agency and the departments of corrections, education, state police, and military and veterans affairs to coordinate and improve the delivery of substance abuse prevention, education, and treatment programs within existing appropriations. The department shall report by March 15, 2005 on the outcomes of this cooperative effort to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

Sec. 424. Each community mental health services program or specialty prepaid health plan that contracts with the department to provide services to the Medicaid population shall adhere to the following timely claims processing and payment procedure for claims submitted by health professionals and facilities:

(a) A "clean claim" as described in section 111i of the social welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days after receipt of the claim by the community mental health services program or specialty prepaid health plan. A clean claim that is not paid within this time frame shall bear simple interest at a rate of 12% per annum.

(b) A community mental health services program or specialty prepaid health plan must state in writing to the health professional or facility any defect in the claim within 30 days after receipt of the claim.

(c) A health professional and a health facility have 30 days after receipt of a notice that a claim or a portion of a claim is defective within which to correct the defect. The community mental health services program or specialty prepaid health plan shall pay the claim within 30 days after the defect is corrected.

Sec. 425. By April 1, 2005, the department, in conjunction with the department of corrections, shall report the following data from fiscal year 2003-2004 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 receiving mental health services, which shall include a description and breakdown of the type of mental health services provided to prisoners.

(c) Data indicating if prisoners receiving mental health services were previously hospitalized in a state psychiatric hospital for persons with mental illness.

Sec. 428. (1) Each CMHSP and affiliation of CMHSPs shall provide, from internal resources, local funds to be used as a bona fide part of the state match required under the Medicaid program in order to increase capitation rates for CMHSPs and affiliations of CMHSPs. These funds shall not include either state funds received by a CMHSP for services provided to non-Medicaid recipients or the state matching portion of the Medicaid capitation payments made to a CMHSP or an affiliation of CMHSPs.

(2) The distribution of the aforementioned increases in the capitation payment rates, if any, shall be based on a formula developed by a committee established by the department, including representatives from CMHSPs or affiliations of CMHSPs and department staff.

Sec. 435. A county required under the provisions of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide matching funds to a CMHSP for mental health services rendered to residents in its jurisdiction shall pay the matching funds in equal installments on not less than a quarterly basis throughout the fiscal year, with the first payment being made by October 1, 2004.

Sec. 439. (1) It is the intent of the legislature that the department, in conjunction with CMHSPs, support pilot projects that facilitate the movement of adults with mental illness from state psychiatric hospitals to community residential settings.

(2) The purpose of the pilot projects is to encourage the placement of persons with mental illness in community residential settings who may require any of the following:

(a) A secured and supervised living environment.

(b) Assistance in taking prescribed medications.

(c) Intensive case management services.

(d) Assertive community treatment team services.

(e) Alcohol or substance abuse treatment and counseling.

(f) Individual or group therapy.

(g) Day or partial day programming activities.

(h) Vocational, educational, or self-help training or activities.

(i) Other services prescribed to treat a person's mental illness to prevent the need for hospitalization.

(3) The pilot projects described in this section shall be completely voluntary.

(4) The department shall provide semiannual reports to the house of representatives and senate appropriations subcommittees on community health, the state budget office, and the house and senate fiscal agencies as to any activities undertaken by the department and CMHSPs for pilot projects implemented under this section.

Sec. 442. (1) It is the intent of the legislature that the \$40,000,000.00 in funding transferred from the community mental health non-Medicaid services line to support the Medicaid adult benefits waiver program be used to provide state match for increases in federal funding for primary care and specialty services provided to Medicaid adult benefits waiver enrollees and for economic increases for the Medicaid specialty services and supports program.

(2) The department shall assure that persons eligible for mental health services under the priority population sections of the mental health code, 1974 PA 258, MCL 330.1001 to 330.2106, will receive mandated services under this plan.

(3) Capitation payments to CMHSPs or specialty prepaid health plans for persons who become enrolled in the Medicaid adult benefits waiver program shall be made using the same rate methodology as payments for the current Medicaid beneficiaries.

(4) If enrollment in the Medicaid adult benefits waiver program does not achieve expectations and the funding appropriated for the Medicaid adult benefits waiver program for specialty services is not expended, the general fund balance shall be transferred back to the community mental health non-Medicaid services line. The department shall report quarterly to the senate and house of representatives appropriations subcommittees on community health a summary of eligible expenditures for the Medicaid adult benefits waiver program by CMHSPs or specialty prepaid health plans.

(5) In the waiver renewal application the department submits to the centers for Medicare and Medicaid services for continuation of the state's 1915(b) specialty services waiver, the department will request that the amount of savings that may be retained by a specialty prepaid health plan be changed from 5% to 7.5% of aggregate capitation payments. If the department is unable to secure centers for Medicare and Medicaid services approval for this change, the department shall allow specialty prepaid health plans and their affiliate CMHSP members to retain 50% of the unspent general fund/general purpose portion of the funds allocated to the specialty prepaid health plan for services to be provided under the Medicaid specialty services waiver. Any such general fund/general purpose portion retained by the specialty prepaid health plan and its CMHSP affiliates under this section shall be considered as state revenues for purposes of determining the amount of state funds that the CMHSP may carry forward under section 226(2)(c) of the mental health code, 1974 PA 258, MCL 330.1226.

Sec. 450. The department shall 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 department shall report on the recommendations of the work group by March 31, 2005 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. 453. By December 1, 2004, the department shall share with the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies the findings of their federal substance abuse block grant work group.

Sec. 454. (1) From the funds appropriated in part 1 for mental health/substance abuse program administration, \$50,000.00 shall be used to conduct a study of the feasibility for increased coordination and collaboration among community health and human services agencies, including, but not limited to, any of the following:

(a) Community mental health services programs.

(b) Local public health departments.

(c) Community health centers.

(d) Other local community agencies that may be relevant to a study on the advantages of the collaborative endeavor.

(2) The department shall report the results and recommendations from the feasibility study by September 20, 2005 to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES

Sec. 601. (1) In funding of staff in the financial support division, reimbursement, and billing and collection sections, priority shall be given to obtaining third-party payments for services. Collection from individual recipients of services and their families shall be handled in a sensitive and nonharassing manner.

(2) The department shall continue a revenue recapture project to generate additional revenues from third parties related to cases that have been closed or are inactive. Revenues collected through project efforts are appropriated to

the department for departmental costs and contractual fees associated with these retroactive collections and to improve ongoing departmental reimbursement management functions.

Sec. 602. Unexpended and unencumbered amounts and accompanying expenditure authorizations up to \$1,000,000.00 remaining on September 30, 2005 from pay telephone revenues and the amounts appropriated in part 1 for gifts and bequests for patient living and treatment environments shall be carried forward for 1 fiscal year. The purpose of gifts and bequests for patient living and treatment environments is to use additional private funds to provide specific enhancements for individuals residing at state-operated facilities. Use of the gifts and bequests shall be consistent with the stipulation of the donor. The expected completion date for the use of gifts and bequests donations is within 3 years unless otherwise stipulated by the donor.

Sec. 603. The funds appropriated in part 1 for forensic mental health services provided to the department of corrections are in accordance with the interdepartmental plan developed in cooperation with the department of corrections. The department is authorized to receive and expend funds from the department of corrections in addition to the appropriations in part 1 to fulfill the obligations outlined in the interdepartmental agreements.

Sec. 604. (1) The CMHSPs or specialty prepaid health plans shall provide semiannual reports to the department on the following information:

(a) The number of days of care purchased from state hospitals and centers.
(b) The number of days of care purchased from private hospitals in lieu of purchasing days of care from state hospitals and centers.

(c) The number and type of alternative placements to state hospitals and centers other than private hospitals.

(d) Waiting lists for placements in state hospitals and centers.

(2) The department shall semiannually report the information in subsection (1) to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director.

Sec. 605. (1) The department shall not implement any closures or consolidations of state hospitals, centers, or agencies until CMHSPs or specialty prepaid health plans have programs and services in place for those persons currently in those facilities and a plan for service provision for those persons who would have been admitted to those facilities.

(2) All closures or consolidations are dependent upon adequate department-approved CMHSP plans that include a discharge and aftercare plan for each person currently in the facility. A discharge and aftercare plan shall address the person's housing needs. A homeless shelter or similar temporary shelter arrangements are inadequate to meet the person's housing needs.

(3) Four months after the certification of closure required in section 19(6) of the state employees' retirement act, 1943 PA 240, MCL 38.19, the department shall provide a closure plan to the house of representatives and senate appropriations subcommittees on community health.

(4) Upon the closure of state-run operations and after transitional costs have been paid, the remaining balances of funds appropriated for that operation shall be transferred to CMHSPs or specialty prepaid health plans responsible for providing services for persons previously served by the operations.

Sec. 606. The department may collect revenue for patient reimbursement from first- and third-party payers, including Medicaid, to cover the cost of placement in state hospitals and centers. The department is authorized to adjust financing sources for patient reimbursement based on actual revenues earned. If the revenue collected exceeds current year expenditures, the revenue may be carried forward with approval of the state budget director. The revenue carried forward shall be used as a first source of funds in the subsequent year.

PUBLIC HEALTH ADMINISTRATION

Sec. 650. The department shall communicate the annual public health consumption advisory for sportfish for calendar years 2004 and 2005. The department shall, at a minimum, post the advisory for each calendar year on the Internet and make the information in the advisory available to the clients of the women, infants, and children special supplemental nutrition program.

HEALTH REGULATORY SYSTEMS

Sec. 701. The department shall provide electronic notification to the state budget office, the fiscal agencies, and the subcommittees on April 30 and October 31 on the initial and follow-up surveys conducted on all nursing homes in this state. The notification shall contain the location of the Internet site where the report is posted. The report shall include all of the following information:

(a) The number of surveys conducted.

(b) The number requiring follow-up surveys.

(c) The number referred to the Michigan public health institute for remediation.

(d) The number of citations per home.

(e) The number of night and weekend complaints filed.

(f) The number of night and weekend responses to complaints conducted by the department.

(g) The average length of time for the department to respond to a complaint filed against a nursing home.

(h) The number and percentage of citations appealed.

(i) The number and percentage of citations overturned and/or modified.

Sec. 703. As a condition for receiving the general fund/general purpose appropriations in part 1 for health systems administration, the department shall provide assistance to any person making an oral request for a nursing home investigation in putting his or her request into writing, shall initiate investigations on all written nursing home complaints filed with the department within 15 days of receipt of the complaint, and shall provide a written response to the complainant within 30 days of receipt of the written complaint.

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. It is the intent of the legislature that 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, are used to increase the number of nurses practicing in Michigan. The board of nursing is encouraged to structure scholarships funded under this act in a manner that rewards recipients who intend to practice nursing in Michigan. In addition, it is the intent of the legislature that the department and the board of nursing 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.

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.

Sec. 804. The department shall require that the tetanus and diphtheria immunization be offered annually at the same time that the influenza immunization is offered to patients 65 years of age or older who are residents of long-term care facilities.

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, 2004, 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 2004-2005 of at least the amount expended in fiscal year 1992-1993 for the services described in subsection (1).

(4) By April 1, 2005, the department shall make available upon request a report to the senate or house of representatives appropriations subcommittee on community health, the senate or house fiscal agency, or the state budget director on the planned allocation of the funds appropriated for local public health operations.

CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Sec. 1001. From the state funds appropriated in part 1, the department shall allocate funds to promote awareness, education, and early detection of breast, cervical, prostate, and colorectal cancer, and provide for other health promotion media activities.

Sec. 1003. Funds appropriated in part 1 for the Alzheimer's information network shall be used to provide information and referral services through regional networks for persons with Alzheimer's disease or related disorders, their families, and health care providers.

Sec. 1006. In spending the funds appropriated in part 1 for the smoking prevention program, priority shall be given to prevention and smoking cessation programs for pregnant women, women with young children, and adolescents.

Sec. 1007. (1) The funds appropriated in part 1 for violence prevention shall be used for, but not be limited to, the following:

(a) Programs aimed at the prevention of spouse, partner, or child abuse and rape.

(b) Programs aimed at the prevention of workplace violence.

(2) In awarding grants from the amounts appropriated in part 1 for violence prevention, the department shall give equal consideration to public and private nonprofit applicants.

(3) From the funds appropriated in part 1 for violence prevention, the department may include local school districts as recipients of the funds for family violence prevention programs.

Sec. 1009. From the funds appropriated in part 1 for the diabetes and kidney program, a portion of the funds may be allocated to the National Kidney Foundation of Michigan for kidney disease prevention programming including early identification and education programs and kidney disease prevention demonstration projects.

Sec. 1010. From the funds appropriated in part 1 for chronic disease prevention, \$400,000.00 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 shall be allocated for stroke prevention, education, and outreach. The objectives of the program shall include education to assist persons in identifying risk factors, and education to assist persons in the early identification of the occurrence of a stroke in order to minimize stroke damage.

Sec. 1020. From the funds appropriated in part 1 for chronic disease prevention, \$906,100.00 shall be allocated for a childhood and adult arthritis program.

