

PUBLIC ACTS

[No. 1]

(SB 191)

AN ACT to amend 1980 PA 299, entitled “An act to revise, consolidate, and classify the laws of this state regarding the regulation of certain occupations; to create a board for each of those occupations; to establish the powers and duties of certain departments and agencies and the boards of each occupation; to provide for the promulgation of rules; to provide for certain fees; to provide for penalties and civil fines; to establish rights, relationships, and remedies of certain persons under certain circumstances; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts,” by amending sections 725 and 729 (MCL 339.725 and 339.729), as amended by 2005 PA 278.

The People of the State of Michigan enact:

339.725 Issuance of certificate as certified public accountant; education requirements; examination; qualifying experience; submission of audit.

Sec. 725. (1) The department shall issue a certificate as a certified public accountant to an individual who meets all of the following requirements:

- (a) Is of good moral character.
- (b) Has complied with the education requirements of subsection (2).
- (c) Has passed an examination meeting the requirements of subsection (3).
- (d) Has complied with the experience requirements of subsection (4).

(e) Has completed at least 150 semester hours of college education, including a baccalaureate degree or higher degree with a concentration in accounting, at an educational institution approved by the board.

(2) An individual who has completed a curriculum required for a baccalaureate degree with a concentration in accounting at an educational institution approved by the board may sit for the examination required under subsection (3).

(3) An applicant for a certificate as a certified public accountant shall pass an examination in accounting, auditing, and other related subjects, acceptable to the department and the board, that is given reciprocal status in the plurality of states as compared to other examinations.

(4) An applicant for a certificate as a certified public accountant shall have 1 year of qualifying experience under the direction and supervision of a licensed certified public accountant of this or another state in either of the following:

(a) The practice of public accounting with experience obtained in 1 financial audit and in all of the following areas that may be performed under the direction and supervision of a licensed

certified public accountant while the applicant was meeting the education requirements of subsection (2):

(i) The application of a variety of auditing procedures and techniques to the usual and customary financial transactions recorded in accounting records.

(ii) The preparation of working papers covering the examination of the accounts usually found in accounting records for audit, review, and compilation.

(iii) The participation in the planning of the program of work including the selection of the procedures to be followed for audit, review, and compilation.

(iv) The participation in the preparation of reports, including written explanations and comments on the findings of the examinations and on the content of the accounting records.

(v) The participation in the preparation and analysis of financial statements together with explanations and notes.

(b) The practice of public accounting with a governmental agency involving either of the following:

(i) The auditing of the books and accounts or financial activities of persons engaged in 3 or more distinct lines of commercial or industrial business in accordance with generally accepted auditing standards or generally accepted government auditing standards.

(ii) The auditing of the books and accounts of financial activities of 3 or more distinct governmental agencies or independent organizational units other than an employer of the applicant in accordance with generally accepted auditing standards or generally accepted government auditing standards, and in which the results of the auditing are reported to a third party.

(5) In complying with the requirement of subsection (4) that an applicant shall have performed 1 financial audit, an applicant may submit an audit performed under the direction and supervision of a licensed certified public accountant who is not the applicant's employer or an audit performed while the applicant was meeting the educational requirements of subsection (2).

339.729 License renewal; continuing education; exceptions; participation in peer review program; effectiveness of requirements.

Sec. 729. (1) As a condition of license renewal, an individual licensee shall complete at least 40 hours of continuing education for each year since the issuance of the original license or the last renewal. Of the 40 hours of continuing education credits, the board shall not require more than 8 of those hours to be in the areas of auditing and accounting. The board may make exceptions from the continuing education requirements of this subsection for reasons of health, military service, or other good cause.

(2) Each licensed firm and sole practitioner that performs attest services, including audits, reviews, and compilations that are relied upon by third parties, shall participate in a peer review program established by rule of the department and approved by the board. An applicant for renewal or relicensure shall submit to the department at the time of renewal or relicensure proof of peer review obtained within the 3 years immediately preceding the application. A firm or sole practitioner required to participate in a peer review program under this subsection shall notify the department within 30 days after receipt of an adverse report or second modified peer review report. Verbal testimony or documents, or both, pertaining to a peer review shall be considered confidential and shall be exempt from disclosure to the department, except in the case of an adverse or second consecutive modified opinion.

(3) The peer review requirements under subsection (2) for licensees become effective as follows:

(a) For licensed firms and sole practitioners whose attest services include audits, beginning March 1, 2008.

(b) For licensed firms and sole practitioners whose attest services include compilation with disclosures relied upon by third parties, or review, or both compilation with disclosures and review, but not audits under subdivision (a), beginning March 1, 2009.

(c) For licensed firms and sole practitioners whose attest services include compilation without disclosures relied upon by third parties, but not audits under subdivision (a) or any compilation with disclosures relied upon by third parties, or review, or both compilation with disclosures and review under subdivision (b), beginning March 1, 2010.

This act is ordered to take immediate effect.

Approved March 1, 2007.

Filed with Secretary of State March 1, 2007.

[No. 2]

(SB 184)

AN ACT to amend 1984 PA 431, entitled “An act to prescribe the powers and duties of the department of management and budget; to define the authority and functions of its director and its organizational entities; to authorize the department to issue directives; to provide for the capital outlay program; to provide for the leasing, planning, constructing, maintaining, altering, renovating, demolishing, conveying of lands and facilities; to provide for centralized administrative services such as purchasing, payroll, record retention, data processing, and publishing and for access to certain services; to provide for a system of internal accounting and administrative control for certain principal departments; to provide for an internal auditor in certain principal departments; to provide for certain powers and duties of certain state officers and agencies; to codify, revise, consolidate, classify, and add to the powers, duties, and laws relative to budgeting, accounting, and the regulating of appropriations; to provide for the implementation of certain constitutional provisions; to create funds and accounts; to make appropriations; to prescribe remedies and penalties; to rescind certain executive reorganization orders; to prescribe penalties; and to repeal certain acts and parts of acts,” by amending sections 371 and 395 (MCL 18.1371 and 18.1395), section 371 as amended by 1999 PA 8 and section 395 as amended by 1988 PA 504.

The People of the State of Michigan enact:

18.1371 Expenditure or obligation exceeding gross appropriation level prohibited; responsibility for exceeding appropriation; report of violation and statement of action taken; division of appropriation into allotments; spending plan; review of allotments; report; remedies to maintain level of program service.

Sec. 371. (1) An employee of a state agency shall not make or authorize an expenditure or incur an obligation that results in the agency exceeding the gross appropriation level of an appropriation line item made to that agency by the legislature. The chief executive officer and the chief financial officer of a state agency are responsible for any action taken by a state agency that results in exceeding an appropriation. The chief executive officer of

a state agency shall report a violation of this subsection immediately to the director and the chairpersons of the senate and house appropriations committees, together with a statement of any action taken to remedy the occurrence.

(2) Within 15 days after a bill appropriating an amount is enacted into law, the amount appropriated shall be divided into allotments by department and by state agency based on periodic requirements to represent a spending plan. The state budget director shall review the allotments. Not later than June 1 of each year, the director shall submit to the chairpersons of the appropriations committees and the fiscal agencies a report that provides estimates as to which departments are spending at a rate that would exceed the level of the appropriation for the fiscal year. This report shall include recommendations as to actions that need to be taken to ensure that actual expenditures do not exceed the appropriation at the close of the fiscal year. When it appears that a spending plan, or sources of financing related to a spending plan, do not provide the level of program service assumed in the appropriation for the fiscal year, the state budget director shall immediately notify the chairpersons and minority chairpersons of the appropriations committees, the chairpersons and minority chairpersons of the appropriate appropriations subcommittees, and the fiscal agencies.

18.1395 Financing from federal, state restricted, local, or private funding; financing by multiple fund sources; spending of state matching money; reductions; notice; adjustments; corrective action; prohibited transfer.

Sec. 395. (1) Appropriation line items in a budget act financed from federal, state restricted, local, or private funding authorize spending only for the amount of the funds actually received up to the amount appropriated. When an appropriation line item that is financed from federal, state restricted, local, or private funding sources is receiving funds less than the appropriated amount, the department shall reduce the overall level of expenditures from the appropriation line item to reflect the estimated funding shortfall. In an appropriation line item financed by multiple fund sources, any state general fund/general purpose appropriation shall be used only after the federal, state restricted, local, or private funds have been expended.

(2) Except as otherwise provided in this section, spending of state matching money in an appropriation shall be maintained in the proportion appropriated. When federal money is earned in an amount less than appropriated and the matching requirements have not been reduced, spending of any state matching appropriation shall be reduced accordingly.

(3) When federal matching formulas are adjusted to increase the federal share of the costs of a program, spending of any state matching appropriation shall be reduced accordingly. Within 15 days after receipt of a notice of such a change, the state agency shall notify the state budget director. The state budget director shall within 15 days make a recommendation to the senate and house appropriations committees and the fiscal agencies to adjust existing appropriations to implement the change in the federal matching rate.

(4) When federal matching formulas are adjusted to reduce the federal share of the costs of a program, the affected state agency shall notify the department. After receipt of the notice of such a change the state budget director shall take appropriate corrective action. For purposes of this subsection, a transfer to increase the state matching appropriations shall not be permitted under section 393(1).

This act is ordered to take immediate effect.

Approved March 19, 2007.

Filed with Secretary of State March 19, 2007.

[No. 3]

(SB 166)

AN ACT to make, supplement, and adjust appropriations for various state departments and agencies and capital outlay for the fiscal years ending September 30, 2006 and September 30, 2007; to provide for the expenditure of the appropriations; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS FOR
FISCAL YEAR 2005-2006

Appropriations; supplemental for fiscal year ending September 30, 2006; various state departments and agencies and capital outlay.

Sec. 101. There is appropriated for the various state departments and agencies and capital outlay to supplement appropriations for the fiscal year ending September 30, 2006, from the following funds:

APPROPRIATION SUMMARY:

Full-time equated classified positions	0.0		
GROSS APPROPRIATION		\$	58,438,600
Total interdepartmental grants and intradepartmental transfers.....			0
ADJUSTED GROSS APPROPRIATION		\$	58,438,600
Total federal revenues			5,700,000
Total local revenues.....			3,000,000
Total private revenues.....			0
Total other state restricted revenues			0
State general fund/general purpose		\$	49,738,600

Department of corrections.

Sec. 152. DEPARTMENT OF CORRECTIONS

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION		\$	15,447,800
Interdepartmental grant revenues:			
Total interdepartmental grants and intradepartmental transfers.....			0
ADJUSTED GROSS APPROPRIATION		\$	15,447,800
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		\$	15,447,800

(2) EXECUTIVE (SAFETY)

Policy and strategic planning		\$	182,200
Prisoner reintegration programs			(4,000,000)
GROSS APPROPRIATION		\$	(3,817,800)
Appropriated from:			
State general fund/general purpose		\$	(3,817,800)

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2006

(3) ADMINISTRATION AND PROGRAMS (SAFETY)

Administrative services.....	\$	(300)
Inmate legal services		(4,900)
GROSS APPROPRIATION	\$	<u>(5,200)</u>
Appropriated from:		
State general fund/general purpose	\$	(5,200)

(4) FIELD OPERATIONS (SAFETY)

Corrections centers	\$	(3,500)
GROSS APPROPRIATION	\$	<u>(3,500)</u>
Appropriated from:		
State general fund/general purpose	\$	(3,500)

(5) COMMUNITY CORRECTIONS (SAFETY)

Residential services.....	\$	(44,600)
Public education and training.....		(19,500)
Regional jail program		(100)
GROSS APPROPRIATION	\$	<u>(64,200)</u>
Appropriated from:		
State general fund/general purpose	\$	(64,200)

(6) CONSENT DECREES (SAFETY)

Hadix consent decree.....	\$	(10,300)
DOJ, consent decree.....		(900)
DOJ psychiatric plan - MDCH mental health services.....		(5,400)
DOJ psychiatric plan - MDOC staff and services.....		(158,100)
GROSS APPROPRIATION	\$	<u>(174,700)</u>
Appropriated from:		
State general fund/general purpose	\$	(174,700)

(7) HEALTH CARE (SAFETY)

Hospital and specialty care services	\$	11,712,400
Northern region clinical complex.....		3,199,800
Southeastern region clinical complex.....		4,700
Southwestern region clinical complex.....		2,442,600
GROSS APPROPRIATION	\$	<u>17,359,500</u>
Appropriated from:		
State general fund/general purpose	\$	17,359,500

(8) CORRECTIONAL FACILITIES ADMINISTRATION (SAFETY)

Correctional facilities administration.....	\$	(1,800)
Education services and federal education grants		(800)
Leased beds and alternatives to leased beds		(100)
Inmate housing fund		(26,500)
GROSS APPROPRIATION	\$	<u>(29,200)</u>
Appropriated from:		
State general fund/general purpose	\$	(29,200)

(9) SOUTHEASTERN REGION CORRECTIONAL FACILITIES (SAFETY)

Jackson area support and services - Jackson	\$	(12,600)
GROSS APPROPRIATION	\$	<u>(12,600)</u>
Appropriated from:		
State general fund/general purpose	\$	(12,600)

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2006

(10) SOUTHWESTERN REGION CORRECTIONAL FACILITIES (SAFETY)

Lakeland correctional facility - Coldwater.....	\$	(200)
Riverside correctional facility - Ionia		(100)
GROSS APPROPRIATION	\$	(300)

Appropriated from:

State general fund/general purpose	\$	(300)
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(11) INFORMATION TECHNOLOGY (SAFETY)

Information technology services and projects.....	\$	2,195,800
GROSS APPROPRIATION	\$	2,195,800

Appropriated from:

State general fund/general purpose	\$	2,195,800
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Department of environmental quality.

Sec. 153. DEPARTMENT OF ENVIRONMENTAL QUALITY

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$	0
Total interdepartmental grants and intradepartmental transfers.....		0
ADJUSTED GROSS APPROPRIATION	\$	0
Total federal revenues		0
Total local revenues.....		0
Total private revenues.....		0
Total other state restricted revenues		0
State general fund/general purpose	\$	0

(2) LAND AND WATER MANAGEMENT (RESOURCE CONSERVATION)

Field permitting and project assistance	\$	0
GROSS APPROPRIATION	\$	0

Appropriated from:

Special revenue funds:

Environmental protection fund		300,000
Land and water permit fees		(300,000)
State general fund/general purpose	\$	0

Department of human services.

Sec. 154. DEPARTMENT OF HUMAN SERVICES

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$	30,705,500
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers.....		0
ADJUSTED GROSS APPROPRIATION	\$	30,705,500
Federal revenues:		
Total federal revenues		(3,000,000)
Special revenue funds:		
Total private revenues.....		0
Total local revenues.....		3,000,000
Total other state restricted revenues		0
State general fund/general purpose	\$	30,705,500

For Fiscal Year
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2006

(2) EXECUTIVE OPERATIONS	
Unclassified salaries	\$ (31,300)
Contractual services, supplies, and materials	(169,000)
Demonstration projects	(342,200)
Inspector general salaries and wages	(82,400)
GROSS APPROPRIATION	\$ (624,900)
Appropriated from:	
State general fund/general purpose	\$ (624,900)
(3) CHILD SUPPORT ENFORCEMENT	
Child support enforcement operations	\$ (274,500)
Legal support contracts	(642,100)
GROSS APPROPRIATION	\$ (916,600)
Appropriated from:	
State general fund/general purpose	\$ (916,600)
(4) ADULT AND FAMILY SERVICES	
Executive direction and support	\$ (44,700)
Employment and training support services	(899,300)
Domestic violence prevention and treatment	(306,300)
Guardian contract	(123,700)
Adult services policy and administration	(44,700)
Income support policy and administration	(35,500)
Wage employment verification reporting	(82,200)
Homeless prevention and elder law of Michigan food for the elderly project	(50,000)
GROSS APPROPRIATION	\$ (1,586,400)
Appropriated from:	
State general fund/general purpose	\$ (1,586,400)
(5) CHILD AND FAMILY SERVICES	
Salaries and wages	\$ (358,100)
Contractual services, supplies, and materials	(94,900)
Foster care payments	0
Wayne County foster care payments	0
Youth in transition	(373,400)
Domestic violence prevention and treatment	(25,000)
Interstate compact	(34,100)
Teenage parent counseling	(25,500)
Family preservation and prevention services administration	(120,500)
Black child and family institute	(11,900)
Attorney general contracts	(6,800)
Child care fund	(87,900)
Child care fund administration	(900)
County juvenile officers	(47,500)
Community support services	(800)
GROSS APPROPRIATION	\$ (1,187,300)
Appropriated from:	
Federal revenues:	
Total federal revenues	(3,000,000)
Special revenue funds:	
Local funds - county payback	3,000,000
State general fund/general purpose	\$ (1,187,300)

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2006

(6) JUVENILE JUSTICE SERVICES

High security juvenile services.....	\$	(10,200)
Medium security juvenile services		(41,600)
Low security juvenile services.....		(800)
Juvenile justice day program		(267,400)
Juvenile justice field staff, administration and maintenance.....		(96,000)
Juvenile accountability incentive block grant		(29,000)
Committee on juvenile justice administration.....		(33,200)
GROSS APPROPRIATION	\$	(478,200)

Appropriated from:

State general fund/general purpose	\$	(478,200)
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(7) LOCAL OFFICE STAFF AND OPERATIONS

Field staff, salaries and wages	\$	(922,300)
Medical/psychiatric evaluations.....		(94,500)
Training and program support		(81,400)
Food stamp reinvestment		(8,200)
Volunteer services and reimbursement		(161,100)
GROSS APPROPRIATION	\$	(1,267,500)

Appropriated from:

State general fund/general purpose	\$	(1,267,500)
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(8) DISABILITY DETERMINATION SERVICES

Disability determination operations.....	\$	(61,700)
Medical consultation program		(104,000)
GROSS APPROPRIATION	\$	(165,700)

Appropriated from:

State general fund/general purpose	\$	(165,700)
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(9) CENTRAL SUPPORT ACCOUNTS

Rent.....	\$	(358,000)
Travel.....		(211,500)
Equipment.....		(5,600)
Worker's compensation		(103,100)
Advisory commissions.....		(4,400)
Human resources optimization user charges.....		(29,100)
GROSS APPROPRIATION	\$	(711,700)

Appropriated from:

State general fund/general purpose	\$	(711,700)
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(10) OFFICE OF CHILDREN AND ADULT LICENSING

AFC, children's welfare and day care licensure	\$	(260,200)
GROSS APPROPRIATION	\$	(260,200)

Appropriated from:

State general fund/general purpose	\$	(260,200)
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(11) PUBLIC ASSISTANCE

Family independence program.....	\$	42,906,400
State disability assistance payments		(22,100)
State supplementation		(8,200)
State supplementation administration.....		(12,700)
GROSS APPROPRIATION	\$	42,863,400

Appropriated from:

State general fund/general purpose	\$	42,863,400
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For Fiscal Year
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2006

(12) INFORMATION TECHNOLOGY

Information technology services and projects.....	\$	(3,788,500)
Child support automation.....		(1,170,900)
GROSS APPROPRIATION	\$	<u>(4,959,400)</u>
Appropriated from:		
State general fund/general purpose	\$	(4,959,400)

Michigan strategic fund.

Sec. 155. MICHIGAN STRATEGIC FUND

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$	8,000,000
Total interdepartmental grants and intradepartmental transfers.....		0
ADJUSTED GROSS APPROPRIATION	\$	8,000,000
Total federal revenues		8,000,000
Total local revenues.....		0
Total private revenues.....		0
Total other state restricted revenues		0
State general fund/general purpose	\$	0

(2) MICHIGAN STRATEGIC FUND

Community development block grants	\$	8,000,000
GROSS APPROPRIATION	\$	<u>8,000,000</u>
Appropriated from:		
Federal revenues:		
HUD-CPD, community development block grant.....		8,000,000
State general fund/general purpose	\$	0

Department of military and veterans affairs.

Sec. 156. DEPARTMENT OF MILITARY AND VETERANS

AFFAIRS

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$	700,000
Total interdepartmental grants and intradepartmental transfers.....		0
ADJUSTED GROSS APPROPRIATION	\$	700,000
Total federal revenues		700,000
Total local revenues.....		0
Total private revenues.....		0
Total other state restricted revenues		0
State general fund/general purpose	\$	0

(2) GRAND RAPIDS VETERANS' HOME

Grand Rapids veterans' home	\$	700,000
GROSS APPROPRIATION	\$	<u>700,000</u>
Appropriated from:		
Federal revenues:		
HHS, Medicare.....		100,000
DVA-VHA.....		600,000
State general fund/general purpose	\$	0

Department of state police.

Sec. 157. DEPARTMENT OF STATE POLICE

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$	3,585,300
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	For Fiscal Year Ending Sept. 30, 2006
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers.....	\$ 0
ADJUSTED GROSS APPROPRIATION	\$ 3,585,300
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues.....	0
Total private revenues.....	0
Total state restricted revenues	0
State general fund/general purpose	\$ 3,585,300
(2) DEPARTMENTWIDE APPROPRIATIONS	
Fleet leasing	\$ 1,651,300
GROSS APPROPRIATION	\$ 1,651,300
Appropriated from:	
State general fund/general purpose	\$ 1,651,300
(3) SUPPORT SERVICES	
Human resources optimization user charges.....	\$ (4,400)
GROSS APPROPRIATION	\$ (4,400)
Appropriated from:	
State general fund/general purpose	\$ (4,400)
(4) EMERGENCY MANAGEMENT	
Emergency management planning and administration	\$ 30,000
GROSS APPROPRIATION	\$ 30,000
Appropriated from:	
State general fund/general purpose	\$ 30,000
(5) INFORMATION TECHNOLOGY	
Information technology services and projects.....	\$ 1,908,400
GROSS APPROPRIATION	\$ 1,908,400
Appropriated from:	
State general fund/general purpose	\$ 1,908,400

PART 1A

LINE-ITEM APPROPRIATIONS FOR
FISCAL YEAR 2006-2007

Appropriations; supplemental for fiscal year ending September 30, 2007; various state departments and agencies and capital outlay.

Sec. 171. Subject to the conditions provided in part 2A, there is appropriated for the various state departments and agencies and capital outlay to supplement appropriations for the fiscal year ending September 30, 2007, from the following funds:

APPROPRIATION SUMMARY:

GROSS APPROPRIATION	\$ 180,502,600
Total interdepartmental grants and intradepartmental transfers.....	0
ADJUSTED GROSS APPROPRIATION	\$ 180,502,600
Total federal revenues	137,254,300

	For Fiscal Year Ending Sept. 30, 2007
Total local revenues.....	\$ 12,648,300
Total private revenues.....	0
Total state restricted revenues.....	13,000,000
State general fund/general purpose.....	\$ 17,600,000

Capital outlay.

Sec. 172. CAPITAL OUTLAY

GROSS APPROPRIATION.....	\$ 167,902,600
Total interdepartmental grants and intradepartmental transfers.....	0
ADJUSTED GROSS APPROPRIATION.....	\$ 167,902,600
Total federal revenues.....	137,254,300
Total local revenues.....	12,648,300
Total private revenues.....	0
Total state restricted revenues.....	13,000,000
State general fund/general purpose.....	\$ 5,000,000

Department of transportation.