Sec. 1028. Contingent on the availability of state restricted healthy Michigan fund money or federal preventive health and health services block grant fund money, funds shall be appropriated for the African-American male health initiative.

Sec. 1029. From the funds appropriated in part 1 for the Michigan Parkinson's foundation, \$200,000.00 shall be appropriated for programs related to Parkinson's disease.

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, 2005, 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 2003-2004.

Sec. 1105. For all programs for which an appropriation is made in part 1, the department shall contract with those local agencies best able to serve clients. Factors to be used by the department in evaluating agencies under this section shall include ability to serve high-risk population groups; ability to serve low-income clients, where applicable; availability of, and access to, service sites; management efficiency; and ability to meet federal standards, when applicable.

Sec. 1106. Each family planning program receiving federal title X family planning funds shall be in compliance with all performance and quality assurance indicators that the United States bureau of community health services specifies

in the family planning annual report. An agency not in compliance with the indicators shall not receive supplemental or reallocated funds.

Sec. 1106a. (1) Federal abstinence money expended in part 1 for the purpose of promoting abstinence education shall provide abstinence education to teenagers most likely to engage in high-risk behavior as their primary focus, and may include programs that include 9- to 17-year-olds. Programs funded must meet all of the following guidelines:

- (a) Teaches the gains to be realized by abstaining from sexual activity.
- (b) Teaches abstinence from sexual activity outside of marriage as the expected standard for all school-age children.
- (c) Teaches that abstinence is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other health problems.
- (d) Teaches that a monogamous relationship in the context of marriage is the expected standard of human sexual activity.
- (e) Teaches that sexual activity outside of marriage is likely to have harmful effects.
- (f) Teaches that bearing children out of wedlock is likely to have harmful consequences.
- (g) Teaches young people how to avoid sexual advances and how alcohol and drug use increases vulnerability to sexual advances.
- (h) Teaches the importance of attaining self-sufficiency before engaging in sexual activity.

(2) Coalitions, organizations, and programs that do not provide contraceptives to minors and demonstrate efforts to include parental involvement as a means of reducing the risk of teens becoming pregnant shall be given priority in the allocations of funds.

(3) Programs and organizations that meet the guidelines of subsection (1) and criteria of subsection (2) shall have the option of receiving all or part of their funds directly from the department of community health.

Sec. 1107. Of the amount appropriated in part 1 for prenatal care outreach and service delivery support, not more than 10% shall be expended for local administration, data processing, and evaluation.

Sec. 1108. The funds appropriated in part 1 for pregnancy prevention programs shall not be used to provide abortion counseling, referrals, or services.

Sec. 1109. (1) 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, 2004.

Sec. 1110. Agencies that currently receive pregnancy prevention funds and either receive or are eligible for other family planning funds shall have the option of receiving all of their family planning funds directly from the department of community health and be designated as delegate agencies.

Sec. 1111. The department shall allocate no less than 87% of the funds appropriated in part 1 for family planning local agreements and the pregnancy prevention program for the direct provision of family planning/pregnancy prevention services.

Sec. 1112. From the funds appropriated 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. 1124. (1) From the funds appropriated in part 1 from the federal maternal and child health block grant, \$450,000.00 shall be allocated if additional block grant funds are available for the statewide fetal infant mortality review network.

(2) It is the intent of the legislature that this project shall be funded with a like amount in fiscal year 2005-2006 should federal funds become available.

Sec. 1128. The department shall make every effort to maximize the receipt of federal Medicaid funds to support the activities of the migrant health care line item.

Sec. 1129. The department shall provide a report annually to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the number of children with elevated blood lead levels from information available to the department. The report shall provide the information by county, shall include the level of blood lead reported, and shall indicate the sources of the information.

Sec. 1133. The department shall release infant mortality rate data to all local public health departments no later than 48 hours prior to releasing infant mortality rate data to the public.

Sec. 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 family independence agency.
- (f) The department of state police.

(2) Upon written or oral request, a pupil not less than 18 years of age or a parent or legal guardian of a pupil less than 18 years of age, within a reasonable period of time after the request is made, shall be informed of the content of a course in the health education curriculum and may examine textbooks and other classroom materials that are provided to the pupil or materials that are presented to the pupil in the classroom. This subsection does not require a school board to permit pupil or parental examination of test questions and answers, scoring keys, or other examination instruments or data used to administer an academic examination.

Sec. 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 by April 1, 2005 based on local commitment of funds.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Sec. 1201. Funds appropriated in part 1 for medical care and treatment of children with special health care needs shall be paid according to reimbursement policies determined by the Michigan medical services program. Exceptions to these policies may be taken with the prior approval of the state budget director.

Sec. 1202. The department may do 1 or more of the following:

- (a) Provide special formula for eligible clients with specified metabolic and allergic disorders.
- (b) Provide medical care and treatment to eligible patients with cystic fibrosis who are 21 years of age or older.
- (c) Provide genetic diagnostic and counseling services for eligible families.
- (d) Provide medical care and treatment to eligible patients with hereditary coagulation defects, commonly known as hemophilia, who are 21 years of age or older.

Sec. 1203. All children who are determined medically eligible for the children's special health care services program shall be referred to the appropriate locally-based services program in their community.

OFFICE OF DRUG CONTROL POLICY

Sec. 1250. In addition to the \$1,800,000.00 in Byrne formula grant program funding the department provides to local drug treatment courts, the department shall provide \$1,800,000.00 in Byrne formula grant program funding to the judiciary by interdepartmental grant.

CRIME VICTIM SERVICES COMMISSION

Sec. 1302. From the funds appropriated in part 1 for justice assistance grants, up to \$50,000.00 shall be allocated for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for the prosecution of sexual assault. The funds shall be used for program coordination, training, and counseling. Unexpended funds shall be carried forward.

Sec. 1304. The department shall work with the department of state police, the Michigan hospital association, the Michigan state medical society, and the Michigan nurses association to ensure that the recommendations included in the "Standard Recommended Procedures for the Emergency Treatment of Sexual Assault Victims" are followed in the collection of evidence.

OFFICE OF SERVICES TO THE AGING

Sec. 1401. The appropriation in part 1 to the office of services to the aging, for community and nutrition services and home services, shall be restricted to eligible individuals at least 60 years of age who fail to qualify for home care services under title XVIII, XIX, or XX.

Sec. 1403. The office of services to the aging shall require each region to report to the office of services to the aging home delivered meals waiting lists based upon standard criteria. Determining criteria shall include all of the following:

- (a) The recipient's degree of frailty.
- (b) The recipient's inability to prepare his or her own meals safely.
- (c) Whether the recipient has another care provider available.
- (d) Any other qualifications normally necessary for the recipient to receive home delivered meals.

Sec. 1404. The area agencies and local providers may receive and expend fees for the provision of day care, care management, respite care, and certain eligible home and community-based services. The fees shall be based on a sliding scale, taking client income into consideration. The fees shall be used to expand services.

Sec. 1406. The appropriation of \$5,000,000.00 of tobacco settlement funds to the office of services to the aging for the respite care program shall be allocated in accordance with a long-term care plan developed by the long-term care working group established in section 1657 of 1998 PA 336 upon implementation of the plan. The use of the funds shall be for direct respite care or adult respite care center services. Not more than 10% of the amount allocated under this section shall be expended for administration and administrative purposes.

Sec. 1413. The legislature affirms the commitment to locally-based services. The legislature supports the role of local county board of commissioners in the approval of area agency on aging plans. The legislature supports choice and the right of local counties to change membership in the area agencies on aging if the change is to an area agency on aging that is contiguous to that county. The legislature supports the office of services to the aging working with others to provide training to commissions to better understand and advocate for aging issues. It is the intent of the legislature to prohibit area agencies on aging from providing direct services, including home and community-based waiver services, unless they receive a waiver from the department. The legislature's intent in this section is conditioned on compliance with federal and state laws, rules, and policies.

Sec. 1416. The legislature affirms the commitment to provide in-home services, resources, and assistance for the frail elderly who are not being served by the Medicaid home and community-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 line, pursuant to the state's option to elect such coverage set out at section 1902(a)(10)(A)(ii) and (m) of title XIX, 42 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. 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. 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 where a generic equivalent is available, except as prohibited by federal or state law or regulation.

(3) For fee-for-service recipients, an optional mail order pharmacy program shall be implemented.

(4) If a pharmaceutical quality assurance assessment program is established by September 30, 2004 that allows the state to retain \$18,900,000.00 of the assessment, the dispensing fee shall remain at fiscal year 2003-2004 levels and the mail order pharmacy program shall not be implemented.

Sec. 1621. (1) The department may implement prospective drug utilization review and disease management systems. The prospective drug utilization review and disease management systems authorized by this subsection shall have physician oversight, shall focus on patient, physician, and pharmacist education, and shall be developed in consultation with the national pharmaceutical council, Michigan state medical society, Michigan association of osteopathic physicians, Michigan pharmacists' association, Michigan health and hospital association, and Michigan nurses' association.

(2) This section does not authorize or allow therapeutic substitution.

Sec. 1621a. (1) The department, in conjunction with pharmaceutical manufacturers or their agents, may establish pilot projects to test the efficacy of disease management and health management programs.

(2) The department may negotiate a plan that uses the savings resulting from the services rendered from these programs, in lieu of requiring a supplemental rebate for the inclusion of those participating parties' products on the department's preferred drug list.

Sec. 1622. The department shall implement a pharmaceutical best practice initiative. All of the following apply to that initiative:

(a) A physician that calls the department's agent for prior authorization of drugs that are not on the department's preferred drug list shall be informed of the option to speak to the agent's physician on duty concerning the prior authorization request if the agent's pharmacist denies the prior authorization request. If immediate contact with the agent's physician on duty is requested, but cannot be arranged, the physician placing the call shall be immediately informed of the right to request a 72-hour supply of the nonauthorized drug.

(b) The department's prior authorization and appeal process shall be available on the department's website. The department shall also continue to implement a program that allows providers to file prior authorization and appeal requests electronically.

(c) The department shall provide authorization for prescribed drugs that are not on its preferred drug list if the prescribing physician verifies that the drugs are necessary for the continued stabilization of the patient's medical condition following documented previous failures on earlier prescription regimens. Documentation of previous failures may be provided by telephone, facsimile, or electronic transmission.

(d) Meetings of the department's pharmacy and therapeutics committee shall be open to the public with advance notice of the meeting date, time, place, and agenda posted on the department's website 14 days in advance of each meeting date. By January 31 of each year, the department shall publish the committee's regular meeting schedule for the year on the department's website. The pharmacy and therapeutics committee meetings shall be subject to the requirements of the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The committee shall provide an opportunity for interested parties to comment at each meeting following written notice to the committee's chairperson of the intent to provide comment.

(e) The pharmacy and therapeutics committee shall make recommendations for the inclusion of medications on the preferred drug list based on sound clinical evidence found in labeling, drug compendia, and peer-reviewed literature pertaining to use of the drug in the relevant population. The committee shall develop a method to receive notification and clinical information about new drugs. The department shall post this process and the necessary forms on the department's website.

(f) The department shall assure compliance with the published Medicaid bulletin implementing the Michigan pharmaceutical best practices initiative program. The department shall also include this information on its website.

(g) By May 15, 2005, the department shall provide a report to the members of the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies identifying the prescribed drugs that are grandfathered in as preferred drugs and available without prior authorization and the population groups to which they apply. The report shall assess strategies to improve the drug prior authorization process.

Sec. 1622a. (1) It is the intent of the legislature that the pharmacy and therapeutics committee shall consist of the following 11 members:

(a) Five members of the committee shall be Michigan licensed retail pharmacists who are in active clinical practice residing in the state. All member pharmacists shall have a representative portion of fee-for-service Medicaid clients in their practice.

(b) Six members of the committee shall be Michigan licensed physicians who are in active clinical practice residing in the state. All member physicians shall have a representative portion of fee-for-service Medicaid clients in their practice.

(2) It is also the intent of the legislature that the membership on the committee shall be developed by appointing:

(a) Physicians, recommended by the Michigan medical society and the Michigan osteopathic association, and may include at least 1 physician with expertise in mental health.

(b) Retail pharmacists, recommended by the Michigan pharmacists association and the Michigan retailers association, and may include at least 1 pharmacist with expertise with mental health drugs.

Sec. 1623. (1) The department shall continue the Medicaid policy that allows for the dispensing of a 100-day supply for maintenance drugs.

(2) The department shall notify all HMOs, physicians, pharmacies, and other medical providers that are enrolled in the Medicaid program that Medicaid policy allows for the dispensing of a 100-day supply for maintenance drugs.

(3) The notice in subsection (2) shall also clarify that a pharmacy shall fill a prescription written for maintenance drugs in the quantity specified by the physician, but not more than the maximum allowed under Medicaid, unless subsequent consultation with the prescribing physician indicates otherwise.

Sec. 1625. The department shall continue its practice of placing all atypical antipsychotic medications on the Medicaid preferred drug list.