Sec. 173. DEPARTMENT OF TRANSPORTATION

AERONAUTICS FUND: AIRPORT PROGRAMS

Airport safety, protection, and improvement program.....	\$ 162,902,600
Oscoda - Wurtsmith airport, maintenance hangar.....	<u>5,000,000</u>

- Adrian - Lenawee County airport
- Allegan - Padgham field
- Alma - Gratiot community airport
- Alpena - Alpena County regional airport
- Ann Arbor - Ann Arbor municipal airport
- Atlanta - Atlanta municipal airport
- Bad Axe - Huron County memorial airport
- Baraga - new airport
- Battle Creek - W.K. Kellogg airport
- Bay City - James Clements airport
- Bellaire - Antrim County airport
- Benton Harbor - Southwest Michigan regional airport
- Big Rapids - Roben-Hood airport
- Cadillac - Wexford County airport
- Caro - Tuscola area/Caro municipal airport
- Caseville - new airport
- Charlevoix - Charlevoix municipal airport
- Charlotte - Fitch H. Beach airport
- Cheboygan - Cheboygan County airport
- Clare - Clare municipal airport
- Coldwater - Branch County airport
- Detroit - Detroit city airport
- Detroit - Detroit metropolitan airport, Wayne County airport
- Detroit - Willow Run airport
- Dowagiac - Cass County airport
- Drummond Island - Drummond Island airport
- East Tawas - East Tawas Iosco County airport

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Escanaba - Delta County airport
Ewart - Ewart municipal airport
Flint - Bishop international airport
Frankfort - Frankfort Dow memorial airport
Fremont - Fremont municipal airport
Gaylord - Otsego County airport
Gladwin - Gladwin Zettel memorial airport
Grand Haven - Grand Haven memorial airpark
Grand Ledge - Abrams municipal airport
Grand Rapids - Gerald R. Ford international airport
Grayling - Grayling army airfield
Greenville - Greenville municipal airport
Grosse Ile - Grosse Ile municipal airport
Hancock - Houghton County memorial airport
Harbor Springs - Harbor Springs municipal airport
Hart Shelby - Oceana County airport
Hastings - Hastings city/Barry County airport
Hillsdale - Hillsdale municipal airport
Holland - tulip city airport
Houghton Lake - Roscommon County airport
Howell - Livingston County airport
Ionia - Ionia County airport
Iron County - county airports
Iron Mountain - Ford airport
Ironwood - Gogebic-Iron County (Wisconsin) airport
Jackson - Jackson County-Reynolds field
Kalamazoo - Kalamazoo/Battle Creek international airport
Lakeview - Lakeview-Griffith field
Lansing - capital city airport
Lapeer - Dupont-Lapeer airport
Linden - Price airport
Ludington - Mason County airport
Mackinac Island - Mackinac Island airport
Manistee - Manistee County airport
Manistique - Schoolcraft County airport
Marlette - Marlette Township airport
Marquette - Sawyer airport
Marshall - Brooks field
Mason - Mason Jewett field
Menominee - Menominee-Marinette twin city airport
Midland - Jack Barstow airport
Mio - Oscoda County airport
Monroe - Custer airport
Mt. Pleasant - Mt. Pleasant municipal airport
Munising - Hanley field
Muskegon - Muskegon County airport
New Hudson - Oakland-southwest airport
Newberry - Luce County airport

For Fiscal Year
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Niles - Jerry Tyler memorial airport		
Ontonagon - Ontonagon County airport		
Oscoda - Wurtsmith airport		
Owosso - Owosso community airport		
Paradise - new airport		
Pellston - Pellston regional airport		
Plymouth - Canton-Plymouth-Mettetal airport		
Pointe Aux Pins - Bois Blanc Island airport		
Pontiac - Oakland County international airport		
Port Huron - St. Clair County international airport		
Rogers City - Presque Isle County/Rogers City airport		
Romeo - Romeo state airport		
Saginaw - Harry W. Browne airport		
Saginaw - MBS international airport		
St. Ignace - Mackinac County airport		
St. James - Beaver Island airport		
Sandusky - Sandusky city airport		
Sault Ste. Marie - Chippewa County international airport		
South Haven - South Haven area regional airport		
Sparta - Sparta airport		
Statewide - various sites		
Sturgis - Kirsch municipal airport		
Three Rivers - Three Rivers municipal, Dr. Haines airport		
Traverse City - cherry capital airport		
Troy - Oakland-Troy airport		
West Branch - West Branch community airport		
White Cloud - White Cloud airport		
GROSS APPROPRIATION	\$	167,902,600
Appropriated from:		
Federal revenues:		
DOT, federal aviation administration.....		137,254,300
Special revenue funds:		
Local aeronautics match.....		12,648,300
Combined comprehensive transportation bond proceeds fund - aeronautics.....		12,000,000
State aeronautics fund.....		1,000,000
State general fund/general purpose	\$	5,000,000

Department of corrections.

Sec. 174. DEPARTMENT OF CORRECTIONS

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$	12,600,000
Total interdepartmental grants and intradepartmental transfers.....		0
ADJUSTED GROSS APPROPRIATION	\$	12,600,000
Total federal revenues		0
Total local revenues.....		0
Total private revenues.....		0
Total state restricted revenues		0
State general fund/general purpose	\$	12,600,000

	For Fiscal Year Ending Sept. 30, 2007
(2) HEALTH CARE	
Hospital and specialty care services	\$ 12,600,000
GROSS APPROPRIATION	\$ 12,600,000
Appropriated from:	
State general fund/general purpose	\$ 12,600,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS FOR
FISCAL YEAR 2005-2006

GENERAL SECTIONS

Total state spending; spending to local units of government.

Sec. 201. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending from state resources in part 1 for the fiscal year ending September 30, 2006 is \$49,738,600.00. The following itemized statement identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF HUMAN SERVICES

Child care fund.....	\$ (87,900)
County juvenile officers.....	(47,500)
State disability assistance payments	(22,100)
TOTAL.....	\$ (157,500)

Appropriations and expenditures subject to MCL 18.1101 to 18.1594.

Sec. 202. The appropriations made and expenditures authorized under this act and the departments, commissions, boards, offices, and programs for which appropriations are made under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

CAPITAL OUTLAY

Special maintenance and remodeling.

Sec. 301. Any unexpended and unreserved state general fund/general purpose funds remaining in accounts appropriated in sections 103 and 104 of 2002 PA 518 for major special maintenance and remodeling for the departments of community health, corrections, human services, management and budget, military affairs, and state police are hereby reappropriated for the fiscal year ending September 30, 2006, for maintenance and remodeling projects for the department of corrections.

REPEALERS

Repeal of section 501 of 2005 PA 158 and section 502 of 2006 PA 341.

Sec. 501. (1) Section 501 of 2005 PA 158 is repealed.

(2) Section 502 of 2006 PA 341 is repealed.

PART 2A

PROVISIONS CONCERNING APPROPRIATIONS FOR
FISCAL YEAR 2006-2007

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 1201. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending from state resources in part 1A for the fiscal year ending September 30, 2007 is \$30,600,000.00 and state appropriations paid to local units of government are \$18,000,000.00.

CAPITAL OUTLAY

Department of transportation - airport safety, protection, and improvement program	\$	18,000,000
TOTAL.....	\$	<u>18,000,000</u>

Appropriations and expenditures subject to MCL 18.1101 to 18.1594.

Sec. 1202. The appropriations made and expenditures authorized under this part and the departments, commissions, boards, offices, and programs for which appropriations are made under part 1A are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

STATE TRANSPORTATION DEPARTMENT

Airport construction and improvement.

Sec. 1301. (1) From federal-state-local project appropriations contained in part 1A for the purpose of assisting political entities and subdivisions of this state in the construction and improvement of publicly used airports and landing fields within this state, the state transportation department may permit the award of contracts on behalf of units of local government for the authorized locations not to exceed the indicated amounts, of which the state allocated portion shall not exceed the amount appropriated in part 1A.

(2) Political entities and subdivisions shall provide not less than 2.5% of the cost of any project under this section, unless a total nonfederal share greater than 5% is otherwise specified in federal law. State money shall not be allocated until local money is allocated. State money for any 1 project shall not exceed 1/3 of the total appropriation in part 1A from state funds for airport improvement programs.

(3) The Michigan aeronautics commission may take those steps necessary to match federal money available for airport construction and improvement within this state, and to meet the matching requirements of the federal government. Whether acting alone or jointly with another political subdivision or public agency or with this state, a political subdivision or public agency of this state shall not submit to any agency of the federal government a project application for airport planning or development unless it is authorized in this act and the project application is approved by the governing body of each political subdivision or public agency making the application, and by the Michigan aeronautics commission.

Airport program; availability of planning project or construction project; lapse of remaining balance.

Sec. 1302. (1) A planning project or construction project appropriated for the airport program shall be made available for no more than 2 fiscal years following the fiscal year in which the original appropriation was made.

(2) Any remaining balance from allocations made in this section shall lapse to the fund from which it was appropriated pursuant to the lapsing of funds as provided in the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Oscoda - Wurtsmith airport hangar project; reduction.

Sec. 1303. The funds appropriated in section 173 for the Oscoda - Wurtsmith airport hangar project shall be proportionately reduced by any subsequent appropriations for this project that are enacted into law.

This act is ordered to take immediate effect.

Approved March 19, 2007.

Filed with Secretary of State March 19, 2007.

[No. 4]

(SB 14)

AN ACT 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,” by amending section 2e (MCL 21.142e), as amended by 2004 PA 342.

The People of the State of Michigan enact:

21.142e Loan of surplus funds to sugar beet growers’ cooperative.

Sec. 2e. (1) The state treasurer may loan not more than \$5,000,000.00 in surplus funds, without interest, to sugar beet growers’ cooperatives for the purpose of purchasing the assets of 1 or more agricultural processors if all of the following conditions are met:

(a) The agricultural processor employs at least 300 full-time employees and 1,000 seasonal employees and is in bankruptcy proceedings or was in bankruptcy proceedings at any time during the 1-year period preceding the date of the loan.

(b) The loan amount does not exceed 10% of the total purchase price of the agricultural processor's assets.

(c) The loan is for a period not to exceed 10 years.

(2) In addition to the conditions provided in subsection (1), the state treasurer may prescribe additional terms of a loan issued under this section.

(3) In the case of a loan executed under subsection (1), the state treasurer, as part of the modification of the loan, shall subordinate the loan to the primary loan of the sugar beet growers' cooperative and shall relinquish any enforcement powers or authority that may exist under the current contract or agreement. The modification shall be for not more than a \$5,000,000.00 loan to a sugar beet growers' cooperative for the purpose of purchasing the assets of 1 or more agricultural processors that employ at least 300 full-time employees and 1,000 seasonal employees. However, the modification agreement for the loan extension provided for by the amendatory act that added this sentence shall provide that if a quarterly payment is missed by the borrower after February 15, 2007, the entire loan is in default and is due and payable immediately, in full.

(4) As used in this section, "sugar beet growers' cooperative" means a farmer owned cooperative comprised of sugar beet growers who own the assets of the cooperative and use the cooperative's services or processing equipment.

This act is ordered to take immediate effect.

Approved March 22, 2007.

Filed with Secretary of State March 22, 2007.

[No. 5]

(SB 176)

AN ACT to amend 1978 PA 368, entitled "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," by amending section 20161 (MCL 333.20161), as amended by 2005 PA 187.

The People of the State of Michigan enact:

333.20161 Fees and assessments for health facility and agency licenses and certificates of need; medicaid reimbursement rates; use of quality assurance assessment; “medicaid” defined.

Sec. 20161. (1) The department shall assess fees and other assessments for health facility and agency licenses and certificates of need on an annual basis as provided in this article. Except as otherwise provided in this article, fees and assessments shall be paid in accordance with the following schedule:

(a) Freestanding surgical outpatient facilities.....	\$238.00 per facility.
(b) Hospitals.....	\$8.28 per licensed bed.
(c) Nursing homes, county medical care facilities, and hospital long-term care units.....	\$2.20 per licensed bed.
(d) Homes for the aged.....	\$6.27 per licensed bed.
(e) Clinical laboratories.....	\$475.00 per laboratory.
(f) Hospice residences.....	\$200.00 per license survey; and \$20.00 per licensed bed.
(g) Subject to subsection (13), quality assurance assessment for nursing homes and hospital long-term care units.....	an amount resulting in not more than 6% of total industry revenues.
(h) Subject to subsection (14), quality assurance assessment for hospitals.....	at a fixed or variable rate that generates funds not more than the maximum allowable under the federal matching requirements, after consideration for the amounts in subsection (14)(a) and (i).

(2) If a hospital requests the department to conduct a certification survey for purposes of title XVIII or title XIX of the social security act, the hospital shall pay a license fee surcharge of \$23.00 per bed. As used in this subsection, “title XVIII” and “title XIX” mean those terms as defined in section 20155.

(3) The base fee for a certificate of need is \$1,500.00 for each application. For a project requiring a projected capital expenditure of more than \$500,000.00 but less than \$4,000,000.00, an additional fee of \$4,000.00 shall be added to the base fee. For a project requiring a projected capital expenditure of \$4,000,000.00 or more, an additional fee of \$7,000.00 shall be added to the base fee. The department of community health shall use the fees collected under this subsection only to fund the certificate of need program. Funds remaining in the certificate of need program at the end of the fiscal year shall not lapse to the general fund but shall remain available to fund the certificate of need program in subsequent years.

(4) If licensure is for more than 1 year, the fees described in subsection (1) are multiplied by the number of years for which the license is issued, and the total amount of the fees shall be collected in the year in which the license is issued.

(5) Fees described in this section are payable to the department at the time an application for a license, permit, or certificate is submitted. If an application for a license, permit,

or certificate is denied or if a license, permit, or certificate is revoked before its expiration date, the department shall not refund fees paid to the department.

(6) The fee for a provisional license or temporary permit is the same as for a license. A license may be issued at the expiration date of a temporary permit without an additional fee for the balance of the period for which the fee was paid if the requirements for licensure are met.

(7) The department may charge a fee to recover the cost of purchase or production and distribution of proficiency evaluation samples that are supplied to clinical laboratories pursuant to section 20521(3).

(8) In addition to the fees imposed under subsection (1), a clinical laboratory shall submit a fee of \$25.00 to the department for each reissuance during the licensure period of the clinical laboratory's license.

(9) The cost of licensure activities shall be supported by license fees.

(10) The application fee for a waiver under section 21564 is \$200.00 plus \$40.00 per hour for the professional services and travel expenses directly related to processing the application. The travel expenses shall be calculated in accordance with the state standardized travel regulations of the department of management and budget in effect at the time of the travel.

(11) An applicant for licensure or renewal of licensure under part 209 shall pay the applicable fees set forth in part 209.

(12) Except as otherwise provided in this section, the fees and assessments collected under this section shall be deposited in the state treasury, to the credit of the general fund.

(13) The quality assurance assessment collected under subsection (1)(g) and all federal matching funds attributed to that assessment shall be used only for the following purposes and under the following specific circumstances:

(a) The quality assurance assessment and all federal matching funds attributed to that assessment shall be used to finance medicaid nursing home reimbursement payments. Only licensed nursing homes and hospital long-term care units that are assessed the quality assurance assessment and participate in the medicaid program are eligible for increased per diem medicaid reimbursement rates under this subdivision.

(b) Except as otherwise provided under subdivision (c), beginning October 1, 2005, the quality assurance assessment is based on the total number of patient days of care each nursing home and hospital long-term care unit provided to nonmedicare patients within the immediately preceding year and shall be assessed at a uniform rate on October 1, 2005 and subsequently on October 1 of each following year, and is payable on a quarterly basis, the first payment due 90 days after the date the assessment is assessed.

(c) Within 30 days after September 30, 2005, the department shall submit an application to the federal centers for medicare and medicaid services to request a waiver pursuant to 42 CFR 433.68(e) to implement this subdivision as follows:

(i) If the waiver is approved, the quality assurance assessment rate for a nursing home or hospital long-term care unit with less than 40 licensed beds or with the maximum number, or more than the maximum number, of licensed beds necessary to secure federal approval of the application is \$2.00 per nonmedicare patient day of care provided within the immediately preceding year or a rate as otherwise altered on the application for the waiver to obtain federal approval. If the waiver is approved, for all other nursing homes and long-term care units the quality assurance assessment rate is to be calculated by dividing the total statewide maximum allowable assessment permitted under subsection (1)(g) less the total amount to be paid by the nursing homes and long-term care units with less than 40 or with the maximum number, or more than the maximum number, of licensed beds necessary to secure federal approval of the application by the total number of nonmedicare patient days of care

provided within the immediately preceding year by those nursing homes and long-term care units with more than 39, but less than the maximum number of licensed beds necessary to secure federal approval. The quality assurance assessment, as provided under this subparagraph, shall be assessed in the first quarter after federal approval of the waiver and shall be subsequently assessed on October 1 of each following year; and is payable on a quarterly basis, the first payment due 90 days after the date the assessment is assessed.

(ii) If the waiver is approved, continuing care retirement centers are exempt from the quality assurance assessment if the continuing care retirement center requires each center resident to provide an initial life interest payment of \$150,000.00, on average, per resident to ensure payment for that resident's residency and services and the continuing care retirement center utilizes all of the initial life interest payment before the resident becomes eligible for medical assistance under the state's medicaid plan. As used in this subparagraph, "continuing care retirement center" means a nursing care facility that provides independent living services, assisted living services, and nursing care and medical treatment services, in a campus-like setting that has shared facilities or common areas, or both.

(d) Beginning October 1, 2007, the department shall no longer assess or collect the quality assurance assessment or apply for federal matching funds.

(e) Beginning May 10, 2002, the department of community health shall increase the per diem nursing home medicaid reimbursement rates for the balance of that year. For each subsequent year in which the quality assurance assessment is assessed and collected, the department of community health shall maintain the medicaid nursing home reimbursement payment increase financed by the quality assurance assessment.

(f) The department of community health shall implement this section in a manner that complies with federal requirements necessary to assure that the quality assurance assessment qualifies for federal matching funds.

(g) If a nursing home or a hospital long-term care unit fails to pay the assessment required by subsection (1)(g), the department of community health may assess the nursing home or hospital long-term care unit a penalty of 5% of the assessment for each month that the assessment and penalty are not paid up to a maximum of 50% of the assessment. The department of community health may also refer for collection to the department of treasury past due amounts consistent with section 13 of 1941 PA 122, MCL 205.13.

(h) The medicaid nursing home quality assurance assessment fund is established in the state treasury. The department of community health shall deposit the revenue raised through the quality assurance assessment with the state treasurer for deposit in the medicaid nursing home quality assurance assessment fund.

(i) The department of community health shall not implement this subsection in a manner that conflicts with 42 USC 1396b(w).

(j) The quality assurance assessment collected under subsection (1)(g) shall be prorated on a quarterly basis for any licensed beds added to or subtracted from a nursing home or hospital long-term care unit since the immediately preceding July 1. Any adjustments in payments are due on the next quarterly installment due date.

(k) In each fiscal year governed by this subsection, medicaid reimbursement rates shall not be reduced below the medicaid reimbursement rates in effect on April 1, 2002 as a direct result of the quality assurance assessment collected under subsection (1)(g).

(l) In fiscal year 2005-2006, \$39,900,000.00 of the quality assurance assessment collected pursuant to subsection (1)(g) shall be appropriated to the department of community health to support medicaid expenditures for long-term care services. These funds shall offset an identical amount of general fund/general purpose revenue originally appropriated for that purpose.

(14) The quality assurance dedication is an earmarked assessment collected under subsection (1)(h). That assessment and all federal matching funds attributed to that assessment shall be used only for the following purpose and under the following specific circumstances:

(a) To maintain the increased medicaid reimbursement rate increases as provided for in subdivision (c).

(b) The quality assurance assessment shall be assessed on all net patient revenue, before deduction of expenses, less medicare net revenue, as reported in the most recently available medicare cost report and is payable on a quarterly basis, the first payment due 90 days after the date the assessment is assessed. As used in this subdivision, “medicare net revenue” includes medicare payments and amounts collected for coinsurance and deductibles.

(c) Beginning October 1, 2002, the department of community health shall increase the hospital medicaid reimbursement rates for the balance of that year. For each subsequent year in which the quality assurance assessment is assessed and collected, the department of community health shall maintain the hospital medicaid reimbursement rate increase financed by the quality assurance assessments.

(d) The department of community health shall implement this section in a manner that complies with federal requirements necessary to assure that the quality assurance assessment qualifies for federal matching funds.

(e) If a hospital fails to pay the assessment required by subsection (1)(h), the department of community health may assess the hospital a penalty of 5% of the assessment for each month that the assessment and penalty are not paid up to a maximum of 50% of the assessment. The department of community health may also refer for collection to the department of treasury past due amounts consistent with section 13 of 1941 PA 122, MCL 205.13.

(f) The hospital quality assurance assessment fund is established in the state treasury. The department of community health shall deposit the revenue raised through the quality assurance assessment with the state treasurer for deposit in the hospital quality assurance assessment fund.

(g) In each fiscal year governed by this subsection, the quality assurance assessment shall only be collected and expended if medicaid hospital inpatient DRG and outpatient reimbursement rates and disproportionate share hospital and graduate medical education payments are not below the level of rates and payments in effect on April 1, 2002 as a direct result of the quality assurance assessment collected under subsection (1)(h), except as provided in subdivision (h).

(h) The quality assurance assessment collected under subsection (1)(h) shall no longer be assessed or collected after September 30, 2008, or in the event that the quality assurance assessment is not eligible for federal matching funds. Any portion of the quality assurance assessment collected from a hospital that is not eligible for federal matching funds shall be returned to the hospital.

(i) In fiscal year 2005-2006, \$46,400,000.00 of the quality assurance assessment collected pursuant to subsection (1)(h) shall be appropriated to the department of community health to support medicaid expenditures for hospital services and therapy. These funds shall offset an identical amount of general fund/general purpose revenue originally appropriated for that purpose.

(15) The quality assurance assessment provided for under this section is a tax that is levied on a health facility or agency.

(16) As used in this section, “medicaid” means that term as defined in section 22207.

This act is ordered to take immediate effect.

Approved March 22, 2007.

Filed with Secretary of State March 23, 2007.

[No. 6]**(SB 221)**

AN ACT 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, 11, 11g, 11j, 17b, 22a, 22b, 26b, 31a, 51a, 51c, 65, 81, and 147 (MCL 388.1603, 388.1611, 388.1611g, 388.1611j, 388.1617b, 388.1622a, 388.1622b, 388.1626b, 388.1631a, 388.1651a, 388.1651c, 388.1665, 388.1681, and 388.1747), sections 3, 11, 11g, 11j, 17b, 22a, 22b, 26b, 31a, 51a, 51c, 81, and 147 as amended and section 65 as added by 2006 PA 342; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

388.1603 Definitions; A to D.

Sec. 3. (1) “Average daily attendance”, for the purposes of complying with federal law and except as used in section 6(4)(bb), means 92% of the membership 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 section 107, means the department of education.