Sec. 1626. Prior to implementing a multistate drug purchasing compact, the department shall provide the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies with a benefit-cost analysis to document that the savings from the compact exceed the savings from the current preferred drug list (PDL) supplemental rebate drug programs.

Sec. 1627. (1) The department shall use procedures and rebates amounts specified under section 1927 of title XIX, 42 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. 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 and chiropractic services shall be restored 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 shall restore Medicaid coverage for hearing aid services, but 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. 1630a. From the funds appropriated in part 1 for auxiliary medical services, the department shall increase payment rates for dental services provided at local public health departments.

Sec. 1631. The department shall require copayments on dental, podiatric, chiropractic, vision, and hearing aid services provided to Medicaid recipients, except as prohibited by federal or state law or regulation.

Sec. 1633. From the funds appropriated in part 1 for auxiliary medical services, the department shall expand the healthy kids dental program statewide if funds become available specifically for expansion of the program.

Sec. 1634. From the funds appropriated in part 1 for ambulance services, the department shall continue the 5% increase in payment rates for ambulance services implemented in fiscal year 2000-2001.

Sec. 1641. An institutional provider that is required to submit a cost report under the medical services program shall submit cost reports completed in full within 5 months after the end of its fiscal year.

Sec. 1643. Of the funds appropriated in part 1 for graduate medical education in the hospital services and therapy line item appropriation, \$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 Medicaid matching funds are provided by the universities as allowable state match.

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, 2004.

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) A health plans advisory council is functioning that meets all applicable federal and state requirements for a medical care advisory committee. The council shall review at least quarterly the implementation of the department's managed care plans.

(d) Mandatory enrollment of Medicaid beneficiaries living in counties defined as rural by the federal government, which is any nonurban standard metropolitan statistical area, is allowed if there is only 1 HMO serving the Medicaid population, as long as each Medicaid beneficiary is assured of having a choice of at least 2 physicians by the HMO.

(e) Enrollment of recipients of children's special health care services in HMOs shall be voluntary during fiscal year 2004-2005.

(f) The department shall develop a case adjustment to its rate methodology that considers the costs of persons with HIV/AIDS, end stage renal disease, organ transplants, epilepsy, and other high-cost diseases or conditions and shall implement the case adjustment when it is proven to be actuarially and fiscally sound. Implementation of the case adjustment must be budget neutral.

Sec. 1654. Medicaid HMOs shall provide for reimbursement of HMO covered services delivered other than through the HMO's providers if medically necessary and approved by the HMO, immediately required, and that could not be reasonably obtained through the HMO's providers on a timely basis. Such services shall be considered approved if the HMO does not respond to a request for authorization within 24 hours of the request. Reimbursement shall not exceed the Medicaid fee-for-service payment for those services.

Sec. 1655. (1) The department may require a 12-month lock-in to the HMO selected by the recipient during the initial and subsequent open enrollment periods, but allow for good cause exceptions during the lock-in period.

(2) Medicaid recipients shall be allowed to change HMOs for any reason within the initial 90 days of enrollment.

Sec. 1656. (1) The department shall provide an expedited complaint review procedure for Medicaid eligible persons enrolled in HMOs for situations in which failure to receive any health care service would result in significant harm to the enrollee.

(2) The department shall provide for a toll-free telephone number for Medicaid recipients enrolled in managed care to assist with resolving problems and complaints. If warranted, the department shall immediately disenroll persons from managed care and approve fee-for-service coverage.

(3) Annual reports summarizing the problems and complaints reported and their resolution shall be provided to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, the state budget office, and the department's health plans advisory council.

Sec. 1657. (1) Reimbursement for medical services to screen and stabilize a Medicaid recipient, including stabilization of a psychiatric crisis, in a hospital emergency room shall not be made contingent on obtaining prior authorization from the recipient's HMO. If the recipient is discharged from the emergency room, the hospital shall notify the recipient's HMO within 24 hours of the diagnosis and treatment received.

(2) If the treating hospital determines that the recipient will require further medical service or hospitalization beyond the point of stabilization, that hospital must receive authorization from the recipient's HMO prior to admitting the recipient.

(3) Subsections (1) and (2) shall not be construed as a requirement to alter an existing agreement between an HMO and their contracting hospitals nor as a requirement that an HMO must reimburse for services that are not considered to be medically necessary.

(4) Prior to contracting with an HMO for managed care services that did not have a contract with the department before October 1, 2002, the department shall receive assurances from the office of financial and insurance services that the HMO meets the net worth and financial solvency requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

Sec. 1658. (1) It is the intent of the legislature that HMOs shall have contracts with hospitals within a reasonable distance from their enrollees. If a hospital does not contract with the HMO, in its service area, that hospital shall enter into a hospital access agreement as specified in the MSA bulletin Hospital 01-19.

(2) A hospital access agreement specified in subsection (1) shall be considered an affiliated provider contract pursuant to the requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

Sec. 1659. The following sections are the only ones that shall apply to the following Medicaid managed care programs, including the comprehensive plan, children's special health care services plan, MIChoice long-term care plan, and the mental health, substance abuse, and developmentally disabled services program: 402, 404, 414, 418, 424, 428, 442, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1662, and 1699.

Sec. 1660. (1) The department shall assure that all Medicaid children have timely access to EPSDT services as required by federal law. Medicaid HMOs shall provide EPSDT services to their child members in accordance with Medicaid EPSDT policy.

(2) The primary responsibility of assuring a child's hearing and vision screening is with the child's primary care provider. The primary care provider shall provide age appropriate screening or arrange for these tests through referrals to local health departments. Local health departments shall provide preschool hearing and vision screening services and accept referrals for these tests from physicians or from Head Start programs in order to assure all preschool children have appropriate access to hearing and vision screening. Local health departments shall be reimbursed for the cost of providing these tests for Medicaid eligible children by the Medicaid program.

(3) The department shall require Medicaid HMOs to provide EPSDT utilization data through the encounter data system, and health employer data and information set well child health measures in accordance with the National Committee on Quality Assurance prescribed methodology.

(4) The department shall require HMOs to be responsible for well child visits and maternal and infant support services as described in Medicaid policy. These responsibilities shall be specified in the information distributed by the HMOs to their members.

(5) The department shall provide, on an annual basis, budget neutral incentives to Medicaid HMOs and local health departments to improve performance on measures related to the care of children and pregnant women.

Sec. 1661. (1) The department shall assure that all Medicaid eligible children and pregnant women have timely access to MSS/ISS services. Medicaid HMOs shall assure that maternal support service screening is available to their pregnant members and that those women found to meet the maternal support service high-risk criteria are offered maternal support services. Local health departments shall assure that maternal support service screening is available for Medicaid pregnant women not enrolled in an HMO and that those women found to meet the maternal support service high-risk criteria are offered maternal support services or are referred to a certified maternal support service provider.

(2) The department shall prohibit HMOs from requiring prior authorization of their contracted providers for any EPSDT screening and diagnosis service, for any MSS/ISS screening referral, or for up to 3 MSS/ISS service visits.

(3) The department shall assure the coordination of MSS/ISS services with the WIC program, state-supported substance abuse, smoking prevention, and violence prevention programs, the family independence agency, and any other state or local program with a focus on preventing adverse birth outcomes and child abuse and neglect.

Sec. 1662. (1) The department shall require the external quality review contractor to conduct a review of all EPSDT components provided to children from a statistically valid sample of health plan medical records.

(2) The department shall provide a copy of the analysis of the Medicaid HMO annual audited health employer data and information set reports and the annual external quality review report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director, within 30 days of the department's receipt of the final reports from the contractors.

(3) The department shall work with the Michigan association of health plans and the Michigan association for local public health to improve service delivery and coordination in the MSS/ISS and EPSDT programs.

(4) The department shall provide training and technical assistance workshops on EPSDT and MSS/ISS for Medicaid health plans, local health departments, and MSS/ISS contractors.

Sec. 1670. (1) The appropriation in part 1 for the MICHild program is to be used to provide comprehensive health care to all children under age 19 who reside in families with income at or below 200% of the federal poverty level, who are uninsured and have not had coverage by other comprehensive health insurance within 6 months of making application for MICHild benefits, and who are residents of this state. The department shall develop detailed eligibility criteria through the medical services administration public concurrence process, consistent with the provisions of this act. Health care coverage for children in families below 150% of the federal poverty level shall be provided through expanded eligibility under the state's Medicaid program. Health coverage for children in families between 150% and 200% of the federal poverty level shall be provided through a state-based private health care program.

(2) The department shall enter into a contract to obtain MICHild services from any HMO, dental care corporation, or any other entity that offers to provide the managed health care benefits for MICHild services at the MICHild capitated rate. As used in this subsection:

(a) "Dental care corporation", "health care corporation", "insurer", and "prudent purchaser agreement" mean those terms as defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL 550.52.

(b) "Entity" means a health care corporation or insurer operating in accordance with a prudent purchaser agreement.

(3) The department may enter into contracts to obtain certain MICHild services from community mental health service programs.

(4) The department may make payments on behalf of children enrolled in the MICHild program from the line-item appropriation associated with the program as described in the MICHild state plan approved by the United States department of health and human services, or from other medical services line-item appropriations providing for specific health care services.

Sec. 1671. From the funds appropriated in part 1, the department shall continue a comprehensive approach to the marketing and outreach of the MICHild program. The marketing and outreach required under this section shall be coordinated with current outreach, information dissemination, and marketing efforts and activities conducted by the department.

Sec. 1672. The department may provide up to 1 year of continuous eligibility to children eligible for the MICHild program unless the family fails to pay the monthly premium, a child reaches age 19, or the status of the children's family changes and its members no longer meet the eligibility criteria as specified in the federally approved MICHild state plan.

Sec. 1673. The department may establish premiums for MICHild eligible persons in families with income above 150% of the federal poverty level. The monthly premiums shall not exceed \$15.00 for a family.

Sec. 1674. The department shall not require copayments under the MICHild program.

Sec. 1675. Children whose category of eligibility changes between the Medicaid and MICHild programs shall be assured of keeping their current health care providers through the current prescribed course of treatment for up to 1 year, subject to periodic reviews by the department if the beneficiary has a serious medical condition and is undergoing active treatment for that condition.

Sec. 1676. To be eligible for the MICHild program, a child must be residing in a family with an adjusted gross income of less than or equal to 200% of the federal poverty level. The department's verification policy shall be used to determine eligibility.

Sec. 1677. The MICHild program shall provide all benefits available under the state employee insurance plan that are delivered through contracted providers and consistent with federal law, including, but not limited to, the following medically necessary services:

(a) Inpatient mental health services, other than substance abuse treatment services, including services furnished in a state-operated mental hospital and residential or other 24-hour therapeutically planned structured services.

(b) Outpatient mental health services, other than substance abuse services, including services furnished in a state-operated mental hospital and community-based services.

(c) Durable medical equipment and prosthetic and orthotic devices.

(d) Dental services as outlined in the approved MICHild state plan.

(e) Substance abuse treatment services that may include inpatient, outpatient, and residential substance abuse treatment services.

(f) Care management services for mental health diagnoses.

(g) Physical therapy, occupational therapy, and services for individuals with speech, hearing, and language disorders.

(h) Emergency ambulance services.

Sec. 1680. (1) It is the intent of the legislature that payment increases for enhanced wages and new or enhanced employee benefits provided in previous years through the Medicaid nursing home wage pass-through program be continued in fiscal year 2004-2005.

(2) The department shall provide a report to the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies regarding the amount of nursing home employee wage and benefit increases provided in fiscal year 2003-2004 through the Medicaid nursing home wage pass-through program implemented in previous years.

(3) 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. 1685. All nursing home rates, class I and class III, must have their respective fiscal year rate set 30 days prior to the beginning of their rate year. Rates may take into account the most recent cost report prepared and certified by the preparer, provider corporate owner or representative as being true and accurate, and filed timely, within 5 months of the fiscal year end in accordance with Medicaid policy. If the audited version of the last report is available, it shall be used. Any rate factors based on the filed cost report may be retroactively adjusted upon completion of the audit of that cost report.

Sec. 1687. (1) 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.

(3) The department shall utilize a competitive bid process to award funds for the implementation of the new screening process to be applied to home and community-based services and nursing facility services provided by Medicaid.

Sec. 1690. (1) Contingent on the availability of funds and the approval of the centers for Medicaid and Medicare services, the department shall encourage and assist in the establishment of a program of all inclusive care for the elderly (PACE), in at least parts of 3 west Michigan counties, being Kent, Barry, and Ionia.

(2) This program shall provide a capitated, managed care benefit for the frail elderly, provided by a not-for-profit agency, that will feature a comprehensive medical and social service delivery system. In addition, the program shall use a multidisciplinary team approach in an adult day health center supplemented by in-home and referral service in accordance with participants' needs. The PACE program may be funded by a combination of Medicaid, Medicare, or other fund sources.

Sec. 1692. (1) The department of community health is authorized to pursue reimbursement for eligible services provided in Michigan schools from the federal Medicaid program. The department and the state budget director are authorized to negotiate and enter into agreements, together with the department of education, with local and intermediate school districts regarding the sharing of federal Medicaid services funds received for these services. The department is authorized to receive and disburse funds to participating school districts pursuant to such agreements and state and federal law.

(2) From the funds appropriated in part 1 for medical services school services payments, the department is authorized to do all of the following:

(a) Finance activities within the medical services administration related to this project.

(b) Reimburse participating school districts pursuant to the fund sharing ratios negotiated in the state-local agreements authorized in subsection (1).

(c) Offset general fund costs associated with the medical services program.

Sec. 1693. The special 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. (1) The department may make separate payments directly to qualifying hospitals serving a disproportionate share of indigent patients, and to hospitals providing graduate medical education training programs. If direct payment for GME and DSH is made to qualifying hospitals for services to Medicaid clients, hospitals will not include GME costs or DSH payments in their contracts with HMOs.

(2) The department shall make GME payments directly to qualifying hospitals. The department shall not make GME payments to qualifying hospitals through HMOs.

Sec. 1700. (1) The department shall request a waiver of 42 CFR 438.6(c)(1)(i) from the centers for Medicare and Medicaid services to obtain approval to implement actuarially sound capitation rates for managed care organizations over 2 years. If the waiver is denied by the centers for Medicare and Medicaid services, Medicaid providers shall receive a reduction in rates to finance the increase necessary to pay actuarially sound rates to Medicaid HMOs.

(2) The department shall study alternative approaches to providing Medicaid physical health services to clients currently served by Medicaid managed care organizations. This study shall examine the estimated cost of each alternative, the potential changes in the relationships of providers to the Medicaid program, and the potential effects of each alternative on the Medicaid clientele. Results of this study shall be provided to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies by January 1, 2005. This study shall consider at least the following alternative approaches:

(a) A continuation of the current managed care program.

(b) A return to coverage on a fee-for-service basis.

(c) Implementation of a primary care case management approach.

(d) Contracting with a single managed care organization that would provide statewide coverage for Medicaid clients.

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 2004-2005, given changes in the number and category of Medicaid recipients. If expenditure and utilization data indicate that the amount and/or type of emergency physician professional services are exceeding the department's estimate, the utilization adjustor shall be applied to the 2-tier reimbursement methodology in such a manner as to reduce aggregate expenditures to the fiscal year 2001-2002 adjusted expenditure target.

(3) If federal law, regulation, or judicial ruling finds that this 2-tier reimbursement methodology is not health insurance portability and accountability act (HIPAA) compliant prior to the end of fiscal year 2003-2004, the department shall immediately provide the chairpersons of the senate and house appropriations subcommittees on community health and their respective fiscal agencies with the proposed modifications necessary to bring this methodology into compliance.

(4) The proposal specified in subsection (3) should be as consistent as possible with the intent of the methodology specified in this section and must be provided to the subcommittee chairpersons and respective fiscal agencies no less than 30 days before the effective date of the proposal.

Sec. 1712. (1) Subject to the availability of funds, the department shall implement a rural health initiative. Available funds shall first be allocated as an outpatient adjustor payment to be paid directly to hospitals in rural counties in proportion to each hospital's Medicaid and indigent patient population. Additional funds, if available, shall be allocated for defibrillator grants, EMT training and support, or other similar programs.

(2) Except as otherwise specified in this section, "rural" means a 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, 2005.

Sec. 1716. In implementing the hospital case rate under the Medicaid adult benefits waiver, the department shall set the hospital case rate at a level that ensures that the gross savings from the hospital case rate does not exceed \$108,592,200.00.

Sec. 1717. (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, 2004, 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 enhance its Medicare recovery program by January 1, 2005.

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, 2005. 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. The department is authorized to make a disproportionate share payment to a hospital above the appropriation in part 1 if the necessary Medicaid matching funds are provided by, or on behalf of, the hospital as allowable state match.

Sec. 1723. Contingent on the availability of state and federal Medicaid funds, \$20,000,000.00 shall be allocated for the following purposes:

(a) \$15,000,000.00 shall be distributed for a Michigan first alert response program to hospitals in this state that are verified by the American college of surgeons as level I trauma centers. Of this amount, \$10,000,000.00 shall be distributed in proportion to each hospital's share of annual uncompensated care costs, and \$5,000,000.00 shall be distributed in proportion to each hospital's share of annual emergency room visits.

(b) The remaining \$5,000,000.00 of the amount described in this section shall be distributed to hospitals in this state that are located beyond 50 miles from a level I trauma center and have over 14,000 emergency room visits annually. Of this amount, \$3,300,000.00 shall be distributed in proportion to each hospital's share of annual uncompensated care costs, and \$1,700,000.00 shall be distributed in proportion to each hospital's share of annual emergency room visits.

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.

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

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2005; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

Tony Stamas
Thomas M. George
Deborah Cherry
Conferees for the Senate

Gary Newell
Rick Shaffer
Gretchen Whitmer
Conferees for the House

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

Second Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning
House Bill No. 5517, 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, 2005; 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 and Senate 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, 2005; 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

For Fiscal Year
Ending Sept. 30,
2005

treasury, the executive office, the legislative branch, and certain other state purposes, for the fiscal year ending September 30, 2005, 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	6,995.4	
GROSS APPROPRIATION		\$ 2,597,002,400
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		556,704,500
ADJUSTED GROSS APPROPRIATION		\$ 2,040,297,900
Federal revenues:		
Total federal revenues		50,531,800
Special revenue funds:		
Total local revenues		20,532,800
Total private revenues		550,100
Total other state restricted revenues		1,633,621,300
State general fund/general purpose		\$ 335,061,900

Sec. 102. DEPARTMENT OF ATTORNEY GENERAL

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	558.0	
GROSS APPROPRIATION		\$ 62,835,700
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		12,545,500
ADJUSTED GROSS APPROPRIATION		\$ 50,290,200
Federal revenues:		
Total federal revenues		8,301,300
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		10,485,000
State general fund/general purpose		\$ 31,503,900

(2) ATTORNEY GENERAL OPERATIONS

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	558.0	
Attorney general		\$ 124,900
Unclassified positions—5.0 FTE positions.....		476,300
Attorney general operations—518.0 FTE positions.....		57,219,100
Child support enforcement—25.0 FTE positions.....		2,234,400
Prosecuting attorneys coordinating council—15.0 FTE positions.....		1,610,900
PACC, training project.....		325,000
GROSS APPROPRIATION		\$ 61,990,600

Appropriated from:

Interdepartmental grant revenues:		
IDG from FIA		2,742,400
IDG from MDCH, health services.....		1,622,200
IDG from MDLEG, financial and insurance services		996,200
IDG from MDLEG, public utility assessments.....		1,780,100
IDG from MDMB, risk management revolving fund.....		1,194,900
IDG from MDOT, comprehensive transportation fund		138,900
IDG from MDOT, state aeronautics fund		133,800
IDG from MDOT, state trunkline fund.....		2,725,100
IDG from MDSP, Michigan justice training fund.....		325,000
IDG from Michigan gaming control board.....		886,900

	For Fiscal Year Ending Sept. 30, 2005
Federal revenues:	
DAG, state administrative match grant/food stamps	349,500
DED-OPSE, student loan, federal lender allowance.....	289,400
DOL-ETA, unemployment insurance	1,415,800
DOL-OSHA, occupational safety and health.....	248,200
EPA, multiple grants	254,300
Federal funds	1,879,800
HHS, medical assistance, medigrant	568,100
HHS-OS, state Medicaid fraud control units	3,296,200
Special revenue funds:	
Antitrust enforcement collections.....	566,300
Attorney general's operations fund	758,800
Auto repair facilities fees.....	204,100
Collections revenue.....	618,500
Corporate fees and security fees	133,500
Environmental response fund.....	688,500
Franchise fees	255,800
Game and fish protection fund.....	670,700
Liquor purchase revolving fund	897,900
Manufactured housing fees	199,100
Michigan state housing development authority fees.....	499,700
Oil and gas privilege fee revenue.....	151,700
Prisoner reimbursement.....	400,000
Prosecuting attorneys training fees.....	326,800
Real estate enforcement fund	200,000
Retirement funds.....	650,100
Second injury fund.....	930,800
Self-insurers security fund	158,100
Silicosis and dust disease fund.....	466,500
State building authority revenue	85,800
State hospital authority	323,300
State lottery fund	216,900
Tobacco settlement trust fund	368,200
Utility consumers fund.....	488,000
Waterways fund	87,500
Worker's compensation administrative revolving fund.....	138,400
State general fund/general purpose	\$ 30,658,800
(3) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 845,100
GROSS APPROPRIATION.....	\$ 845,100
Appropriated from:	
State general fund/general purpose	\$ 845,100
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.....	\$ 12,693,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 12,693,000
Federal revenues:	
Total federal revenues	934,000
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 11,759,000

For Fiscal Year
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(2) CIVIL RIGHTS OPERATIONS	
Full-time equated unclassified positions	5.0
Full-time equated classified positions	136.0
Unclassified positions—5.0 FTE positions.....	\$ 254,100
Civil rights operations—136.0 FTE positions	11,587,500
Human resources optimization user charges.....	29,500
GROSS APPROPRIATION	\$ 11,871,100
Appropriated from:	
Federal revenues:	
EEOC, state and local antidiscrimination agency contracts.....	600,000
HUD, grant	334,000
State general fund/general purpose	\$ 10,937,100
(3) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 821,900
GROSS APPROPRIATION	\$ 821,900
Appropriated from:	
State general fund/general purpose	\$ 821,900
Sec. 104. DEPARTMENT OF CIVIL SERVICE	
(1) APPROPRIATION SUMMARY	
Full-time equated classified positions	240.5
GROSS APPROPRIATION	\$ 35,146,700
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	5,370,900
ADJUSTED GROSS APPROPRIATION	\$ 29,775,800
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	15,474,600
State general fund/general purpose	\$ 7,672,100
(2) CIVIL SERVICE OPERATIONS	
Full-time equated classified positions	240.5
Agency services—70.0 FTE positions.....	\$ 5,976,600
Human resources/administrative support—87.5 FTE positions	14,347,200
Employee benefits—31.0 FTE positions	5,572,700
Audit and compliance—22.0 FTE positions.....	2,398,000
Training	1,000,000
Human resources optimization—30.0 FTE positions.....	2,000,000
GROSS APPROPRIATION	\$ 31,294,500
Appropriated from:	
Interdepartmental grant revenues:	
IDG, training charges.....	1,000,000
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%	6,366,700
State sponsored group insurance	2,650,000
State sponsored group insurance, flexible spending accounts, and COBRA.....	5,572,700
State general fund/general purpose	\$ 6,916,900

	For Fiscal Year Ending Sept. 30, 2005
(3) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 3,852,200
GROSS APPROPRIATION	\$ 3,852,200
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%	744,700
State sponsored group insurance, flexible spending accounts, and COBRA.....	139,400
State general fund/general purpose	\$ 755,200
Sec. 105. EXECUTIVE OFFICE	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	10.0
Full-time equated classified positions	74.2
GROSS APPROPRIATION	\$ 5,205,500
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 5,205,500
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 5,205,500
(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.....	4,054,800
Unclassified positions—8.0 FTE positions.....	849,800
GROSS APPROPRIATION	\$ 5,205,500
Appropriated from:	
State general fund/general purpose	\$ 5,205,500
Sec. 106. DEPARTMENT OF INFORMATION TECHNOLOGY	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	1,756.4
GROSS APPROPRIATION	\$ 360,738,600
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	360,738,600
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	1,756.4
Unclassified positions—6.0 FTE positions.....	\$ 300,000
Enterprisewide services—75.0 FTE positions	26,580,900

	For Fiscal Year Ending Sept. 30, 2005
Health and human services—775.6 FTE positions	198,030,200
Education services—38.9 FTE positions	3,262,800
Public protection—296.0 FTE positions.....	35,806,400
Resources services—171.1 FTE positions.....	16,367,800
Transportation services—107.0 FTE positions	26,808,400
General services—292.8 FTE positions	53,582,100
GROSS APPROPRIATION.....	\$ 360,738,600
Appropriated from:	
Interdepartmental grant revenues:	
IDG from department of agriculture.....	1,589,600
IDG from department of attorney general	845,100
IDG from department of civil rights	821,900
IDG from department of civil service	3,852,200
IDG from department of community health	30,481,900
IDG from department of corrections	14,789,900
IDG from department of education	2,521,800
IDG from department of environmental quality	6,743,300
IDG from family independence agency	128,695,300
IDG from Michigan gaming control board.....	1,100,600
IDG from department of history, arts, and libraries	998,600
IDG from department of labor and economic growth.....	42,159,400
IDG from bureau of state lottery.....	4,236,700
IDG from department of management and budget.....	25,506,100
IDG from department of military and veterans affairs	1,172,000
IDG from department of natural resources.....	8,603,800
IDG from department of state	21,954,700
IDG from department of state police.....	21,236,100
IDG from department of transportation.....	26,827,300
IDG from department of treasury	16,602,300
State general fund/general purpose	\$ 0
Sec. 107. LEGISLATURE	
(1) APPROPRIATION SUMMARY	
GROSS APPROPRIATION.....	\$ 126,731,900
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	1,801,500
ADJUSTED GROSS APPROPRIATION	\$ 124,930,400
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	\$ 122,173,900
(2) LEGISLATURE	
Senate	\$ 28,963,800
Senate automated data processing	2,538,900
Senate fiscal agency.....	3,082,800
House of representatives	44,846,300
House automated data processing.....	2,010,700
House fiscal agency	2,982,900
Legislative auditor general.....	15,233,800
GROSS APPROPRIATION.....	\$ 99,659,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCS	107,900
IDG from MDLEG, liquor purchase revolving fund	11,300