(6) “District” means a local school district established under the revised school code, a local act school district, or, except in sections 6(4), 6(6), 13, 20, 22a, 23, 29, 31a, 105, and 105c, a public school academy. Except in sections 6(4), 6(6), 13, 20, 22a, 29, 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.

388.1611 Appropriations.

Sec. 11. (1) For the fiscal year ending September 30, 2007, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum

of \$11,299,963,200.00 from the state school aid fund established by section 11 of article IX of the state constitution of 1963 and the sum of \$35,000,000.00 from the general fund. In addition, available federal funds are appropriated for the fiscal year.

(2) The appropriations under this section shall be allocated as provided in this act. Money appropriated under this section from the general fund shall be expended to fund the purposes of this act before the expenditure of money appropriated under this section from the state school aid fund. If the maximum amount appropriated under this section from the state school aid fund for a fiscal year exceeds the amount necessary to fully fund allocations under this act from the state school aid fund, that excess amount shall not be expended in that state fiscal year and shall not lapse to the general fund, but instead shall be deposited into the school aid stabilization fund created in section 11a.

(3) If the maximum amount appropriated under this section from the state school aid fund and the school aid stabilization fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year, payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a, and 56 shall be made in full. In addition, for districts beginning operations after 1994-95 that qualify for payments under section 22b, payments under section 22b shall be made so that the qualifying districts receive the lesser of an amount equal to the 1994-95 foundation allowance of the district in which the district beginning operations after 1994-95 is located or \$5,500.00. The amount of the payment to be made under section 22b for these qualifying districts shall be as calculated under section 22a, with the balance of the payment under section 22b being subject to the proration otherwise provided under this subsection and subsection (4). If proration is necessary, state payments under each of the other sections of this act from all state funding sources shall be prorated in the manner prescribed in subsection (4) as necessary to reflect the amount available for expenditure from the state school aid fund for the affected fiscal year. However, if the department of treasury determines that proration will be required under this subsection, or if the department of treasury determines that further proration is required under this subsection after an initial proration has already been made for a fiscal year, the department of treasury shall notify the state budget director, and the state budget director shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the state budget director, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the state budget director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall.

(4) If proration is necessary, the department shall calculate the proration in district and intermediate district payments that is required under subsection (3) as follows:

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

- (i) Districts.
- (ii) Intermediate districts.
- (iii) Entities other than districts or intermediate districts.

(b) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(i) for districts by reducing payments to districts. This reduction shall be made by calculating an equal dollar amount per pupil as necessary to recover this percentage of the proration amount and reducing

each district's total state school aid from state sources, other than payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, and 53a, by that amount.

(c) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(ii) for intermediate districts by reducing payments to intermediate districts. This reduction shall be made by reducing the payments to each intermediate district, other than payments under sections 11f, 11g, 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage basis.

(d) The department shall recover a percentage of the proration amount required under subsection (3) that is equal to the percentage calculated under subdivision (a)(iii) for entities other than districts and intermediate districts by reducing payments to these entities. This reduction shall be made by reducing the payments to each of these entities, other than payments under sections 11j, 26a, and 26b, on an equal percentage basis.

(5) Except for the allocation under section 26a, any general fund allocations under this act that are not expended by the end of the state fiscal year are transferred to the school aid stabilization fund created under section 11a.

(6) In addition to the appropriations in subsection (1), for the fiscal year ending September 30, 2007, there is appropriated from the reserve for undistributed investment income in the Michigan public school employees' retirement system an amount not to exceed \$262,000,000.00 solely for the purpose of issuing credits pursuant to section 147.

388.1611g Debt service payments; payments to non-plaintiff districts pursuant to *Durant v State of Michigan*; payments for fiscal years ending September 30, 2007 through September 30, 2013; waiver resolution; offers of settlement and compromise; creation of obligation or liability; calculation of amount; payment date; use of funds.

Sec. 11g. (1) If the Michigan municipal bond authority notifies the state treasurer before May 15, 2007 that it has restructured debt service on bonds issued by districts and intermediate districts under section 11i to \$0.00 for debt service payments due on May 15, 2007 and May 15, 2008, then from the appropriation in section 11, there is allocated for this section an amount not to exceed \$141,000.00 each fiscal year for the fiscal year ending September 30, 2007 and for the fiscal year ending September 30, 2008, and an amount not to exceed \$42,000,000.00 for each succeeding fiscal year through the fiscal year ending September 30, 2015, after which these payments will cease. If the Michigan municipal bond authority does not notify the state treasurer before May 15, 2007 that it has restructured debt service on bonds issued by districts and intermediate districts under section 11i to \$0.00 for debt service payments due on May 15, 2007 and May 15, 2008, then from the appropriation in section 11, there is allocated for this section an amount not to exceed \$35,000,000.00 for the fiscal year ending September 30, 2007 and for each succeeding fiscal year through the fiscal year ending September 30, 2013, after which these payments will cease. These allocations are for paying the amounts described in subsection (3) to districts and intermediate districts, other than those receiving a lump-sum payment under section 11f(2), that were not plaintiffs in the consolidated cases known as *Durant v State of Michigan*, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, submitted to the state treasurer a waiver resolution described in section 11f. The amounts paid under this section represent offers of settlement and compromise of any claim or claims that were or could have been asserted by these districts and intermediate districts, as described in this section.

(2) This section does not create any obligation or liability of this state to any district or intermediate district that does not submit a waiver resolution described in section 11f. This section, any other provision of this act, and section 353e of the management and budget act,

1984 PA 431, MCL 18.1353e, are not intended to admit liability or waive any defense that is or would be available to this state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district regarding these claims or potential claims.

(3) The amount paid each fiscal year to each district or intermediate district under this section shall be 1 of the following:

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

(b) If the district or intermediate district borrows money and issues bonds under section 11i, an amount in each fiscal year calculated by the department of treasury that is equal to the debt service amount in that fiscal year on the bonds issued by that district or intermediate district under section 11i and that will result in the total payments made to all districts and intermediate districts in each fiscal year under this section being no more than the amount appropriated under this section in each fiscal year.

(4) The entire amount of each payment under this section each fiscal year shall be paid on May 15 of the applicable fiscal year or on the next business day following that date. If a district or intermediate district borrows money and issues bonds under section 11i, the district or intermediate district shall use funds received under this section to pay debt service on bonds issued under section 11i. If a district or intermediate district does not borrow money and issue bonds under section 11i, the district or intermediate district shall use funds received under this section only for the following purposes, in the following order of priority:

(a) First, to pay debt service on voter-approved bonds issued by the district or intermediate district before the effective date of this section.

(b) Second, to pay debt service on other limited tax obligations.

(c) Third, for deposit into a sinking fund established by the district or intermediate district under the revised school code.

(5) To the extent payments under this section are used by a district or intermediate district to pay debt service on debt payable from millage revenues, and to the extent permitted by law, the district or intermediate district may make a corresponding reduction in the number of mills levied for debt service.

(6) A district or intermediate district may pledge or assign payments under this section as security for bonds issued under section 11i, but shall not otherwise pledge or assign payments under this section.

388.1611j School loan bond redemption fund; allocation.

Sec. 11j. From the appropriation in section 11, there is allocated an amount not to exceed \$42,500,000.00 for 2006-2007 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.

388.1617b Amounts to be distributed in installments to districts; electronic files; payments; warrant; adjustments; grant payments; advance release of funds.

Sec. 17b. (1) Not later than October 20, November 20, December 20, January 20, February 20, March 20, April 20, May 20, June 20, July 20, and August 20, the department shall prepare electronic files of the amount to be distributed under this act in the installment to the districts and intermediate districts and deliver the electronic files to the state

treasurer, and the state treasurer shall pay the installments on each of those dates or, if the date is not a business day, on the next business day following that date. Except as otherwise provided in this act, the portion of the district's or intermediate district's state fiscal year entitlement to be included in each installment shall be 1/11. A district or intermediate district shall accrue the payments received in July and August to the school fiscal year ending the immediately preceding June 30.

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

(3) Except as otherwise provided in this act, grant payments to districts and intermediate districts under this act shall be paid according to subsection (1).

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

388.1622a Allocation for 2006-2007; payments to districts, university schools, and public school academies; definitions.

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$6,204,700,000.00 for 2006-2007 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 agri-

cultural property times the lesser of 18 mills or the number of mills of school operating taxes levied by the district in 1993-94 and the quotient of the ad valorem property tax revenue of the district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the district's membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur.

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

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

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

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

(6) As used in this section:

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

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

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

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

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

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

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

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

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

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

(k) “Taxable value per membership pupil” means each of the following divided by the district’s membership:

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

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

388.1622b Allocations for 2006-2007; discretionary nonmandated payments; duties of district; payments for litigation costs; allegation of unfunded constitutional requirement; escrowed funds as work project; use; determination; review of claim by local claims review board; removal to court of appeals; payment provisions.

Sec. 22b. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$3,566,000,000.00 for 2006-2007 for discretionary nonmandated payments to districts under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 51c in order to fully fund those calculated allocations for the same fiscal year.

(2) Subject to subsection (3) and section 11, the allocation to a district under this section shall be an amount equal to the sum of the amounts calculated under sections 20, 20j, 51a(2), 51a(3), and 51a(12), minus the sum of the allocations to the district under sections 22a and 51c.

(3) In order to receive an allocation under this section, each district shall do all of the following:

(a) Administer in each grade level that it operates in grades 1 to 5 a standardized assessment approved by the department of grade-appropriate basic educational skills. A district may use the Michigan literacy progress profile to satisfy this requirement for grades 1 to 3. Also, if the revised school code is amended to require annual assessments at additional grade levels, in order to receive an allocation under this section each district shall comply with that requirement.

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

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

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

(4) From the allocation in subsection (1), the department shall pay up to \$1,000,000.00 in litigation costs incurred by this state associated with lawsuits filed by 1 or more districts or intermediate districts against this state. If the allocation under this section is insufficient to fully fund all payments required under this section, the payments under this subsection shall be made in full before any proration of remaining payments under this section.

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

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

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

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

(9) If a lawsuit challenging payments made to districts related to costs reimbursed by federal title XIX medicaid funds is filed against this state, then, for the purpose of addressing potential liability under such a lawsuit, the state budget director may place funds allocated under this section in escrow or allocate money from the funds otherwise allocated under this section, up to a maximum of 50% of the amount allocated in subsection (1). If funds are placed in escrow under this subsection, those funds are a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of the litigation. The work project shall be completed upon resolution of the litigation. In addition, this state reserves the right to terminate future federal title XIX medicaid reimbursement payments to districts if the amount or allocation of reimbursed funds is challenged in the lawsuit. As used in this subsection, “title XIX” means title XIX of the social security act, 42 USC 1396 to 1396v.

388.1626b Payments in lieu of tax obligation pursuant to MCL 324.2154; payments to districts, intermediate districts, and community college districts.

Sec. 26b. (1) From the appropriation in section 11, there is allocated for 2006-2007 an amount not to exceed \$3,400,000.00 for payments to districts, intermediate districts, and community college districts for the portion of the payment in lieu of taxes obligation that is attributable to districts, intermediate districts, and community college districts pursuant to section 2154 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2154.

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

388.1631a Funding to eligible districts and public school academies; additional allowance; early intervening program; number of pupils meeting criteria for free breakfast, lunch, or milk; “at-risk pupil” defined.