	For Fiscal Year Ending Sept. 30, 2005
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	\$ 96,611,000
(3) LEGISLATIVE COUNCIL	
Legislative council	\$ 10,078,300
Legislative service bureau automated data processing	1,383,600
e-Law, legislative council technology enhancement project	500
Worker's compensation	133,900
National association dues	98,500
GROSS APPROPRIATION	\$ 11,694,800
Appropriated from:	
Special revenue funds:	
Private - gifts and bequests revenues	400,000
State general fund/general purpose	\$ 11,294,800
(4) LEGISLATIVE RETIREMENT SYSTEM	
General nonretirement expenses	\$ 4,384,400
GROSS APPROPRIATION	\$ 4,384,400
Appropriated from:	
Special revenue funds:	
Court fees	1,109,800
State general fund/general purpose	\$ 3,274,600
(5) PROPERTY MANAGEMENT	
Capitol building	\$ 2,260,500
Cora Anderson building	7,807,300
Farnum building and other properties	925,700
GROSS APPROPRIATION	\$ 10,993,500
Appropriated from:	
State general fund/general purpose	\$ 10,993,500
Sec. 108. DEPARTMENT OF MANAGEMENT AND BUDGET	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	725.0
GROSS APPROPRIATION	\$ 213,410,100
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	143,075,200
ADJUSTED GROSS APPROPRIATION	\$ 70,334,900
Federal revenues:	
Total federal revenues	444,600

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Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	33,206,100
State general fund/general purpose	\$ 36,684,200
(2) MANAGEMENT AND BUDGET SERVICES	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	583.5
Unclassified positions—6.0 FTE positions	\$ 570,800
Executive operations—21.0 FTE positions.....	2,241,500
Administrative services—64.5 FTE positions	5,960,600
Budget and financial management—113.5 FTE positions	9,926,600
Office of the state employer—24.0 FTE positions	2,604,800
Design and construction services—40.0 FTE positions	4,751,500
Business support services—88.5 FTE positions	7,404,900
Building operation services—232.0 FTE positions	75,921,100
Building occupancy charges, rent, and utilities	3,798,700
Human resources optimization user charges.....	29,500
Motor vehicle fleet.....	56,500,000
GROSS APPROPRIATION.....	\$ 169,710,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG from building occupancy and parking charges	78,664,200
IDG from department of labor and economic growth.....	100,000
IDG from MDCH.....	235,000
IDG from MDOT, comprehensive transportation fund	58,400
IDG from MDOT, state aeronautics fund	33,300
IDG from MDOT, state trunkline fund.....	1,193,300
IDG from motor transport fund.....	56,500,000
IDG from user fees	4,892,800
Federal revenues:	
Federal funds	430,500
Special revenue funds:	
Game and fish protection fund.....	218,200
Health management funds	1,577,400
Marine safety fund.....	22,200
Pension trust funds.....	1,413,700
Special revenue, internal service, and pension trust funds	5,394,200
State building authority revenue	530,500
State lottery fund	122,700
Waterways fund	50,700
State general fund/general purpose	\$ 18,272,900
(3) STATEWIDE APPROPRIATIONS	
Professional development fund - AFSCME.....	\$ 400,000
Professional development fund - MPES	105,000
GROSS APPROPRIATION.....	\$ 505,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG from employer contributions	505,000
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	\$ 1,712,300
Retirement services—127.5 FTE positions.....	14,697,400
Office of children’s ombudsman—14.0 FTE positions	1,279,300
GROSS APPROPRIATION.....	\$ 17,689,000

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Appropriated from:	
Special revenue funds:	
Deferred compensation	1,445,700
Pension trust funds.....	13,251,700
State general fund/general purpose	\$ 2,991,600
(5) INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 25,506,100
GROSS APPROPRIATION.....	\$ 25,506,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG from building occupancy and parking charges	655,700
IDG from MDOT, comprehensive transportation fund	2,100
IDG from MDOT, state aeronautics fund	1,100
IDG from MDOT, state trunkline fund.....	47,500
IDG from user fees	186,800
Federal revenues:	
Federal funds	14,100
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	3,964,000
Pension trust funds.....	2,739,200
Special revenue, internal service, and pension trust funds	2,404,600
State building authority revenue	9,700
State lottery fund	4,600
Waterways fund	2,000
State general fund/general purpose	\$ 15,419,700
Sec. 109. DEPARTMENT OF STATE	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	1,851.8
GROSS APPROPRIATION.....	\$ 187,179,500
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	20,000,000
ADJUSTED GROSS APPROPRIATION	\$ 167,179,500
Federal revenues:	
Total federal revenues	1,391,000
Special revenue funds:	
Total local revenues	0
Total private revenues	100
Total other state restricted revenues	141,878,500
State general fund/general purpose	\$ 23,909,900
(2) EXECUTIVE DIRECTION	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	29.2
Secretary of state	\$ 124,900
Unclassified positions—5.0 FTE positions.....	459,200
Operations—29.2 FTE positions	2,256,400
GROSS APPROPRIATION.....	\$ 2,840,500
Appropriated from:	
Special revenue funds:	
Auto repair facilities fees.....	52,900
Driver fees	102,600
Expedient service fees.....	45,300

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Look-up fees	605,700
Parking ticket court fines	7,200
Personal identification card fees	10,600
Reinstatement fees - operator licenses	114,800
Transportation administration collection fund	1,286,200
Vehicle theft prevention fees	31,100
State general fund/general purpose	\$ 584,100
(3) DEPARTMENT SERVICES	
Full-time equated classified positions	174.3
Operations—165.8 FTE positions	\$ 22,192,900
Assigned claims assessments—6.5 FTE positions	674,600
Motorcycle safety education administration—2.0 FTE positions	353,800
Motorcycle safety education grants	1,000,800
Motorcycle safety equipment	200,000
GROSS APPROPRIATION	\$ 24,422,100
Appropriated from:	
Federal revenues:	
Federal funds	52,100
Special revenue funds:	
Assigned claims assessments	674,600
Auto repair facilities fees	388,600
Child support clearance fees	32,100
Driver fees	1,123,400
Expedient service fees	232,400
Look-up fees	7,193,200
Marine safety fund	69,800
Motorcycle safety fund	1,554,600
Off-road vehicle title fees	7,200
Parking ticket court fines	49,200
Personal identification card fees	77,700
Reinstatement fees - operator licenses	502,600
Scrap tire fund	64,200
Snowmobile registration fee revenue	16,500
Transportation administration collection fund	12,130,000
Vehicle theft prevention fees	227,800
State general fund/general purpose	\$ 26,100
(4) REGULATORY SERVICES	
Full-time equated classified positions	251.1
Operations—251.1 FTE positions	\$ 20,806,900
County clerk education and training	100,000
GROSS APPROPRIATION	\$ 20,906,900
Appropriated from:	
Federal revenues:	
Federal funds	92,300
Special revenue funds:	
Auto repair facilities fees	4,183,400
Commercial driver training school fees	63,500
Driver fees	930,500
Expedient service fees	29,900
Look-up fees	3,962,400
Notary education and training fund	100,000
Notary fee fund	300,000
Parking ticket court fines	8,200
Personal identification card fees	42,900
Reinstatement fees - operator licenses	1,535,400
Transportation administration collection fund	7,898,700

	For Fiscal Year Ending Sept. 30, 2005
Vehicle theft prevention fees.....	1,423,800
State general fund/general purpose	\$ 335,900
(5) CUSTOMER DELIVERY SERVICES	
Full-time equated classified positions	1,368.7
Branch operations—958.4 FTE positions	\$ 66,719,900
Central records—239.4 FTE positions	14,704,500
Customer services administration—154.7 FTE positions	16,555,200
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.....	\$ 102,228,700
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, Michigan transportation fund.....	20,000,000
Federal revenues:	
Federal funds	1,246,600
Special revenue funds:	
Private funds.....	100
Auto repair facilities fees.....	83,600
Child support clearance fees	358,900
Driver fees	12,270,100
Expedient service fees.....	2,629,800
Look-up fees	17,109,700
Marine safety fund.....	1,031,600
Michigan state police auto theft fund.....	105,600
Mobile home commission fees	428,900
Off-road vehicle title fees	110,600
Parking ticket court fines	1,457,900
Personal identification card fees	1,379,700
Reinstatement fees - operator licenses	1,045,600
Snowmobile registration fee revenue	302,100
Transportation administration collection fund.....	28,680,400
Vehicle theft prevention fees.....	190,500
State general fund/general purpose	\$ 13,797,000
(6) ELECTION REGULATION	
Full-time equated classified positions	28.5
Election administration and services—25.5 FTE positions.....	\$ 2,743,300
Fees to local units	69,800
Qualified voter file—3.0 FTE positions	1,773,500
GROSS APPROPRIATION.....	\$ 4,586,600
Appropriated from:	
State general fund/general purpose	\$ 4,586,600
(7) DEPARTMENTWIDE APPROPRIATIONS	
Building occupancy charges/rent.....	\$ 9,513,000
Worker’s compensation	727,000
GROSS APPROPRIATION.....	\$ 10,240,000
Appropriated from:	
Special revenue funds:	
Auto repair facilities fees.....	147,500
Driver fees	453,800
Expedient service fees.....	15,000
Look-up fees	1,968,300
Parking ticket court fines	489,200
Transportation administration collection fund.....	4,463,400
State general fund/general purpose	\$ 2,702,800

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(8) INFORMATION TECHNOLOGY

Information technology services and projects	\$ 21,954,700
GROSS APPROPRIATION	\$ 21,954,700
Appropriated from:	
Special revenue funds:	
Administrative order processing fee.....	10,900
Auto repair facilities fees.....	176,500
Child support clearance fees	15,900
Driver fees	1,279,600
Expedient service fees.....	442,700
Look-up fees	2,650,700
Parking ticket court fines	81,400
Personal identification card fees	848,000
Reinstatement fees - operator licenses	457,900
Transportation administration collection fund.....	13,945,600
Vehicle theft prevention fees.....	168,100
State general fund/general purpose	\$ 1,877,400

Sec. 110. DEPARTMENT OF TREASURY

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions	9.0
Full-time equated classified positions	1,653.5
GROSS APPROPRIATION	\$ 1,593,061,400
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	13,172,800
ADJUSTED GROSS APPROPRIATION	\$ 1,579,888,600
Federal revenues:	
Total federal revenues	34,681,800
Special revenue funds:	
Total local revenues	18,832,800
Total private revenues	0
Total other state restricted revenues	1,430,220,600
State general fund/general purpose	\$ 96,153,400

(2) EXECUTIVE DIRECTION

Full-time equated unclassified positions	9.0
Full-time equated classified positions	5.0
Unclassified positions—9.0 FTE positions.....	\$ 800,900
Office of the director—5.0 FTE positions.....	648,200
GROSS APPROPRIATION	\$ 1,449,100
Appropriated from:	
Special revenue funds:	
State lottery fund	141,300
State services fee fund	159,300
State general fund/general purpose	\$ 1,148,500

(3) DEPARTMENTWIDE APPROPRIATIONS

Travel.....	\$ 1,415,900
Rent and building occupancy charges - property management services.....	4,605,000
Worker's compensation insurance premium	541,300
GROSS APPROPRIATION	\$ 6,562,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, state aeronautics fund	2,500
IDG, state agency collection fees.....	16,900
Special revenue funds:	
Delinquent tax collection revenue	3,284,700
Municipal finance fees	10,600
Treasury fees.....	17,800

	For Fiscal Year Ending Sept. 30, 2005
Waterways fund	2,200
State general fund/general purpose	\$ 3,227,500
(4) LOCAL GOVERNMENT PROGRAMS	
Full-time equated classified positions	129.0
Supervision of the general property tax law—68.0 FTE positions	\$ 10,915,900
Property tax assessor training—4.0 FTE positions	374,100
Local finance—19.0 FTE positions	2,099,300
Personal property tax auditors—38.0 FTE positions	3,500,000
State compliance audits	60,000
Pari-mutuel audits	240,000
GROSS APPROPRIATION	\$ 17,189,300
Appropriated from:	
Special revenue funds:	
Local - assessor training fees	374,100
Local - audit charges	497,200
Local - equalization study charge-backs	40,000
Local - revenue from local government	50,000
Land reutilization fund	6,485,700
Municipal finance fees	256,800
State education tax collections	50,000
State services fee fund	240,000
State general fund/general purpose	\$ 9,195,500
(5) TAX PROGRAMS	
Full-time equated classified positions	715.0
Customer contact—178.0 FTE positions	\$ 12,292,700
Tax compliance—339.0 FTE positions	27,243,600
Tax policy—37.0 FTE positions	3,688,800
Tax processing—157.0 FTE positions	14,363,600
Home heating assistance	2,000,000
Bottle bill implementation	250,000
New hire reporting	1,545,000
Tobacco tax collection—4.0 FTE positions	232,000
GROSS APPROPRIATION	\$ 61,615,700
Appropriated from:	
Interdepartmental grant revenues:	
IDG, data/collection services fees	250,900
IDG from FIA	1,545,000
IDG from MDCH	232,000
IDG from MDOT, Michigan transportation fund	7,417,700
IDG from MDOT, state aeronautics fund	43,100
Federal revenues:	
HHS-SSA, low-income energy assistance	2,000,000
Special revenue funds:	
Bottle deposit fund	250,000
Delinquent tax collection revenue	45,155,100
Tobacco tax revenue	335,900
Waterways fund	56,200
State general fund/general purpose	\$ 4,329,800
(6) BANKING AND MANAGEMENT SERVICES	
Full-time equated classified positions	325.5
Human resources optimization user charges	\$ 44,300
Human resources, program management, and purchasing—32.0 FTE positions	2,950,800
Mail operations—20.0 FTE positions	1,849,500
Office of revenue and tax analysis—15.5 FTE positions	1,170,900
Unclaimed property—19.0 FTE positions	2,801,600
Collections—167.0 FTE positions	15,307,700

	For Fiscal Year Ending Sept. 30, 2005
Finance and accounting—32.0 FTE positions	1,604,500
Receipts processing—40.0 FTE positions	2,531,600
GROSS APPROPRIATION	\$ 28,260,900
Appropriated from:	
Interdepartmental grant revenues:	
IDG from FIA, title IV-D	542,500
IDG from MDOT, state aeronautics fund	16,900
IDG, levy/warrant cost assessment fees	1,810,800
IDG, receipt, warrant and cash processing fees.....	222,300
IDG, state agency collection fees.....	492,600
Special revenue funds:	
Delinquent tax collection revenue	13,474,700
Escheats revenue	2,801,600
Garnishment fees	460,700
Justice system fund	550,000
Treasury fees.....	159,700
Waterways fund	17,500
State general fund/general purpose	\$ 7,711,600
(7) FINANCIAL PROGRAMS	
Full-time equated classified positions	208.0
Retirement investments—72.0 FTE positions.....	\$ 12,345,000
Michigan education savings program	1,000,000
Michigan merit award administration—6.0 FTE positions	1,580,400
Common cash investments and debt management—11.5 FTE positions.....	1,100,700
Student financial assistance programs—118.5 FTE positions.....	34,232,900
GROSS APPROPRIATION	\$ 50,259,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG, fiscal agent service fees	158,500
Federal revenues:	
DED-OPSE, federal lenders allowance	9,851,300
DED-OPSE, higher education act of 1965, insured loans.....	22,309,400
Special revenue funds:	
College work-study	46,300
Michigan merit award trust fund	2,965,500
Retirement funds	12,345,000
School bond fees	435,300
Treasury fees.....	248,300
State general fund/general purpose	\$ 1,899,400
(8) DEBT SERVICE	
Water pollution control bond and interest redemption.....	\$ 2,650,400
Quality of life bond	59,700,000
Clean Michigan initiative	19,100,000
GROSS APPROPRIATION	\$ 81,450,400
Appropriated from:	
Special revenue funds:	
Cleanup and redevelopment funds	10,887,300
Refined petroleum fund	28,114,500
State general fund/general purpose	\$ 42,448,600
(9) GRANTS	
Grants to counties in lieu of taxes.....	\$ 10,000
Convention facility development distribution.....	53,500,000
Senior citizen cooperative housing tax exemption program	16,700,000
Commercial mobile radio service payments.....	29,000,000
Health and safety fund grants.....	23,500,000
Qualified agricultural loan payments	2,000,000

	For Fiscal Year Ending Sept. 30, 2005
Renaissance zone reimbursement	1,968,000
Special grants.....	442,300
GROSS APPROPRIATION.....	\$ 127,120,300
Appropriated from:	
Special revenue funds:	
Commercial mobile radio service fees	29,000,000
Convention facility development fund	53,500,000
Health and safety fund	23,500,000
State general fund/general purpose	\$ 21,120,300
(10) BUREAU OF STATE LOTTERY	
Full-time equated classified positions	165.0
Lottery operations—165.0 FTE positions.....	\$ 17,167,100
Human resources optimization user charges.....	29,500
Promotion and advertising	18,622,000
Lottery information technology services and projects	4,236,700
GROSS APPROPRIATION.....	\$ 40,055,300
Appropriated from:	
Special revenue funds:	
State lottery fund	40,055,300
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	17,163,000
Human resources optimization user charges.....	14,800
Casino gaming information technology services and projects	1,100,600
GROSS APPROPRIATION.....	\$ 18,328,400
Appropriated from:	
Special revenue funds:	
Casino gambling agreements.....	383,500
State services fee fund	17,944,900
State general fund/general purpose	\$ 0
(12) REVENUE SHARING	
Constitutional state general revenue sharing grants.....	\$ 681,000,000
Statutory state general revenue sharing grants	445,300,000
County revenue sharing payments.....	17,868,500
GROSS APPROPRIATION.....	\$ 1,144,168,500
Appropriated from:	
Special revenue funds:	
Sales tax.....	1,126,300,000
Local revenue	17,868,500
State general fund/general purpose	\$ 0
(13) INFORMATION TECHNOLOGY	
Treasury operations information technology services and projects.....	\$ 16,602,300
GROSS APPROPRIATION.....	\$ 16,602,300
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, Michigan transportation fund.....	421,100
Federal revenues:	
DED-OPSE, higher education act of 1965, insured loans.....	521,100
Special revenue funds:	
Local - assessor training fees	3,000
Delinquent tax collection revenue.....	9,555,900
Land reutilization fund.....	20,000
Michigan merit award trust fund.....	393,000
Retirement funds.....	616,000
State general fund/general purpose	\$ 5,072,200

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 2004-2005 is \$1,968,683,200.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$1,239,361,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF STATE

Fees to local units	\$ 69,800
Motorcycle safety education grants	776,900
Subtotal	\$ <u>846,700</u>

DEPARTMENT OF TREASURY

Senior citizen cooperative housing tax exemption	\$ 16,700,000
Grants to counties in lieu of taxes	10,000
Health and safety fund grants	23,500,000
Constitutional state general revenue sharing grants	681,000,000
Statutory state general revenue sharing grants	445,300,000
Convention facility development fund distribution	53,500,000
Commercial mobile radio service payments	14,094,000
Renaissance zone reimbursements	1,968,000
Special grants	442,300
Subtotal	\$ <u>1,238,514,300</u>
TOTAL GENERAL GOVERNMENT	\$ 1,239,361,000

(2) Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources for fiscal year 2004-2005 is estimated at \$26,037,225,700.00 in the 2004-2005 appropriations acts and total state spending from state sources paid to local units of government for fiscal year 2004-2005 is estimated at \$15,503,841,401.00. The state-local proportion is estimated at 59.54% of total state spending from state resources.

(3) If payments to local units of government and state spending from state sources for fiscal year 2004-2005 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 2004-2005 to the senate and house of representatives standing committees on appropriations within 30 days after the final book-closing for fiscal year 2004-2005.

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) "FIA" means the Michigan family independence agency.
- (k) "FTE" means full-time equated.
- (l) "GF/GP" means general fund/general purpose.
- (m) "HHS" means the United States department of health and human services.
- (n) "HHS-OS" means the HHS office of the secretary.
- (o) "HHS-SSA" means the HHS social security administration.
- (p) "HUD" means the United States department of housing and urban development.
- (q) "IDG" means interdepartmental grant.
- (r) "MAIN" means the Michigan administrative information network.
- (s) "MCL" means the Michigan Compiled Laws.
- (t) "MDA" means the Michigan department of agriculture.
- (u) "MDCH" means the Michigan department of community health.
- (v) "MDCS" means the Michigan department of civil service.
- (w) "MDLEG" means the Michigan department of labor and economic growth.
- (x) "MDMB" means the Michigan department of management and budget.

- (y) "MDOT" means the Michigan department of transportation.
- (z) "MDSP" means the Michigan department of state police.
- (aa) "MPES" means the Michigan professional employees society.
- (bb) "PA" means public act.
- (cc) "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:

	2003	2004
Michigan personal income (millions).....	\$306,820	\$316,945
less: transfer payments.....	48,374	51,373
Subtotal	258,446	265,572
Divided by: Detroit CPI for 12 months ending June 30	1.814	1.839
Equals: Real adjusted Michigan personal income	\$142,473	\$144,380
Percentage change		1.3%
Percentage change in excess of 2%		0.0%
Multiplied by: estimated GF/GP revenue in FY 2003-2004 (millions)..		7,866.4
Equals: countercyclical budget and economic stabilization fund calculation for the fiscal year ending September 30, 2005		\$0.0

Sec. 212. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. Federal and state guidelines for short-term and long-term retention of records shall be followed.

Sec. 213. Funds appropriated in part 1 shall not be used by this state, a department, an agency, or an authority of this state to purchase an ownership interest in a casino enterprise or a gambling operation as those terms are defined in the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226.

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

Sec. 215. A department or state agency shall not take disciplinary action against an employee for communicating with a member of the legislature or their staff.

Sec. 216. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 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.

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 family independence agency, the prosecuting attorneys association of Michigan, and the department of attorney general. The source of this funding is money earned by the department of attorney general under the agreement after the allowance for reimbursement to the department of attorney general for costs associated with the prosecution of food stamp fraud cases. It is recognized that the federal funds are earned by the department of attorney general for its documented progress on the prosecution of food stamp fraud cases according to the United States department of agriculture regulations and that once earned by this state, the funds become state funds.

Sec. 306. Any proceeds from a lawsuit initiated by or settlement agreement entered into on behalf of this state against a manufacturer of tobacco products by the attorney general are state funds and are subject to appropriation as provided by law.

Sec. 307. In addition to the antitrust revenues in part 1, antitrust, securities fraud, consumer protection or class action enforcement revenues, or attorney fees recovered by the department, not to exceed \$1,000,000.00, are appropriated to the department for antitrust, securities fraud, and consumer protection or class action enforcement cases. Any unexpended funds from antitrust, securities fraud, and consumer protection or class action enforcement revenues at the end of the fiscal year, including antitrust funds in part 1, are carried forward for expenditure in the following fiscal year up to the maximum authorization of \$1,000,000.00.

Sec. 308. (1) In addition to the funds appropriated in part 1, there is appropriated up to \$500,000.00 from litigation expense reimbursements awarded to the state.

(2) The funds may be expended for the payment of litigation settlements or attorney fees assessed against 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 \$400,000.00 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 \$1,000,000.00.

Sec. 310. (1) For the purposes of providing title IV-D child support enforcement funding, the family independence agency, 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 2004 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% 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.

Sec. 505. The department of civil service, in cooperation with the office of the state employer, shall provide a report to the senate and house of representatives standing committees on appropriations subcommittees on general government by January 15, 2005 regarding the feasibility of establishing quality child care centers to accommodate the needs of state employees in either state or privately owned buildings. The study shall provide information, including, but not limited to, the possible locations, including state or privately owned buildings, the potential number of children that the centers would serve, possible federal funding sources available, the benefits of work behavior and attitudes to employees and employers, and the estimated cost of the program. The estimated costs shall be funded from fees charged to employees who utilize the child care services provided by the centers.

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 deposited to the state general fund pursuant to section 443 of the management and budget act, 1984 PA 431, MCL 18.1443.

(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 deposited to the state general fund 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.

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 considered 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, 2006.

Sec. 606a. 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, 2006.

Sec. 607. 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. 608. Funds appropriated in part 1 for e-Law, the legislative council's technology enhancement project, shall be used to support technology improvements for legislative functions performed by the legislative council agencies and to provide greater access to the public regarding legislative information. These funds, along with funds previously appropriated for the legislative session integration system, 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 \$3,992,750.00, and the tentative completion date is September 30, 2006.

Sec. 609. 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 should include an estimate of the additional costs involved and, when those costs exceed \$50,000.00, should provide supplemental funding. The auditor general will 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.

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, or the judicial branch, 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 appropriation in part 1 to the department of management and budget, for statewide appropriations from employer contributions, represents amounts included within the various appropriations for longevity and insurance, whether appropriated as a single line item or commingled with program line items, throughout state

government for the current fiscal year for purposes of funding the child care information and referral services, severance pay funds, and professional development funds included within statewide appropriations. Deposits against the interdepartmental grant from employer contributions shall be made from assessments levied against the longevity and insurance appropriations during the current fiscal year in a manner prescribed by the department of management and budget. 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) From the funds appropriated in part 1 to the department of management and budget for professional development funds and child care information and referral services, the department of management and budget may expend funds for staff support associated with administration of the professional development funds and child care information and referral services in amounts as may be specified in joint labor/management agreements or through the coordinated compensation hearings process.