Sec. 31a. (1) From the state school aid fund money appropriated in section 11, there is allocated for 2006-2007 an amount not to exceed \$319,350,000.00 for payments to eligible districts and eligible public school academies under this section. Subject to subsection (14), the amount of the additional allowance under this section, other than funding under subsection (6) or (7), shall be based on the number of actual pupils in membership in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769i, and reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year. However, for a public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the Richard B. Russell national school lunch act.

(2) To be eligible to receive funding under this section, other than funding under subsection (6) or (7), a district or public school academy that has not been previously determined to be eligible shall apply to the department, in a form and manner prescribed by the department, and a district or public school academy must meet all of the following:

(a) The sum of the district’s or public school academy’s combined state and local revenue per membership pupil in the current state fiscal year, as calculated under section 20, plus

the amount of the district's per pupil allocation under section 20j(2), is less than or equal to \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00, minus \$200.00.

(b) The district or public school academy agrees to use the funding only for purposes allowed under this section and to comply with the program and accountability requirements under this section.

(3) Except as otherwise provided in this subsection, an eligible district or eligible public school academy shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the Richard B. Russell national school lunch act and as reported to the department by October 31 of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year, an amount per pupil equal to 11.5% of the sum of the district's foundation allowance or public school academy's per pupil amount calculated under section 20, plus the amount of the district's per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00, minus \$200.00, or of the public school academy's per membership pupil amount calculated under section 20 for the current state fiscal year. A public school academy that began operations as a public school academy after the pupil membership count day of the immediately preceding school year shall receive under this section for each membership pupil in the public school academy who met the income eligibility criteria for free breakfast, lunch, or milk, as determined under the Richard B. Russell national school lunch act and as reported to the department by October 31 of the current fiscal year and adjusted not later than December 31 of the current fiscal year, an amount per pupil equal to 11.5% of the public school academy's per membership pupil amount calculated under section 20 for the current state fiscal year.

(4) Except as otherwise provided in this section, a district or public school academy receiving funding under this section shall use that money only to provide instructional programs and direct noninstructional services, including, but not limited to, medical or counseling services, for at-risk pupils; for school health clinics; and for the purposes of subsection (5), (6), or (7). In addition, a district that is organized as a school district of the first class under the revised school code or a district or public school academy in which at least 50% of the pupils in membership met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1), may use not more than 15% of the funds it receives under this section for school security. A district or public school academy shall not use any of that money for administrative costs or to supplant another program or other funds, except for funds allocated to the district or public school academy under this section in the immediately preceding year and already being used by the district or public school academy for at-risk pupils. The instruction or direct noninstructional services provided under this section may be conducted before or after regular school hours or by adding extra school days to the school year and may include, but are not limited to, tutorial services, early childhood programs to serve children age 0 to 5, and reading programs as described in former section 32f as in effect for 2001-2002. A tutorial method may be conducted with paraprofessionals working under the supervision of a certificated teacher. The ratio of pupils to paraprofessionals shall be between 10:1 and 15:1. Only 1 certificated teacher is required to supervise instruction using a tutorial method. As used in this subsection, "to supplant another program" means to take the place of a previously existing instructional program or direct noninstructional services funded from a funding source other than funding under this section.

(5) Except as otherwise provided in subsection (12), a district or public school academy that receives funds under this section and that operates a school breakfast program under section 1272a of the revised school code, MCL 380.1272a, shall use from the funds received under this section an amount, not to exceed \$10.00 per pupil for whom the district or public school academy receives funds under this section, necessary to operate the school breakfast program.

(6) From the funds allocated under subsection (1), there is allocated for 2006-2007 an amount not to exceed \$3,743,000.00 to support child and adolescent health centers. These grants shall be awarded for 5 consecutive years beginning with 2003-2004 in a form and manner approved jointly by the department and the department of community health. Each grant recipient shall remain in compliance with the terms of the grant award or shall forfeit the grant award for the duration of the 5-year period after the noncompliance. Beginning in 2004-2005, to continue to receive funding for a child and adolescent health center under this section a grant recipient shall ensure that the child and adolescent health center has an advisory committee and that at least one-third of the members of the advisory committee are parents or legal guardians of school-aged children. A child and adolescent health center program shall recognize the role of a child's parents or legal guardian in the physical and emotional well-being of the child. Funding under this subsection shall be used to support child and adolescent health center services provided to children up to age 21. If any funds allocated under this subsection are not used for the purposes of this subsection for the fiscal year in which they are allocated, those unused funds shall be used that fiscal year to avoid or minimize any proration that would otherwise be required under subsection (14) for that fiscal year.

(7) From the funds allocated under subsection (1), there is allocated for 2006-2007 an amount not to exceed \$5,150,000.00 for the state portion of the hearing and vision screenings as described in section 9301 of the public health code, 1978 PA 368, MCL 333.9301. A local public health department shall pay at least 50% of the total cost of the screenings. The frequency of the screenings shall be as required under R 325.13091 to R 325.13096 and R 325.3271 to R 325.3276 of the Michigan administrative code. Funds shall be awarded in a form and manner approved jointly by the department and the department of community health.

(8) Each district or public school academy receiving funds under this section shall submit to the department by July 15 of each fiscal year a report, not to exceed 10 pages, on the usage by the district or public school academy of funds under this section, which report shall include at least a brief description of each program conducted by the district or public school academy using funds under this section, the amount of funds under this section allocated to each of those programs, the number of at-risk pupils eligible for free or reduced price school lunch who were served by each of those programs, and the total number of at-risk pupils served by each of those programs. If a district or public school academy does not comply with this subsection, the department shall withhold an amount equal to the August payment due under this section until the district or public school academy complies with this subsection. If the district or public school academy does not comply with this subsection by the end of the state fiscal year, the withheld funds shall be forfeited to the school aid fund.

(9) In order to receive funds under this section, a district or public school academy shall allow access for the department or the department's designee to audit all records related to the program for which it receives those funds. The district or public school academy shall reimburse the state for all disallowances found in the audit.

(10) Subject to subsections (5), (6), (7), (12), and (13), any district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6,

or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) exceeds the district's aggregate percentage of those pupils. Subject to subsections (5), (6), (7), (12), and (13), if a district obtains a waiver from the department, the district may use up to 100% of the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-6, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) is at least 60% of the district's aggregate percentage of those pupils and at least 30% of the total number of pupils enrolled in the school building. To obtain a waiver, a district must apply to the department and demonstrate to the satisfaction of the department that the class size reductions would be in the best interests of the district's at-risk pupils.

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

(12) For an individual school or schools operated by a district or public school academy receiving funds under this section that have been determined by the department to meet the adequate yearly progress standards of the federal no child left behind act of 2001, Public Law 107-110, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district or public school academy may submit to the department an application for flexibility in using the funds received under this section that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to benefit at-risk pupils in the school, but that may be different from the purposes otherwise allowable under this section. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to benefit at-risk pupils in the school. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

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

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

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

(14) If necessary, and before any proration required under section 11, the department shall prorate payments under this section by reducing the amount of the per pupil payment under this section by a dollar amount calculated by determining the amount by which the amount necessary to fully fund the requirements of this section exceeds the maximum amount allocated under this section and then dividing that amount by the total statewide number of pupils who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as described in subsection (1).

(15) If a district is formed by consolidation after June 1, 1995, and if 1 or more of the original districts was not eligible before the consolidation for an additional allowance under this section, the amount of the additional allowance under this section for the consolidated district shall be based on the number of pupils described in subsection (1) enrolled in the consolidated district who reside in the territory of an original district that was eligible before the consolidation for an additional allowance under this section.

(16) A district or public school academy that does not meet the eligibility requirement under subsection (2)(a) is eligible for funding under this section if at least 1/4 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1), and at least 4,500 of the pupils in membership in the district or public school academy met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined and reported as described in subsection (1). A district or public school academy that is eligible for funding under this section because the district meets the requirements of this subsection shall receive under this section for each membership pupil in the district or public school academy who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding fiscal year, as determined and reported as described in subsection (1), an amount per pupil equal to 11.5% of the sum of the district's foundation allowance or public school academy's per pupil allocation under section 20, plus the amount of the district's per pupil allocation under section 20j(2), not to exceed \$6,500.00 adjusted by the dollar amount of the difference between the basic foundation allowance under section 20 for the current state fiscal year and \$5,000.00, minus \$200.00.

(17) As used in this section, "at-risk pupil" means a pupil for whom the district has documentation that the pupil meets at least 2 of the following criteria: is a victim of child abuse or neglect; is below grade level in English language and communication skills or mathematics; is a pregnant teenager or teenage parent; is eligible for a federal free or reduced-price lunch subsidy; has atypical behavior or attendance patterns; or has a family history of school failure, incarceration, or substance abuse. For pupils for whom the results of at least the applicable Michigan education assessment program (MEAP) test have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve at least a score of level 2 on the most recent MEAP English language arts, mathematics, or science test for which results for the pupil have been received. For pupils for whom the results of the Michigan merit examination have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve proficiency on the reading component of the most recent Michigan merit examination for which results for the pupil have been received, did not achieve proficiency on the mathematics component of the most recent Michigan merit examination for which results for the pupil have been received, or did not achieve basic competency on the science component of the most recent Michigan merit examination for which results for the pupil have been received. For pupils in grades K-3, at-risk pupil also includes a pupil who is at risk of not meeting the district's core academic curricular objectives in English language arts or mathematics.

388.1651a Allocations for reimbursement to districts and intermediate districts for special education programs, services, and personnel, certain net tuition payments, and programs for pupils eligible for special education programs; allocation of state and federal funds; reimbursement; total payment; adjustments; rights, benefits, and tenure of transferred personnel; refund; foundation allowance; order of expenditures.

Sec. 51a. (1) From the appropriation in section 11, there is allocated for 2006-2007 an amount not to exceed \$971,983,000.00 from state sources and all available federal funding under sections 611 to 619 of part B of the individuals with disabilities education act, 20 USC 1411 to 1419, estimated at \$350,700,000.00, plus any carryover federal funds from previous year appropriations. The allocations under this subsection are for the purpose of reimbursing districts and intermediate districts for special education programs, services, and special education personnel as prescribed in article 3 of the revised school code, MCL 380.1701 to 380.1766; net tuition payments made by intermediate districts to the Michigan schools for the deaf and blind; and special education programs and services for pupils who are eligible for special education programs and services according to statute or rule. For meeting the costs of special education programs and services not reimbursed under this article, a district or intermediate district may use money in general funds or special education funds, not otherwise restricted, or contributions from districts to intermediate districts, tuition payments, gifts and contributions from individuals, or federal funds that may be available for this purpose, as determined by the intermediate district plan prepared pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. All federal funds allocated under this section in excess of those allocated under this section for 2002-2003 may be distributed in accordance with the flexible funding provisions of the individuals with disabilities education act, Public Law 108-446, including, but not limited to, 34 CFR 300.206 and 300.208. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(2) From the funds allocated under subsection (1), there is allocated for 2006-2007 the amount necessary, estimated at \$207,900,000.00 for 2006-2007, for payments toward reimbursing districts and intermediate districts for 28.6138% of total approved costs of special education, excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Allocations under this subsection shall be made as follows:

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

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

(3) From the funds allocated under subsection (1), there is allocated for 2006-2007 the amount necessary, estimated at \$2,000,000.00 for 2006-2007, to make payments to districts and intermediate districts under this subsection. If the amount allocated to a district or intermediate district for a fiscal year under subsection (2)(b) is less than the sum of the amounts allocated to the district or intermediate district for 1996-97 under sections 52 and 58, there is allocated to the district or intermediate district for the fiscal year an amount equal to that difference, adjusted by applying the same proration factor that was used in the distribution of funds under section 52 in 1996-97 as adjusted to the district's or intermediate district's necessary costs of special education used in calculations for the fiscal year. This adjustment is to reflect reductions in special education program operations or services between 1996-97 and subsequent fiscal years. Adjustments for reductions in special education program operations or services shall be made in a manner determined by the department and shall include adjustments for program or service shifts.