(3) In addition to the funds appropriated in part 1 for severance pay funds, the department of management and budget may receive and expend funds from other state agencies for staff support associated with the administration of these funds.

(4) In addition to the funds appropriated in part 1 to the department of management and budget, for statewide appropriations from employer contributions, 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 subsections (1), (2), and (3).

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. 714. Funds collected by the department of management and budget under sections 55, 57, 58, and 59 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.255, 24.257, 24.258, and 24.259, and section 203 of the legislative council act, 1986 PA 268, MCL 4.1203, are appropriated for all expenses necessary to provide for the costs of publication and distribution. The funds appropriated under this section 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. 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 shall have the authority to 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 of management and budget complete a project plan which results in the reduction of expenditures related to vehicle travel services, to include a reduction in the number of state vehicles in the motor vehicle fleet. The department shall report quarterly to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies on the status of the project plan to reduce vehicle travel service expenditures and the number of cars in the motor vehicle fleet.

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

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. 720. The department of management and budget shall reduce building occupancy general fund expenditures by \$700,000.00. 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, 2005.

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.

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 department shall use the revenue received from the sale of records for necessary expenses as appropriated in part 1. The balance of the fee revenue remaining on September 30 shall revert to the general fund.

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" means 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. 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.

Sec. 813. 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.

Sec. 814. (1) 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.

(2) 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.

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 above 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 November 1, 2004, 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. 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.

(5) Funds appropriated in part 1 for motorcycle safety equipment shall be used to purchase motorcycle safety equipment for use by public instructional providers of motorcycle safety education courses.

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.

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. 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 printing. 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.

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 2004. 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. 923. Notwithstanding any other provision of this act, the department of treasury shall not expend any funds on initiating a new audit of any taxpayer until the department fully and completely complies with section 4(3) of 1941 PA 122, MCL 205.4. This provision shall not require the department to disclose audit selection or processing criteria as provided by section 28(1)(f) of 1941 PA 122, MCL 205.28. The department shall publish the required handbook which informs taxpayers and tax preparers of audit and collection procedures used by the department and procedures which govern departmental communications with taxpayers in the audit and collection process. The department may comply with this publishing requirement by making the audit information available to taxpayers and tax preparers through the department's website on the Internet.

Sec. 924. (1) In addition to the funds appropriated in part 1, the department of treasury may receive and expend homestead property tax exemption audit fund revenue for administration of homestead property tax exemption 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 homestead property tax exemption audits under subsection (1).

Sec. 927. In addition to the funds appropriated in part 1, any unexpended balance from funds authorized in 2003 PA 161 for qualified agricultural loan payments are appropriated and may be used for payments as provided in section 2a of 1855 PA 105, MCL 21.142a.

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.

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. The appropriation in part 1 to the department of treasury, for treasury fees, shall be assessed against all restricted funds that contribute to the total value of state managed investments in the ratio each restricted fund contributes to the total value of state managed investments. 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.

Sec. 932. Revenue received under the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1444, 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 38.1121 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. 940. The appropriation in part 1 for personal property tax auditors shall be used to hire state classified civil service employees or contractors under the department's supervision to perform personal property tax audits.

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. 951. County treasurers shall comply with section 151 of the state school aid act of 1979, 1979 PA 94, MCL 388.1751, to receive funds under part 1 for the statutory state general revenue sharing grant payments in excess of the constitutional state general revenue sharing grant payments. The payment of funds under part 1 for the statutory state general revenue sharing grant payments in excess of the constitutional state general revenue sharing grant payments shall not be withheld if a local unit of government or the department of treasury fails to provide a county treasurer with information necessary to comply with section 151 of the state school aid act of 1979, 1979 PA 94, MCL 388.1751.

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, 2005.

Sec. 953. (1) The appropriation in part 1 for county revenue sharing payments shall be distributed on a 1-time basis to counties with a fiscal year ending September 30.

(2) A county with a fiscal year ending September 30 that accrued the October 2003 revenue sharing payment to its 2003 fiscal year shall receive in October 2004 a payment equal to the amount distributed to that county in October 2003 pursuant to the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

(3) Not later than March 1, 2005, each county with a fiscal year ending September 30 shall pay to the state treasurer the amount of the distribution received under this section from its revenue sharing reserve fund established under section 44a of the general property tax act, 1893 PA 206, MCL 211.44a.

Sec. 955. (1) There is appropriated to each county an amount equal to the amount distributed to each county for the fiscal year ending September 30, 2004, pursuant to the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, adjusted by the inflation rate as defined in section 34d of the general property tax act, 1893 PA 206, MCL 211.34d, and reduced by the amount each county is authorized to annually expend in that county's fiscal year beginning after September 30, 2004, from its revenue sharing reserve fund pursuant to section 44a of the general property tax act, 1893 PA 206, MCL 211.44a.

(2) The department of treasury shall annually certify to the state budget director the amount each county is authorized to expend from its revenue sharing reserve fund.

LOTTERY

Sec. 960. In addition to the funds appropriated in part 1 to the bureau of state lottery, there is appropriated from lottery revenues the amount necessary for, and directly related to, implementing and operating lottery games. Appropriations under this section shall only be expended for contractually mandated payments for vendor commissions, contractually mandated payments for instant tickets intended for resale, the contractual costs of providing and maintaining the on-line system communications network, and incentive and bonus payments to lottery retailers.

Sec. 961. The funds appropriated in part 1 to the bureau of state lottery shall not be used for any promotional efforts directed towards individuals who are less than 18 years of age.

Sec. 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 the 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 the state lottery shall inform all lottery retailers that the cash side of family independence agency bridge cards cannot be used to purchase lottery tickets.

CASINO GAMING

Sec. 970. Revenue collected by the Michigan gaming control board regarding the wagering tax imposed on adjusted gross receipts received by the licensee from gaming authorized under the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226, at the rate of 8.15% is appropriated and shall be deposited in the state school aid fund to provide additional funds for K-12 classroom education.

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 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.

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 2004-2005

	Fund	Beginning Unreserved Fund Balance	Estimated Revenue	Ending Balance
OPERATING FUNDS				
General fund-general purpose	0110	0.0	8,622.6	0.0
General fund-special purpose		254.8	12,490.0	6.1
Special Revenue Funds:				
Countercyclical budget and economic stabilization	0111	0.0	154.0	0.0
Game and fish protection	0112	12.2	62.6	6.4
Michigan employment security act administration	0113	1.9	92.7	0.2
State aeronautics	0114	3.1	218.1	0.0
Michigan veterans' benefit trust	0115	0.0	2.3	0.0
State trunkline	0116	0.0	1,854.8	0.0
Michigan state waterways	0117	2.9	24.0	5.1
Blue Water Bridge	0118	0.0	13.4	0.0
Michigan transportation	0119	0.0	2,037.8	0.0
Comprehensive transportation	0120	0.0	302.8	0.0
School aid	0122	0.0	12,441.8	0.0
Marine safety	0123	0.0	4.8	0.0
Game and fish protection trust	0124	6.0	10.5	6.0
State park improvement	0125	1.9	33.5	0.0
Forest development	0126	0.0	22.0	0.0
Michigan civilian conservation corps endowment	0128	0.2	1.0	0.1
Michigan natural resources trust	0129	15.5	38.3	12.6
Michigan state parks endowment	0130	8.9	16.3	10.0
Safety education and training	0131	5.2	7.7	5.5
Bottle deposit	0136	0.0	20.3	0.0
State construction code	0138	11.1	8.4	3.2
Children's trust	0139	1.2	3.3	0.0
State casino gaming	0140	0.6	30.1	0.6
Homeowner construction lien recovery	0141	3.0	0.4	1.9
Michigan nongame fish and wildlife	0143	0.2	0.6	0.1
Michigan merit award trust	0154	0.4	204.1	0.5
Tobacco settlement trust	0155	6.4	68.0	0.5
TOTALS		\$335.5	\$38,786.2	\$58.8

Second: That the House and Senate 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, 2005; 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.

Shelley Goodman Taub
John Moolenaar
Carl Williams
Conferees for the House

Valde Garcia
Michelle McManus
Michael Switalski
Conferees for the Senate

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

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **House Bill No. 5519, entitled**

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2005; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; to prescribe powers and duties of certain state departments and certain state and local agencies and officers; and to repeal acts and parts of acts.

Recommends:

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

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2005; 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 PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of history, arts, and libraries for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	232.0	
GROSS APPROPRIATION		\$ 57,093,600
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		139,000
ADJUSTED GROSS APPROPRIATION		\$ 56,954,600
Federal revenues:		
Total federal revenues		8,151,300
Special revenue funds:		
Total local revenues		0
Total private revenues		577,400
Total other state restricted revenues		2,412,400
State general fund/general purpose		\$ 45,813,500

Sec. 102. DEPARTMENT OPERATIONS

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	29.0	
Unclassified salaries		\$ 219,300
Management services—28.0 FTE positions.....		1,868,900
Building occupancy charges and rent		2,678,600
Worker’s compensation		17,000
Film office—1.0 FTE positions.....		135,800
Human resources optimization user charges.....		29,500
GROSS APPROPRIATION		\$ 4,949,100
Appropriated from:		
State general fund/general purpose		\$ 4,949,100

Sec. 103. INFORMATION TECHNOLOGY

Information technology services and projects		\$ 998,600
GROSS APPROPRIATION		\$ 998,600
Appropriated from:		
Interdepartmental grant revenues:		
IDG-MDOT, comprehensive transportation fund.....		200
IDG-MDOT, state aeronautics fund.....		100
IDG-MDOT, state trunkline fund		3,300

	For Fiscal Year Ending Sept. 30, 2005
Special revenue funds:	
Game and fish protection fund	100
Mackinac Island state park fund	42,500
Special revenue, internal service and pension trust	2,900
State lottery fund	900
State general fund/general purpose	\$ 948,600
Sec. 104. MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS	
Full-time equated classified positions	9.0
Administration—9.0 FTE positions	\$ 702,800
Arts and cultural grants	11,771,300
GROSS APPROPRIATION	\$ 12,474,100
Appropriated from:	
Federal revenues:	
NFAH-NEA, promotion of the arts, partnership agreements	700,000
Special revenue funds:	
State general fund/general purpose	\$ 11,774,100
Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION	
Full-time equated classified positions	39.0
Mackinac Island park operation—24.3 FTE positions	\$ 1,344,500
Historical facilities system—14.7 FTE positions	1,633,800
GROSS APPROPRIATION	\$ 2,978,300
Appropriated from:	
Special revenue funds:	
Mackinac Island state park operation fees	150,000
Mackinac Island state park fund	1,329,200
State general fund/general purpose	\$ 1,499,100
Sec. 106. MICHIGAN HISTORICAL PROGRAM	
Full-time equated classified positions	83.0
Federal programs—12.0 FTE positions	\$ 1,893,900
Heritage publications	700,000
Historical administration and services—71.0 FTE positions	5,216,600
Private grants and gifts	502,400
Thunder Bay national marine sanctuary and underwater preserve	189,600
Historical grants	35,000
GROSS APPROPRIATION	\$ 8,537,500
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDOT, comprehensive transportation fund	5,700
IDG-MDOT, state aeronautics fund	3,400
IDG-MDOT, state trunkline fund	126,300
Federal revenues:	
DOI-NPS, historic preservation grants-in-aid	1,348,000
Federal funds	545,900
Special revenue funds:	
Private - grants and gifts	400,000
Private - Mann house trust fund	102,400
Game and fish protection fund	3,600
Heritage publication fund	700,000
Marine safety fund	500
Special revenue, internal service and pension trust	70,700
State lottery fund	24,300
Waterways fund	800
State general fund/general purpose	\$ 5,205,900
Sec. 107. LIBRARY OF MICHIGAN	
Full-time equated classified positions	72.0
Book distribution centers	\$ 327,500

	For Fiscal Year Ending Sept. 30, 2005
Collected gifts and fees.....	161,900
Library of Michigan operations—72.0 FTE positions	6,267,300
Library services and technology act.....	5,557,400
Preservation and access for Michigan project	965,000
State aid to libraries.....	13,327,100
Subregional state aid.....	505,000
Wayne County library for the blind and physically handicapped	44,800
GROSS APPROPRIATION.....	\$ 27,156,000
Appropriated from:	
Federal revenues:	
Library services and technology act.....	5,557,400
Special revenue funds:	
Private - gifts and bequests revenues	75,000
User fees.....	86,900
State general fund/general purpose	\$ 21,436,700

**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 2004-2005 is \$48,225,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$17,563,400.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

Arts and cultural grants.....	\$ 3,686,500
State aid to libraries.....	13,327,100
Subregional state aid.....	505,000
Wayne County library for the blind and physically handicapped	44,800
Total department of history, arts, and libraries.....	\$ 17,563,400

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

Sec. 203. As used in this appropriation act:

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

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

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

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

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

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

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available. 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. 211. The department shall establish and maintain affirmative action programs based on guidelines developed by the state equal opportunity workforce planning council which was created by Executive Order No. 1996-13 in order to receive general fund/general purpose dollars.

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

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

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

- (a) Supplying census-related information and technical services, publications, statistical studies, population projections and estimates, and other demographic products.
- (b) Microfilming and other document and data imaging services, media, storage, and copies.
- (c) Patron copier and document reproduction services and copies.
- (d) Conferences, training classes, and workshops conducted as part of the department's mission.
- (e) Use of specialized equipment, facilities, and software that permit distance learning and meetings, and group decision making. Funds not expended at year-end may be carried forward and expended for the same purposes for which they were originally received.
- (f) Special services including the rental of department exhibits and collections. Funds not expended at year-end may be carried forward and expended for the same purposes for which they were originally received. The funds received under this section may be deposited and expended from the history, arts, and libraries service fund created in section 216.

Sec. 216. A fund known as the history, arts, and libraries service fund is created in the department. The fund may be used to receive and expend funds in addition to those authorized in part 1. The fund balance may be carried forward by the department for expenditure in subsequent fiscal years.

Sec. 217. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 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. 218. It is the intent of the legislature to explore supplemental fund sourcing options for the department of history, arts, and libraries.

MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

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

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

(b) Arts projects program.

(c) Arts and learning program.

(d) Artists in residence for education program.

(e) Arts organization development program.

(f) Capital improvement program.

(g) Local arts agencies services program.

(h) Regional regrants program.

(i) Partnership program.

(j) Discretionary grants program.

(k) Rural arts and cultural program.

(l) Cultural projects program.

(m) Historical projects program.

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

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

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

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

(i) Project revenues and expenditures indicating grant matching fund amounts.

(ii) Number of patrons attracted or benefiting during the grant period.

(iii) A narrative summary of each project and its outcome.

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

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

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

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

(8) Any organizations receiving grants within the anchor organization program category in excess of 10.0% of their operating revenue for the fiscal year ending September 30, 2004 shall not receive a combined grant award from all grant categories, except the partnership program, that is greater than the combined grant award from these categories that the organization received for the fiscal year ending September 30, 2004. As used in this subsection, "operating revenue" is defined in the same manner as it was defined during the fiscal year 2000 state arts anchor organization application process.

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

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

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

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

- (i) A listing of each applicant.
- (ii) The county of residence of an applicant.
- (iii) The amount awarded.
- (iv) The amount requested.
- (v) The grant category under which an applicant applied.
- (vi) A summary of projects funded for each awardee.
- (vii) The expected number of patrons for an applicant during the grant period.
- (viii) The amount of matching funds proposed by an applicant.
- (ix) The review score for each application.

(x) A listing containing the information in subparagraphs (i) to (iii) for any regranted funds in the preceding fiscal year.

(b) The second report is due when materials are first distributed by the council seeking grant applications for the subsequent fiscal year. The report shall contain the following:

- (i) The guidelines by which the council awards grants.
- (ii) A summary of any changes in the program guidelines from the previous fiscal year.
- (iii) A summary of any initiatives the council is taking to improve public access to the arts and culture, including, but not limited to, the use of technology applications.

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

(13) From the state funds appropriated in part 1 for arts and cultural grants, no 1 organization may receive more than 18% of this funding. It is the intent of the legislature that this percentage be reduced to 17% in fiscal year 2006, 16% in fiscal year 2007, and 15% in fiscal year 2008.

(14) The council shall report to the chairpersons of the house and senate appropriations subcommittees on history, arts, and libraries by August 1 all unexpended or unencumbered discretionary grant funding that is available. The council shall not redistribute any unexpended or unencumbered grant funds during the fiscal year without a 10-day notice to the chairpersons of the house and senate appropriations subcommittees on history, arts, and libraries.

MICHIGAN HISTORICAL PROGRAM

Sec. 501. The federal funds appropriated in part 1 for the historic site preservation grants are for work projects and shall not lapse at the end of the fiscal year but shall continue to be available for expenditure until the projects for which the funds were reserved have been completed or are terminated. The purpose of these work projects is the

identification, designation, and preservation of historic resources. The method used will be to solicit applications from eligible recipients, score applications based upon established criteria, and award the contracts and subgrants. The total cost is \$1,348,000.00 and the tentative completion date is September 30, 2006.

Sec. 502. Funds collected by the department under sections 6, 7, and 7a of 1913 PA 271, MCL 399.6, 399.7, and 399.7a, are appropriated to the department for the purpose for which they were received and may be carried forward for expenditure in subsequent fiscal years.

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

Sec. 504. (1) From the state funds appropriated in part 1, the department may award discretionary historical grants to preserve Michigan lighthouses. The department may award up to \$91,500.00 in grants for this purpose and may use a portion of those funds to assist in the transfer of lighthouses from federal ownership. A portion of the funds may also be dedicated to program administration and project coordination.

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

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

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

Sec. 505. From the funds appropriated in part 1 for historical administration and services, \$49,700.00 shall be allocated to support the operations of the Michigan freedom trail commission as specified in section 4 of the Michigan freedom trail commission act, 1998 PA 409, MCL 399.84. These funds shall be used to reimburse commission members, to pay for necessary contractual services of the commission, and to hire not more than 1.0 FTE position in the department's Michigan historical center to support commission operations.

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

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

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

Sec. 509. Of the funds appropriated in part 1 for the historical grants, \$25,000.00 shall be allocated to support Michigan History Day, and \$10,000.00 shall be allocated to the Arenac County Historical Society for the Charity Island lighthouse preservation project.

LIBRARY OF MICHIGAN

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

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

Sec. 603. Of the funds appropriated in part 1 for the operation of the library of Michigan, a portion may be used for statewide database access such as making computerized databases, searches of those databases, and the products of those searches available through the libraries of Michigan. Only those libraries that qualify under the federal library

services and technology act, subtitle B of title II of the museum and library services act, title II of the arts, humanities, and cultural affairs act of 1976, Public Law 94-462, 110 Stat. 3009-295, are eligible to participate in these activities.

Sec. 607. Of the funds appropriated in part 1 for book distribution centers, the public enrichment foundation shall receive \$163,750.00 and the Michigan friends of education shall receive \$163,750.00.

Sec. 609. The appropriation in part 1 for the preservation and access for Michigan project shall be used to digitize materials currently in the possession of libraries in the state and to preserve, store, and make these digitized images accessible via the Michigan electronic library. The subject materials are to be significant in the state's history, the only existing copies of unique items, or of broad interest to the citizens of Michigan. To the extent possible, the department shall seek to award these funds on an equitable geographic basis given the quality of proposals received. No single recipient shall receive funding in excess of 30% of the total appropriation.

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

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2005; 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.

Fran Amos
Daniel Acciavatti
Conferees for the House

Thomas M. George
Michelle McManus
Conferees for the Senate

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. Shulman, Chair, reported

House Bill No. 5414, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," by amending section 106 (MCL 400.106), as amended by 2003 PA 33.

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

1. Amend page 7, line 16, after "**priority**" by inserting "**against the proceeds of the net recovery from the settlement or judgment**".

2. Amend page 7, line 24, after "**amount.**" by inserting "**If the individual would recover less against the proceeds of the net recovery than the expenses paid under this act, the state department or medicaid contracted health plan, the individual, and his or her legal counsel shall share pro rata in the proceeds with each receiving 1/3 of the net recovery. As used in this subsection, "net recovery" means the total settlement or judgment less the costs and fees incurred by or on behalf of the individual who obtains the settlement or judgment.**".

The bill and amendments were referred to the order of Second Reading of Bills and laid over one day under the rules.

Favorable Roll Call

To Report Out:

Yeas: Reps. Shulman, Emmons, Shackleton, Kooiman, Newell, Stewart, Acciavatti, Amos, Caswell, Farhat, Hoogendyk, Moolenaar, Pastor, Shaffer, Steil, Taub, Walker, Whitmer, Brown, Kolb, Phillips, Plakas, Reeves, Williams, Sak, Zelenko and O'Neil

Nays: None

COMMITTEE ATTENDANCE REPORT

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

Meeting held on: Wednesday, September 8, 2004

Present: Reps. Shulman, Emmons, Pumford, Shackleton, Kooiman, Newell, Stewart, Acciavatti, Amos, Caswell, Farhat, Hoogendyk, Moolenaar, Pastor, Shaffer, Steil, Taub, Walker, Mortimer, Whitmer, Brown, Kolb, Phillips, Plakas, Reeves, Williams, Sak, Zelenko and O'Neil

Absent: Reps. Caul, Brandenburg, Cheeks and Hunter

Excused: Reps. Caul, Brandenburg, Cheeks and Hunter

Announcement by the Clerk of Printing and Enrollment

The Clerk announced that the following bill had been printed and placed upon the files of the members on Wednesday, September 8:

Senate Bill No. 1349

The Clerk announced that the following Senate bills had been received on Wednesday, September 8:

Senate Bill Nos. 1111 1112

By unanimous consent the House returned to the order of

Messages from the Senate**Senate Bill No. 1111, entitled**

A bill to amend 1971 PA 140, entitled "Glenn Steil state revenue sharing act of 1971," by amending section 11 (MCL 141.911), as amended by 2004 PA 77.

The Senate has passed the bill.

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

Senate Bill No. 1112, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending section 44a (MCL 211.44a), as added by 1993 PA 313.

The Senate has passed the bill.

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

Notices

I hereby give notice that on the next legislative session day I will move to discharge the Committee on Judiciary from further consideration of **House Bill No. 4742**.

Rep. Richardville

I hereby give notice that on the next legislative session day I will move to discharge the Committee on Commerce from further consideration of **Senate Bill No. 822**.

Rep. Richardville

Introduction of Bills

Rep. Caswell introduced

House Bill No. 6128, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 30903 (MCL 324.30903), as added by 1995 PA 59.

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

Rep. Caswell introduced

House Bill No. 6129, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending sections 8 and 27 (MCL 211.8 and 211.27), section 8 as amended by 2002 PA 620 and section 27 as amended by 2003 PA 274.

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

Rep. Meyer introduced

House Bill No. 6130, entitled

A bill to amend 1939 PA 288, entitled "Probate code of 1939," (MCL 701.1 to 712A.32) by adding section 17e to chapter XIIA.

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

Rep. Meyer introduced

House Bill No. 6131, entitled

A bill to amend 1974 PA 258, entitled "Mental health code," by amending sections 1001a, 1020, 1022, 1024, 1026, 1028, 1030, 1031, 1032, 1034, 1036, 1038, 1040, 1042, 1044, and 1050 (MCL 330.2001a, 330.2020, 330.2022, 330.2024, 330.2026, 330.2028, 330.2030, 330.2031, 330.2032, 330.2034, 330.2036, 330.2038, 330.2040, 330.2042, 330.2044, and 330.2050), section 1001a as amended by 1993 PA 252.

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

Rep. Meyer introduced

House Bill No. 6132, entitled

A bill to amend 1927 PA 175, entitled "The code of criminal procedure," by amending sections 20, 20a, 21, 21a, and 36 of chapter VIII (MCL 768.20, 768.20a, 768.21, 768.21a, and 768.36), section 20a of chapter VIII as amended by 1983 PA 42, section 21a of chapter VIII as amended by 1994 PA 56, and section 36 of chapter VIII as amended by 2002 PA 245.

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

Reps. Stahl, Caul, Kooiman, DeRoche, Casperson, Sheen, Mortimer, Pappageorge, Wenke, Vander Veen, Voorhees, Brandenburg, Drolet and Palmer introduced

House Bill No. 6133, entitled

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," (MCL 436.1101 to 436.2303) by adding sections 709 and 711.

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

Reps. Stahl, Caul, Kooiman, DeRoche, Casperson, Sheen, Mortimer, Pappageorge, Wenke, Vander Veen, Voorhees, Brandenburg, Drolet and Palmer introduced

House Bill No. 6134, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 310 (MCL 257.310), as amended by 2002 PA 652.

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

Reps. Stahl, Caul, Kooiman, DeRoche, Casperson, Sheen, Mortimer, Pappageorge, Wenke, Vander Veen, Voorhees, Brandenburg, Drolet and Palmer introduced

House Bill No. 6135, 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 2 (MCL 28.292), as amended by 2002 PA 553.

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

Reps. Hoogendyk, Brandenburg, Garfield, Drolet, LaJoy, Milosch, Sheen, Vander Veen, Palmer and Pastor introduced

House Joint Resolution BB, entitled

A joint resolution proposing an amendment to the state constitution of 1963, by amending section 28 of article IX, to further limit state spending.

The joint resolution was read a first time by its title and referred to the Committee on Government Operations.

Rep. Kooiman moved that the House adjourn.
The motion prevailed, the time being 6:45 p.m.

The Speaker Pro Tempore declared the House adjourned until Thursday, September 9, at 10:00 a.m.

GARY L. RANDALL
Clerk of the House of Representatives