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

(5) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$3,500,000.00 may be allocated by the department for 2006-2007 to districts, intermediate districts, or other eligible entities on a competitive grant basis for programs, equipment, and services that the department determines to be designed to benefit or improve special education on a statewide scale.

(6) From the amount allocated in subsection (1), there is allocated an amount not to exceed \$2,200,000.00 for 2006-2007 to reimburse 100% of the net increase in necessary costs incurred by a district or intermediate district in implementing the revisions in the administrative rules for special education that became effective on July 1, 1987. As used in this subsection, "net increase in necessary costs" means the necessary additional costs incurred solely because of new or revised requirements in the administrative rules minus cost savings permitted in implementing the revised rules. Net increase in necessary costs shall be determined in a manner specified by the department.

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

(a) "Total approved costs of special education" shall be determined in a manner specified by the department and may include indirect costs, but shall not exceed 115% of approved direct costs for section 52 and section 53a programs. The total approved costs include salary and other compensation for all approved special education personnel for the program,

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

(b) Except as otherwise provided in subdivisions (c) and (d), beginning with the 2004-2005 fiscal year, a district or intermediate district that employed special education support services staff to provide special education support services in 2003-2004 or in a subsequent fiscal year and that in a fiscal year after 2003-2004 receives the same type of support services from another district or intermediate district shall report the cost of those support services for special education reimbursement purposes under this act. This subdivision does not prohibit the transfer of special education classroom teachers and special education classroom aides if the pupils counted in membership associated with those special education classroom teachers and special education classroom aides are transferred and counted in membership in the other district or intermediate district in conjunction with the transfer of those teachers and aides.

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

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

(e) Reimbursement for ancillary and other related services, as defined by R 340.1701c of the Michigan administrative code, shall not be provided when those services are covered by and available through private group health insurance carriers or federal reimbursed program sources unless the department and district or intermediate district agree otherwise and that agreement is approved by the state budget director. Expenses, other than the incidental

expense of filing, shall not be borne by the parent. In addition, the filing of claims shall not delay the education of a pupil. A district or intermediate district shall be responsible for payment of a deductible amount and for an advance payment required until the time a claim is paid.

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

(8) From the allocation in subsection (1), there is allocated for 2006-2007 an amount not to exceed \$15,313,900.00 to intermediate districts. The payment under this subsection to each intermediate district shall be equal to the amount of the 1996-97 allocation to the intermediate district under subsection (6) of this section as in effect for 1996-97.

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

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

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

(12) From the funds allocated in subsection (1), there is allocated for 2006-2007 the amount necessary, estimated at \$6,500,000.00 for 2006-2007, 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.

388.1651c Reimbursement for percentage of special education and special education transportation costs.

Sec. 51c. As required by the court in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492, from the allocation under section 51a(1), there is allocated for 2006-2007 the amount necessary, estimated at \$686,700,000.00 for 2006-2007, 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.

388.1665 Precollege programs in engineering and sciences; report.

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

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

(3) The department of labor and economic growth shall submit a report to the appropriations subcommittees responsible for this act and to the house and senate fiscal agencies by February 1, 2007 regarding dropout rates, grade point averages, enrollment in science, engineering, and math-based curricula, and employment in science, engineering, and mathematics-based fields for pupils who were enrolled in the programs awarded funds under this section or under preceding legislation. The report shall continue to evaluate the effectiveness of the precollege programs in engineering and sciences funded under this section.

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

388.1681 Allocations to intermediate districts; amounts; report of adjustment and amount of increase; expanded professional development opportunities for teachers; consolidated, annexed, or attached districts; duties of department.

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated for 2006-2007 to the intermediate districts the sum necessary, but not to exceed \$80,110,900.00, to provide state aid to intermediate districts under this section. Except as otherwise provided in this section, there shall be allocated to each intermediate district for 2006-2007 an amount equal to 103.1% of the amount appropriated under this subsection for 2005-2006. Funding provided under this section shall be used to comply with requirements of this act and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board.

(2) It is the intent of the legislature that intermediate districts receiving funds under this section shall collaborate with the department to develop expanded professional development opportunities for teachers to update and expand their knowledge and skills needed to support the Michigan merit curriculum.

(3) From the allocation in subsection (1), there is allocated to an intermediate district, formed by the consolidation or annexation of 2 or more intermediate districts or the attachment of a total intermediate district to another intermediate school district or the annexation of all of the constituent K-12 districts of a previously existing intermediate school district which has disorganized, an additional allotment of \$3,500.00 each fiscal year for each intermediate district included in the new intermediate district for 3 years following consolidation, annexation, or attachment.

(4) During a fiscal year, the department shall not increase an intermediate district's allocation under subsection (1) because of an adjustment made by the department during the fiscal year in the intermediate district's taxable value for a prior year. Instead, the department shall report the adjustment and the estimated amount of the increase to the house and senate fiscal agencies and the state budget director not later than June 1 of the fiscal year, and the legislature shall appropriate money for the adjustment in the next succeeding fiscal year.

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

(a) Demonstrate to the satisfaction of the department that the intermediate district employs at least 1 person who is trained in pupil counting procedures, rules, and regulations.

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

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

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

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

388.1747 Allocations to public school employees' retirement system.

Sec. 147. (1) The allocation for 2006-2007 for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the entry age normal cost actuarial method and risk assumptions adopted by the public school employees retirement board and the department of management and budget. The annual level percentage of payroll contribution rate is estimated at 17.74% for the 2006-2007 state fiscal year. The portion of the contribution rate assigned to districts and intermediate districts for each fiscal year is all of the total percentage points. This contribution rate reflects an amortization period of 30 years for 2006-2007. 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) Upon enactment of legislation reducing pension contributions of each district or intermediate district to the public school employees' retirement system that would otherwise be due from that district or intermediate district, the director of the department of management and budget shall direct the public school employees' retirement system to issue credits for the fiscal year ending September 30, 2007 not to exceed an aggregate of \$276,000,000.00. The credits shall be used to meet the required pension obligations of each district or intermediate district and shall reduce the amount of pension contributions otherwise due from that district or intermediate district based on the original contribution rate. The portion of a credit issued on behalf of a district related to nonfederal wages as reported to the public school employees' retirement system for the state fiscal year ending September 30, 2006 shall be considered to be a payment on behalf of the district for the purposes of calculating payments made under section 22b for 2006-2007. The portion of a credit issued on behalf of an intermediate district related to nonfederal wages as reported to the public school employees' retirement system for the state fiscal year ending September 30, 2006 shall be considered to be a payment on behalf of the intermediate district for the purpose of calculating payments made under section 81 for 2006-2007. The portion of credits issued by the public school employees' retirement system attributable to nonfederal wages in aggregate shall equal the appropriation under section 11(6). The total credit provided under this subsection for a particular district or intermediate district shall be determined based on that district's or intermediate district's percentage of the total statewide payroll for all districts and intermediate districts for the state fiscal year ending September 30, 2006.

Total state spending; payments to local units of government.

Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2006 PA 342 from state sources for fiscal year 2006-2007 is estimated at \$11,596,963,200.00 and state appropriations to be paid to local units of government for fiscal year 2006-2007 are estimated at \$11,492,472,200.00.

Repeal of MCL 388.1631c, 388.1632m, 388.1634, 388.1657a, 388.1698c, 388.1699d, 388.1699f, and 388.1699g.

Enacting section 2. Sections 31c, 32m, 34, 57a, 98c, 99d, 99f, and 99g of the state school aid act of 1979, 1979 PA 94, MCL 388.1631c, 388.1632m, 388.1634, 388.1657a, 388.1698c, 388.1699d, 388.1699f, and 388.1699g, are repealed.

This act is ordered to take immediate effect.

Approved April 30, 2007.

Filed with Secretary of State April 30, 2007.

[No. 7]

(SB 404)

AN ACT to make, supplement, and adjust appropriations for various state departments and agencies and for capital outlay for the fiscal year ending September 30, 2007; to provide for the expenditure of the appropriations; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; supplemental; various state departments and agencies; capital outlay.

Sec. 101. There is appropriated for the various state departments and agencies and for capital outlay to supplement appropriations for the fiscal year ending September 30, 2007, from the following funds:

APPROPRIATION SUMMARY:

Full-time equated classified positions.....	45.0		
GROSS APPROPRIATION		\$	77,495,900
Total interdepartmental grants and intradepartmental transfers.....			0
ADJUSTED GROSS APPROPRIATION		\$	77,495,900
Total federal revenues			44,359,700
Total local revenues.....			1,523,100
Total private revenues.....			976,100
Total other state restricted revenues			30,637,000
State general fund/general purpose		\$	0

Capital outlay.

Sec. 102. CAPITAL OUTLAY

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION		\$	650,000
Interdepartmental grant revenues:			
Total interdepartmental grants and intradepartmental transfers.....			0
ADJUSTED GROSS APPROPRIATION		\$	650,000
Federal revenues:			
Total federal revenues			150,000
Special revenue funds:			
Total local revenues.....			0
Total private revenues.....			0
Total local and private revenues			0
Total other state restricted revenues			500,000
State general fund/general purpose		\$	0

(2) DEPARTMENT OF MILITARY AND VETERANS

AFFAIRS

Shiawassee County, armory replacement, for design and construction (total authorized cost \$6,350,000; federal share \$4,400,000; state armory construction fund share \$1,950,000)		\$	650,000
GROSS APPROPRIATION		\$	650,000

For Fiscal Year
Ending Sept. 30,
2007

Appropriated from:	
Federal funds:	
DOD - department of the army - national guard bureau	\$ 150,000
Special revenue funds:	
Armory construction fund.....	500,000
State general fund/general purpose	\$ 0

Department of community health.

Sec. 103. DEPARTMENT OF COMMUNITY HEALTH

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$ 7,500,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers.....	0
ADJUSTED GROSS APPROPRIATION	\$ 7,500,000
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues.....	0
Total private revenues.....	250,000
Total other state restricted revenues	7,250,000
State general fund/general purpose	\$ 0

(2) FAMILY, MATERNAL, AND CHILDREN’S HEALTH

SERVICES

Special projects	\$ 250,000
GROSS APPROPRIATION	\$ 250,000
Appropriated from:	
Special revenue funds:	
Total private revenues.....	250,000
State general fund/general purpose	\$ 0

(3) MEDICAL SERVICES ADMINISTRATION

Health information technology initiatives.....	\$ 7,250,000
GROSS APPROPRIATION	\$ 7,250,000
Appropriated from:	
Special revenue funds:	
Total other state restricted revenues	7,250,000
State general fund/general purpose	\$ 0

Department of environmental quality.

Sec. 104. DEPARTMENT OF ENVIRONMENTAL QUALITY

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$ 0
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers.....	0
ADJUSTED GROSS APPROPRIATION	\$ 0
Federal revenues:	
Total federal revenues	(887,000)
Special revenue funds:	
Total local revenues.....	0

	For Fiscal Year Ending Sept. 30, 2007
Total private revenues	\$ 0
Total other state restricted revenues	887,000
State general fund/general purpose	\$ 0
(2) LAND AND WATER MANAGEMENT	
Field permitting and project assistance	\$ 375,000
Water management	(375,000)
GROSS APPROPRIATION	\$ 0
Appropriated from:	
Federal revenues:	
DOC-NOAA, federal	(362,000)
DHS, federal	(375,000)
Special revenue funds:	
Environmental protection fund	737,000
State general fund/general purpose	\$ 0
(3) AIR QUALITY	
Air quality programs	\$ 0
GROSS APPROPRIATION	\$ 0
Appropriated from:	
Federal revenues:	
EPA, multiple	(150,000)
Special revenue funds:	
Environmental protection fund	280,000
Fees and collections	(130,000)
State general fund/general purpose	\$ 0

Department of human services.**Sec. 105. DEPARTMENT OF HUMAN SERVICES****(1) APPROPRIATION SUMMARY**

Full-time equated classified positions	45.0
GROSS APPROPRIATION	\$ 3,545,900
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 3,545,900
Federal revenues:	
Total federal revenues	1,696,700
Special revenue funds:	
Total local revenues	1,523,100
Total private revenues	326,100
Total other state restricted revenues	0
State general fund/general purpose	\$ 0
(2) LOCAL OFFICE STAFF AND OPERATIONS	
Donated funds positions—45.0 FTE positions	\$ 3,653,900
GROSS APPROPRIATION	\$ 3,653,900
Appropriated from:	
Federal revenues:	
Total federal revenues	1,804,700
Special revenue funds:	
Local funds - donated funds	1,523,100

	For Fiscal Year Ending Sept. 30, 2007
Private funds - donated funds	\$ 326,100
State general fund/general purpose	\$ 0
(3) CENTRAL SUPPORT ACCOUNTS	
Rent.....	\$ (171,000)
GROSS APPROPRIATION	\$ (171,000)
Appropriated from:	
Federal revenues:	
Total federal revenues	(108,000)
State general fund/general purpose	\$ (63,000)
(4) PUBLIC ASSISTANCE	
Family independence program.....	\$ 63,000
GROSS APPROPRIATION	\$ 63,000
Appropriated from:	
State general fund/general purpose	\$ 63,000

Department of labor and economic growth.

Sec. 106. DEPARTMENT OF LABOR AND ECONOMIC

GROWTH

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$ 65,400,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers.....	0
ADJUSTED GROSS APPROPRIATION	\$ 65,400,000
Federal revenues:	
Total federal revenues	43,400,000
Special revenue funds:	
Total local revenues.....	0
Total private revenues.....	0
Total other state restricted revenues	22,000,000
State general fund/general purpose	\$ 0

(2) WORKFORCE DEVELOPMENT

Office of workforce development	\$ 8,400,000
GROSS APPROPRIATION	\$ 8,400,000
Appropriated from:	
Federal revenues:	
DOL, federal funds	6,400,000
DOL-ETA, workforce investment act.....	2,000,000
State general fund/general purpose	\$ 0

(3) DEPARTMENT GRANTS

Job training program subgrantees	\$ 35,000,000
Low-income energy efficiency assistance.....	22,000,000
GROSS APPROPRIATION	\$ 57,000,000
Appropriated from:	
Federal revenues:	
DOL-ETA, workforce investment act.....	35,000,000
Special revenue funds:	
Low-income energy efficiency assistance.....	22,000,000
State general fund/general purpose	\$ 0

For Fiscal Year
Ending Sept. 30,
2007

Department of state police.

Sec. 107. DEPARTMENT OF STATE POLICE

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$	400,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers.....		0
ADJUSTED GROSS APPROPRIATION	\$	400,000
Federal revenues:		
Total federal revenues		0
Special revenue funds:		
Total local revenues.....		0
Total private revenues.....		400,000
Total state restricted revenues		0
State general fund/general purpose	\$	0
(2) POST UNIFORM SERVICES		
At-post troopers.....	\$	400,000
GROSS APPROPRIATION	\$	400,000
Appropriated from:		
Special revenue funds:		
Private donations.....		400,000
State general fund/general purpose	\$	0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 201. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending from state resources in this appropriation act for the fiscal year ending September 30, 2007 is \$30,637,000.00 and state appropriations paid to local units of government are \$0.

Appropriations and expenditures subject to MCL 18.1101 to 18.1594.

Sec. 202. The appropriations made and expenditures authorized under this act and the departments, commissions, boards, offices, and programs for which appropriations are made under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

DEPARTMENT OF HUMAN SERVICES

Lincoln Park and Fullerton/Jeffries district offices; rental payments or operational expenses; negative appropriation.

Sec. 401. The negative appropriation in part 1 for rent is \$171,000.00. The department shall cancel lease number 2703 located at 999 W. Fort Street, Lincoln Park, Michigan, and

lease number 2713 located at 800 Fullerton, Detroit, Michigan, upon 60 days' prior written notice to the lessors. The department is prohibited from expending appropriations for rental payments or operational expenses for the Lincoln Park and Fullerton/Jeffries district offices effective 60 days after the effective date of this act.

DEPARTMENT OF LABOR AND ECONOMIC GROWTH

Low-income energy assistance programs.

Sec. 501. Of the funds appropriated in part 1 for low-income energy efficiency assistance, \$22,000,000.00 shall be allocated to the department of human services to support low-income energy assistance programs. The department of human services shall follow public service commission guidelines and requirements for expending low-income energy assistance funds. The department of human services shall report to the public service commission on expenditures for this program by December 1, 2007.

REPEALERS

Repeal of section 218 of article 17 of 2006 PA 345.

Sec. 1101. Section 218 of article 17 of 2006 PA 345 is repealed.

This act is ordered to take immediate effect.

Approved May 4, 2007.

Filed with Secretary of State May 4, 2007.

[No. 8]

(HB 4143)

AN ACT 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, assessments, and donations; to provide certain appropriations; to prescribe penalties and provide remedies; and to repeal acts and parts of acts," by amending sections 80114, 80122, 80124, 80144, 80145, 80146, 80149, 80151, 80169, 80180, 80198b, and 80205 (MCL 324.80114, 324.80122, 324.80124, 324.80144, 324.80145, 324.80146, 324.80149, 324.80151, 324.80169, 324.80180, 324.80198b, and 324.80205), sections 80114, 80122, 80124, 80144, 80145, 80146, 80149, 80151, 80169, and 80198b as added by 1995 PA 58, section 80180 as amended by 1996 PA 174, and section 80205 as amended by 2004 PA 27; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

324.80114 Rules; violation; fine.

Sec. 80114. (1) The department may promulgate rules to establish performance or other safety standards relating to boat construction or the installation, use, or carriage of associated equipment.

(2) In order that a boat operator may pass unhindered from jurisdiction to jurisdiction, rules authorized by this section shall be identical to federal regulations for enforcement purposes. However, rules requiring the carrying or using of marine safety articles to meet uniquely hazardous conditions or circumstances within this state may be promulgated, if the rules for the safety articles are approved by the United States coast guard.

(3) A person who violates a rule promulgated to implement this section is responsible for a state civil infraction and may be ordered to pay a civil fine of not more than \$500.00.

324.80122 Conditions to operation of vessels; violation; fine.

Sec. 80122. (1) Except as otherwise provided in this part, a person shall not operate or give permission for the operation of a vessel of any length on the waters of this state unless the fees prescribed in section 80124 for the vessel are paid, the certificate of number assigned to the vessel is on board and is in full force and effect, and, except for the following, the identifying number and decal are displayed on each side of the forward half of the vessel in accordance with this part and the rules promulgated by the department under this part:

(a) A decal and identifying numbers for a wooden hull and historic vessel as that term is defined in section 80124 may be displayed in the manner described in section 80126(2).

(b) A decal for an inflatable boat may be displayed on the transom of the boat.

(2) If a vessel is actually numbered in another state of principal use in accordance with a federally approved numbering system, it is in compliance with the numbering requirements of this state while it is temporarily being used in this state. This subsection applies to a vessel for which a valid temporary certificate is issued to the vessel's owner by the issuing authority of the state in which the vessel is principally used.

(3) If a vessel is removed to this state as the new state of principal use, a number awarded by any other issuing authority is valid for not more than 60 days before numbering is required by this state.

(4) A person who violates this section is responsible for a state civil infraction and may be ordered to pay a civil fine of not more than \$500.00.

324.80124 Application for certificate of number; certificate of title; 15-day temporary permit; fee; "the length of vessel" defined; tax exemption; issuance; delinquent fee or tax; penalty; retention of certificate of number on shore; contents of lease or rental agreement; painting or attaching number; assigning block of numbers; federally documented vessel; decal; issuance of original certificate of number, numbering renewal decal, or other renewal device; numbering system; registration; issuance of certificate of number; historic vessel; refund to owner of nonmotorized canoe or kayak; refund and computation of fee.

Sec. 80124. (1) Except as otherwise provided in this section, the owner of a vessel required to be numbered and to display a decal shall file an application for a certificate of number with the secretary of state. The secretary of state shall prescribe and furnish certificate of title application forms. If a vessel requiring a certificate of title under part 803 is sold by a

dealer; that dealer shall combine the application for a certificate of number that is signed by the vessel owner with the application for a certificate of title. The dealer shall obtain the certificate of number in the name of the owner. The owner of the vessel shall sign the application. A person shall not file an application for a certificate of number that contains false information. A dealer who fails to submit an application as required by this section is guilty of a misdemeanor, punishable by imprisonment for not more than 90 days, or a fine of not more than \$100.00, or both.

(2) A dealer who submits an application for a certificate of number as provided in subsection (1) may issue to the owner of the vessel a 15-day temporary permit, on forms prescribed by the secretary of state, for the use of the vessel while the certificate of number is being issued.

(3) A dealer may issue a 15-day permit, on a form prescribed by the secretary of state, for the use of a vessel purchased in this state and delivered to the purchaser for removal to a place outside of this state, if the purchaser certifies by his or her signature that the vessel will be registered and primarily used and stored outside of this state and will not be returned to this state by the purchaser for use or storage. A certificate of number shall not be issued for a vessel holding a permit under this subsection.

(4) A 15-day temporary permit issued under subsection (2) or (3) shall not be renewed or extended.

(5) A person shall operate or permit the operation of a vessel for which a 15-day temporary permit has been issued under this section only if the temporary permit is valid and displayed on the vessel as prescribed by rule promulgated by the department under this part.

(6) Except as otherwise provided in this section, an applicant shall pay the following fee at the time of application:

(a) A 15-day temporary permit issued under subsection (3).....	\$ 10.00
(b) Nonpowered vessels, other than nonmotorized canoes or kayaks, except as provided in section 80123.....	9.00
(c) Nonmotorized canoes or kayaks except as provided in section 80123.....	5.00
(d) Motorboats less than 12 feet in length.....	14.00
(e) Motorboats 12 feet or over but less than 16 feet in length.....	17.00
(f) Motorboats 16 feet or over but less than 21 feet in length.....	42.00
(g) Motorboats 21 feet or over but less than 28 feet in length.....	115.00
(h) Motorboats 28 feet or over but less than 35 feet in length.....	168.00
(i) Motorboats 35 feet or over but less than 42 feet in length.....	244.00
(j) Motorboats 42 feet or over but less than 50 feet in length.....	280.00
(k) Motorboats 50 feet in length or over.....	448.00
(l) Pontoon vessels regardless of size.....	23.00
(m) Motorized canoes regardless of size.....	14.00
(n) Vessels licensed under part 473.....	15.00
(o) Vessels carrying passengers for hire that are in compliance with part 445, or under federal law; and vessels carrying passengers and freight or freight only and owned within this state or hailing from a port within this state.....	45.00

(7) As used in this section, “the length of a vessel” means the distance from end to end over the deck, excluding the longitudinal upward or downward curve of the deck, fore and aft. A pontoon boat shall be measured by the length of its deck, fore and aft.